

Armenia

October 12 -- November 18, 1995

TRIP REPORT

Prepared for the US Agency for International Development,
Bureau of Private Enterprise, Office of Housing and Urban Programs

by

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INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION

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Project # 110-0008

Task order #

**Shelter Sector Reform Program for the
Newly Independent States of the Former Soviet Union**

Abstract

This paper reports the short-term technical assistance activities provided by ICMA consultant, Jacob Terk, to the government of Armenia. Mr. Terk provided technical assistance in the following areas: construction management and supervision; institutionalization of construction industry reforms; and development of standardized government construction procurement procedures, documents, and systems.

Major Activities During Reporting Period

See attached weekly reports.

General

- Continued providing training to the "Unified Owner" PIU staff and assisted in their first competitive bidding for hotel renovations. Conducted several pre-construction conferences with the successful bidders.
- Completed all materials for the kick-off of the Construction Association meeting, which has been rescheduled for the end of the year due to ongoing parliamentary debates concerning regionalization.
- Continued providing assistance and training to the YPIU regarding on-site supervision and quality/cost control. Training emphasized the acceptance of completed buildings and punch list preparation.
- Conducted seminars and provided training to quality control inspectors and "Unified Owner" PIU staff.
- Helped plan and conduct the ceremony for the completion of the UNHCR's 1994-1995 Shelter Program.

Planned Activities for December 2 - 9, 1995

- The primary goal during a one week portion of the next trip will be to assist the YPIU in site analysis and selection for the 1996 Shelter Program.

Interoffice Memo

To: Peter Epstein, Linda Trail, ICMA, Washington, DC
From: Jacob Terk, ICMA Consultant, Yerevan, Armenia.
Date: October 20, 1995
Subject: Activity, Project Status Report, October 15-20,1995

Institutionalization of Construction Industry Reforms

this week*s main events were: the bid opening ceremony for the Hotels and Sport-Concert Arena renovation; contractors selection; and preparation for the pre-construction conferences.

The Bid opening took place October the 9 in the Ministry*s of Urban Development Office. Nearly 65 representatives from different construction companies and two Deputy Ministers attended the Bid opening ceremony. The ceremony was shown on local television.

Twenty three companies expressed interest in bidding for jobs and obtained bid packages. Six of the fourteen companies that presented completed and priced bid packages were private firms. All of the bids were accompanied with bid bonds. During the Bid opening, all bids where found fully and properly completed. Three of the fourteen bidders were previously involved in the bidding process . Seminars before the bidding, knowledge received during the pre-bid conference and use of the “Guidelines for Competitive Bidding” helped the remaining 11 companies to provided competitive bids .

All bids were “turn key”. The new pricing system was accepted by most of the companies which allowed bids to close without a big spread. All bids were reasonable competitive. The six successful bidders included three private and three 20-80% private - government companies. Each new bidding shows that the contractors feel more comfortable with bid preparation and are becoming more competitive.

The results of the bidding attached to the report.

Next week after receiving the approval from the Government Council of Foreign Credits* and Government Funded Programs* Utilization we will concentrate on training the “Unified Owner” in contracts preparation, conducting a pre-construction conferences, and contractors training to prepare a cash flow projection.

Many of the skeptics who did previously not believe in fair bidding and fair contractors selection on government funded jobs frequently complimented the organization of the bid process and contractors selection.

YMCA Armenia Implementation of UNHCR Financed “Shelter” Program.

C As of today 380 units are completed and turned to the State Department for Refugees.

C During November the entire 1995 Shelter Sector Reform Program will be completed.

Met with Robert Robinson and discussed 1996 Shelter Sector Reform Program.

17 October , 1995

Yerevan, Republic of Armenia

**Armenian Government Council
of Foreign Credits* and Government Funded Programs* Utilization**

Mr. A. Andreasian	Chairman of Council , Minister of Economics,
Mr. L. Barkhudarian	Vice-Chairman of Council , Minister of Finance
Mrs. R. Tarverdian	Secretary of Council
Mr. A. Avetisian	Head of Economics, Department of RA Government
Mr. A. Darbinian	Deputy Minister of Economics
Mr. V. Melkonian	Minister of Material Resources
Mr. G. Martyrosian	Minister of Energy
Mr. A. Voskanian	Minister of Agriculture
Mr. V. Stepanian	Minister of Justice
Mr. R. Julakian	Deputy Minister of Urban Development
F. Piroumian	Minister of Urban Development

Attached documents present the results of the bidding process for the rehabilitation, remodeling, and repair of four Yerevan Hotels and the Sport Concert Arena. These renovations are part of the preparation for the 1996 XXXII World Chess Championship in Armenia. The bidding process was led by the “Unified Owner”.

