



REGULATORY FRAMEWORK ON PUBLIC PROCUREMENT RULES FOR BUILDING AND MANAGING INFRASTRUCTURES

This project is co-financed by





THE PROCUREMENT CONTEXT REGULATORY FRAMEWORK

1. Public procurement

1.a. Public contracts and concessions

1.b. Procurement procedures

1.c. Award criteria

2. Public private partnership

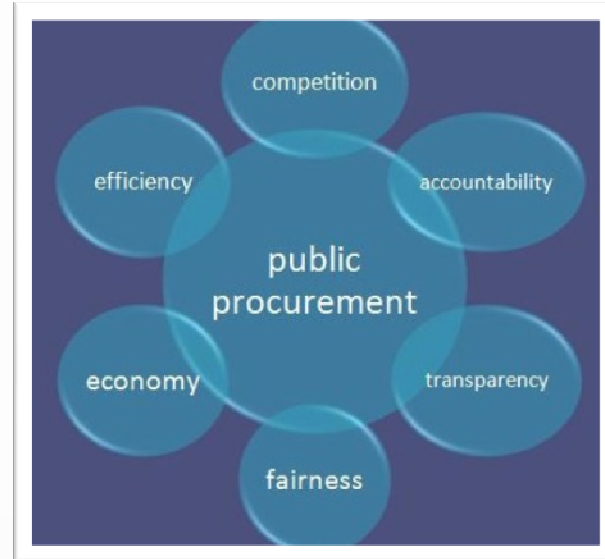
2.a. DBFM-operate

2.b. Design build finance maintain

2.c. Build and finance

2.d. Operate and maintain

3. Examples



This project is co-financed by



Empowered lives. Resilient nations.

MOST COMMON PUBLIC CONTRACTS FOR BUILDINGS



DESIGN AND BUILD



MANAGEMENT

“Hard” Facilities Management

- Building Maintenance (Whole of Life)
- Grounds Maintenance
- ICT (i.e. cables in the walls)
- Furniture, Fittings, and Equipment (FF&E)

“Soft” Facilities Management

Electricity, heating bills....

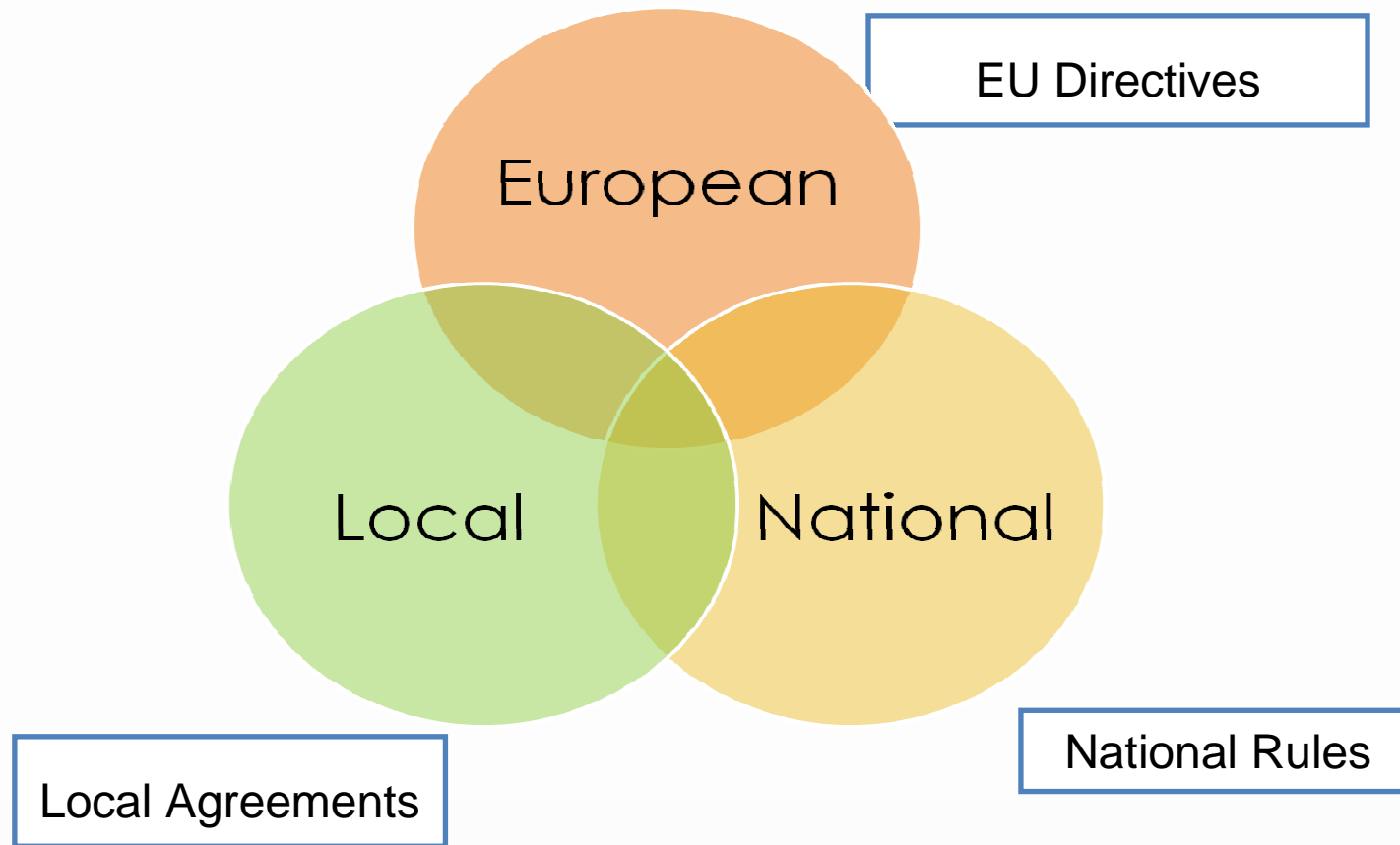
- General Management
- Help Desk
- Porterage (e.g. moving furniture)
- Waste Management
- Cleaning
- Security
- Utilities

