

MINUTES OF 76TH MEETING

FEDERAL GOVERNMENT EMPLOYEES HOUSING FOUNDATION
AL-ASGHAR PLAZA(1ST & 2ND FLOOR) BLUE AREA
ISLAMABAD

F.No.18(3)/2004-HF(A)

August 3, 2004

Subject:- MINUTES OF THE 76TH EXECUTIVE COMMITTEE MEETING OF THE
FEDERAL GOVERNMENT EMPLOYEES HOUSING FOUNDATION
HELD ON 28.07.2004.

The 76th Executive Committee meeting of the Federal Government Employees Housing Foundation was held on Wednesday, 28th ~~August~~ ^{July}, 2004 at 10.30 A.M in the Committee Room of M/O Housing & Works, Block 'B', Pak. Secretariat, Islamabad.

2. The minutes of the said meeting are enclosed for your information please.


(Syed Kazam Abbas)
Assistant Director(Admn)

- | | |
|--|--|
| 1. P.S. to Secretary,
M/O Housing & Works, Islamabad. | 2. Mr. Abdul Ghani Sameen,
Senior Joint Secretary(Works),
M/O Housing & Works,
Islamabad. |
| 3. Brig. M. Khalid Sohail Cheema,
Director General,
Pak. PWD, Islamabad. | 4. Mr. Seerat Asghar,
Joint Secretary(IV),
M/O Interior, Islamabad. |
| 5. Mr. Muhammad Raziq,
Senior JS(Finance)/
Financial Advisor(Works),
Islamabad. | 6. Brig. Nusrat Ullah,
Member Planning,
CDA, Islamabad. |
| 7. Mr. Sarfraz Ahmed Mirza,
Director General,
Housing Foundation. | 8. Mr. Shahid Hameed,
Joint Engineering Advisor,
M/O Housing & Works,
Islamabad |
| 9. Mr. Abid Bashir,
Deputy Secretary(Admn),
M/O Housing & Works. | |

Copy of the minutes also forwarded to:-

1. *Mr. U.A.G. Isani, Vice Chancellor, Quaid-I-Azam University, Islamabad.*
2. Director(Admn), Housing Foundation, Islamabad.
3. Director(Finance), Housing Foundation, Islamabad.
- ✓ 4. Director(Technical), Housing Foundation, Islamabad.

FEDERAL GOVERNMENT EMPLOYEES HOUSING FOUNDATION
AL-ASGHAR PLAZA (1ST & 2ND FLOOR) BLUE AREA
ISLAMABAD

SUBJECT:- MINUTES OF THE 76TH MEETING OF THE EXECUTIVE COMMITTEE HELD ON 28.07.2004

The 76th meeting of the Executive Committee was held on 28.07.2004 at 10.30 A.M in the Committee Room of the Ministry of Housing & Works, B-Block, Pak. Secretariat Islamabad. Secretary Housing & Works was in chair. List of participants is enclosed.

2. The meeting commenced with the recitation from the Holy Quran. The Chairman welcomed the participants. The Agenda Items were then discussed.

Agenda Item No.1 CONFIRMATION OF THE MINUTES OF THE 75TH MEETING

3. The minutes of the 75th meeting of the Executive Committee were confirmed.

Agenda Item No.2 IMPLEMENTATION STATUS OF THE DECISIONS TAKEN IN 75TH MEETING

4. The Executive Committee expressed satisfaction over the implementation of the decisions taken in the 75th meeting.

5. *However, the Chair on presentation of alternate avenues of investment of surplus funds by the Joint Secretary Interior desired that these may*

be examined through in-house expertises and through consultation with the members of the Executive Committee and feasibility may be put up in the next Executive Committee meeting. It was also directed that it would not be necessary to engage a full time consultant for portfolio management but may be a part time consultant, if necessary.