Enclosed 7 pages

Interoffice Memo

To: Peter Epstein, Linda Trail, ICMA, Washington, DC
From: Jacob Terk, ICMA Consultant, Yerevan, Armenia.
Date: October 27, 1995
Subject: Activity, Project Status Report, October 20-27,1995

Institutionalization of Construction Industry Reforms

- C Continued assistance in bid tabulation and successful bidders selection.
- C Assisted in preparing a draft agenda for pre-construction conferences.

This agenda includes:

1. Level of representation for participants.
Discussions on:
2. Proposed work plan & schedule.
3. Coordination of work areas with others.
4. Quality control requirements.
5. Noise control (for hotels).
6. Disposal of wastes.
7. Use of existing elevators for transporting the materials.
8. Safety.
9. Subcontractors to be used.
10. Key field personal.
11. General terms and conditions.

The draft agenda can be tailored to meet the requirements not only for pre-construction conferences conducted by the 'Unified Owner*' but also for the General Contractors* pre-construction conferences with the Subcontractors.

- C Assisted in developing a detailed Inspection Plan which will allow project owners achieve the cost control and quality control goals of the project.
- C The pre-construction conferences will take place next week after the successful bidders are approved by the Government Council of Foreign Credits* and Government Funded Programs* Utilization.

YMCA Armenia Implementation of UNHCR Financed "Shelter" Program.

- C Provided on-going consultation / training for YPIU staff and inspectors in construction management, cost and quality control.
- C Assisted in planning the ceremony for turning over the new constructed houses in Echmiadzin to the refugees.

Interoffice Memo

To: Peter Epstein, Linda Trail, ICMA, Washington, DC
From: Jacob Terk, ICMA Consultant, Yerevan, Armenia.
Date: November 3, 1995
Subject: Activity, Project Status Report, October 27- November 3,1995

Institutionalization of Construction Industry Reforms

- C Conducted a pre-construction conference with the successful bidders for the Sport & Concert Arena project. The pre-construction conference draft agenda was a big help to the contractors and 'Unified Owner*' staff.

- C Continued assistance in bid tabulation for the Armenia-2 and Ani Hotels.

- C Attended a meeting with Minister of Trade, Services & Tourism Mr. Vahan Melkonian.
During this meeting assistance was provided to the "Unified Owner*s" director Mr. Suren Karapetian in explaining the bidding procedures, bidders selection, and conceptual estimating for the Armenia and Ani Hotels.
The Ministry of Trade, Services & Tourism is trying to do these two projects using their own contractors and management, despite of the Prime Minister*s decree for the "Unified Owner" to carry out the reconstruction of these Hotels.

YMCA Armenia Implementation of UNHCR Financed "Shelter" Program.

- C Assisted in conducting a final inspection for the Echmiadzin and Ashtarak construction sites.
- C Provided on-going consultation / training for YPIU staff and inspectors in construction management, cost and quality control.
- C The ceremony for turning over the newly constructed houses in Echmiadzin has been moved to the Charentsavan site.

The ceremony is being organised by UNHCR with our assistance and will take place November 10, 1995.

Among the people who are invited:

The Prime Minister,

The Minister of Energy,

The Minister of Economy,

The Minister of Urban Development,

The Minister of Social Affairs, Migration & Refugees,

All Ambassadors to the Republic of Armenia,

USAID, ICMA, and other Local Government and Contractors* Representatives

Interoffice Memo

To: Peter Epstein, ICMA, Washington, DC
From: Jacob Terk, ICMA Consultant, Yerevan, Armenia.
Date: November 10, 1995
Subject: Activity, Project Status Report, November 3-10,1995

Institutionalization of Construction Industry Reforms

___ The argument between the Minister of Trade, Services & Tourism, Mr. Vahan Melkonian and the Minister of Urban Development Mr. Feliks Piroumian, who will be the “Owner” for the renovation project of Hotels “Armenia-2” and “Ani” has ended in favour of Mr. Vahan Melkonian. This happened despite the Prime Minister*s previous decree for “Unified Owner” to carry out the reconstruction of all Hotels. As a part of the agreement, the Ministry of Trade, Services & Tourism will be using the successful bidders from our tender.

The “Unified Owner” has been left in charge of the renovation of Hotels Shirak, Erebouni and the Sport & Concert Arena.

- C Conducted a pre-construction conference with the successful bidders for the Hotels Shirak and Erebouni projects.
- C The Parliament is still debating about the regionalization and the scope of work for the regional administrations.

YMCA Armenia Implementation of UNHCR Financed “Shelter” Program.

- C The ceremony for turning over the newly constructed apartment buildings and duplexes took place in Charentsavan city on November 10, 1995.