This project is co-financed by





THE PROCUREMENT CONTEXT - REGULATORY FRAMEWORK

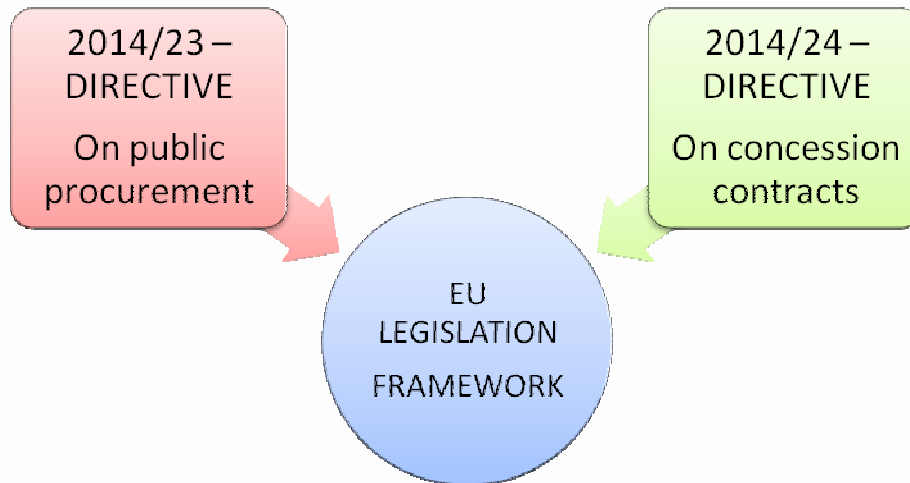


This project is co-financed by





EU PROCUREMENT DIRECTIVES



PUBLIC PROCUREMENT CONTRACTS:

contracts between economic operators and contracting authorities regarding:

- execution of works
- supply of products
- provision of services

CONCESSION CONTRACTS:

contract by means of which contracting authorities **entrust** economic operators to:

- The execution and the management of works and/or services;

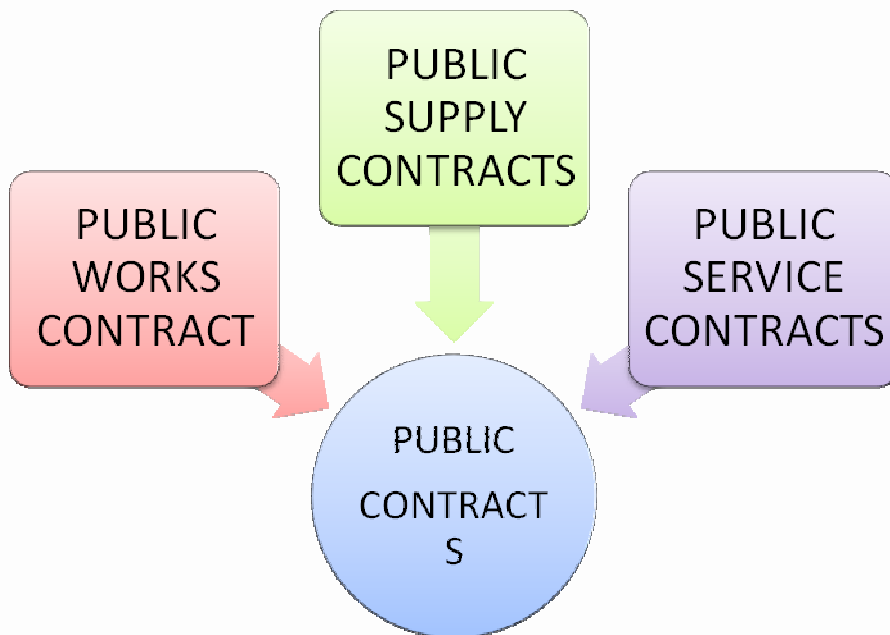
Giving them the right to exploit the works or the services under concession

This project is co-financed by





PUBLIC PROCUREMENT 2014/23 directive



public works contracts: public contracts having as their object the execution, or both the design and execution, of a work.

public supply contracts: public contracts having as their object the purchase, lease, rental or hire-purchase. A public supply contract may include, as an incidental matter, siting and installation operations.

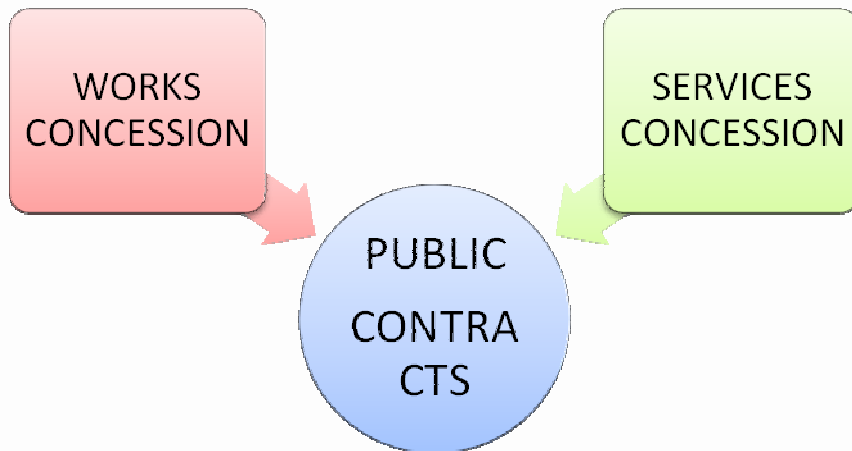
public service contracts: public contracts having as their object the provision of services.

