

# RTD Board Briefing

**Eagle P3 Project**

Draft RFP

January 6, 2009

# Eagle P3 Draft RFP

- Background
- Outline of Draft RFP
- Major Deal Points
- Payment Structure

# Background – Eagle P3 Project



# Eagle P3 Project

## Design-Build

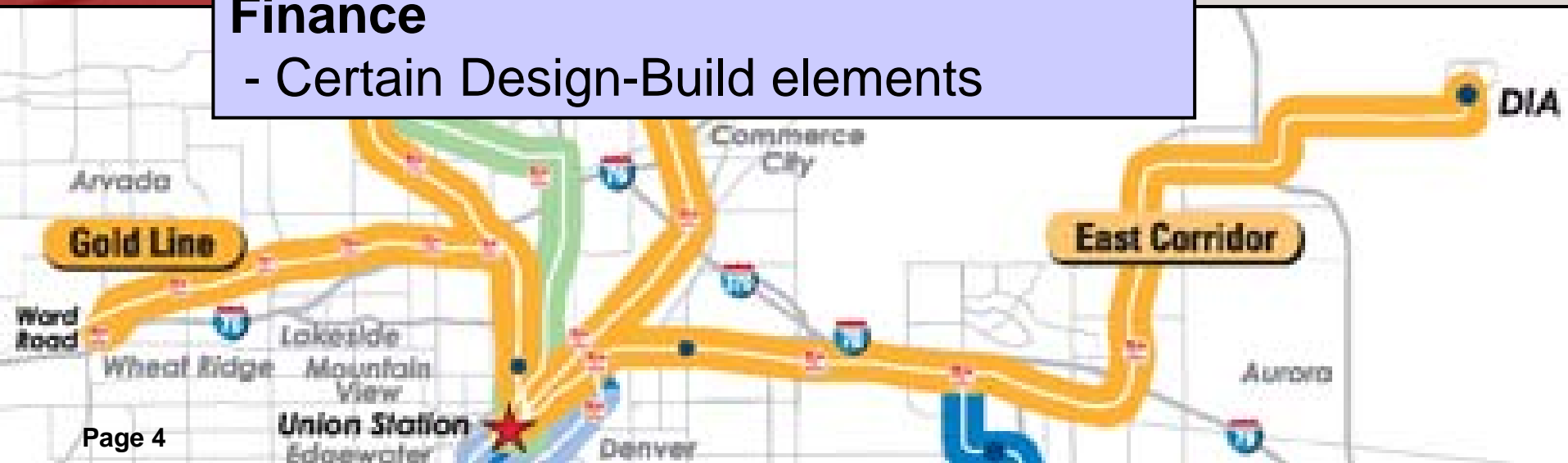
- East and Gold Line
- Maintenance Facility
- DUS systems (power, signals, etc.)
- Commuter rail cars including options

## Operate & Maintain

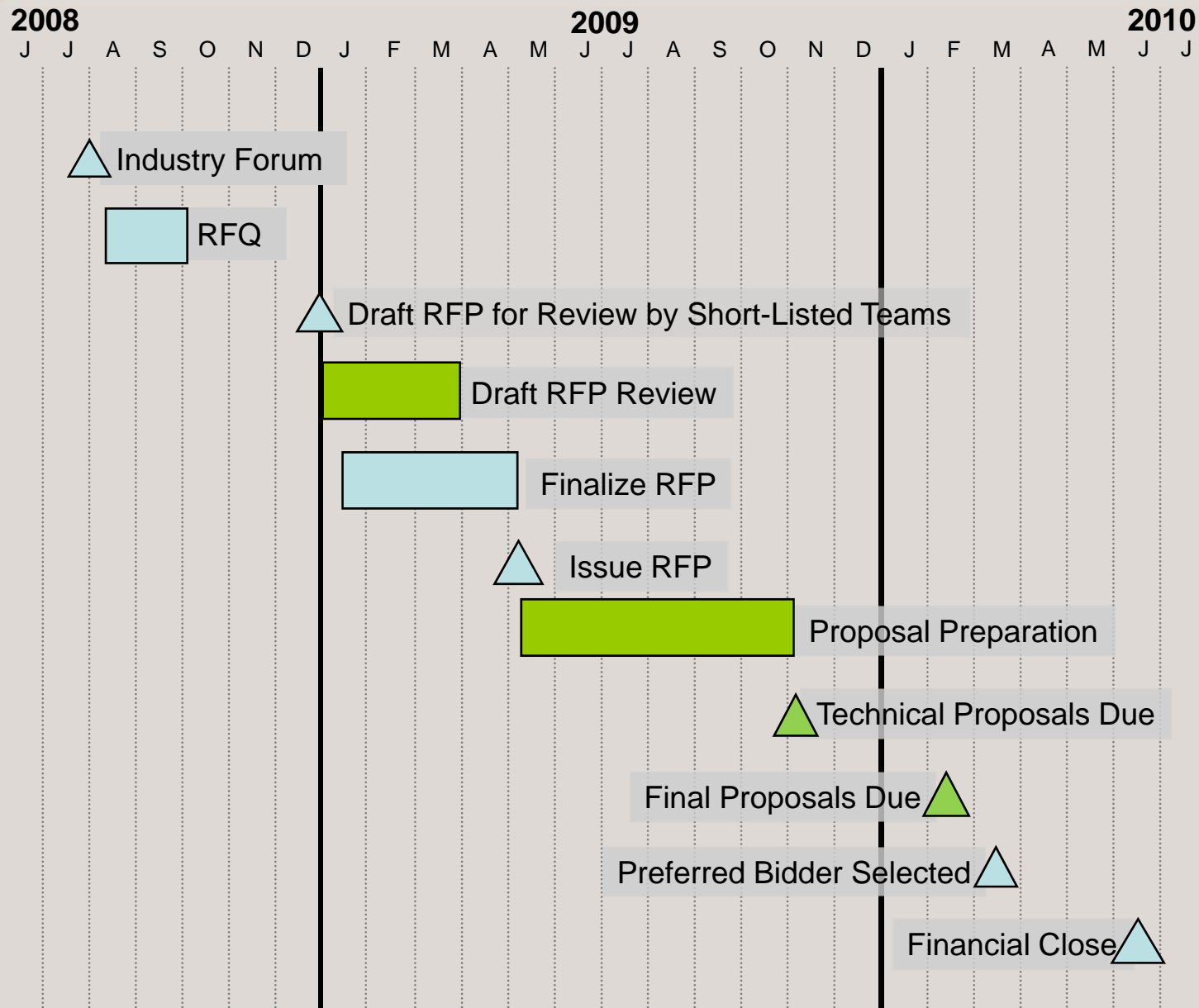
- East and Gold Line corridors
- All commuter rail cars

