

# Implementation of PPPs for Transit San Diego, July 7-8, 2009

## Preparing a Request for Proposals (RFP)

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- **RFP Basics: objectives, attributes, contents**
- **A key theme: scope constraints & innovation**
- **Two case studies: Dublin Metro North & DART Interconnector**
- **Summary and questions**

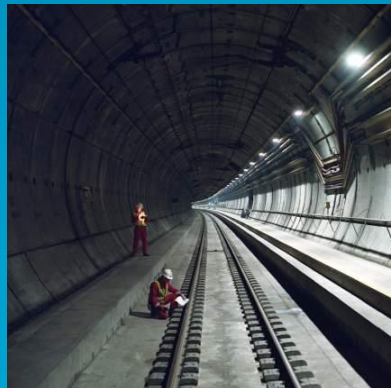


**“Canada Line”  
Vancouver  
International Airport**



- **Initiation – policy goals, organizational framework**
- **Feasibility assessment – economic appraisal and outreach, scoping, RFI**
- **Procurement strategy – choice of delivery model, more detailed scoping and outreach, due diligence**
- **Procurement implementation – RFQ, evaluation, short-listing, RFP, final selection and award**
- **Contract execution**
- **End of term – handback or re-tender**

- To select the bidder that will deliver the defined project goals for the least cost over the whole term of the contract
- To generate competition
- To support public policy objectives
- To meet public sector governance requirements
- To ensure that the selection process is fair, transparent and legally robust
- To build industry trust for future procurements



**Channel Tunnel Rail Link**  
**UK**

- **Clearly defined goals for the project**
- **Clearly defined commercial terms**
- **Clearly defined scope and technical requirements**
- **Allocation of risk**
- **Allows maximization of opportunity, innovation and the capture of value**
- **Clearly defined process of submittal and evaluation**
- **Objective and transparent evaluation criteria**
- **Well organized and with consistent terminology**



**Putra LRT**  
**Malaysia**

- **Instructions to Proposers: contents of proposal, ATC process if allowed, evaluation information, dialog**
- **Draft Concession Agreement, including attachments**
  - **Technical requirements (design, construction, operations, maintenance, rolling stock)**
  - **Project interfaces, stakeholders**
  - **Project management, QA/QC, oversight**
  - **Financial, payment formulae, insurance, risk allocation**
- **Reference data**
  - **Preliminary design (30% plans), environmental info, technical reports, design criteria manuals**



**New Southern Railway  
Airport Link  
Australia**

**Need to control**  
- constraints  
**Desire to control**  
- mindset



**Giving the private  
sector enough  
freedom to  
innovate**

- **Likely constraints within which the private sector needs to develop the solution:**

- Design and environmental requirements
- Operational requirements
- Hand-back requirements
- Project risks transferred to private sector
- Funding constraints
- Regulatory constraints

- **RFP should try to articulate the project needs rather than solutions, such as:**

- Ridership targets/goals
- System, O&M performance
- Service level outputs
- Interoperability objectives
- Ancillary services
- Financial goals



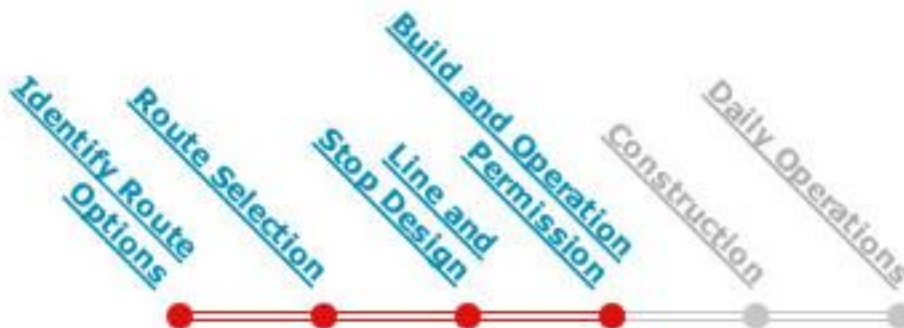
## Project Info

- New line, 18km long
- Will connect Dublin City Center to key destinations including hospitals, universities, retail areas, residential, offices and the airport (20 minute journey time to airport)
- Ridership expected to be 34 million / year
- Multi-modal interchanges with other rail services, metro lines (Luas), bus facilities and park and ride
- [http://www.rpa.ie/en/projects/metro\\_airport\\_swords/Pages/default.aspx](http://www.rpa.ie/en/projects/metro_airport_swords/Pages/default.aspx)