Agenda Item No. 3 DEVELOPMENT OF SECTOR G-13 ISLAMABAD

6. The matter was discussed in detail and in the light of the analysis, and reasonability of rates, approved the action of conveying the concurrence to CDA for award of work to FWO at 18% above the BOQ (amounting to Rs.613.750 million) prepared by M/s NESPAK.

Agenda Item No.4:INDUCTION OF M/s NESPAK AS CONSULTANT TO THE PROJECT OF DEVELOPMENT OF SECTOR G-14/4

7. On presentation of the case, the Executive Committee deliberated the reasonability of rates finally quoted by NESPAK. Director General Pak. PWD pointed out that where the consulting services include detailed supervision, the rates normally range between 6 to 8%. The Executive Committee was also informed that in a recent job NESPAK is charging 10% as consultancy charges. The Committee also discussed the scope of design work and the staff to be deployed at site by NESPAK.

8. After deliberation the Executive Committee approved the proposal of induction of M/s NESPAK as consultant for G-14/4 with 1.75% for design of infrastructure services and 2.75% for detailed supervision.

Agenda Item No. 5: DEVELOPMENT OF SUB-SECTOR G-14/4

9. The Executive Committee was informed that initially the work of development of Sub-Sector G-14/4 was offered to CDA in November 2003 and the Administrative Approval was conveyed. This action was as a gesture of goodwill with the hope that the Sub-Sector would be developed concurrently with Sector G-13. No action was however taken by CDA although the matter was pursued by the Housing Foundation.
10. In December 2003 CDA informed the Housing Foundation that it intends to induct another consultant for G-14/4 instead of NESPAK already engaged for G-13. The Housing Foundation conveyed that it had no objection if any other consultant is inducted provided it expedites the process.
11. In a meeting of the Management Committee of Quaid-I-Azam University held on 21.2.2004 Chairman CDA confirmed that the NESPAK would be requested to carry out the design of the project expeditiously. However no action regarding engagement of consultant was taken for almost eight months.
12. Considering this attitude of CDA and the mounting pressure from the allottees, the Chairman Board of Governor decided that this Sub-Sector should be withdrawn from CDA and developed directly.
13. The proposition was examined and it was concluded that on the basis of the following facts the Sub-Sector could be developed by the Housing Foundation through agency other than CDA:-

- a) The Prime Minister's Secretariat while conveying approval to the scheme had conveyed the approval of the Prime Minister for development of Sub-Sector through Housing Foundation.
- b) The land had been acquired by the Housing Foundation through LAC without involvement of CDA.
- c) The acquisition of land and its development does not involve any government funds but it is from contributions of the individual allottees.
- d) Opinion of the Secretary Law & Justice Division clearly indicates that CDA has no legal rights to claim that it would develop a land not acquired by it.
- e) Member Planning CDA himself confirmed in 74th meeting of the Executive Committee which is reproduced as under:-

"To a question whether it was mandatory for organizations to get the development of a sector carried out through CDA, the Member Planning replied that according to CDA's regulation it is mandatory that in Zone-I the development should be carried out through CDA. He further informed that only exceptions are where the land is acquired by the organizations themselves.

The position was brought to the knowledge of the Chairman Board of Governors who advised that M/s NCL may be utilized for the development work of G-14/4.

The matter was also discussed in the 75th meeting of the Executive Committee held on 30.4.2004.

14. A further examination of the proposition indicated the following facts:-

- a) Both the organization viz the Housing Foundation & National Construction Ltd were under the Ministry of Housing & Works and controlled by the same authority.
- b) Housing Foundation is a company limited by guarantee and incorporated under Companies Ordinance 1984, and has a mandate to negotiate with any government organization or entrust a job to a government agency on negotiation basis provided the rates are rational and reasonable which are vetted by the Technical Committee and approved by the Executive Committee.
- c) M/s National Construction Ltd has been awarded a number of works by M/O Housing & Works/Pak. PWD on single tender/negotiation basis.
- d) Both the organizations i.e. Housing Foundation and NCL are under the same Ministry, the mandate of Housing Foundation is planning of schemes while NCL is the *execution arm of the Ministry*.
- e) The development of G-14/4 is a private scheme without any involvement of government funds.

