



Infraco Tender Evaluation

11 May 2007



Introduction

Purpose:- To brief evaluation team members on the process and administration of the Infraco evaluation and negotiation

- 1/ Background
- 2/ Evaluation Model
- 3/ Evaluation Teams and Management Structure
- 4/ Negotiation Teams
- 5/ Evaluation & Negotiation Programme
- 6/ Probity Requirements
- 7/ Process and Administration
 - Reporting
 - Extranet Structure
 - Proforma
 - Evaluation management



Background



Background

- 2 candidates
 - BBS (Bilfinger Berger, Siemens)
 - Tramlines (Bombardier, GrantRail, Laing O'Rourke)
- Evaluation and Negotiation methodology was signed off in January (copy available on Extranet site)
- Initial Tenders received on 12 January and used to validate the Business Case
- Analysis of Initial Tenders indicates comparable bids
- Competition is for; Infrastructure construction and Maintenance (3 to 15 yrs), with novation of Tramco and SDS
- Summary presentation on procurement strategy is available if required
- Supporting details of the Evaluation and Negotiation plan will be provided on Extranet site



Consolidated Proposals Submissions

- Designed to allow both bidders to use the most up to date project information to provide detailed technical proposals in terms of cost, programme and implementation.
 - Alignment with Tramco and SDS
 - Acceptable risk transfer
 - Affordable scope
 - Realistic programme using all constraints
 - Matrices of compliance
 - Schedules of deliverables
 - HSQE requirements



Evaluation Model



Evaluation Model

- Objective: - select bidder that has the most economically advantageous tender (best financial proposal with a demonstrated ability to deliver)
- Evaluation principles
 - Assess difference in price after normalisation
 - Assess impact of incremental differences in non financial aspects (technical)
 - Terms & conditions bidders proposals must be consistent with risk balance on contracts
 - Insurances – As terms and conditions
- Evaluation steps
 - Initial review to understand what we have, identify missing elements, identify exclusions and qualifications, identify items for normalisation
 - Obtain clarifications



Evaluation Model

- Financial evaluation
- establish financial difference (NPV of capital cost + 6 years maintenance)
- apply normalisations for exclusion, qualifications, and differences in technical proposals (where possible)
- Conclude negotiations
- Assess incremental differences between bidders non-financial proposals
- Apply test to each non-financial element in turn
- Does incremental benefit (and aggregate of incremental benefits) outweigh financial difference. Must be a logical justification.
- Select preferred bidder



Evaluation Model

- What does Incremental Benefit mean?
 - Note:- all functional elements are given equal consideration (not equal weighting)
 - For each non financial parameter is the logically justified extent to which one bidders proposal is more beneficial to the ETN than the other bidders
- Others points
 - Bids must meet the minimum requirements for each non financial parameter
 - For convenience non financial evaluation is summarised in the Evaluation Matrices four categories
 - Exceptional
 - Compliant
 - Deficient
 - Unacceptable



Evaluation Model

- Evaluate on bidders proposal for Phase 1a as this is all we have funding for and are able to commit to
- However for Phase 1b
 - Negotiate on Option which
 - Is priced consistent with Phase 1a
 - Technically compatible with Phase 1a, i.e. if bidders Phase 1a proposals are robust ensure their proposals for Phase 1b are equally robust
 - Ensure have a reasonable basis for finalising an option for Phase 1b with preferred bidder before selection
 - Final negotiation of Phase 1b option following selection of preferred bidder when designs are available



Evaluation Model

Value Engineering

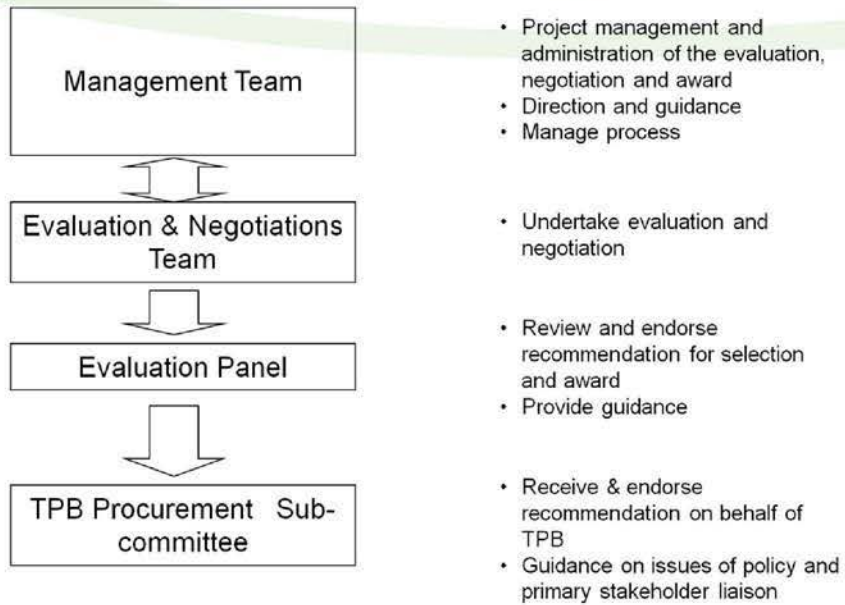
- Bidders have been requested to provide VE proposals with their Consolidated Proposals
- VE Proposals will be reviewed at facilitated VE Workshops
- To the extent that VE proposals are agreed they are taken into the evaluation. Where not agreed or subject to further work they are excluded from the evaluation. But a formula agreed for adjustment of the contract to include post preferred bidder selection