This project is co-financed by





PUBLIC CONCESSIONS
2014/24 directive



WORKS CONCESSION: contract by means of which one or more contracting authorities entrust the execution of works to one or more economic operators the consideration for which consists either solely in the right to exploit the works that are the subject of the contract or in that right together with payment

SERVICES CONCESSION: contract by means of which one or more contracting authorities entrust the provision and the management of services to one or more economic operators, the consideration of which consists either solely in the right to exploit the services that are the subject of the contract or in that right together with payment.

This project is co-financed by

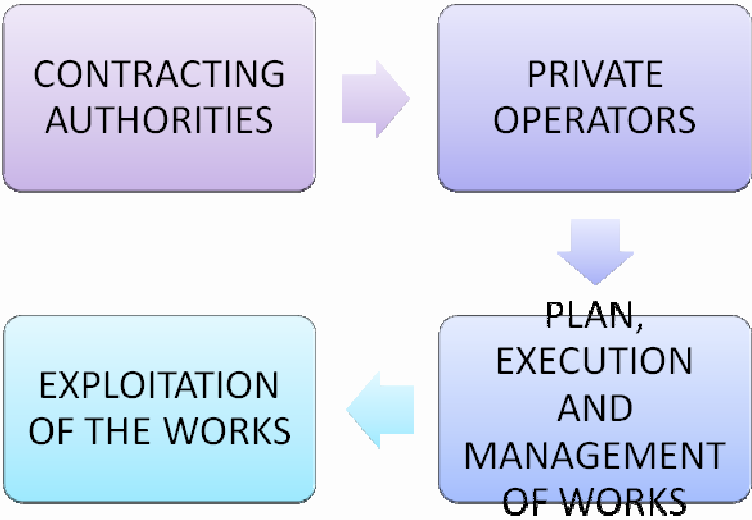


Empowering lives. Rebuilding nations.

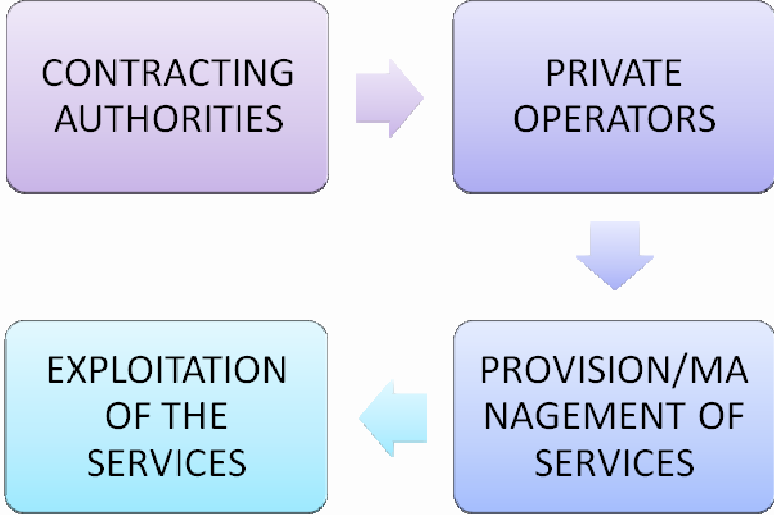


CONCESSION CONTRACTS

WORKS CONCESSION



SERVICES CONCESSION



This project is co-financed by





CONCESSION CONTRACTS

WARNING!

The award of a **works or services concession** shall involve **the transfer to the concessionaire of an operating risk** in exploiting those works or services encompassing **demand or supply** risk or both.



This project is co-financed by



Empowered lives. Resilient nations.



How to select the operators? - Procurement Procedures

Procedure	Characteristics	When the procedure is adopted
Negotiated	Contracting Authorities consult the economic operators of their choice and negotiate the terms of the contract with one or more of these	is an exceptional procedure and may be applied only to cases limited to those specified by the Law.
Open	All qualified applicants must be given the opportunity to bid	For lower risk procurement where supplier capability is less important or where the focus is on price
Restricted	Two stage process with facility to shortlist (Pre Qualification + Tender)	Where capability of suppliers is key determining factor in the delivery of the contract, market response likely to be huge to allow short-listing
Competitive Dialogue	Two stage process with facility to enter into a dialogue with potential suppliers to consider potential solutions and refine specification before invitation to tender	Complex procurement where suppliers expertise has significant impact on the development of the specification
Framework Agreement	Stage One: operators (one or more) selected through open/restricted procedure to a panel of suppliers for given period Stage Two: Mini competition will be held	Capability and Capacity is important and is generally a recurring/constant requirement.

This project is co-financed by





AWARD CRITERIA

Lowest price

If the **lowest price** approach is used, the contract will be awarded to the **cheapest bid**. No assessment is made of the quality of the bid.

The lowest price approach is generally only suitable for **simple procurements** for short-term, low-level works services or goods of a standard specification.

This approach may also be useful in the procurement of a **clearly-specified product**, service or works, which has sufficient mandatory aspects that would allow a simple choice on the basis of lowest price.