The ceremony was attended by The Prime Minister, three Ministers including the Minister of Urban Development, Mr. Feliks Piroumian, US Ambassador to Armenia, Fread Winch and Ray Morton from USAID.

Approximately 300 guests and citizens of Charentsavan attended the ceremony.

Speakers praised the Sector Reform the technical and management assistance efforts provided by USAID / ICMA in the 1994 and 1995 Shelters Sector Reform programs.

The Prime Minister and Robert Robinson installed a memorial board on one of the buildings.

The text of memorial board is attached to this memo. In my speech I emphasized the impact of the Shelter Sector Reform Program on the construction industry reforms and local economy.

The Prime minister and the honorable guests including the US Ambassador, Fread Winch and Steven Anlian received a symbolic key to the building.

The entire ceremony was televised and received substantial attention of the major media sources.

Many pictures and a tape were made using a professional photographer and TV operator.



**These houses for Armenian refugees have been funded by
the United Nations High Commissioner for Refugees
under its 1995 Shelter Program**

**Government Partner - SDR
Technical & Management Assistance - USAID / ICMA
Implementing Partner - YMCA Armenia**

**This text inscribed on each of the memorial board
installed on every construction site
for the 1994-1995 Shelter Sector Reform Programs**

Interoffice Memo

To: Peter Epstein, ICMA, Washington, DC
From: Jacob Terk, ICMA Consultant, Yerevan, Armenia.
Date: November 17, 1995
Subject: Activity, Project Status Report, November 10-17,1995

Institutionalization of Construction Industry Reforms

- C Continued providing training to the “Unified Owner” staff and assisted in their first competitive bidding for hotels renovation.
- C Provided general consultations to several private contractors in their business planning.
- C Provided informal consultations with “Yerchemstroy” in their office and at the Sport & Concert Arena construction site.
- C Assisted Deputy Minister of Urban Development Mr. Suren Karapetian in his analysis for the industrial projects already completed by the World Bank PIU under the earthquake reconstruction project.

YMCA Armenia Implementation of UNHCR Financed “Shelter” Program.

- C Assisted the UNHCR*s construction group in preparing bid documents for UN*s building renovation in Yerevan. Provided training to their staff members.
- C Continued discussions and analysis for the 1996 Shelter Sector Reform Program sites.
- C Reviewed potential sites for the 1996 Shelter Sector Reform Program.

Rehabilitation of “Shirak” hotel in Yerevan

Construction period: 8 months

Number of rooms: 22

Date of Bid Opening: October 16 1995

Conceptual Estimate:

58080 roubles (1984 prices).

N	Construction Contractors (Bidders)	Bid cost in drams & USD equivalent	Changes & Reduction s	Advance Payment Bond	Bid price / Conceptual Estimate Coefficient	Average Price per Room
1	* “Bartsrashen” Construction Company	30 MM dr. - (\$ 75,000.00)	None	Presented	1.29	1364000 (\$ 3,409.00)
2	** “Tnashinararutiun” Construction Company	61.56 MM dr.- (\$ 152,896.00)	None	Presented	2.63	2798000 (\$ 6,950.00)
3	* “Hayk” Construction Company	56.0 MM dr. - (\$ 139,999.00)	None	Presented	2.41	2545000 (\$ 6,364.00)

4	* "Oberon" Construction Company	21.7 MM dr. - (\$ 54,243.00)	None	Presented	0.93	986000 (\$ 2,466.00)
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Legend:

- * - Private Company
- ** - State Enterprise
- Successful Bidder
- Bidders

Rehabilitation of "Erebuni 1" hotel in Yerevan

Construction period: 8 months

Number of rooms: 251

Date of Bid Opening: October 16 1995

Conceptual Estimate

627800

roubles (1984 prices).

N	Construction Contractors (Bidders)	Bid cost in drams & USD equivalent	Changes & Reductions	Advance Payment Bond	Bid price / Conceptual Estimate Coefficient	Average Price per Room
1	** "Hayastan-Shinarar" D2-5 Construction Company	231.56 MM dr.- (\$ 578,900.00)	None	Presented	0.92	922400 (\$ 2,306.00)
2	* "Elita - Actionsner" Construction Company	278.72 MM dr.- (\$ 696,800.00)	None	Presented	1.11	1110000 (\$ 2,776.00)

Legend:

- * - Private Company
- ** - State Enterprise
- Successful Bidder
- Bidders

Rehabilitation of “Armenia 2” hotel in Yerevan

Construction period *8 months*
Date of Bid Opening *16 October 1995*
(1984 prices).