## Finance

- Certain Design-Build elements



# Eagle Project Schedule



# Concessionaire Team

- Teams consist of:
  - Equity investors/ infrastructure funds
  - Financial firms
  - Operators and maintainers
  - Rolling stock manufacturers
  - Construction contractors
  - Engineering firms

# Prequalified Concessionaire Teams

## Denver Transit Partners

- Fluor Enterprises, Inc.
- Macquarie Capital Group Ltd
- Ames Construction
- Balfour Beatty Rail, Inc.
- Alternate Concepts, Inc.
- HDR Global Design Consultants
- Arup
- Gannett Fleming
- Orrick, Herrington & Sutcliffe LLP
- Interfleet Technology, Inc.
- Romero and Wilson

## Mile High Transit

- John Laing
- HOCHTIEF PPP Solutions
- Bombardier
- Flatiron Corporation
- Archer-Western
- Aldridge Electric
- DMJM-Harris/ AECOM
- CH2M-HILL

## Mountain-Air Transit Partners

- Babcock & Brown
- Siemens
- Veolia
- Kiewit
- Herzog
- Stacy and Witbeck
- HNTB Corporation
- Mass. Electric Construction Co.
- Millibank, Tweed, Hadley & McCoy
- Citi
- Merrill Lynch

# Outline of Draft RFP

- Three Volumes
  - Volume 1: Instructions to Proposers
  - Volume 2: Concession Agreement
  - Volume 3: Reference Documents
  
- ***All requirements are subject to change and revision as a result of Board direction, the Environmental Clearance process, review by FTA and industry***



# Volume 1: Instructions to Proposers (ITP)

- Overview of project
- Instructions to Proposers regarding delivery and contents of submissions
- Description of evaluation criteria
- Weighting of criteria
- Administrative matters
- Stipend Agreement – to be returned by Proposers by Jan 9, 2009

# Pass/Fail Criteria

- Administrative Pass/Fail Requirements
  - The Proposer has provided all documents required to be submitted as part of the Final Proposal
  - The Final Proposal does not contain any significant irregularities rendering it incomplete, indefinite, or ambiguous
  - The Proposer has otherwise complied with the requirements of the ITP
- Financial Pass/Fail Requirements
  - The Proposer has submitted evidence of Equity Commitments and committed debt funding that is sufficient to comply with the requirements
  - The Financial Proposal contains each of the submittals required by the ITP
- Technical Pass/Fail Requirements
  - The Technical Proposal contains each of the submittals required by the ITP