Most economically advantageous tender (MEAT)

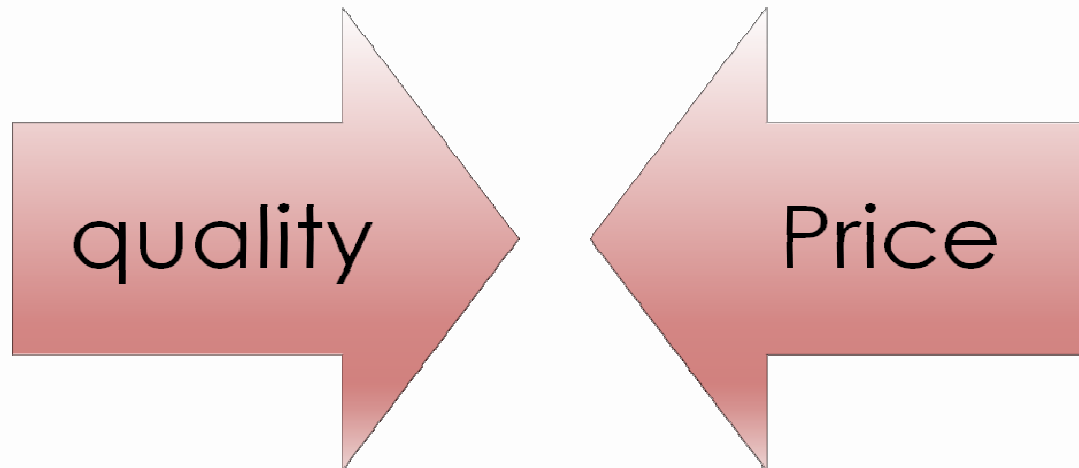
The MEAT approach requires the authority to decide the **relative weighting** it should attribute to quality and price (or cost). In a MEAT evaluation, the quality and price scores **are converted into percentages in accordance with the pre-set weightings** to create a combined score that should identify the successful bidder.

This project is co-financed by





AWARD CRITERIA IN EU DIRECTIVES



Public authorities has to select the most economically advantageous tender on the basis of the **best price - quality ratio**, which should **always include a price or cost element**.

contracting authorities are free to set adequate quality standards by using technical specifications or contract performance conditions.

This project is co-financed by





AWARD CRITERIA

In order to encourage a greater quality orientation of public procurement, EU Member States should be permitted to **FORBID or restrict use of price only or cost only** to assess the most economically advantageous tender.



The most economically advantageous tender shall be identified using a **cost-effectiveness approach**, such as **life-cycle costing**, and may include the best price-quality ratio, which shall be assessed on the basis of **criteria**, including **qualitative, environmental and/or social aspects**, linked to the subject-matter of the public contract

This project is co-financed by





QUALITATIVE CRITERIA

technical merit, aesthetic and functional characteristics, accessibility, design for all users, social, **environmental and innovative characteristics** and trading and its conditions

organisation, qualification and experience of staff assigned to performing the contract, where the quality of the staff assigned can have a significant impact on the level of performance of the contract

after-sales service and **technical assistance**, delivery conditions such as delivery date, delivery process and delivery period or period of completion

QUANTITATIVE CRITERIA

Price (or cost) for the execution of works, supply of products or provision of services

Time: for the execution of works, supply of products or provision of services

This project is co-financed by



Empowered lives. Resilient nations.



EXAMPLE 1

TENDERER	QUALITY SCORE (MAX 70 PTS)	PRICE SCORE MAX 30 PTS)	TOTAL SCORE (MAX 100 PTS)
OPERATOR A	70	15	90
OPERATOR B	35	30	65
OPERATOR C	25	20	45

EXAMPLE 2

TENDERER	QUALITY SCORE (MAX 30 PTS)	PRICE SCORE MAX 70 PTS)	TOTAL SCORE (MAX 100 PTS)
OPERATOR A	30	35	65
OPERATOR B	15	70	85
OPERATOR C	12,5	46,7	59,2

OPERATOR A: OFFERED THE BEST QUALITY

OPERATOR B: OFFERED THE LOWEST PRICE

As you can see with the same score we will have two different winners. For this reason it is very important to select an **appropriate relative weighting for each criteria**



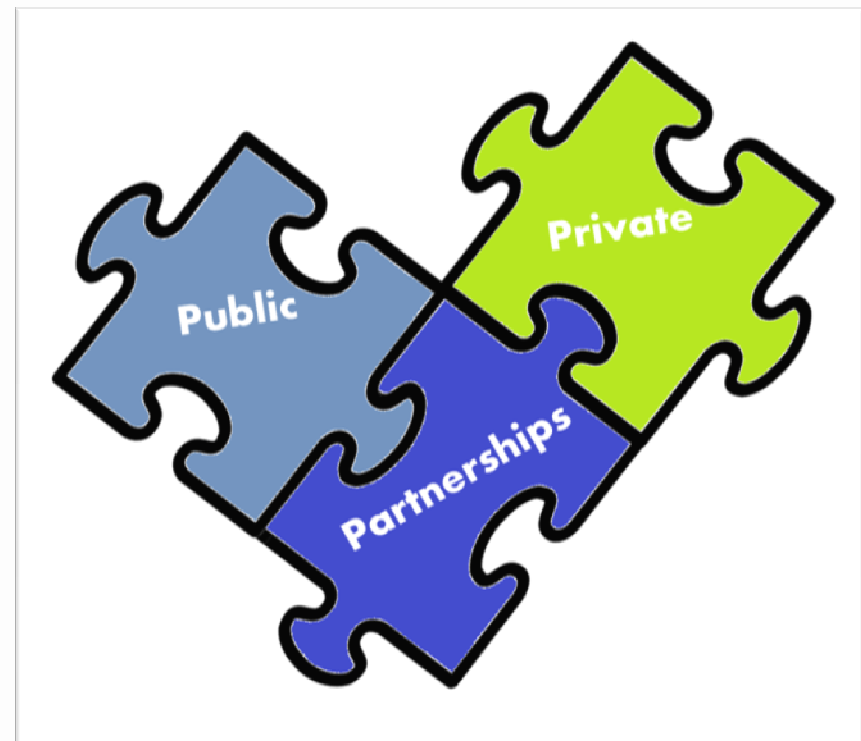
PUBLIC PRIVATE PARTNERSHIP

The term public-private partnership (“PPP”) is not defined at community level.

In general, the term refers to **forms of cooperation between public authorities and the world of business** which aim to ensure the:

- funding,
- construction,
- renovation,
- management
- maintenance

of an infrastructure or the provision of a service.