In view of these facts, the rates were negotiated with NCL on the basis of BOQ amounting to Rs.153.498 million prepared by NESPAK. M/s NCL had submitted their rates as 21.6% above the BOQ, which were reduced after negotiations to 15% above the BOQ. These rates are lower than the rates at which FWO has been engaged for Sector G-13.

15. The matter was examined by the Executive Committee, which in principle approved the proposal and the rates subject to re-verification of the rates by the Technical Committee. The Chairman Technical Committee/D.G Pak. PWD was requested to furnish the recommendations of the Technical Committee within 3 days.

16. The Technical Committee through its minutes of the meeting(Annexed) has reconfirmed the rates.

Agenda Item No. 6 INVESTMENT OF SURPLUS FUNDS WITH NIT

17. The Executive Committee approved the proposal of withdrawal of the dividend amounting to Rs. 7.183 million with the direction that its re-investment in other suitable channels may be probed.

18. It was also decided that the investment of Rs 100 million already made may continue and a close watch should be kept on the periodical variations in the unit price so that if amount is to be with drawn, it should be at the appropriate point of time.

Agenda Item No. 7 REVIEW OF PROGRESS OF DEVELOPMENT WORK IN SECTOR G-13

19. The Executive Committee took a serious note of the fact that CDA, in spite of repeated instructions have not been maintaining a close liaison with the Housing Foundation or the Ministry of Housing & Works. It was also observed that CDA is completely ignoring the terms of reference of the Steering Committee constituted under a decision at the Chief Executive Secretariat. In accordance with these TORs the CDA is to obtain concurrence of the Steering Committee on all vital decisions, an aspect which is being ignored. The Executive Committee noted that CDA has not reconciled to the position that the Ministry of Housing & Works is the sponsors/owners of the scheme while the CDA has been entrusted the job as deposit work, and accordingly the Ministry of Housing & Works/Housing Foundation has a right to know the position of contract, schedule of development, position of other components of development etc. Member Planning CDA who is a member of the Executive Committee neither attended 75th meeting of the Executive Committee nor the present meeting. The representative deputed to attend the meeting was not in a position to make any commitments.

20. The Executive Committee decided that in the next meeting of the Executive Committee, the Member Planning shall make a detailed presentation on the development work already undertaken including schedule of development, position of other components of development work, planning of commercial areas etc.

Agenda Item No. 8 ALLOTMENT OF PLOTS IN PHASE III TO THE EMPLOYEE OF CANTT BOARD

21. The Executive Committee took a serious note of the position and decided that: -

- (a) All the 7 plots which have been allotted in the irrelevant quota, irrespective of the status of the plot, may be cancelled
- (b) A comprehensive inquiry may be conducted and responsibility may be fixed.

Additional Agenda item HOUSING SCHEME ON OWNERSHIP BASIS PHASE IV (G-14/1,2&3)

22. The Executive Committee was apprised of the developments so far taken place especially regarding land acquisition process. The Executive Committee directed that hectic efforts should be continued by the Housing Foundation towards acquisition of land.

23. It was also decided that offer letters or press advertisement may be withheld till further instructions from the Executive Committee.

24. The meeting concluded with a vote of thanks to the chair.

**FEDERAL GOVERNMENT EMPLOYEES HOUSING FOUNDATION
AL-ASGHAR PLAZA (1ST & 2ND FLOOR) BLUE AREA
ISLAMABAD.**

Sub: Minutes of the Meeting of the Technical Committee Held on 29.7.2004.

- A meeting of the Technical Committee to the Executive Committee was held on 29.7.2004 in the light of the decisions taken in the Executive Committee on 28.7.2004 to evaluate the bid submitted by the National Construction Ltd for development of Sector G-141/4. Director General Pak PWD, was in chair. List of participants is enclosed.

Terms of Reference.

