



## BIDS AND AWARDS COMMITTEE I

### SUPPLEMENTAL BID BULLETIN NO. 2

#### SUPPLY AND DELIVERY OF SIXTEEN (16) UNITS BRAND NEW FIBERGLASS REINFORCED PLASTIC WATERCRAFT (SPEEDBOAT) FOR THE PHILIPPINE NAVY (PN)

**BAC Nego Ref No. MPG-B1-2019-225**

**(Previous Bid Ref. Nos. MPG-BI-2018-390 & MPG-BI-2019-157 Rebid)**

This **Supplemental Bid Bulletin No. 2** is being issued to clarify, modify and amend items/specifications in the Amended Negotiated Documents in response to the request for clarification from prospective bidders and to confirm key issues addressed during the Pre-Negotiated Procurement Conference held last 07 May 2019.

Letter from Propmech Corporation dated May 8, 2019 received on the same date.

The following provisions (among others) are major challenges that we hope the PN/Marines can help rationalize:

Query 1	<p><b>SAMPLE DELIVERY &amp; ACTUAL DELIVERY SCHEDULES</b></p> <p>As explained from our previous letters, Boat Building is a Linked Process. One cannot proceed to another procedure without finishing a requisite other especially curing time of the resins and other chemicals. Equipment delivery lead time is also a major consideration that will not make it possible to meet the Marines mandated schedule.</p> <p>Recommendation: We are requesting 365 days for to delivery all the boats to include the prototype in 7 months.</p>
PN Response 1	<p><b>Request denied.</b> We conducted market research and forwarded Request for Information (RFI) to those local manufacturer or prospective bidder interested to build PN Speedboat and they are willing to comply to the Number of Delivery Days and prototype stated in the Bidding Documents posted.</p>
Query 2	<p><b>DIESEL OBM</b></p> <p>The diesel OBM available currently in the market only has a maximum 200HP. This is not enough (even at 4 x OBM configuration) to meet the required operational speed at full load condition. Also, the cost of Diesel OBMs is almost 3x that of its gasoline counterpart making the ABC insufficient.</p> <p>Recommendation: We are requesting the Marines to allow a choice of Diesel or Gasoline OBM for flexibility and suitability of power required.</p>
PN Response 2	<p><b>Request denied.</b> Based on our market research, there are available Diesel Outboard motors that are suitable for the speedboat project. The number of Diesel outboard motors shall be functional of design provided that the speedboat can reach the required speed of 45 knots based on the Technical Specifications</p>



Query 3	<p><b>FENDERING SYSTEM</b></p> <p>The Hybrid fendering system required is a limiting requirement because it is proprietary to only one supplier making it a major cost driver.</p> <p>Recommendation: Allow for the use of a Heavy Duty (designed for ramming at 10 knots) D-shaped collar of rubber/foam material instead which is readily available in the market and suits the same purpose.</p>
PN Response 3	<p><b>Request denied.</b> The conduct of market research is vital in the preparatory phase of creating the Technical Specifications of this Speedboat Project.</p> <p>We chose Hybrid fendering system due to the lesser cost of its maintenance and repair and its endurance for the impact load or ramming of 7 to 10 nots. And tis material is readily available to the market. This requirements are mission critical nd therefore the materials need in the Technical Specifications stay.</p>
Query 4	<p><b>BOAT DRAWING AND PLANS TO BE SUBMITTED TO AND OWNED BY THE MARINES.</b></p> <p>Boat Research and Design that eventually goes into prototyping and construction/production is a very expensive and specialized process. The project ABC will not afford the inclusion of this documentation unless there are economies of scale in terms of ordered number of boats.</p> <p>Recommendation: Remove the requirement in the Technical Specifications</p>
PN Response 4	<p><b>Request denied.</b> Based on the previous conference, this issue regarding this matter have been addressed and answered in a Supplemental Bid Bulletin.</p> <p>The Bidders are allowed to use the same platform. It is understood however that certain equipment (i.e. Man Over Board Indicator (mobi), milcom) shall not be installed for commercial application</p> <p>Platform includes hull and deck arrangements.</p> <p>The PN restricts the selling of equipment in commercial application. The bidder is allowed to use the same platform to recover its cost.</p>



Letter from Pacificfortia Marine Technologies, Inc. (PMTI) dated May 8, 2019 received on the same date.

