



Neumatt: A Success Story in Public Procurement in CH



Benefits of the PPP-approach exemplified by the first PPP-project in CH “Kantonales Verwaltungszentrum Neumatt, Burgdorf”

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Agenda



◆ Private Partners:

- Marti Group
- Royal BAM Group

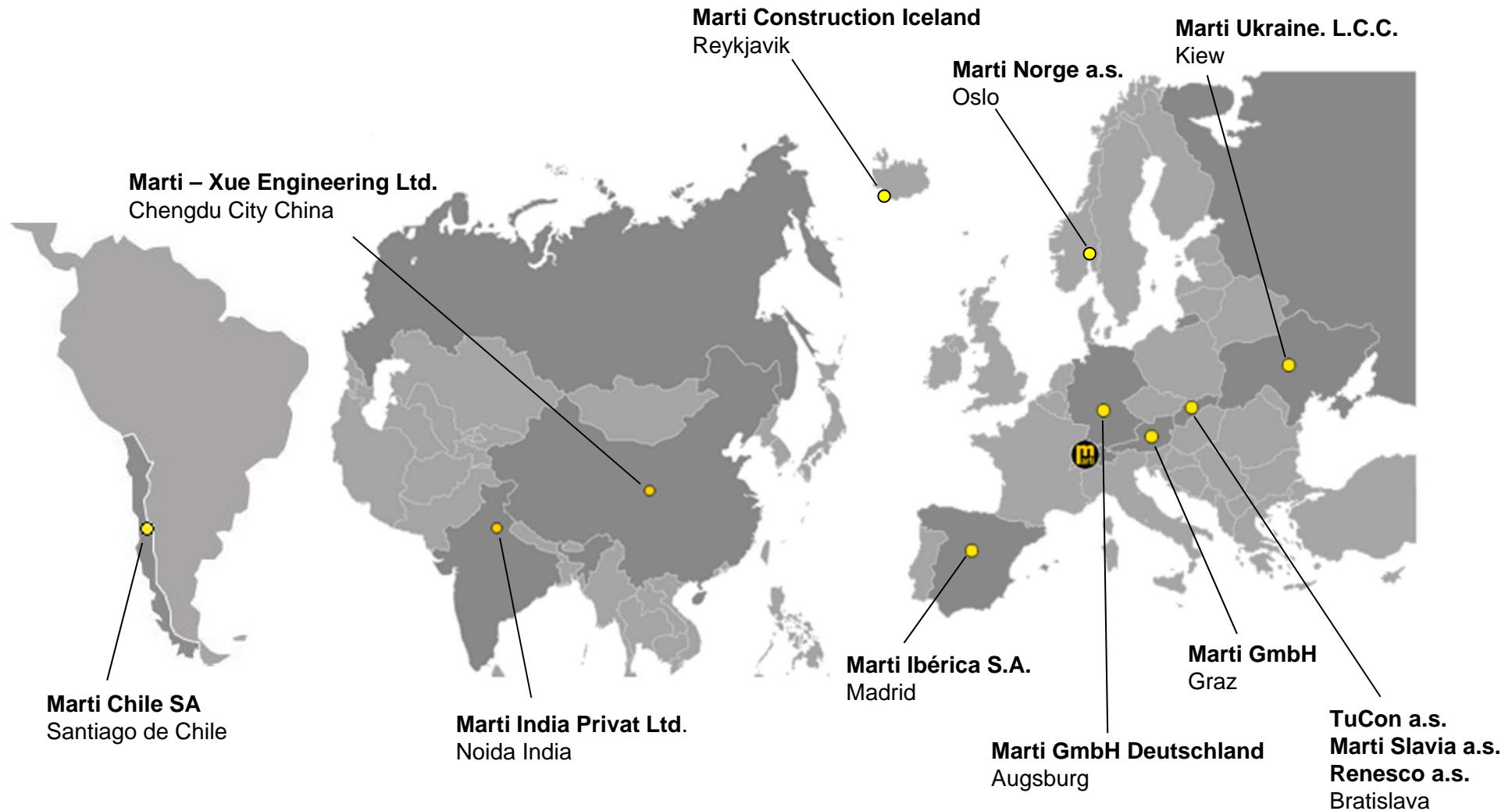
◆ Project Overview

◆ Project Structure

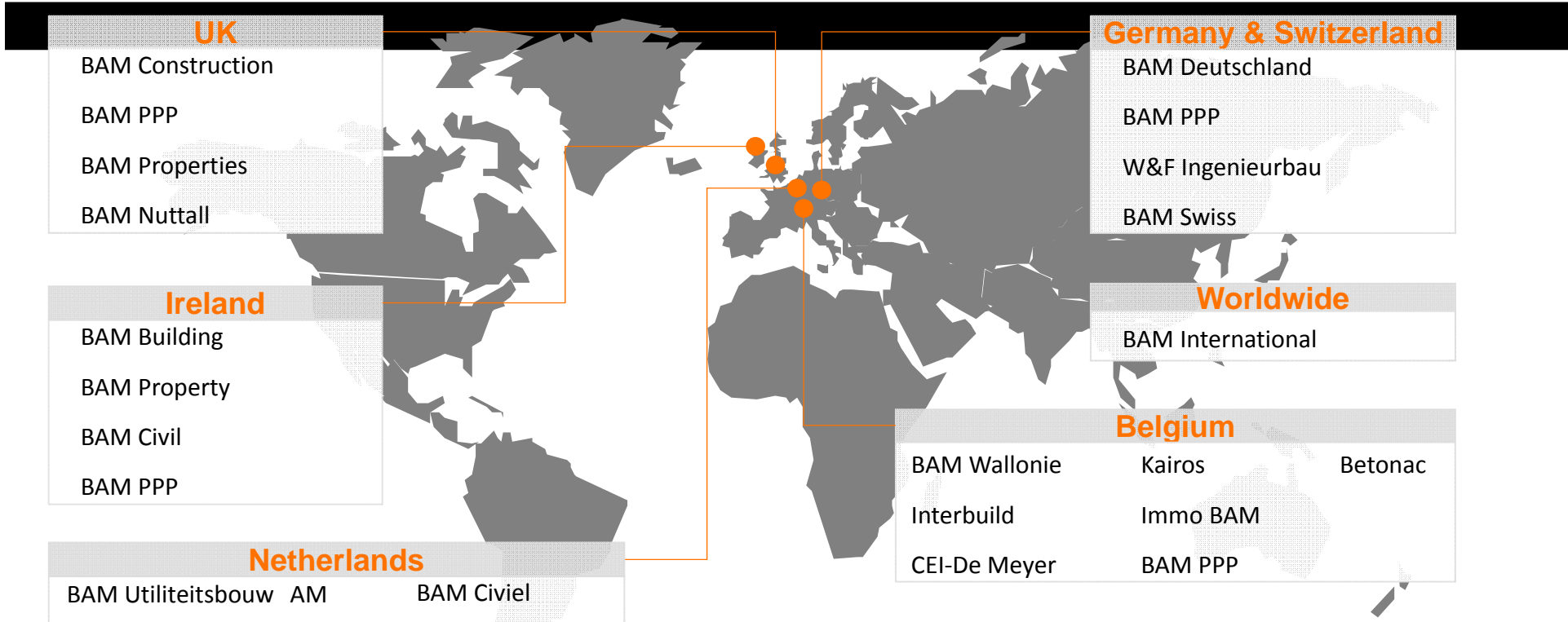
◆ Procurement Process

◆ Challenges

Marti Holding AG



Royal BAM Group NV



BAM PPP track record:

- **building construction:** (schools, hospitals, prisons,...)
37 projects / ca. € 2.4 bn capex
- **infrastructure facilities:** (Motorways, Autobahn A-Modell)
11 projects / ca. € 3.35 bn capex

Project Overview



- Public Partner:
Office for Plots and Buildings, Canton Bern.
- 19 different cantonal Administrations and a regional prison for 110 inmates.
- Construction time: 30 Months.
- Operation phase: 25 years.
(opt. 5 years prolongation)
- Plot: 26'800 m².
- GFA: 16'800 m².
- Construction Cost: 150 mCHF.