- The terms of reference of the Technical Committee were limited to the evaluation of the bids submitted by M/S National Construction Limited for the Development of Sub-Sector G-14/4 Islamabad so that a reasonable and rational rate could be recommended by fixing suitable percentage above or below the BOQ cost.

Preparation of BOQs.

- The Bills of Quantities has been prepared by M/s. NESPAK and Comprises of four components as follows:-

a. Roads & Ancillary Works:	Rs. 73.850 Million
b. Water Supply System	Rs. 38.069 Million
c. Sewerage System	Rs. 22.033 Million
d. Drainage System	Rs. 19.542 Million
Total:	Rs. 153.498 Million

Application of Rates.

- The estimates for Roads are based on NHA Schedule of Rates – 2000, while the estimates for remaining components are based on MES Schedule of Rates – 2000.

Procedure for evaluation.

The following procedure has been adopted for evaluation purpose :-

a) Analysis of Market Rates.

In order to evaluate the reasonable and rational cost, the cost on the basis of prevalent market rates has been worked out by a team comprising Chief Engineer (Planning) and his Staff. Abstract of the same is placed at Annexure-I. As compared to the BOQ cost of Rs. 153.498 million, the cost based on current prices works out to Rs. 179.231 million. This constitutes a difference of Rs.25.733 Million i.e 16.765%.

In the above mentioned calculations, in addition to the market prices of the items, following additions under different genuine heads have also been made

- a. Contractor's profit.
- b. Overhead Charges
- c. Water Charges

b) Rates of Similar Works Carried Out by other Agencies.

In addition to above prevalent premiums allowed for road and other works recently awarded by different agencies like NHA, NLC, MES, FWO and CDA were also considered so as to make a reasonable comparison between the bid amount and the prevalent accepted rates.

i. Works awarded by NHA.

It has been found that National High Way Authority has recently awarded the following Road Work :-

- Rehabilitation / Widening of N-5 in Rawalpindi Urban Area @ 15.00% above the CSR - 2000.

ii. Works awarded by CDA.

The Capital Development Authority has awarded 6 major Road works to FWO @ 12.5% above the NHA Schedule. Some of these works are

- Construction of I.J. Principal Road
- Addition of one more Lane to Faizabad - Zero point section of Islamabad Highway.

- Construction of Dual Carriageway for Margla Road (E-9, F-9 Section)
- The Capital Development Authority has recently awarded development work of Sector G-13 to FWO @ 18% above the BOQ cost. The BOQs for Sector G-13 were also prepared by the same consultant M/s. NESPAK and the basis for preparation of BOQs were also the same.

Lastly mentioned work i.e development of G-13 sector bears exact similarity of the nature of job and offers itself for better comparison and evaluation of this bid by M/s. NCL.

For analysis of these rates the Q.S Wing of FWO was also contacted to find out the basis for quoting 18% premium on BOQ cost. It was learned that since FWO is already working with CDA on major Roads at 12.5% above the NHA Schedule of Rate, they have adopted same percentage for Road Works but for Water Supply, Sewerage and Drainage Works they have made calculation at 25% above MES Schedule. The reason for adding 25% premium on Water Supply, Sewerage and Drainage Works is sharp escalation in the prices of Steel its related items and other construction materials in the recent past. Similarly the prices of C.I. Pipes and M.S. Pipes which total to about 79.00 million have also escalated abnormally by approximately 50%, which will have an impact of 3 – 8% on the overall project.

Hence their calculation for the development of Sector G-13 is as follows:-

$$\text{Roads Works} = 330.00 \text{ Million} + 12.5\% = 371.25 \text{ Million.}$$

$$\begin{aligned} \text{Other works} &= 283.00 \text{ Million} + 25\% = \underline{353.75 \text{ Million}} \\ &= \underline{725.00 \text{ Million}} \end{aligned}$$

$$\text{BOQ cost for Package - I, II, III of Sector G-13} = 613.00 \text{ Million}$$

$$\text{Overall Percentage above BOQ cost} = 112 / 613 = 18.27\%$$

Say 18.00%

Having gone through the above mentioned exercise and critically evaluating the market prices as well as the overhead expenditures of both the organizations, the committee is of the opinion that a premium of about 20% be applied / allowed on Water Supply / Sewerage / Drainage Works of the bid. In such a scenario the overall premium on the whole project is calculated as under:-