This project is co-financed by



Empowered lives. Resilient nations.



PUBLIC PRIVATE PARTNERSHIP

PPP projects have a number of advantages:

- In the case of PPP, **all parties do what they are good at**. Public authorities and the companies involved together ensure the best possible allocation of **tasks** and **risk**.
- PPP projects are **more commonly completed on schedule** than projects contracted out in the traditional way.
- In the case of PPP, public authorities **gives companies the freedom to invest in new technologies and innovative solutions**. The total costs over the lifetime of the project are thus lower.
- Public authorities **knows exactly how much it will have to pay, and when**. This is useful for financial planning.

WARNING

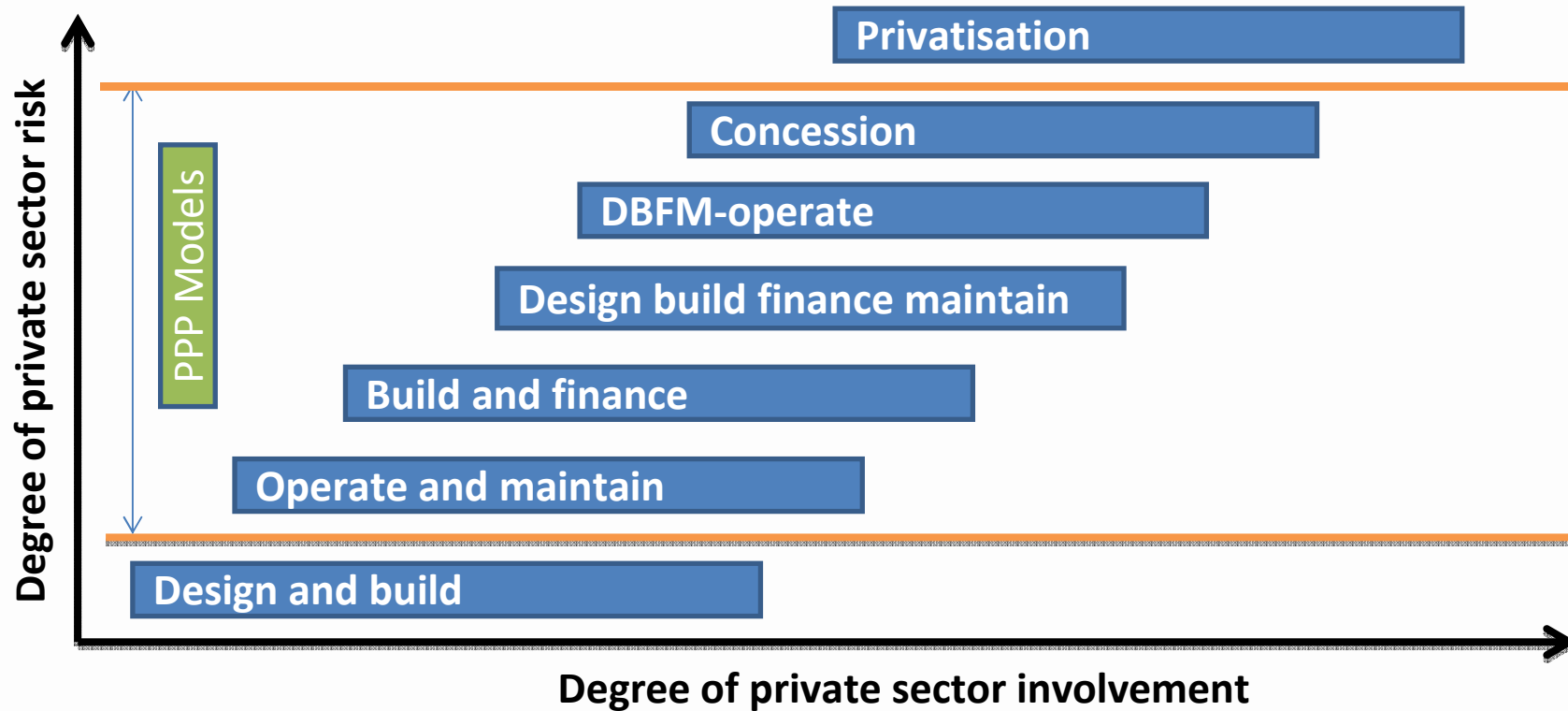
Not all housing and infrastructure projects are suitable for PPP. They must require a certain level of investment and the activities and attendant risks must be acceptable to the market participants. **The benefits must outweigh the costs**.

