



Government of Bermuda
Ministry of Housing and Municipalities
Office of the Minister

MEMORANDUM

To: The Financial Secretary

From: Ms. Jeane Nikolai, Permanent Secretary

Date: 10th June 2026

Re: Supporting Narrative for the Procurement of Vendors for Phase I Housing Initiatives

1. Background

1.1 Mandate and Strategic Parameters

The Affordable Housing Committee (AHAC) was given a strict mandate by the Minister of Housing and Municipalities, namely to deliver as many quality, resilient homes as possible within a 24-month period at a target budget baseline of \$500 per square foot. To maximize domestic economic impact, an absolute operational parameter was established, to require the delivery model to actively integrate and sustain local subcontractors and tradespeople throughout the construction cycle.

1.2 Evaluation of Methodology and Market Realities

To determine the optimal execution vehicle, the Ministry evaluated whether delivery should be managed internally through standard civil service frameworks or externalized via relevant quangos. It was determined that the bureaucratic constraints of direct Government management could not support the requisite speed, agility, and commercial rigor demanded by the 24-month timeline. Consequently, execution was routed through the Bermuda Land Management Company (BLMC) and the Bermuda Housing Corporation (BHC).

Simultaneously, the AHAC conducted a rigorous financial assessment of contemporary domestic construction methods. Data verified across the Bermudian construction sector confirmed the following market baselines:

- Traditional concrete block construction: averages a minimum of \$700/sf for the basic shell structure alone, before interior fit-out.
- Fit-out costs for traditional builds: for the quality and quantity required, the cost could rise to \$1,000/sf for turn-key completion.

Additionally, traditional masonry construction is inherently time- and labour-intensive. Based on these empirical baselines, traditional building methods were mathematically eliminated at the outset. Relying on traditional masonry would have precipitated an immediate, systemic budget failure while exhausting the localized workforce, making it physically impossible to deliver the required volume of units within the mandated timeframe.

Faced with this challenge, the AHAC was compelled to look outward for alternative, off-island engineering methodologies, as the domestic market lacked any corporate entities with the specialized technical experience or manufacturing capability to deliver high-speed solutions at scale.

1.3 Procurement Governance and Adjudication

While the procurement processes used in this initiative maintain total transparency, fiscal responsibility and auditability, they operate under a distinct commercial cadence and structure tailored specifically to quangos, separate from the Office of Project Management and Procurement (OPMP) frameworks.

By law, these quangos are not bound to rigid OPMP policies, which are structurally optimized for standard public projects and do not always guarantee the lowest price, best quality, or hyper-accelerated delivery timelines. Entering direct negotiations with shortlisted, preferred proponents was determined to be the most fiscally prudent and viable pathway to satisfy the Minister's mandate.

Ultimate statutory and fiduciary responsibility for the final project execution rested solely with the Board of the BLMC. Following an exhaustive technical and financial presentation delivered by the Chair of the AHAC, the BLMC formally exercised its authority, ratified the selection of the preferred proponents, and approved the final project awards. The same process was used for the financing.

2. Multi-Stage Procurement 'Funnel'

The AHAC initially evaluated nine international firms specializing in rapid-deployment systems, and they are noted in the attached evaluation matrix. Those firms were selected by the members of the AHAC based on public information available. Among that initial selection criteria were factors like vertical integration of design, fabrication, assembly and shipping;

location, reputation, and speed of construction. Based on those criteria, the firms below were selected for initial consideration:

- Coastal
- Z-Modular
- Stack
- Preconco
- Bauhu
- RAD
- MICEM
- Forsa
- Cosmos.

To ensure the responsible use of public resources, the AHAC employed a sequential ‘gating’ process for its vendor evaluation matrix. Under standard best practices in procurement, if a vendor fails to meet an absolute baseline requirement, the evaluation for that vendor is immediately terminated. Consequently, several metrics for non-selected vendors are marked as ‘unknown’. This does not represent an omission or a lack of diligence by the AHAC; rather, it indicates that these vendors were completely disqualified at an earlier stage of the matrix, rendering further investigation unnecessary and redundant.

In the first stage of investigation, both modular technologies and precast were considered, embracing a broad approach spanning several possibilities. Initially, modular construction fulfilled the requirement for short lead times and quality control, as did precast solutions, and offered some advantages in design, aesthetics and speed.

The selection of Coastal and Preconco as the recommended proponents is justified through a clear four-stage filtering process:

- Failure on Typology and Lifespan: Among other factors, the matrix tracked ‘Life Expectancy and Material Quality’. Volumetric steel modular systems such as Stack, Z-Modular, Bauhu and RAD were capped at a thirty-to-fifty-year lifespan. Given Bermuda’s aggressively corrosive marine environment, high humidity, and hurricane risk, steel structures carry high long-term maintenance liabilities. Conversely, pre-cast concrete systems, like Coastal and Preconco, offered a lifecycle of fifty or more years, which matches or exceeds the lifespan of traditional blockwork structures. By February, 2026, the field was narrowed to four competitors: Coastal, Preconco, Z Modular, and Stack.
- Failure on Delivery Timelines: Several shortlisted modular vendors could not guarantee manufacturing slots or supply chain logistics that aligned with the urgent 24-month project timeline.

