

March 11-13, 2012  
Westin Hotel  
Cape Town, South Africa

# IBTTA Transportation Summit of South Africa

## CONSIDERATIONS DURING THE BIDDING AND OPERATIONS PHASES OF A PROJECT

THE SOUTH AFRICAN NATIONAL ROADS AGENCY (SOC) LIMITED

Koos Smit

March 11-13, 2012  
Westin Hotel  
Cape Town, South Africa

# IBTTA Transportation Summit of South Africa

## Considerations during the Bidding and Operation phases of a Project

### TENDER PROCESS IN CHANGING ENVIRONMENT

- Enabling Environment
  - Legislation and regulation
  - Tolling policy (for different tiers of Government ?)
  - Public acceptance
  - Political will
- Economic Environment
  - Socio economic climate – affordability
  - Financial climate – investor confidence – availability and cost of funding

March 11-13, 2012  
Westin Hotel  
Cape Town, South Africa

# IBTTA Transportation Summit of South Africa

## Considerations during the Bidding and Operation phases of a Project

### TRANSPARENT, FAIR AND INFORMED TENDER PROCESS

- Prequalification tender
  - Early introduction of project for decisions/approvals
  - Positioning of role-players and consortiums
  - Simplify tender process
- Clear requirements / instructions in invitation to tender
  - Description of tender process
  - Clear tender & submission requirements
  - Specialist disciplines/categories for requirements and evaluation criteria
- Tender communication /clarifications



March 11-13, 2012  
Westin Hotel  
Cape Town, South Africa

# IBTTA Transportation Summit of South Africa

## Considerations during the Bidding and Operation phases of a Project

### TRANSPARENT, FAIR AND INFORMED TENDER PROCESS (cont ...)

- Appropriate Concession documentation
  - Proven form of contract
  - Clear and achievable requirements, standards and specifications
  - Structuring of tender submissions to follow format of concession contract

March 11-13, 2012  
Westin Hotel  
Cape Town, South Africa

# IBTTA Transportation Summit of South Africa

## Considerations during the Bidding and Operation phases of a Project

### EVALUATION CONSIDERATIONS

- Evaluation methodology – evaluation disciplines – clarification – presentation - verification and cross check – selected tenderers – further clarification and then Best and Final Offer
- General and tender specific clarifications
- Develop benchmark tender for comparison purposes
- Financial model (FM) synergies between Engineering (Scope of work and performance requirements, costs etc), finance and traffic and toll.

March 11-13, 2012  
Westin Hotel  
Cape Town, South Africa

# IBTTA Transportation Summit of South Africa

## Considerations during the Bidding and Operation phases of a Project

### SELECTION OF PREFERRED TENDERER (cont ...)

- Reasonableness of assumptions across disciplines and likely combination of sensitivities to (stress) test the FM
- Compliant tender that poses least risk to Concessor and renders most benefits to the user i.t.o infrastructure provision at lowest weighted toll tariff
- Nash equilibrium – role players cannot maximise but only optimise



March 11-13, 2012  
Westin Hotel  
Cape Town, South Africa

# IBTTA Transportation Summit of South Africa

## Considerations during the Bidding and Operation phases of a Project

### NEGOTIATIONS PERIOD

- Back to back provision between Concession Contract and sub-contracts
- Powers of Independent Engineer in Concession Contract
- “Gap” between approved Preliminary Design and “fit-for-purpose” Detailed Design in design and construction contract
- Early completion bonuses – conflict of interest
- Pricing of variations from a all risk lump sum D&C contract

March 11-13, 2012  
Westin Hotel  
Cape Town, South Africa

# IBTTA Transportation Summit of South Africa

## Considerations during the Bidding and Operation phases of a Project

### CONSTRUCTION AND OPERATIONS PERIOD

- Competing roads
- Developments along toll road with open toll system
- Lane rentals
- Overloading
- Technology advancements – review of standards and specifications



March 11-13, 2012  
Westin Hotel  
Cape Town, South Africa

# IBTTA Transportation Summit of South Africa

## Considerations during the Bidding and Operation phases of a Project



# Thank you