This project is co-financed by



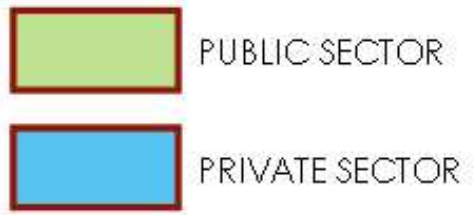
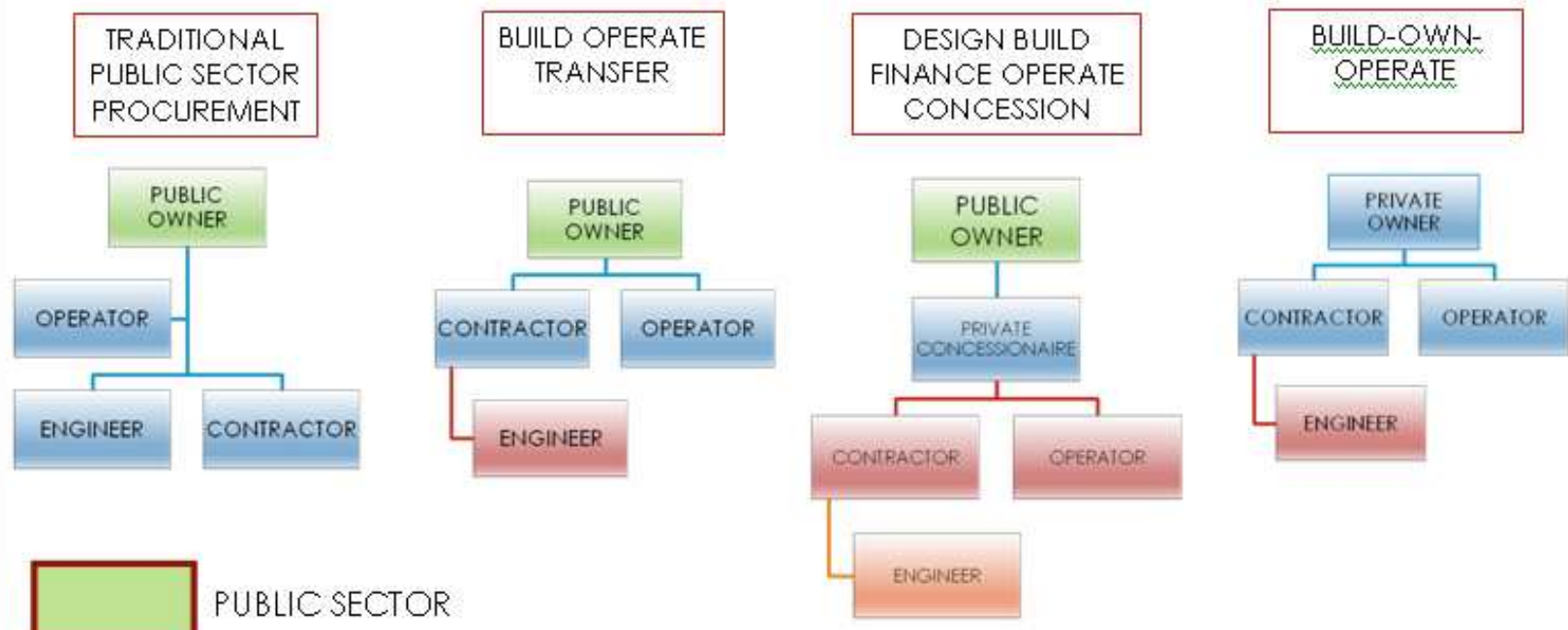


RANGE OF PPPs



This project is co-financed by





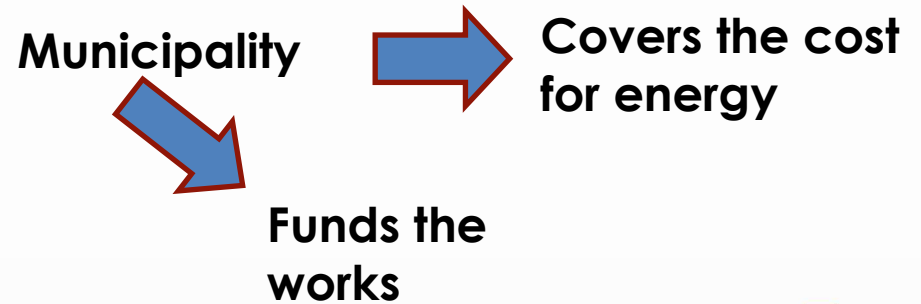


**EXAMPLE 1 – PRIMARY SCHOOL BUILDING
TRADITIONAL PUBLIC PROCUREMENT**



- Owner: **Municipality**
- Design: **Municipality**
- Build: **Municipality**
- Maintenance: **Municipality**
- Electricity bill: **Municipality**
- Facility management: **School**

Who is the decision maker interested to analyze the cost/benefit of a performing system?



**EXAMPLE 2 – PRIMARY SCHOOL BUILDING
SERVICE CONCESSION**



Owner: **Municipality**

Design: **Municipality**

Build: **Municipality**

Maintenance: **Concessionaire**

Electricity bill: **Concessionaire**

Operator: **Concessionaire**

Who is the decision maker?



When?

Who is interested to analyze cost/benefit of gethermal?

Municipality

Concessionaire



**Funds the works
Designs the building**

**Covers the cost
for energy**

This project is co-financed by





EXAMPLE 3 – PRIMARY SCHOOL BUILDING WORK CONCESSION (PPP)

Owner: **Municipality**

Design: **Concessionaire**

Build: **Concessionaire**

Maintenance: **Concessionaire**

Electricity bill: **Concessionaire**

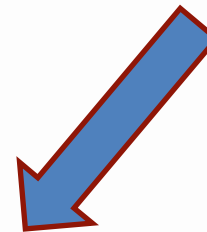
Operator: **Concessionaire**

Who is the decision maker?

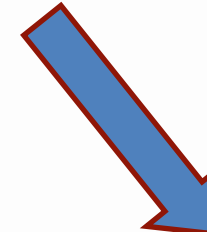
Who is interested to analyze cost/benefit of gethermal?



