

NATIONAL CONCESSION COUNCIL



GUIDE TO PREPARING BID DOCUMENTS FOR
PRIVATE INITIATIVE PROJECTS.

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PRIVATE INITIATIVE PROGRAM

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Guide Purpose

This guide intends to define the minimum content for bidding on Private Initiative Projects in conformity with the bylaws for Private Initiative Projects (Decree 31836-MOPT) and as part of the “General Private Initiative Procedure.”

These instructions apply to any staff members who are responsible for reviewing and monitoring private initiative bids as well as any stakeholders intending to create and submit a private initiative bid to the Administration.

Bidding for a private initiative must be understood to be a preliminary study for a public work or public work with public service concession project that is prepared to demonstrate to the Awarding Administration that the proposed project has a good likelihood of being feasible: legally, financially, technically, and environmentally. The scope and depth of the contents defined by these instructions must be determined by the bidder, which must take responsibility for all pertinent risks. Compliance with the guidelines established in this guide may not be considered to be a guarantee that the proposed project will be accepted although it will make the review by the Administration easier.

Development of a private initiative bid is meant to expose the information and preliminary studies related to the project so the Awarding Administration may evaluate whether the project falls within the realm of competence, whether it is likely to be awarded as a concession for a public work or a public work with public service, and whether there is any public interest in its being executed.

In that regard, this guide may be used by a private stakeholder to ensure that the stakeholder’s proposal meets the requirements in the Private Initiative Bylaws and also may be used by the Awarding Administration to review the form and requirements received from each bid.

General Considerations

Bids should be prepared based on this guide and in compliance with the bylaws for Private Initiative Projects for Concessions of Public Works or Concessions of Public Works with a Public Service.

The documentation and information making up the bid must be submitted in Spanish. Complementary technical documentation may be an exception to this although the bidder must be held responsible and bear the pertinent cost in case the Administration believes it is necessary to translate those documents.

The International System of Units measures and units based on the decimal metric system must be mandatorily used. In any case, the Administration will understand the word “trillions” to be multiples of the number 1×10^{12} and “billions” to be multiples of the number 1×10^9 .

The documentation must be free of any cross-outs, alterations, or erasures and must be properly signed by the legitimate representative of any corporate entity or, otherwise, by the responsible individual.

The scope and depth of the bid must be determined by the bidder, who will assume responsibility in each case. In no case may this guide be considered to be a list of requirements that guarantees that the bid will be accepted.

Document Contents

The bid document will contain at least the following information and documentation, which must be presented in this order:¹

1.1 Information for Bidders

1.1.1 Bidder Identification

Name or business name, corporate identification number or identification document number, domicile, telephone, fax, email, and the name of the legal representative(s) when the bidder is a corporation or when an individual has designated proxies. If the bidder is a corporation, documents that substantiate its legal existence and the powers of representation held by its proxies, as well as a legal status certification not older than one month must accompany the documentation. If the bidder consists of several companies, in addition to the above certification, information must be provided for all of them along with a document that explains each one's share in this project.

¹ The document index is expected to match the structure contained herein

There must be a clear indication of the site, telephone number, and fax for acceptance of service of notifications in relation to the bidding process. The stakeholder will be responsible for notifying the CNC of any changes in the notification service acceptance information.

1.1.2 Technical Accreditation

The technical, legal, and financial reports must be prepared by responsible professionals in each of the different areas so this section must indicate the training and experience of each of these professionals. This should be included in a separate section so it is easy to locate when required during the requirement review process.

1.2 Product Description

1.2.1 Name and General Description of the Project

Full name and general description of the project. Include an identification acronym if you consider it to be necessary. The general description must encompass the project's more important works and services, which must be clearly described. The first two paragraphs of the description should clarify the magnitude of the works and the scope of the services in a few words so it may be information used officially by the Administration for press releases or similar purposes.

1.2.2 Justification of Public Interest

Explain the reasons that the Awarding Administration must consider to rate the project's public interest. These arguments must be based on verifiable scenarios that have been updated and are congruent and be justified with quantifications as much as possible. Include preliminary estimates that are well justified of the economic benefits that will be provided by the project to help the Administration rate the interest in the project.