Evaluation Team



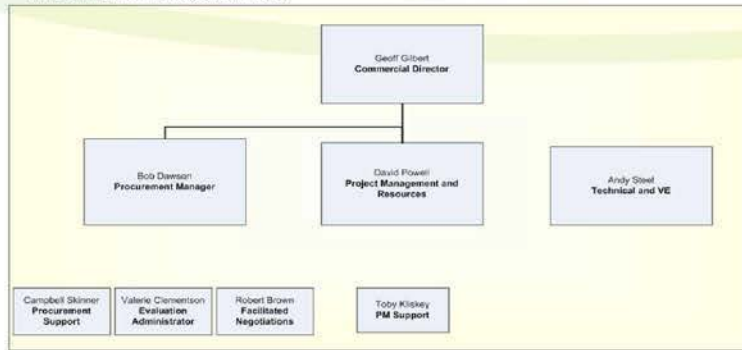
Evaluation Team Structure - Overview (Infraco & Tramco)



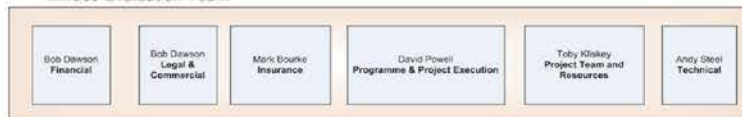


Evaluation Team Structure

Infraco/Tramco Management Team



Infraco Evaluation Team





Evaluation Team Structure Key Responsibilities

Commercial Director	Accountable for successful outcome of process. Lead and direct delivery of strategy to award.
Project Manager	Manage the delivery of the procurement to programme. Manage the process of evaluation and negotiation.
Procurement Lead	Manage and deliver commercial aspects of evaluation and negotiation. Ensure evaluation methodology is followed. Negotiate terms and conditions.
Project Engineering and Technical Manager	Leads technical evaluation and negotiation
Evaluation Administrator	Manages and administers evaluation process – Extranet site, Evaluation room, arrange meetings, documentation etc.



Infraco Evaluation Panel

- Matthew Crosse (chair)
- Steven Bell
- Susan Clark
- Geoff Gilbert
- Stuart McGarrity
- Trudi Craggs
- Neil Renilson
- David Crawley / Tony Glazebrook
- Alastair Richards



Evaluation Teams

Evaluation Criterion	Evaluation Lead	Evaluation Team
Programme & Project Execution	David Powell	Tom Hickman, Toby Kliskey, Graeme Walker, Andy Steel, Bill Campbell
Project Team	Toby Kliskey	Alastair Richards, Bob Dawson, David Powell, Andy Steel
Technical	Andy Steel	David Powell, Jim Harries, Alastair Richards, Roger Jones, Bruce Ennion, Gavin Murray, Mark Hammel, Bill Campbell, Tony Glazebrook, David Crawley
Financial	Bob Dawson	David Carnegie, John Pantony, Mark Hammel, Alastair Richards, Valerie Clementson, Miriam Thorne, Robert Brown
Legal & Commercial	Bob Dawson	Sharon Fitzgerald, Andrew Fitchie, Chris Horsely, Alastair Richards, Philip Hecht (Trudi Craggs – Consistency Review)
Insurance	Mark Bourke	Bob Dawson, Alan Cassels, Barry Lidford, Sharon Fitzgerald, Chris Horsely, Tracey Kinloch