Concessionaire



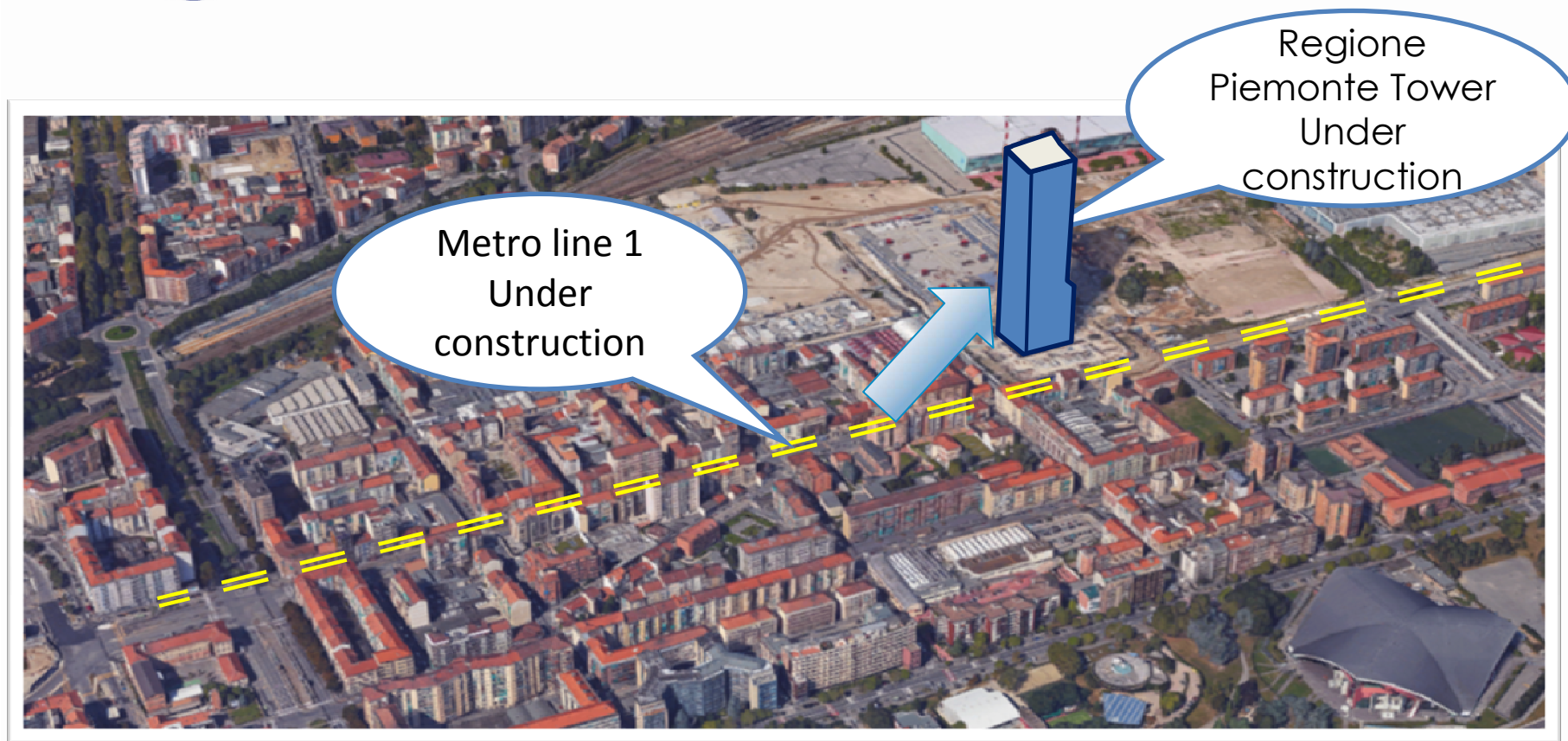
**Funds the works
Designs the building**



**Covers the cost
for energy**



EXAMPLE 4 – REGIONE - PIEMONTE TOWER

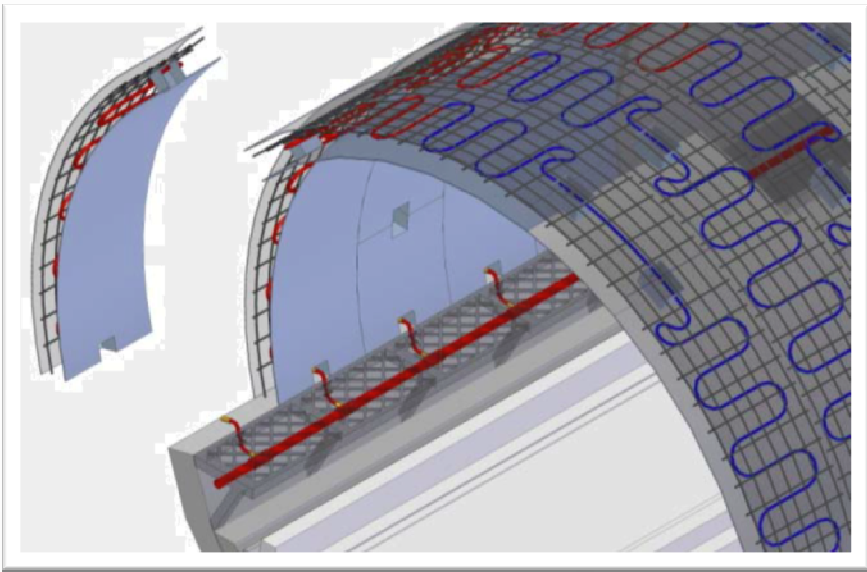
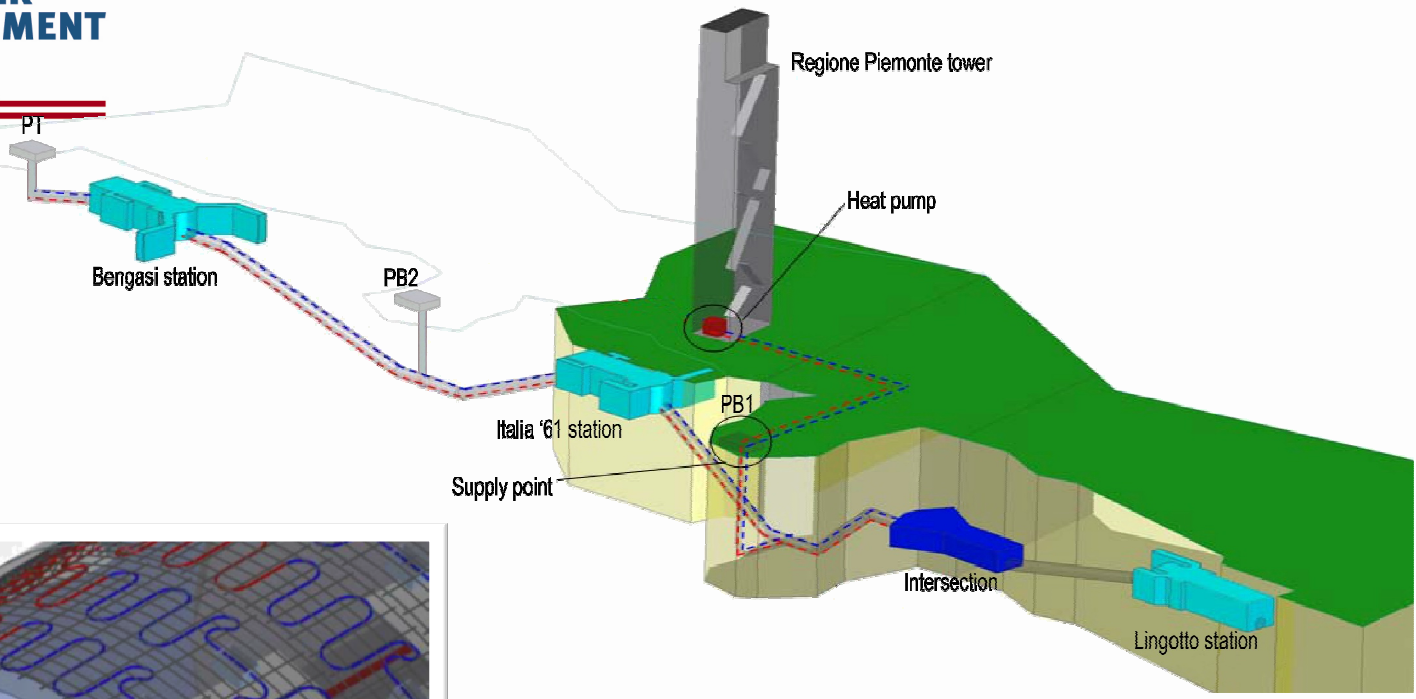


