

Summary of early dialogues with entrepreneurs

Hässleholm-Lund spring 2021

General background

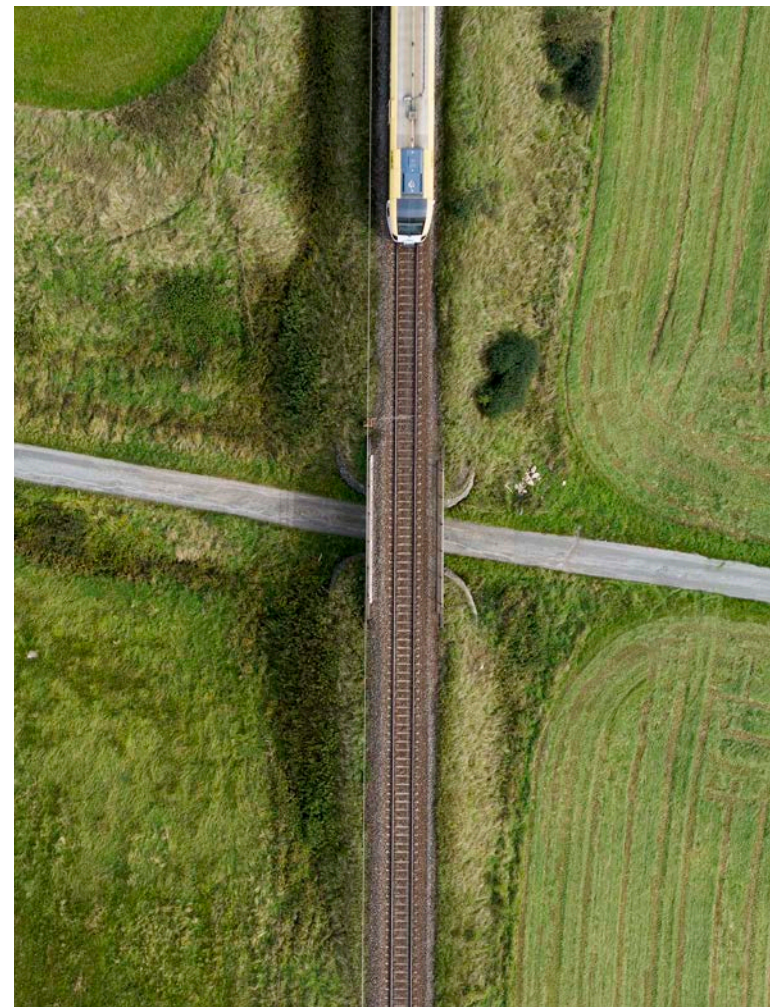
In February 2021, Hässleholm-Lund invited suppliers to early dialogues regarding the entire program through an invitation published on the project's website.

All available times for the dialogues were booked. The time for each dialogue was short, 1.5 hours per dialogue, which meant that both representatives from the project and the suppliers had to be well prepared for the dialogue and respect the dialogue rules.

The dialogues were implemented via Skype due to the ongoing Covid-19 pandemic and took place in the spring of 2021. In order to gain a broader perspective, the dialogues were conducted with both consultants and contractors. 11 consultants and 11 entrepreneurs participated.