Negotiation



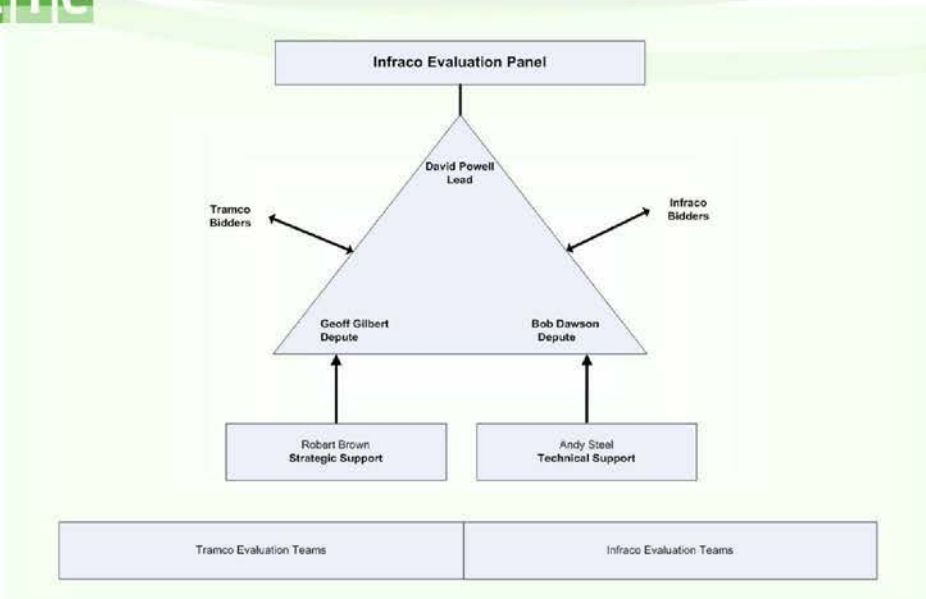
Negotiation

Main areas of negotiation

- Contract terms - to settle acceptable terms whilst maintaining the strategy risk balance
- Technical issues - to get best programme, methodology and engineering proposal (capital and maintenance) that are acceptable to the Project
- Commercial - to get best price for scheme (capital and maintenance)
- Facilitated Negotiations - to ensure alignment on technical, programme and commercial issues between Infraco and Tramco, and Infraco and SDS
- Negotiation inevitably overlap evaluation



Negotiation Team Structure





Negotiation Team Roles

Core Negotiation Team	Lead and undertake face to face negotiations
	Primary Roles:- <ul style="list-style-type: none">- Technical and lead co-ordination – David Powell- Terms & Conditions – Bob Dawson- Commercial – Geoff Gilbert- General – Matthew Crosse
Negotiations Support	<ul style="list-style-type: none">- Robert Brown - Manages and co-ordinates Facilitated Negotiations- Toby Kliskey, Andy Steele – Participate where required and provide planning and analytical support
Evaluation Team Members	<ul style="list-style-type: none">- Provide analytical and planning support- Participate where directed by Core Negotiation Team



Evaluation Programme



Evaluation Steps

Summary Programme

As 'V' chart annotated



Evaluation Programme 1

Activity	
Consolidated Tenders returned	8 May
Infraco evaluation teams meet to allocate tasks	17 May
Preliminary evaluation and collation of queries / clarifications	25 May
Up to 4 iterative issues of queries / further information to Bidders	Mid Sept
Updated Proposals and responses to queries evaluated	
Detailed Evaluation with collated Reports and Incremental Benefit adjustments to Bids	
Approval by Infraco Group and Infraco Evaluation Panel	Sept/Oct
Final Deal Proposals	Sept/Oct
Evaluation adjustments and any negotiations	Mid Oct



Evaluation Programme 2

Activity	
Preferred Bidder recommended for TPB Approval	Mid Oct 07
Infraco / Tramco Facilitated Negotiations	Oct/Nov 07
Bidder Due Diligence	Oct/Dec 07
Phase 1b final Negotiation	Oct/Dec 07
Final Deal Negotiations	Nov/Dec 07
Infraco Final Deal completed	End Dec 07
Approvals cycle through TPB, CEC, TS Ministerial for Final Business Case	Mid December 07
Final Deal Approvals cycle	Jan/March 08
Contract Award	Mid March 08
Mobilisation	April 08



Note:-

If we can securely nominate preferred bidder earlier we will



Evaluation Probability Requirements



Evaluation Probability Requirements

- Bids to be held at Citypoint, electronic copies on extranet can be viewed remotely (but not downloaded)
- At Citypoint, access to hard copy bids closely controlled by keeping them locked
- No document to be removed from the buildings
- Confidentiality agreement to be signed by all evaluation team members
- All bidders to be referred to by codenames:
 - BBS Roley
 - Tramlines Scoop
- Each team only has access to relevant sections of each bid but will liaise on emerging findings (other than financial)