This project is co-financed by





EXAMPLE 4 – PRIMARY REGIONE - PIEMONTE TOWER



An idea to exploit heat for the tower. The tunnel pre-cast segmental lining is the geothermal heat exchanger.

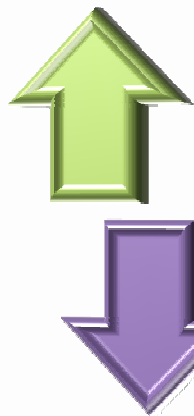


Owner: **Bank**

Design: **Regione Piemonte – Arch. Fuksas**

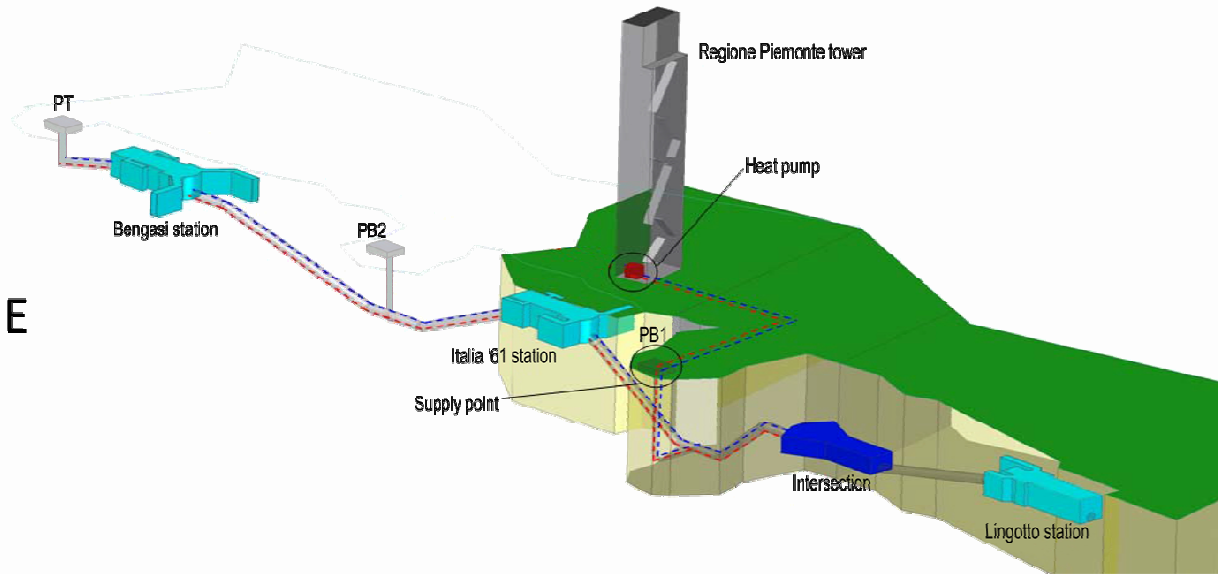
Build: **Construction company**

Electricity bills: **Private operator**



**WHO IS THE
DECISION
MAKER?**

**WHEN COME
TO A
DECISION?**



Owner: **City of Torino**

Design and Build: **work concessionaire (INFRA-TO)**

Maintenance: **INFRA-TO**

Facility management: **GTT (service concessionaire)**

This project is co-financed by





CONCLUSIONS

In public competitions it is very important to introduce qualitative criteria in order to award environmental and innovative characteristics of work and services

In particular **PPPs** is the best solution for the promotion and innovation of new technologies stimulating private sector to identify and propose innovative solution.

This project is co-financed by



Empowered lives. Resilient nations.



HANK YOU FOR YOUR ATTENTIOI