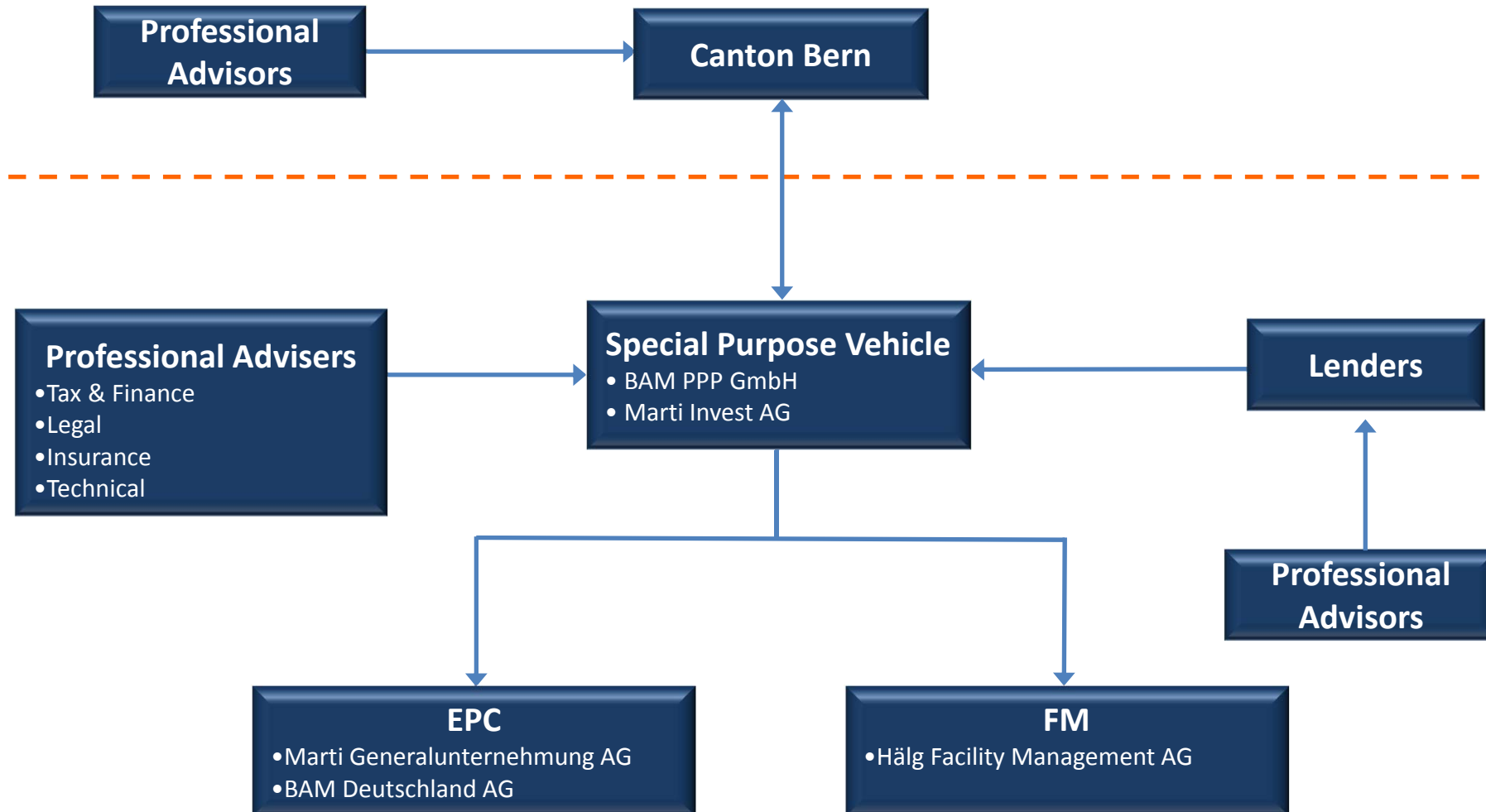


Zeughausareal, March 2010



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Project Structure



Procurement Characteristics



- Feasibility studies based on “Public Sector Comparator (PSC)”.
- Standard PPP model, e.g. Financing, Design, Construction and Operation.
- Legal concept based on a Frame contract and several Project agreements.
- Output oriented project based on life cycle concept.
- Cash flow oriented non-recourse project financing with equity sponsors.



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Procurement Characteristics



- Procurement process with a prequalification phase and three elimination rounds based on preferred bidder approach.
- Total-Contracting competition without negotiation!
- Very detailed and carefully prepared documentation.
- Anonymous and transparent process.



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Challenges



- Definition of demands and goals and their PPP suitability.
- Stakeholder (specially political) and their involvement (users) in the project.
- Defining precise demands from participants in the procurement process.
- Risk transfer and risk allocation.
- Creating teams from individual disciplines such as finance, EPC and FM.



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Challenges



- Procurement process:
 - ✧ Duration of the process.
 - ✧ Selection criteria for preferred bidder.
 - ✧ Overall procurement process cost in relation to success chances (number of bidders).
- Economics of the project and its bankability.
- Mutual QM during the construction and operation phase.
- Maintaining a "partnership dialogue" during entire process.



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Conclusion



PPP can only be successful if the concept of “partnership” is based on mutual understanding and the commitment to the “partnership” is maintained throughout the entire process, from procurement to realization and operation.



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Thank You!