- All communication with bidder is to be via Procurement Manager (Bob Dawson)
- All meetings to be minuted
 - bidder meetings (technical, legal & commercial)
 - evaluation meetings (key points and conclusions)
- All meetings to be held in CityPoint/ Verity /COSLA or at bidders offices/ sites where relevant



Process and Administration



Process and Administration

Reporting

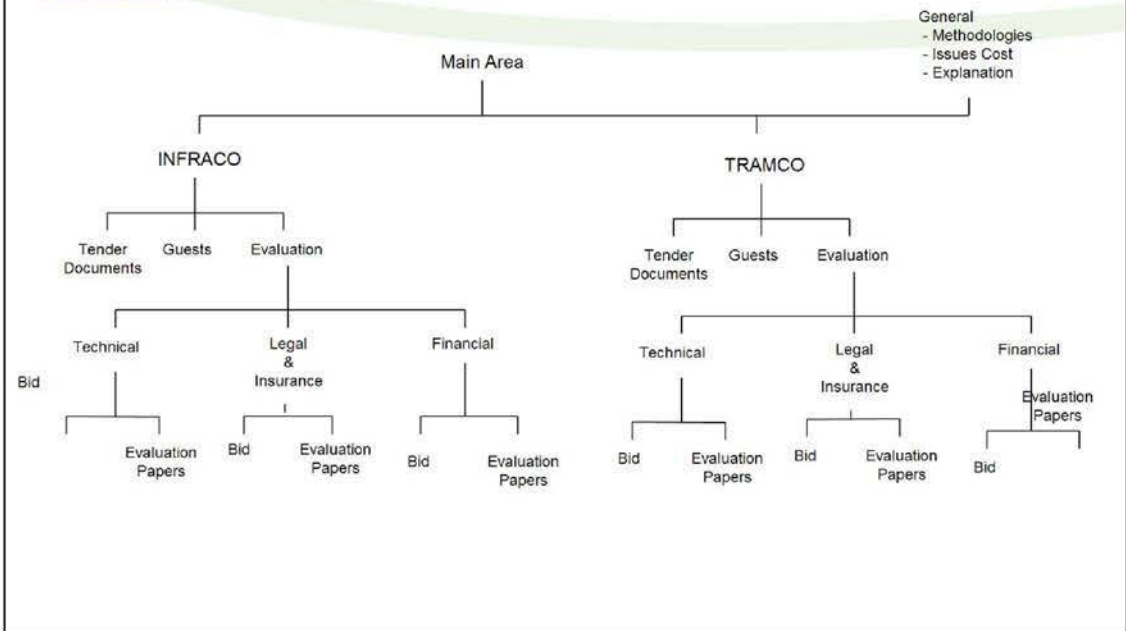
- Reporting is via Infraco/Tramco Management Team
- Who report to TPB Procurement sub- committee
- No separate stakeholder briefings (other than where specifically directed by Commercial Director)

Extranet Site

- Site established to store all evaluation and negotiation material
- Managed and maintained by Val Clementson
- Site address is
<https://wss.tie.ltd.uk/tram/infraco/default.aspx>



Extranet Structure





Proformas

- The evaluation will be recorded and collated on a series of proformas, these are:
 - Issues log located at
 - Technical/Commercial Evaluation Reports
 - Bidder query & response proforma
 - Technical Evaluation Summary Matrices
 - Commercial Analysis Summaries
- Proformas are located on the Extranet at



Evaluation Management

- Bi-weekly Meetings of Evaluation leads and Infraco/Tramco Management Team (attendees David Powell, Toby Kliskey, Andy Steel, Bob Dawson, Mark Bourke, Trudi Craggs). May need to be daily during intensive periods.
- Issues Log – all issues that need to be resolved to conclude the evaluation are to be recorded on the log
- Progress will be ?? and reported by Project Manager – David Powell
- Any queries on any aspect of evaluation and negotiation process to be referred to the Project Manager in first instance
- Read Evaluation Methodology on Extranet before you start



Questions



Evaluation Model

- Minimum thresholds to be met within bidders' submissions
- Financial ranking based on NPV of construction and maintenance
- Differential factors to be applied based on relative advantages and disadvantages of bidders' proposals. Incremental Benefit distils a financial comparative.
- 4 evaluation results attributed to bidders' responses:
 - Exceptional
 - Compliant
 - Deficient
 - Unacceptable
- See Evaluation Matrices