



# East West Link

**BERC meeting 24 June 2013**

**Attachment B: Invitation for Expressions of Interest**

# Agenda

- Industry briefing
- Invitation for EOIs overview
- EOI evaluation criteria
- Other key issues for EOI
- Invitation for EOIs approval process

# Industry Briefing

- **On 6 June 2013, Treasurer O'Brien and Minister Mulder welcomed 194 attendees representing 100 domestic and international construction contractors, toll road developers/owner-operators and debt and equity providers, to officially launch the East West Link project.**
- **The key messages which were provided to attendees at the Industry Briefing included:**
  - Stage 1 of the East West Link comprises a road and tunnel connection between Eastern Freeway and CityLink
  - Fully committed funding from the State
  - State to retain toll revenue risk
  - Availability PPP for whole of life delivery and operation of the road
  - Toll collection to be procured separately

# Industry Briefing cont..

## Key Procurement Dates

	Date
Release of reference design	July 2013
<b>Expression of Interest (EOI) issued</b>	<b>18 July 2013</b>
EOI submissions close	29 August 2013
Release of Request for Proposal (RFP)	October 2013
Completion of planning and approvals process	Second quarter 2014
Closing date for RFP responses	Second quarter 2014
Contract award	Fourth quarter 2014

# Invitation for Expressions of Interest (EOI) – overview

**LMA is currently preparing the Invitation for EOIs, the purpose of which is to:**

- Provide information to potential respondents about the project
- Outline timetable for the project and the process and rules for the tender
- Invite potential respondents to submit EOIs and identify the information which must be included
- Set out the evaluation criteria which the State will use to select short-listed respondents
- Elicit views/seek information on various issues related to the project

# EOI Evaluation Criteria

**LMA will evaluate EOI responses using the following criteria:**

1. D&C capability and experience
2. O&M capability and experience
3. Stakeholder engagement
4. Financing capacity and capability
5. Commercial structure
6. Innovation

**The evaluation criteria will be framed with a view to differentiating between bidders.**

**EOIs will also be evaluated against key criteria such as compliance with the Victorian Code of Practice for the Building and Construction Industry.**

# Evaluation Criterion 1: D&C capability and experience

**Evidence of, or demonstrated ability to, successfully deliver major D&C projects, which have:**

- Sought to deliver whole of life cost optimisation
- Included significant, complex and sustainable tunnelling solutions
- Included significant road construction including associated ramps and bridge works
- Required a focus on urban design
- Involved development in a highly urbanised environment
- Required significant interfaces with other private road operators

# Evaluation Criterion 2: O&M capability and experience

**Evidence of, or demonstrated ability to, successfully operate and maintain inner urban freeways, including:**

- Delivering a whole of life cost optimisation approach (in particular for large tunnel projects)
- Working with road management authorities to deliver integrated network management solutions
- Working with road management authorities and other toll road operators on the network to support efficient customer experiences across the tolled network
- Working efficiently with third party toll collection services providers and/or owners of the toll revenue stream as the road operator/maintainer

# Evaluation Criterion 3: Stakeholder engagement

**Evidence of, or demonstrated ability to, engage proactively and work effectively with a wide range of project stakeholders over the life of the asset (to be addressed by both the proposed asset owners and key contractors).**

# Evaluation Criterion 4: Financing capacity and capability

**Evidence of, or demonstrated ability to, manage the financing requirements of the Project, including:**

- Capacity to effectively support the significant financing requirement of the project and help maximise the available pool of efficiently priced private finance
- Capability to drive cost efficiencies through the development of innovative financing solutions

# Evaluation Criterion 5: Commercial structure

**Demonstrated understanding of the State's commercial requirements and commitment to the procurement process, as evidenced by:**

- The ability of the proposed consortium structure to deliver a project of this scale and achieve the State's preferred risk allocation
- The proposed role of equity in ensuring proactive management of the assets over the life of the Project
- The strength of commitment of all consortium members to the Project

# Evaluation Criterion 6: Innovation

**Evidence of, or demonstrated ability to, develop innovative solutions to major infrastructure projects, including in relation to:**

- Project design, sustainability, construction methodology and traffic management
- Whole of life cost optimisation and O&M solutions
- Integration into existing networks or with future stages of an overall scheme
- Working with other toll road operators on the network
- Efficient commercial structures and financing solutions

# Other Key Issues for EOI

- **D&C risk**
  - EOI to advise the State's preferred position that the private sector takes D&C risk
  - Request feedback with respect to ways in which the project can be "de-risked"
- **Government capital contribution**
  - EOI will confirm the State understands the required quantum of Government capital contribution
- **Commonwealth Funding**
  - EOI will note delivery of the project is not dependent on Commonwealth funding, however the State will continue to pursue
  - Clarify any Federal funding will be provided via the State and contributed to PPP Co via the Government capital contribution above
  - Note general requirement that bidders either comply, or will be capable of complying with, the Commonwealth Government National Code of Practice for the Construction Industry (applicable to specified federally funded projects)

# Other Key Issues for EOI cont..

- **Contract Term**
  - EOI will seek feedback with respect to optimal concession term (ranges – i.e. 15-20 years; 20-25 years)
- **Toll Collection System and Services**
  - EOI will confirm PPP does not include the toll collection system or services
  - Details of the enabling (civils) works to be delivered by PPP Co will be set out in the RFP
- **Number of shortlisted bidders**
  - EOI to express an intention to shortlist 2 bidders subject to the quality of submissions
- **Bid cost reimbursement**
  - EOI to note that RFP bidders will be entitled to reimbursement of up to half their actual, verifiable external bid costs (capped at \$12m per bidder – assuming 2 shortlisted bidders)

# Other Key Issues for EOI cont..

- **Probity and process requirements**
  - Tender terms and conditions are to be included in the EOI as opposed to requiring short-listed bidders to separately sign a Probity and Process Deed (per Ravenhall PPP)
- **Variant bids**
  - EOI will remain silent on treatment of variant bids
  - This position will be reviewed ahead of RFP release.