- Failure on Code Requirements: Cosmos and Forsa explicitly failed the building code and hurricane resistance mandate. There was no need to keep them in consideration given this failure.
- Failure on amount of local content: modular solutions were less desirable as compared with precast as they would arrive largely complete and have much less local involvement inherent in their system.
- Scoring: In the final scoring matrix, Coastal scored a 21 out of 25 possible points, and Preconco scored 22 out of 25 in the category of 'Relevant Experience and Local Knowledge'. They have a good local track record of delivering similar projects in other locations in Bermuda, which means that there will be no extra time spent in learning the local environment or navigating the local labour landscape. Preconco and Coastal completely outpaced the competitors in the modular field (Stack scored 3 out of 25, Z-modular scored a 9 out of 25). Local projects for the two recommended firms include Victoria Terrace in Dockyard, Morgan's Point, and the King's Wharf Cruise Ship Terminal.
- Supplier Capability Verification: Following the shortlisting of Preconco and Coastal as the primary proponents for the project, a formal delegation from the Affordable Housing Action Committee (AHAC) conducted comprehensive site visitations at the proponents' respective production facilities in Virginia and Barbados.

The primary objective of these delegations was to perform firsthand operational due diligence, assessing the technical capacity, scalability, and quality frameworks of each supplier. Based on these on-site evaluations, the delegation verified that the necessary operational, quality control (QC), and structural testing procedures were fully established and compliant with international standards.

The delegation systematically observed and audited the following operational areas:

- Quality Management & Safety Protocols: Evaluated plant-wide quality control procedures, compliance protocols, and industrial safety standards and practices.
- Pre-Pour & Casting Operations: Audited pre-pour inspection frameworks, formwork preparation, active casting operations, and core production processes.
- Material Testing: Verified raw material compliance, specialized concrete testing methodologies, and ongoing quality assurance measures.
- Logistics & Handling: Assessed the post-production lifecycle, specifically the lifting, handling, and yard-loading of finished structural elements.
- Dispatched Asset Readiness: Inspected the final quality assurance sign-off, protective staging, and maritime/overland shipment preparation procedures for completed panels.

3. Economic Considerations

The recommendations exercised by the AHAC were cognizant of the optics of sending money off-island. There are two distinct phases to this work. The first phase is the off-island structural supply. It must be noted that this is a product rather than a service with a deliverable, in that the recommendation is to purchase pre-manufactured assets, namely the concrete shells, at massive scale savings that cannot be achieved locally. Within that first phase, there will be local participation in the site preparation, foundation work, project management, and utility tie-ins. The second phase will be the interior fit-out of the water-tight shell, which will come complete with windows and doors installed.

Preconco's shell cost was \$248/sf, and Coastal at \$417/sf. By importing the shells at these rates, Government leaves a substantial portion of the \$500/sf target budget to be directly injected into the local economy for Bermudian craftsmen to carry out the interior finish work. Of particular note is the cost. Averaging out at less than half of the current rate for construction of this nature is fiscally prudent and delivers excellent value for money in the current economy. Furthermore, the pre-cast typology offers several distinct advantages over cast in place and block solutions:

- Less costly in terms of labour; because the elements come already made, assembly is much quicker and requires fewer hands on the process.
- Less costly in terms of materials: rather than shipping the raw materials for the cradle-to-grave construction work, the elements are being shipped in their entirety, already made in a factory.
- Better quality control: because the elements of the buildings are being made away, they are being made in controlled environments without the introduction of salt, etc. to the structure of the buildings.

4. Conclusion

Coastal Precast Systems and Preconco successfully passed every single sequential gate as follows:

- They provided the Pre-cast concrete typology
- They verified complete compliance with the Bermuda Building Code and included a high degree of hurricane resistance
- They guaranteed an asset life expectancy of fifty or more years
- They had the capacity to build in the time frame specified
- They had an established good local track record and experience.
- Freight is included to Bermuda.
- Both have proven technologies that have passed Planning scrutiny

Only after clearing these non-negotiable structural and safety requirements did the Committee invest the technical resources to completely calculate their erected shell costs, evaluate their fit-out requirements, and audit their local subcontractor networks. The presence of 'unknowns' on the scoring matrix is the mathematical evidence of a rigorous, objective filtering process in action.

Time is now the most critical risk factor. The global construction landscape is currently highly volatile; the baseline costs of essential raw materials, including structural steel, aggregates, and maritime shipping, remain deeply dependent on rapidly shifting geopolitical events and aggressive international tariff policies. Industry data underscores this urgency: under recent trade barriers and supply constraints, domestic and global steel indexes (such as the Hot Rolled Coil index) have surged by as much as 35% year-on-year, while trade partner materials have scaled up by over 9% in recent months.

Because Bermuda relies entirely on imported materials, we are acutely exposed to these external market shocks. Every week of administrative delay directly compromises our financial hedges. **The longer the project waits for final sign-off on the sovereign guarantees, the more we expose the public purse to sudden, compounding material cost increases that could fundamentally threaten our targeted \$500/sf budget baseline.**

In closing, the AHAC is entirely confident that the recommendation to utilize Coastal and Preconco achieves exceptional value for money, capitalizes on current market pricing before further external inflation takes hold, and remains fully responsive to the urgent mandate set by the Minister of Housing and Municipalities.