# Financial Evaluation Criteria (60%)

- Base Annual Service Payment (BASP) (50 points)
  - The lower the BASP proposed, the higher the score
  - A formula is included in the ITP
- Feasibility of Financial Proposal (7 points).
  - Executability of debt portion of Financing Plan
    - Financing Plan provides evidence of significant development in the financial structuring
    - Evidence of a high level of commitment from Lenders
    - Evidence of technical and insurance due diligence
    - Detailed schedule showing a short time period from award of the Concession Agreement to Financial Close
  - Commitment of Equity Providers and Core Contractors
  - Robustness of Financial Proposal
  - Hedging strategy
- Rolling Stock Option (3 points)
  - Option for RTD to procure additional railcars during first 10 years
  - Price and other factors will be considered in allocating a score

# Technical Evaluation Criteria (40%)

- Technical Approach (25 points)
  - Quality of the technical solutions offered
  - Quality of the operations and maintenance plans proposed and commitment to provide and maintain a quality revenue service
  - Quality of proposal for inclusion of safety in design and operation
  - Quality of proposal for integration of components, systems, civil and building works and operations in a systematic manner

# Technical Evaluation Criteria cont'd

- Quality of Team and Approach (10 points)
  - Proposer's ability and commitment to deliver a safe Project
  - Proposer's ability and commitment to deliver the Eagle Project with quality assured
  - Proposer's ability and commitment to deliver the Eagle Project on time through a comprehensive management program
  - Proposer's ability and commitment to exceed the system assurance requirements
  - Proposer's experience and key personnel
  - Proposer's DBE and SBE approach, creativity, demonstrated commitment to RTD's DBE and SBE policies and programs, ability to successfully comply with RTD's DBE and SBE requirements
- Value-Added Proposals (5 points)
  - Any Value-Added Proposals will be awarded points in accordance with RTD's determination of the value of such Proposals to RTD

# Volume 2: Concession Agreement

- Concession Agreement
  - Principal agreement between RTD and Concessionaire
  - Defines risk allocation for all phases of agreement
  - Includes 24 attachments

# Concession Agreement Attachments

- Att. #1: Forms; term sheets for DB and O&M contracts; financial model; Form of Lenders Agreement
- Att. #2: Description of Sites and Availability Schedule
- Att. #3: Details of DUS Infrastructure Agreement
- Att. #4: Material Subcontractors (defined by Proposers)
- Att. #5: RTD Permits

# Concession Agreement Attachments

- Att. #6: Contract Data Requirements List
- Att. #7: Design, Construction and Rolling Stock Requirements
- Att. #8: Construction Payments Schedule
- Att. #9: Project and Construction Management
- Att. #10: O&M Specifications
- Att. #11: Service Payments
- Att. #12: Insurance
- Att. #13: Compensation on Termination



# Concession Agreement Attachments

- Att. #14: Handover Procedures
- Att. #15: Specified Requirements
- Att. #16: Dispute Resolution Panel
- Att. #17: RTD Change Pricing Conditions
- Att. #18: Environmental Impact Statements and FONSI
- Att. #19: Concessionaire Technical Proposal (defined by successful Proposer)
- Att. #20: Utilities

# Concession Agreement Attachments

- Att. #21: List of Intergovernmental Agreements
- Att. #22: List of Railroad Agreements
- Att. #23: Rolling Stock Options
- Att. #24: Reference Data List

# Volume 3: Reference Documents

- Contains numerous documents that have been developed during the planning and development phase
- Documents cannot be relied on by Proposers unless specifically referenced from Concession Agreement
- Example Reference Documents include:
  - Alignment drawings
  - Station concepts
  - Detailed rolling stock specification
  - Geotechnical and structural reports

# Major Deal Points

- Single Concession Agreement
  - 50 year term including ~5 years design/build
  - Underlying lease of real property and improvements
    - RTD owns all assets at all times
  - Approximately 50% of finance “at-risk” from Concessionaire
  - Proposers committing to firm, fixed cost of design build and indexed firm price for O&M
- Approach builds on lessons learned from TRENCH and contracted bus operations
- Incentives for on budget and schedule adherence

# RTD Responsibilities

- Fare policy, revenue and ridership
- Real property acquisition
- Unidentified conditions
- Environmental conditions and clearances
- Energy costs
- Marketing of service

# Concessionaire Risks & Responsibilities

- RTD Appropriations
- Cost and schedule
- Design and construction
- Quality
- Utilities
- Operations quality and quantity

# Payment Structure

- RTD will make:
  - Construction payments during design/build phase
    - Capped amounts payable based on progress achieved
      - *Annual payments for “federal project”*
      - *Monthly payments for locally funded project components*
  - Service availability payments during O&M
    - Indexed over concession term
    - Adjustable based on performance

# Service Payments

- Annual cost indexed to agreed indices
  - An upset cost capped by RTD will be included
  - Actual cost will be based on best bid received
- Payments paid monthly and adjusted for availability and performance
  - Provision of required service
  - On-time performance of trains
  - Station availability
  - Quality and timely maintenance
- Payment adjustments are approximately:
  - Increase of up to 0.5% for perfect delivery
  - Reduced by up to 50% for inferior delivery



# QUESTIONS?