1.2.3 Location

The project's geographic location and area of influence with a brief explanation of its effects on the area of influence. This section should be used to discuss the project's location and the assumptions used to define that location. Indicating the conditions that affect or benefit the decision behind the project's location will help the Administration to make the decision to authorize that location or ask for the project to be relocated. Any cases where the project location has any sort of repercussion on the size of the project should be mentioned in this section.

1.2.4 Affected Properties

This section should be used to indicate any properties that are affected by the project, the owners, and if there will be any possible need to perform appropriations. For projects with dimensions or drawings that will be analyzed and defined during the bid, indicate an estimate of the number of properties involved, the amount, and the time period for acquiring any necessary land. Indicate the degree of involvement that the bidder will accept in the necessary land acquisition process and how the bidder expects to provide the pertinent resources.

1.2.5 Concession Works and Services

General description of the works involved in the concession and the services that will be provided in the concession. The information provided about the works and services in the general description must be expanded upon. All the works and all the services that are being proposed as part of the project must also indicate any works or services that will not be included in the project but that are necessary or preferable for the project to be a success.

1.2.6 Required Investment

The total general investment estimate required for the concession project and how that amount will be provided must be included in this section. The general estimate must be based upon verifiable, updated budgets. The most detailed breakdown possible must be presented based on the preliminary information at hand when the Bid is prepared. This total estimate must include all the costs needed to complete the project works, such as the costs of studies, bidding, financing, administration, supervision, civil work and outfitting, as well as any other cost that is pertinent in the bidder's judgment. The proposed financing mechanism must also be indicated with a clear statement of the capital contribution that will be provided by the bidder.

A general estimate of the demand and the revenue to be obtained as proceeds from exploiting the concession must also be indicated and must be itemized based on the source of that revenue. Any public contributions, subsidies, or input considered by the bidder must be mentioned explicitly with a clear discussion of the justifications for those subsidies. The details about any financial and economic issues indicated in this point must be expanded upon in the financial pre-feasibility study (1.3.1) and in the economic conditions (1.3.4).

1.2.7 Proposed Financing and Media

Set forth the technical criteria that indicate that the project will be eligible for financing and that initially proposed media exist to that end. Based on the financing proposal prepared by the bidder, it is important to demonstrate that this solution will not limit any future **competition** during the bidding process and that the budgets are financially realistic. Special interest must be paid to the budgets

for the interest rate and financial fees when demonstrating that the proposed financing is feasible.

1.3 Pre-Feasibility Study

For the purposes of a bid on a Private Initiative project, “pre-feasibility” must be understood to be a set of documents needed to demonstrate that the project has a good likelihood of being feasible to be able to awaken the Administration’s interest in developing it. In that regard, it is possible to put together all the required documents using secondary information provided that the assumptions used are broadly justified, reasonable, and are properly up to date.

1.3.1 Financial Pre-feasibility

This study needs to include all the information needed for the Administration to be able to assess the proposed project is reasonable from a financial point of view as well as the present or future existence of any assumptions on which it is based. Whether or not the project is self-sustainable throughout the lifetime of the concession from a financial point of view must be included. If any state subsidies or contributions are required, the need for those requirements must be demonstrated. Submitting different financial model sensitivity scenarios and analyses may help to broaden the scope of those studies. Indicate any critical factors that may affect the project’s feasibility and how they will be studied during the proposal.

The “**Guide for Preparing Financial Studies for Private Initiative Projects**” may be used when financial studies are being prepared. This document defines the minimum methodological framework that must be applied when preparing the study.

1.3.2 Legal Pre-feasibility

This study must include all the information needed for the Administration to be able to assess whether the proposed project is reasonable from a legal point of view as well as the present or future existence of any assumptions on which it is based. All of the regulations applicable to the project must be studied that lead to the conclusion that this proposal may be processed under the Bylaws on Private Initiatives and the General Concession Law. There must be a demonstration that the works included in the concession may be considered to be public works and that the services to be provided may be considered to be public services. If any sort of public payment, subsidy or contribution is requested, the legal foundation for said payment must be indicated. Indicate any critical factors that may affect the project’s feasibility and how they will be studied during the proposal.

Special interest must be paid to the definition of any competent entities that legally will be affected or benefited by the project and that, therefore, must be consulted appropriately. Should any institutions have to provide resources or engage in actions for the project to be correctly executed, the legal scope of any such requests must be clarified.