## Procurement Info

- The procurement process involves pre-qualification of three separate 'panels':
  - infrastructure
  - rolling stock
  - operating
- After pre-qual, teams are formed from the qualified panels, one from each
- Two contracts awarded:
  - infrastructure contractor and rolling stock supplier (the infrastructure contract)
  - operator (the operating contract)



- Project Info
- New 7.5km underground railway right across Dublin
- “Vital backbone of an integrated public transport system”
- Will connect two existing Luas underground stations
- Preliminary design is complete, due for completion in 2015
- Procurement is due to begin in September 2009
- [http://www.irishrail.ie/projects/dart\\_underground.asp](http://www.irishrail.ie/projects/dart_underground.asp)



- Procurement Info
- Irish Rail intends to procure as a PPP
- Halcrow are Irish Rail's technical procurement advisors
- Currently developing procurement strategy
- Next steps include market sounding and RFQ (Sept 09)
- Key issue – scope



DBFM Scope	Current	Current plus Track	Current plus Railway Systems
Private sector maintains	<ul style="list-style-type: none"> <li>Stations only</li> </ul>	<ul style="list-style-type: none"> <li>Stations, Track</li> </ul>	<ul style="list-style-type: none"> <li>Stations, Track, OHL, Signals, Comms</li> </ul>
Procurement	<ul style="list-style-type: none"> <li>Choice unaffected</li> </ul>	<ul style="list-style-type: none"> <li>Choice unaffected</li> </ul>	<ul style="list-style-type: none"> <li>Choice unaffected</li> </ul>
Award Criteria	<ul style="list-style-type: none"> <li>NPV</li> </ul>	<ul style="list-style-type: none"> <li>NPV</li> </ul>	<ul style="list-style-type: none"> <li>NPV</li> </ul>
PayMech/ KPI Construction	<ul style="list-style-type: none"> <li>Milestones</li> <li>Operations Start Date</li> <li>Output/Performance Spec</li> </ul>	<ul style="list-style-type: none"> <li>Milestones</li> <li>Operations Start Date</li> <li>Output/Performance Spec</li> </ul>	<ul style="list-style-type: none"> <li>Milestones</li> <li>Operations Start Date</li> <li>Output/Performance Spec</li> </ul>
PayMech/ KPI Operation	<ul style="list-style-type: none"> <li>Availability/Quality:               <ul style="list-style-type: none"> <li>– Station*</li> <li>– Tunnel Ventilation</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Availability/Quality:               <ul style="list-style-type: none"> <li>–Station*</li> <li>–Tunnel Ventilation</li> <li>–Track</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Availability/Quality:               <ul style="list-style-type: none"> <li>–Station*</li> <li>–Tunnel Ventilation</li> <li>–Traction Power</li> <li>–Signals/ Comms</li> </ul> </li> </ul>
Interface Risk to be managed	<ul style="list-style-type: none"> <li>Passenger/ AFC</li> </ul>	<ul style="list-style-type: none"> <li>Passenger/ AFC</li> <li>Wheel/ Rail</li> </ul>	<ul style="list-style-type: none"> <li>Passenger/ AFC</li> <li>Wheel/ Rail</li> <li>EMC (OHL/ Comms/ Signals/ T&amp;RS)</li> </ul>
Potential savings to Public Sector	+	++	+++

- **Consolidation of D, B, F, M, O phases (where possible)**
  - Whole-life thinking from design to asset management and operation
    - Drives efficiency and effectiveness
  - Enhanced/ improved risk allocation between public and private sector
    - Size of prize – large risk/ opportunity is strong incentive;
    - Clarity – allocation in one (or smaller number of) contract;
    - Interfaces – fewer interfaces to generate risk and less risk provision
  - Economies of scale in procurement overhead, transaction costs, financing
- **Certainty**
  - Delivery dates assured by contract
    - Incentivised by LDs/ Abatements
  - Funding stream for asset delivery assured by contract
    - Not subject to public treasury pressure
- **Sustainability**
  - Output standards assured by contract
    - PayMech incentivises Concessionaire to deliver on maintenance/ operation
  - Funding stream for asset management assured by contract

- **Clearly define project constraints and goals**
- **Clearly define scope of operational service and how this will be measured**
- **Define standards and specifications to be implemented**
- **Contain a level of detail consistent with delivery method, which means less detail for a full PPP performance spec**
- **Clearly define roles and responsibilities**
- **Consistent in language (glossary)**



# Questions?

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