...xxx respectfully requests for the following clarifications/modifications on the Negotiation Documents

<p>Query 1</p>	<p>On page 16 of the Negotiation Documents: item no. 3f. (Post Qualification) of Section II (Instruction to Invited Suppliers (IS)/ Proposed Data Sheet (PDS) which provides:</p> <p>Test Results from the following testing agencies for compliance to the required parameters of the following materials of the boat:</p> <table border="1" data-bbox="427 591 1399 665"> <tr> <td>For Metal, Ballistic Material</td> <td>MIRDC</td> </tr> <tr> <td>For Fiberglass Reinforce Plastic, Vinyl Materials</td> <td>DOST or SGS or INTERTECK</td> </tr> </table> <p>AND – On Page 26 of the Negotiation Documents; Paragraph C (Inspection and Testing) of Section III (Conditions of the Contract [CC]), which provides:</p> <p>The End-User Representatives and PN-TIAC will be on-site to check the durability and toughness of the materials which must be certified compliant by:</p> <table border="1" data-bbox="427 931 1399 1142"> <tr> <td>Fiberglass Reinforced Plastic</td> <td>DOST or SGS or INTERTEK</td> </tr> <tr> <td>Vinyl</td> <td>DOST or SGS or INTERTEK</td> </tr> <tr> <td>Marine Grade Aluminum</td> <td>Metal Industry Research and Development Center (MIRDC)</td> </tr> <tr> <td>Ballistic Shield (Level 4)</td> <td>Metal Industry Research and Development Center (MIRDC)</td> </tr> </table> <p>AND – On Page 44 of the Negotiation Documents; Item No. 9, Annex IV (Technical Proposal Form) of Section IV (Proposal Forms), which provides:</p> <p>The following materials must be certified compliant by:</p> <table border="1" data-bbox="427 1341 1399 1449"> <thead> <tr> <th>Material</th> <th>Testing Agency</th> </tr> </thead> <tbody> <tr> <td>FOR METAL, BALLISTIC MATERIALS</td> <td>MIRDC</td> </tr> <tr> <td>FOR FIBERGLASS REINFORCED PLASTIC; VINYL</td> <td>DOST or SGS or INTERTEK</td> </tr> </tbody> </table> <p>Clarifications/Modifications: What type of testing is needed for the materials specified above?</p>	For Metal, Ballistic Material	MIRDC	For Fiberglass Reinforce Plastic, Vinyl Materials	DOST or SGS or INTERTECK	Fiberglass Reinforced Plastic	DOST or SGS or INTERTEK	Vinyl	DOST or SGS or INTERTEK	Marine Grade Aluminum	Metal Industry Research and Development Center (MIRDC)	Ballistic Shield (Level 4)	Metal Industry Research and Development Center (MIRDC)	Material	Testing Agency	FOR METAL, BALLISTIC MATERIALS	MIRDC	FOR FIBERGLASS REINFORCED PLASTIC; VINYL	DOST or SGS or INTERTEK
For Metal, Ballistic Material	MIRDC																		
For Fiberglass Reinforce Plastic, Vinyl Materials	DOST or SGS or INTERTECK																		
Fiberglass Reinforced Plastic	DOST or SGS or INTERTEK																		
Vinyl	DOST or SGS or INTERTEK																		
Marine Grade Aluminum	Metal Industry Research and Development Center (MIRDC)																		
Ballistic Shield (Level 4)	Metal Industry Research and Development Center (MIRDC)																		
Material	Testing Agency																		
FOR METAL, BALLISTIC MATERIALS	MIRDC																		
FOR FIBERGLASS REINFORCED PLASTIC; VINYL	DOST or SGS or INTERTEK																		
<p>PN Response 1</p>	<p>The specific testing of the above-mentioned materials was to test the genuineness and standard toughness of the common materials that will be used for speedboat project and to ensure that no sub-standard materials will be installed.</p>																		