Description	BOQ Cost	Premium	Total
1. Road and Ancillary Works	73.852	12.5%	83.083
2. Water Supply System	38.069	20%	45.683
3. Sewerage System	22.033	20%	26.439
4. Drainage System	19.542	20%	23.450
	<u>153.498</u>		<u>178.65</u>


$$\frac{25.157}{153.498} = 16.39\%$$

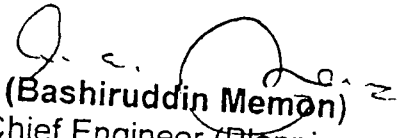
After thorough celebration, calculations and analysis, the technical committee is of the view that 14 - 16% premium over and above the estimated cost will be reasonable rates.

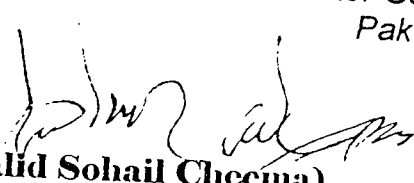
The meeting concluded with a vote of thanks


(Sarfraz Ahmad Mirza)
 Director General
 Housing Foundation


(Shahid Hameed)
 Joint Engineering Adviser
 M/o Housing & Works


(Amjad Pervez Malik)
 Director (Tech)
 Housing Foundation


(Bashiruddin Memon)
 Chief Engineer (Planning)
 Director General's Office
 Pak P.W.D.


(Brig. M. Khalid Sohail Cheema)
 Director General
 Pakistan P.W.D.,
 Islamabad

**Infrastructure Services for Sub-Sector G-14/4
VRs, Streets & Ancillary Works
Summary - Bill of Quantities**

S/No	Description	As per BOQ	As per Market
1	Roads & Ancillary Works	73,852,353.90	84,419,331
2	Storm Water Drainage System	38,069,613.10	46,633,594
3	Water Supply System	22,033,494.94	24,970,678
4	Sewerage System	19,542,904.80	23,148,005
Total:		153,498,366.74	179,231,608
Add	16.765	25,733,241.70	
		179,231,608.44	179,231,608

LIST OF PARTICIPANTS

1. Mr. Muhammad Jamil, Secretary, M/O Housing and Works. In Chair.
2. Mr. Abdul Ghani Sameen, Senior Joint Secretary(Works), M/O Housing & Works.
3. Brig. M. Khalid Sohail Cheema, Director General, Pak. PWD.
4. Mr. Seerat Asghar, Joint Secretary(IV), M/O Interior.
5. Mr. Muhammad Raziq, Senior Joint Secretary/FA Works Finance Division.
6. Mr. Sarfraz Ahmed Mirza, Director General, Housing Foundation.
7. Mr. M. K. Pasha, Dy. DG(Planning), CDA.
8. Mr. Shahid Hameed, Joint Engineering Advisor, M/O Housing and Works.
9. Mr. Abid Bashir, Deputy Secretary(Admn), Ministry of Housing & Works.

Co-Opted Members.

10. Rana Taj Muhammad Khan.

IN ATTENDANCE.

11. Mr. Nazir Ahmad Nasim, Director(Admn), Housing Foundation.
12. Mr. Hasnat A Qureshi, Director(Finance), Housing Foundation.
13. Mr. Amjad Pervaiz Malik, Deputy Director(Tech)., Housing Foundation.
14. Malik Zafar Abbas, Law Officer, Housing Foundation.

Special Invitees:

15. *Mr. Manzoor H. Sheikh,* Registrar, QAU.
16. Dr. M. Fayyaz Chaudhry, Professor of Biology, QAU.
17. Sheikh Ashraf, Incharge Central Workshop, QAU.