



Market Sounding Round Table Mandates for PPP Advisors to the State D4 motorway

Ministry of Transport, Strategy department

State Fund for Transport Infrastructure



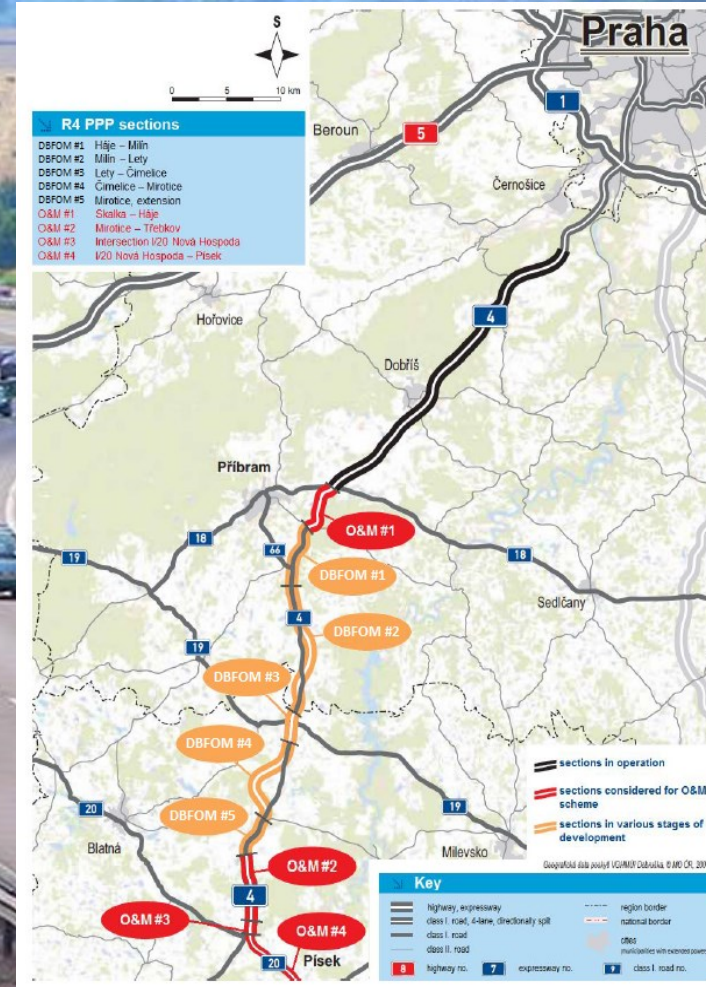
Structure of presentation

- PPP for motorway D4 (former expressway R4)
- Context of advisory tender with current situation
- Advisory tender overview
- Tender's key terms and conditions (presentation and discussion)
- Conclusions (next steps)



PPP for motorway D4

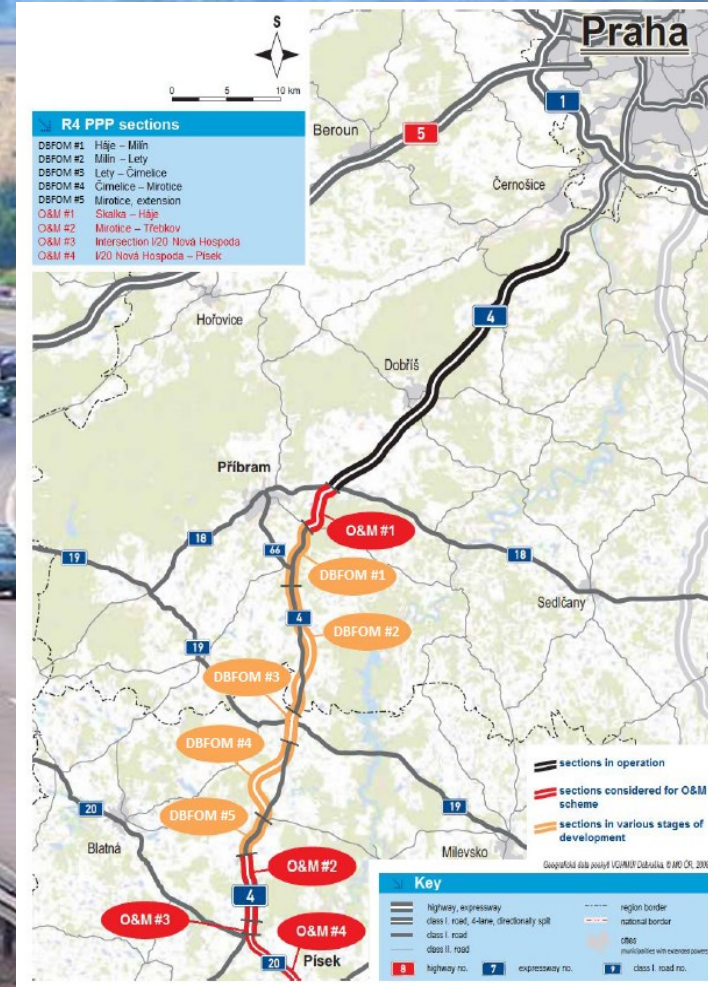
- From 1st of January 2016 administrative change – expressways formally changed to 2nd class motorways
- Connecting Prague with south-west Bohemia region
- From planned 84 km is 47 km in operation, 4.8 km under construction and **32 km remains to be built.**





PPP for motorway D4

- Approved positive CBA – rest of D4 should be build as one stretch
- All zoning permits issued, land acquisition ongoing, documentation for building permits is treated (ongoing communication with state authorities)
- Feasibility study include Public Sector Comparator finished ->