Query 2	<p>On pages 54 to 55 of the Negotiation Documents; Item K (Drawing Plans Requirement), Annex IV-A1 (Technical Specifications) in Section IV (Proposal Forms):</p> <p>The 2<sup>nd</sup> Paragraph of Item K provides that “All layout/design such as the General Arrangement Plans, Electrical System, Hull and Deck Scantling Drawings of the Speedboat Project will become property of the Philippine Navy and shall not be used to another production unless otherwise authorized.”</p> <p>Clarifications/Modifications:</p> <ul style="list-style-type: none"><li>a) What is the extent of the prohibition on use the layout/design in another production? Will PMTI be prohibited in using the same INDIVIDUAL components in another production, such as the hull or engine only? Or does the prohibition apply only when the layout/design, AS A WHOLE, is used in another production?</li><li>b) Even before this Project, PMTI, as a boat manufacturer, had already created its own intellectual boat design/platform for sale to general customers. Such design/platform created by PMTI is similar to the specifications of this Project. PMTI intends to apply its existing platform to this Project to cut down the costs of production. In such case, all of PMTI’s investments in creating the boat design/platform cannot be recovered by on 16 watercraft units. Otherwise, this will increase the unit price exponentially in excess of the Approved Budget for the Contract (ABC) or result in bankruptcy for PMTI. As such, PMTI request that this requirement be deleted and that PMTI be allowed to recover its investments by selling or bidding its boat design/platform to other customers and/or procuring entities.</li><li>c) PMTI’s existing layout, design, and drawing of the watercrafts are intellectual properties of PMTI. Will the Philippine Navy secure the layout, design and drawing of the watercrafts and guarantee that it will not be revealed to other builders or third persons?</li></ul>
PN Response 2	<p>The Bidders are allowed to use the same platform in another production to recover its cost and investment. It is understood however that certain equipment (i.e. Man Over Board Indicator (MOBI), MILCOM) shall not be installed for commercial application.</p> <p>Platform includes hull and deck arrangements</p> <p>The PN restricts the selling of such equipment in commercial application. The bidder is allowed to use the same platform to recover its cost.</p>



Query 3

On Page 81 of the Negotiation Documents; Annex IV-C (Supplier's Certification on Product Development) in Section IV (Proposal Forms)

Item No. 1 of the Supplier's Certification on Product Development provides "I/We, will not file or claim proprietary or exclusive manufacturing rights over the design and/or materials of the items being bid for AND hereby acknowledge that the Philippine Navy end-user retains ownership over the same at all times".

Clarifications/Modifications

In line with our clarification in the above Item No. 2, if the procuring entity will allow the PMTI to use its existing platform, which is similar to the specifications of this Project, to recover its cost, will PMTI still need to submit this certification?

PN Response 3

Considering the clarification of the PMTI regarding the existing layout, design and drawing of the watercrafts, the submission of certification are not necessary

Letter Query from VOGO Co., Ltd. – foreign part of Joint Venture, Votron JV received on May 8, 2019

...xxx Votron JV is building 10 Fast Boat for PN. (AFPMP Contract No. 2018-009).

VOGO Co., Ltd. wishes to seek clarification and justification of delivery duration and ABC of the MPG-B1-2019-225...xxx

After careful review on the Speedboat requirements, we noticed the technical specification of Speedboat is the same as that of the Fast Boat. However, the delivery date and ABC has been reduced significantly for speedboat.

Below is the comparison table of delivery and the price of Fast Boat and Speedboat.

	<b>Fast Boats</b>	<b>Speedboats</b>	<b>Remarks</b>
Delivery Duration	300 days for 10 boats (30 days per boat)	60 days for sample boat, 90 days for 8 boats and 180 days for 8 boats (11.25 days per boat)	Speedboat delivery date per boat is 37.5% of current contract
Price	PHP280,000,000.00	PHP 340,632,603.00	
Price (ABC) per vessel	PHP28,090,000.00	PHP21,289,537.00	Speedboat ABC is 75.79% of Fast Boat ABC
Fast Boat Contract Price per vessel compared with ABC of Speedboat	PHP22,813,000.00	PHP21,289,537.00	Speedboat ABC per boat is 93.32% of Fax Boat contract price per boat.