Number of rooms *230*
Conceptual Estimate *462540 roubles*

N	Construction Contractors (Bidders)	Bid cost in drams & USD equivalent	Changes & Reduction s	Advance Payment Bond	Bid price / Conceptual Estimate Coefficient	Average Price per Room
1	** “Hayastan-Shinarar” D2-3 Construction Company	223.32 MM dr.- (\$ 558,300.00)	None	Presented	1.2	971000 (\$ 2,427.00)
2	** “Shinveranorogum” Construction SE	241.32 MM dr.- (\$ 603,297.00)	None	Presented	1.3	1409000 (\$ 2,623.00)
3	* “Elita - Actционер” Construction Company	216.23 MM dr.- (\$ 540,563.00)	None	Presented	1.17	940000 (\$ 2,350.00)
4	** “Yerevani tnashinararakan kombinat” Construction Company	174.9 MM dr.- (\$ 437,240.00)	None	Presented	0.95	760000 (\$ 1,901.00)

Legend:

- * - Private Company
- ** - State Enterprise
- Successful Bidder
- Bidders

“Armenia 2” hotel*s roof repairs

Construction perio: 1 month

Date of Bid Opening: 16 October 1995

prices).

Area of repairs:

1111 Sq.m. in

Conceptual Estimate:

17380 roubles (1984

N	Construction Contractors (Bidders)	Bid cost in drams & USD equivalent	Changes & Reduction s	Advance Payment Bond	Bid price / Conceptual Estimate Coefficient	Average Price per Sq.m.
1	** “Yerevani tnashinararakan kombinat” Construction Company	10.9 MM dr. - (\$ 27,340.00)	None	Presented	1.57	9785 (\$ 24.54)
2	* “Elita - Actционер” Construction Company	5.8 MM dr. - (\$ 14,547.00)	None	Presented	0.84	5206 (\$ 13.06)
3	** “Shinveranorogum” Construction SE	13.7 MM dr. - (\$ 34,290.00)	None	Presented	1.97	12298 (\$ 30.78)
4	* “Tavros” Construction Company	5.4 MM dr. - (\$ 13,383.00)	None	Presented	0.77	4847 (\$ 12.01)

Legend:

- * - Private Company
- ** - State Enterprise
- Successful Bidder
- Bidders

Rehabilitation of “Ani” hotel in Yerevan

Construction period: 8 months

Number of rooms: 325

Date of Bid Opening: 16 October 1995

Conceptual Estimate:

641960 roubles (1984 prices).

N	Construction Contractors (Bidders)	Bid cost in drams & USD equivalent	Changes & Reduction s	Advance Payment Bond	Bid price / Conceptual Estimate Coefficient	Average Price per Room
1	* “Progres-90” Engineering Co-operative	600.0 MM dr.-(\$1,500,000.00)	None	Presented	2.34	1846000 (\$ 4,615.00)
2	** “Parenardshin” Construction Company	265.9 MM dr.- (\$ 664,700.00)	None	Presented	1.04	818000 (\$ 2,045.00)
3	* “Bartsrashen” Construction Company	378.0 MM dr.- (\$ 945,000.00)	None	Presented	1.47	1163200 (\$ 2,908.00)
4	** “Hayastan-Shinarar D2-2” Construction Company	222.12 MM dr.- (\$ 555,300.00)	None	Presented	0.87	683600 (\$ 1,709.00)

Legend:

- * - Private Company
- ** - State Enterprise
-  - Successful Bidder
-  - Bidders

“Ani” hotel*s roof repairs

*Construction period: 1 month
in general*

Area of repairs:

1708 Sq.m.

*Date of bid opening: October 16 1995
roubles (1984 prices).*

Conceptual Estimate:

14580

N	Construction Contractors (Bidders)	Bid cost in drams & USD equivalent	Changes & Reduction s	Advance Payment Bond	Bid price / Conceptual Estimate Coefficient	Average Price per Sq.m.
1	* “Progres-90” Engineering Co-operative	10.1 MM dr. - (\$ 25,170.00)	None	Presented	1.73	5913 (\$ 14.74)
2	* “Bartsrashen” Construction Company	8.4 MM DR. - (\$ 21,000.00)	None	Presented	1.44	4918 (\$ 12.30)

Legend:

* - Private Company

**



- State Enterprise
- Successful Bidder
- Bidders

Rehabilitation of Sport - Concert Arena in Yerevan

Construction period: 8

Date of Bid Opening: October 16 1995
(1984 prices).

Conceptual Estimate: 1500000 roubles

N	Construction Contractors (Bidders)	Bid cost in drams & USD equivalent	Changes & Reduction s	Advance Payment Bond	Bid price / Conceptual Estimate Coefficient
1	** "Yerchimshin" Construction Company	554.46MM dr.-(1,386,138.00)	None	Presented	0.92

Legend:

- * - Private Company
- ** - State Enterprise
- Successful Bidder
- Bidders