PPP for motorway D4

- ▶ 13th of January 2016 – **government approval for using PPP for D4 - Design Build Finance Operate Maintain model (design limited)**
- ▶ 32 km of greenfield (part of it is widening of 1/2 profile) + 16 km O&M (finished in 2007, 2010, 2017).
- ▶ Unsuccessful tender for advisors (September 2015 – July 2016) due to solving the complaints by Office for the Protection of Competition
- ▶ Interest to use PPP for D4 remains -> **new tender for advisors will be started**



Context of advisory tender with current situation

- ▶ Needs to reflect main reservation addressed by the Office for the Protection of Competition during solving the complaints against the previous TOR (qualification criterions addressed)
- ▶ Advisory tender planned to be launched during October/November 2016 using the new law on public procurement (Act 134/2016 Coll.)
- ▶ New law on public procurement – easier proof of qualification from the bidder side, easier evaluation by the tender committee x new procedural aspects during tendering
- ▶ The investment preparation of the D4 has been accelerated, but still needs a lot of time for granting all the building permits needed



Advisory tender overview

- Main **scope remains the same** as in the cancelled tender – changes are in qualification and evaluation criterions
- Consortium of legal, financial and technical advisors will be sought
- Estimated price 75 mil. CZK exclude VAT (**2,75 mil. EUR**)
- Advisory services for all phases needed to achieve financial close of the project for the fixed price (monthly billing possible)
- Possibility for state to use the limited amount of advisory services after the financial close (at fixed set up prices)
- Open „one-round“ tender (qualification and bid together)
- Estimated beginning of the advising – 03/2017



Tender's key T&C #1 – consortium

- Qualification criteria for the consortium was mainly addressed by the Office for the Protection of Competition in their reservation due to use them in combination with the requirements for the team members ->
- Only formal criterion required by the new law need to be proofed (much easier to proof them in comparison with the former law)
- Capped limited liability – 3x contract value
- Bid bond for participation – 1,8 mil. CZK (70k EUR, 2,5% of EV)?
- Subcontractors – all subcontractors has to be shown in the bid
- The main part of the qualification needs to be proofed on the team members offered ->



Tender's key T&C #1 – consortium

- a) Does the bid bond seems reasonable for you in this situation?
- b) Bank guarantee during advising as alternative?
- c) Possibility to use minimum numbers of experts employed by the bidder as qualification criterion as alternative?
- d) Does the capped limited liability in the proposed extent seems reasonable for you? (3x contract value)
- e) Does the exclusion of requirements on reference projects represent an obstacle for the participation of your company / consortium in the tender?
- **1 – almost without complication / obstacle**
- **5 – significant complication / obstacle**



Tender's key T&C #2 – experts

- ▶ Min 1 key expert with leading advisory experience role in appropriate PPP project (liner transport infrastructure) which reach the financial close after 2010 for each role (L,F,T) – EN
- ▶ Min 1 key expert with advisory experience role in approp. PPP project which reach the financial close after 2010 for each role (L,F,T) – EN
- ▶ Min 2 key experts with high knowledge and experience from the Czech environment (not PPP projects necessary) for each role (L,F,T) – EN, ČJ
- ▶ Availability of the key experts in Prague when deciding on key outputs, key experts participation on outputs will be required
- ▶ Support team will be enabled (appropriate university, min. 3 years of adequate experience, EN (ČJ))



Tender's key T&C #2 – experts

- a) Are the requirements for the expert team composition reasonable in relation to the subject of the tender?
 - b) Does the adapted requirement of availability of experts represent an obstacle for your participation in the tender?
 - c) Does the language requirement in connection with the required experience of the key experts represent an obstacle for your participation in the tender?
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- **1 – almost without complication / obstacle**
 - **5 – significant complication / obstacle**



Tender's key T&C #3 – languages

- All advising outputs will be presented in Czech language, Czech language serve as official one, during meetings the Czech language with translation to/from English will be preferred (translation according to needs is in the response of advisors)
- Direct English communication during meetings enabled only if everyone agrees
- The main tender documents planned to be published also in English, but the Czech version will be binding
- Reference projects confirmation and CVs planned to be possible to present in English language in bids, rest of bid have to be in Czech language



Tender's key T&C #3 – languages

- a) Does the requirement to submit the bid in Czech language represent a barrier for your participation in the tender?
- b) Does the requirement to communicate in Czech language during the advisory activity represent a barrier for your participation in the tender?

- **1 – almost without complication / obstacle**
- **5 – significant complication / obstacle**



Tender's key T&C #4 – evaluation of bids

- Price of the bid can be, but can't necessary be, the only criterion
- Public procurement Act enables to use the criterion of 3E (economy, efficiency, effectiveness) to evaluate the bids
- The price of the bid still have to be majority criterion
- Mainly the experience of experts over the minimum qualification will serve as „qualitative“ criterion (targeting the experience with the road PPP projects)
- Methodology approach of the consortium will not be used as criterion (many complaints against in other public tenders, Office for the Protection of the Competition frequently criticized this criterion and its evaluation – to much subjective criterion)



Tender's key T&C #4 – evaluation of bids

- a) Do you prefer the evaluation model including the 3E criterion and evaluation of experience of the key experts?

- **1 – almost without complication / obstacle**

- **5 – significant complication / obstacle**



Tender's key T&C #5 / Other issues to be discussed?



Thanks for your participation

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