

Research Trends and Results

Study of introducing the negotiated bidding method into bidding and contracting of public works

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1. Introduction

Almost 100% of works under the Ministry of Land, Infrastructure, Transport and Tourism are handled uniformly by Japanese bidding and contracting methods such as the open competitive bidding and Quality and Cost Based Selection, etc., and it is difficult to use diverse bidding and contracting methods to adapt to the needs of the times or to characteristics of projects. Therefore, the Central Council for Construction Contracting Business has announced that it intends to revise the system by, for example, systematically positioning diverse bidding and contracting methods or introducing the negotiated bidding method: selecting the company with the highest level of technology through a public subscription and then signing a contract based on negotiations concerning price and construction methods.

2. Diverse bidding and contracting methods (negotiation bidding method)

The negotiated bidding method is already used overseas under the EU Public Procurement Directive or the U.S. Army Corps of Engineer's ECI (Early Contractor Involvement) procurements, and in Japan, a similar method is applied under the construction consultants' proposal method. For public works projects in Japan, the Quality and Cost Based Selection (technical proposal evaluation type (type A), which uses the superior technical capacity of private companies based on technical proposals, for works for which the orderer cannot prepare standard specifications for example, is applied, but as shown in the table, it is difficult to use private sector knowhow etc. without specifying the company that has made the best technical proposal.

Table. Table of Advanced Technical Proposal Type in FY2012

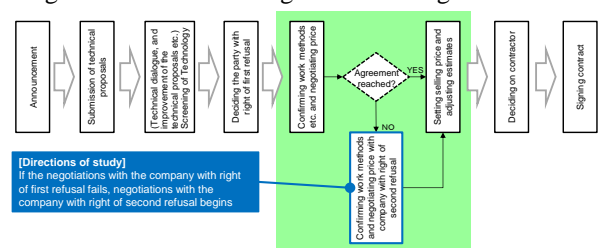
Work name	Rank of winning bidder	
	Technology evaluation score	Bid price
○ District box culvert work	3rd	2nd
□ Bridge damage restoration and restoration of a collapsed bridge	1st	1st
△ District multi-purpose utility tunnel work	2nd	1st
● Dam redevelopment and construction of tunnel outlet works gate room system	3rd	1st
× Dam redevelopment, construction of tunnel outlet works system of inlet	3rd	1st
◆ Viaduct superstructure work	6th	1st
◇ Bridge superstructure work	2nd	1st

State where the company which made the best technology proposal cannot be specified
 Company with the lowest technical evaluation score (6th) won the bid with the lowest price etc.

3. Studying the negotiated bidding method

Under the negotiated method which is now being studied based on the state of the technical proposal evaluation type (type A) of this kind, the contract is signed after the company which has made the best technical proposal has been designated as the company with first refusal rights, negotiations are conducted with that company to confirm the execution methods based on the technical proposal, and set the price (unit price or rate), and the negotiations have reached an agreement. (If these negotiations fail, the orderer negotiates with the party with second rights of refusal.)

Figure. Flow Chart of Negotiated Bidding Method



This method is described with reference to a method given a trial in the selection of a CM contractor by the Urban Renaissance Agency.

4. Future schedule

The negotiated bidding method is being studied by applying it to a case where it is difficult to set specifications because of characteristics of the work (case where it is necessary to use this method considering the past ordering by the orderer), but in the future, we will study details of procedures for its operation while hearing the views of the Advisory Board on Future Construction Production And Control Systems to Fulfill Orderers' Responsibilities, which was established in 2013, including possibility of applying it to works where local conditions and other execution conditions are complex and highly unique, so it is difficult to specify specifications in advance.