First, with regards to the delivery duration, the above table shows that a significant reduction in delivery duration where it should have been increased considering the number of boats have been increased.

We found this speedboat delivery duration is not feasible due to the following reasons and we wish to seek justification on the Speedboat delivery duration.



The longest lead time comes from Diesel Outboard Engines. There are currently two OEMs; Mercury (175 hp) and OXE (200 hp) who have track record and diesel outboard engine delivery. For the ongoing project, Fast Boats, we got in contact with above OEMs and received delivery date is minimal six (6) months from the placement of order.

For the speedboat project, the shipbuilder needs at least 48 to 64 engines. These engines are made to order basis and with such high order, the delivery engine will take minimal six (6) months.

Second, with respect to ABC, ABC per boat has been reduced to 75.79% compared with ABC of Fast Boats. When compared with contracted price per vessel of Fast Boat to ABC of Speedboats, Speedboat ABC is 93.32% of the contracted price.

VOTRON JV was awarded the Fast Boat projects because VOTRON JV was the lowest calculated bidder among six (6) bidders. We seek justification of ABC reduction of 75.79% despite of the two same specifications.

Letter response of PN dated 09 May 2019

This is to respond to the letter dated 08 May 2019 regarding the Supply and Delivery of 16 units Brand New Fiberglass Reinforced Plastic Watercraft (Speedboat) for the Philippine Navy (PN) regarding the clarification request of Mr. Jay Lim, the Executive Director of VOGO Co., Ltd. in relation to their keen observation and representation regarding the content of provisions and technical specifications submitted by the Technical Working Group of this Speedboat Project, here are our answers:

- We are highly encouraging local boat builder/manufacturer here in the Philippines that are suitable to produce the speedboat in the specific timelines that the Technical Working Group stated in the Technical Specifications. And according to our market research and forwarded RFI to different local manufacturer and prospective bidder, they are willing to comply to the number of delivery days as well as the boat prototype as stated in the Bidding Documents posted. This speedboat project will also help the local builder/manufacturer in producing our own speedboat and not be reliant to other foreign boat builder/manufacturer.
- However, if boat builder/manufacturer is foreign, they will not be able to deliver the speedboat in due time due to the issues of shipping and other related customs procedures.
- In the issue of the model and delivery of the Diesel Outboard Engines to the boat builder's warehouse, there are three (3) types of Diesel OBMs such as Mercury, OXE, and COX Powertrain that are now available in the market based on our research. For the ongoing project, the winning bidders have the full responsibility and obligations to conduct communications with the suppliers for the on-time delivery of their requested OBMs which in part of the RFI, they are capable to deliver and compliant to the number of prototype boat delivery and the remaining speedboat.
- The ABC for the project is also based on our market research which the common materials that will be used for the speedboat project by local boat builder/manufacturer were available already in the market with a cheaper price than the materials that will be ordered outside the country. However, even if the price of the materials is cheaper, it is not a reason that the durability and toughness of the speedboat will be compromised

For guidance and information of all concerned.



Issued this **10<sup>th</sup> of May 2019** in Makati City.

Approved by:

-on leave-

**CHRISTABELLE P. EBRIEGA**  
Chair, Bids and Awards Committee I

**(SGD) ATTY. MARIA GUDELIA C. GUESE**  
Vice Chair

**(SGD) MYRA CHITELLA T. ALVAREZ**  
Member

**(SGD) DAVID A. INOCENCIO**  
Member

**(SGD) JOEL S. RODRIGUEZ**  
Member

**VIVIAN E. MONSANTO**  
Alternate Member

**IRENE G. ALAYON**  
Alternate Member

Concurred by:

**(SGD) CPT RODEL V PASCUA PN (M)**  
PN Provisional Member

Received by (PLS SIGN)	:	_____
Bidder's Name (PLS PRINT)	:	_____
Date	:	_____
<b>PLEASE RETURN OR FAX THIS PORTION ONLY TO THE PITC BAC I</b>		