1.3.3 Technical Pre-feasibility

The technical study must include all the information needed for the Administration to be able to assess the proposed project's reasonability from a technical point of view as well as the present or future existence of any assumptions on which it is based. Any proposed design conditions must be specifically mentioned and all the pre-feasibility information necessary to conclude that the works and the services making up the concession may be performed must be submitted. Indicate any critical factors that may affect the project's feasibility and how they will be studied during the proposal.

In any case, the scope and quality of the proposed works and services must be discussed to demonstrate that they are in line with the expected demand and the pertinent market conditions.

1.3.4 Economic Conditions

The term Economic Conditions means general information about the economic conditions that may be applicable to the concession contract such as the tariff schedule, concession term, payments to the State, the subsidy level, minimum guaranteed revenue, or shared revenue. If any payment to a public institution or companies is included, it should be submitted in detail so the Administration may determine the scope of this proposal.

The legal foundation for any such public contribution must be stipulated in the legal pre-feasibility study and the financial justifications must be shown in the financial study so this point becomes a reference to this information. If minimum guaranteed revenue is requested, the guarantee must be legally, financially, and technically justified. The proposed tariff schedule must be subject to ARESEP guidelines.

1.3.5 Environmental Pre-feasibility

A copy of all the information sent to SETENA must be included in the environmental pre-feasibility study to assess the proposed project's reasonability from the environmental point of view and so that institution may issue any terms of reference to be considered when developing the project's Environmental Impact Study. The specifications that must be met by the project's Environmental Impact Study and Environmental Management Plan will be defined by SETENA based on the standards contained in the Constitutional Environmental Law, number 7554, the SETENA rulings and the proposed project's characteristics.

1.3.6 Public Institutions Involved

This section should identify the public institutions involved, details about the activities for which these institutions are responsible, and the administrative work required for the project to be developed and executed. Therefore, any actions or investments required from the public sector must be specified individually for each

competent institution. Emphasis should be placed on public institution requirements when there are any effects on public services such as electricity lines, portable water systems, sewage systems, telecommunications networks, etc.

Inappropriately identifying the institutions involved may cause an increase in the risk of early rejection of the project due to problems with the public institutions that were identified after the proposal was initially accepted.

1.4 Risk Analysis

The purpose of a risk analysis is to indicate the different types of risk found in the private initiative and concession project proposal as well as how they will be assumed by each party involved. Therefore, the “**Guide to Risk Analysis for Private Initiative Projects**” is used.

1.5 Proposed Feasibility Studies

This section is extremely important because it allows the scope of the proposal stage to be defined. Therefore, a description of the documents and the feasibility studies proposed for presentation during the proposal stage must be indicated, along with their scope, to demonstrate the project’s feasibility and viability. The maximum estimated period of time to present these studies must definitely be indicated. The bidder must attach a timeline for presenting this information to this information. The list below may be used as a guide for the different types of studies that must be submitted as a function of the proposed project type:

- Legal Studies
- Technical Studies
 - Physical Studies
 - Market Studies
 - Design and engineering
 - Equipment
 - Alternate Analyses
- Financial Studies
 - Economic and Financial Assumptions
 - Financial Model
 - Sensitivity Analysis
- Environmental and Social Evaluation

- Risk Management Plan

1.6 General Proposal Conditions

1.6.1 Development Costs

At this point, an indication of the project development costs that the bidder requests to be paid should the bidder not turn out to be the award recipient after the concession contract has been finally awarded and endorsed must be presented. Development costs represent an allowance to cover all the costs associated with preparing the proposal that are incurred by the bidder until the preparation is finished. They follow the requirements to prepare the bid in conformity with the terms established in these bylaws, the General Public Works with Public Services Concession Law and the General Bylaws on Public Works with Public Services Concessions. The bidder must also request how to propose that the development costs be reimbursed by the concessionaire. The regulations indicate that the requested development cost amount must come from a global amount, which does not mean that it should not be appropriately itemized to be able to justify the allowance.

