THE HONG KONG HOUSING AUTHORITY

Memorandum for Rental Housing Committee

A New Selection Mechanism for Property Services Companies
Under the Private Sector Involvement (PSI) Initiatives

PURPOSE

To inform Members of the establishment of a new Selection Panel together with a new procedure for the appointment of property services companies under the PSI initiatives.

BACKGROUND

2. The first batch of the Property Services Contracts (PSCs) under the PSI initiatives has already been tendered out. Due to fundamental changes in the scope of services to be out-sourced, the current Property Management Agent (PMA) contract has been completely revised and greatly expanded to match with the various policy directives laid down by the Task Force on PSI. Opportunity is, therefore, taken to enhance the tender evaluation and selection processes. To address these changes and to refill the vacancy in the current Selection Panel (SP) due to the retirement of a member, the membership and the Terms of Reference (TOR) of the current SP need to be revised as well.

SCIENTIFIC APPROACH TO TENDER EVALUATION

3. The current PMA tender evaluation exercise is basically conducted in the form of panel discussion on the technical and financial proposals submitted by our tenderers. This approach, though reasonably practical and logical, is not appropriate when the scope of work of the contract is greatly expanded. The increased complexity of the contract has made such comparison very difficult. Moreover, when a few persons handle the tender assessment separately, the objectivity of the evaluation could be debatable. A more objective and scientific evaluation and selection process based on a clear marking scheme with each assessment expressed in numerical terms is therefore proposed. It is generally modeled on the 2-envelope System currently used in the selection of works consultants. Details are elaborated in the following paragraphs.
TENDER EVALUATION AND RECOMMENDATION PROCEDURES

4. A Technical Assessment Team (TAT) will be formed to assess the technical proposals from property services companies. It comprises a Housing Manager (HM), a Maintenance Surveyor (MS) and a Building Services Engineer (BSE) in charge of the out-sourced estates together with a Senior HM, a Senior MS and a Senior BSE randomly selected from a pool of senior professionals. All assessors will be required to declare whether they have or anticipate any conflict of interest arising from such appointment.

5. The Senior MS responsible for the PSC development will lead the team and will cross-examine and consolidate all the technical scores given by the assessors. When marking the proposals, all the assessors will, for the sake of consistency, make use of a standard marking template drawn up to match the requirements stated in the PSC. The consolidated results will then be submitted to the Property Services Tender Vetting Panel (PSTVP) for vetting and endorsement prior to the opening of the tender price envelopes. The TOR and composition of the PSTVP are detailed in Annex 1.

6. When considering the financial proposals of the property services companies, the PSTVP will only open those tenders with a technical score passing the threshold. The financial capacity of the three tenderers with the highest combined scores (in terms of technical proposals and fees) will be checked and the result presented to the Property Services Company Selection Panel (PSCSP) together with the scores for evaluation and endorsement. A final recommendation is then made to Rental Housing Committee (RHC), Commercial Properties Committee (CPC) and Home Ownership Committee (HOC) as appropriate through a joint presumption paper.

MEMBERSHIP AND TERMS OF REFERENCE (TOR) OF THE PSCSP

7. Since the new PSC will cover rental domestic and non-domestic properties as well as Tenant Purchase Scheme estates, it is considered appropriate to revise the TOR and expand the membership of the SP to include members from the Commercial Properties Committee (CPC) and Home Ownership Committee (HOC). The revised TOR and the composition of the PSCSP are detailed in Annex 2.

IMPLEMENTATION

8. The new PSCSP and the new procedure to appoint property services companies under the PSI initiatives will take effect from 15 June 2000. This new mechanism will initially be put to operation for a run-in period of three months, after which there will be a review on the overall selection process to see if any modification/simplification is required.
9. In the long run, it is desirable to have all rental estate management contracts issued in the new PSC format. However, a limited number of PMA contracts are still necessary in order to bridge over the gap for the coming few months when the new Property Services contracts cannot be tendered out in time to match with the schedule of take-over of new buildings. The new PSCSP will oversee the selection of the PMA contracts during the transition period.

INFORMATION

10. This paper is issued for Members’ information.

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c.c. Members of CPC and HOC