1.6.2 Financial Capacity

It is important for the bidder to be able to demonstrate that the bidder has the financial capacity to complete preparing all the studies and to bear any other expenses associated with submitting the proposal until the final approval stage. There is no need to demonstrate the financial capacity to take on the concession because any such demonstration will take place during the pertinent bidding process.

1.6.3 Alternate Conflict Resolution

Is the bidder deems it to be necessary, the bidder may request that the alternate conflict resolution procedure be applied in conformity with the current laws and indicate, if pertinent, the procedure and arbitration court or reconciliation body being proposed to do so.

1.6.4 Administrative Support

In this section, the bidder will set forth the support requirements that the Awarding Administration is requesting during the proposal stage in any way that has not been covered in the preceding sections.

1.7 Appendices

The appendices must include any other information or documentation about the project that the bidder considers to be useful and necessary for the bid to be evaluated by

the Awarding Administration for the purposes of the Bylaws on Private Initiatives and Law 7662, as well as any other information that may complement the preceding points.

Document Submittal

Once the bid document has been prepared and before submitting it to the CNC, the bidder must complete and sign the “Requirements Checklist for Bidding on Private Initiative Projects,” which must be attached to the document.

The original and two copies of the document must be submitted with properly numbered pages in a binder at the CNC reception desk. A digital version of the complete document must be attached, which must include all the tables and graphs found in the printed version so there is a direct match between both versions.

Requirement Checklist

THE NATIONAL CONCESSION COUNCIL

QUALITY SYSTEM DOCUMENTATION

FORMAT:

Version: 1

**Checklist for Minimum Requirements for Bidding on
Private Initiative Projects**

Approved by: Pending Approval

Date:

Project:

Bidder:

Receipt:

Requirement	Verification (Bidder)	Complies with Requirement (CNC)				
		Yes	No	N/A	Page (*)	Notes
Bidder Information						
Bidder Identification						
Legal Certifications						
Technical Accreditation						
Signature of Parties Resp. for the Studies						
Product Description						
Name and General Description						
Public Interest Justification						
Location						
Affected Properties						
Concession Works and Services						
Required Investment						
Proposed Financing and Media						
Pre-Feasibility Study						
Financial Pre-feasibility						
Legal Pre-feasibility						
Technical Pre-feasibility						
Monetary Conditions						
Environmental Pre-feasibility						
Public Institutions Involved						
Risk analysis						
Risk Analysis Study						
Description of Feasibility Studies (Proposal Stage)						
Legal Studies						
Technical Studies						
<i>Physical Studies</i>						
<i>Design and engineering</i>						
<i>Equipment</i>						
<i>Alternate Analyses</i>						
Economic-Financial Studies						
<i>Market Studies</i>						
<i>Economic and Financial Assumptions</i>						
<i>Financial Model</i>						
<i>Sensitivity Analysis and Scenarios</i>						
Environmental and Social Evaluation						
Risk Management Plan						
Other Studies						
Deadline for Study Execution						
Study Execution Timeline						
General Conditions						
Development Costs						
Financial Capacity						
Alternate Conflict Resolution						
Administrative Support						
Appendices						

(*) Indicated pages pertain to the Project file

Proposal Summary

Bidder:

Notifications (address, telephone, fax, & email):

Signature of Parties Responsible for the Studies:

General Project Description:

Public Interest Justification:

Location:

Need for Appropriations:

Description of Works and Services:

Required Investment:
Propose Economic Conditions:
SETENA File:
Institutions Involved:
Deadline for Study Execution:
Estimated Development Costs:
Appendices:

By signing this form, the bidder accepts having read and understood the bylaws to the Private Initiative Projects for Concessions of Public Works or Concessions of Public Works with a Public Service, as well as the documentation prepared by the National Concession Council to help prepare this Bid document. This is also an indication that the Bidder understands that complying with the requirements and following up on the guides does not guarantee that the it will be approved and that the risk of rejection of this proposal is fully borne by the Bidder.

The Bidder also accepts that all the documentation supplied will be considered to be public during the Bid analysis process such that the Bidder hereby authorizes said documentation to be reproduced by the Administration for distribution among the institutions involved or general stakeholders.

Party Responsible for Document (Bidder)			
Name:		Identification:	
Signature:		Date:	

Party Responsible for Preliminary Requirement Review (CNC)			
Name:		Identification:	
Signature:		Date:	