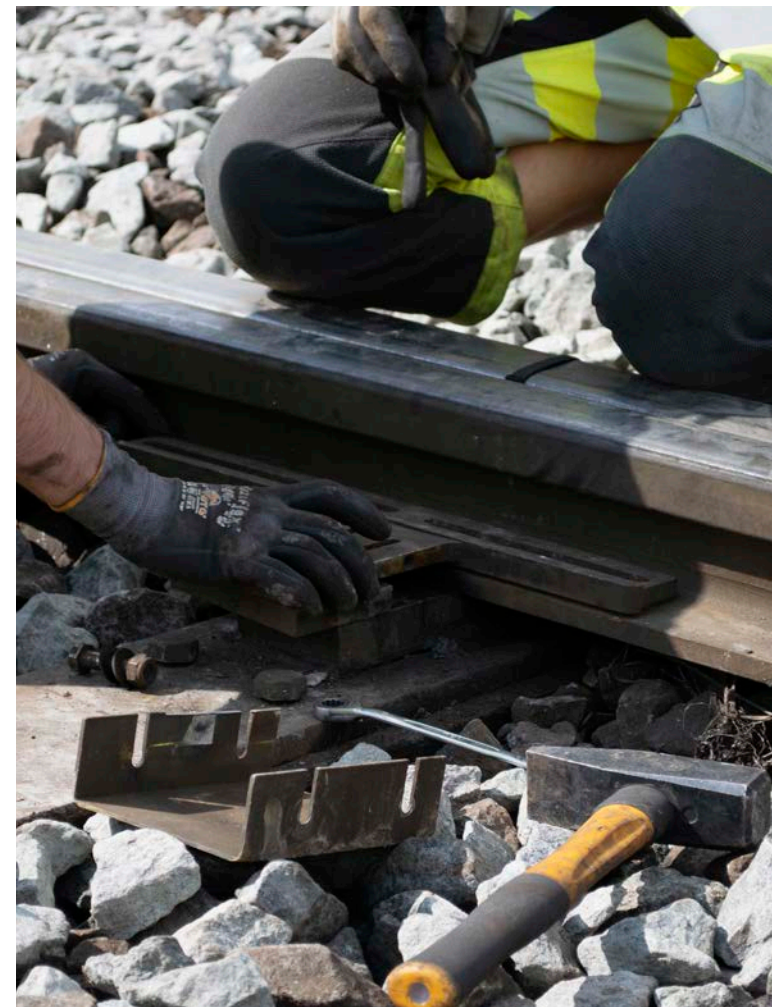
Each dialogue was based on a presentation with information about why the Hässleholm-Lund railway section is being built, dialogue rules, important conditions for the program, schedule, selected issues, etc. All participating suppliers received the presentation before their dialogues took place.

This is a summary of the responses during the dialogues. Hässleholm - Lund has anonymised all the answers.



Construction contracts Hm-Lu, what is most appropriate regarding the following aspects: Type of contract, division / packaging, size, compensation?

- Very mixed answers, from “type of contract can vary depending on the content” to the opinion that “everything should be included in a turnkey contract”. Some suggest that constructions and ground, including the track, should be in a contract, while EST should be separate. Many construction companies like to see a mix of contract types seen throughout the program.
- Many contractors mention ECI as an appropriate type of contract, but they all emphasize that procurement documents must be very well thought out and carefully prepared. And they add that it is crucial to choose the right employee on both the customer side and the supplier side.
- The station contracts should be procured separately according to the majority of the suppliers . Most contractors believe that the entire section between Hässleholm and lund (60 km) is too large for a single contract. They prefer that the section is instead divided into, for example, three contracts. However, some would like to see the entire route in a single contract. Mass management is an important factor in in any case.
- The appropriate size depends on the complexity. The contractors proposes everything from around SEK 0.5-3 billion to ”no limits”, ”as large as possible”. Low complexity allows a larger volume. However, there is a limit where increased size no longer provides rationalization gains but instead most increased risk.



- Fixed price works well if the procurement documents are clear, but this also means that risk money must be included in the tender. Added value of at least 50% is important when using a fixed price, correctly used added value can affect the risk downwards by reducing the price pressure.
- A jointly agreed target cost and cost contract with pain / gain conditions (normally a ECI) is, regarding to many contractors, better provided the above-mentioned clarity in the documents is present.

If you decide!

The contractor is given the opportunity to propose the best planning of the contracts from their point of view.

- Several suppliers advocate larger contracts based on ECI or another type of close collaboration with consultants and clients or even broader, such as the alliance model where more stakeholders are involved. Others prefer many smaller contracts. Many want to see a mix of sizes and contract types so that everyone in the market can focus on what they do best.
- Pre-qualification before tenders is recommended by almost all contractors.
- All foreign suppliers want as many documents as possible in English to get their bidding teams up and running quickly. It is understood that it is the Swedish documents that must be legally valid.
- Compensation for tenders for pre-qualified bidders is requested. It is believed that this program competes for suppliers in a much larger market where this is common in Sweden.



- It is important that the client carries out all necessary geotechnical investigations in advance and publishes them to reduce the risks.
- The customer should help to organize the mass management in order to save carbon dioxide emissions.
- Proposal: investigate the possibility of establishing, for example, wind turbines to contribute to electricity supply at establishment areas for charging machines and equipment. Sufficiently large establishment areas important.
- All permits should be ready before the start of construction.
- Perform relocation of supply lines, such as power lines, before contract start where possible and especially in cities.
- Reasonable execution times on the contracts are important and the client must be present during the implementation in order to be able to make quick decisions.
- The contractor's cash flow is emphasized as important to a smooth implementation. Some mention advance payment as a good means of improving the attractiveness of the contracts.

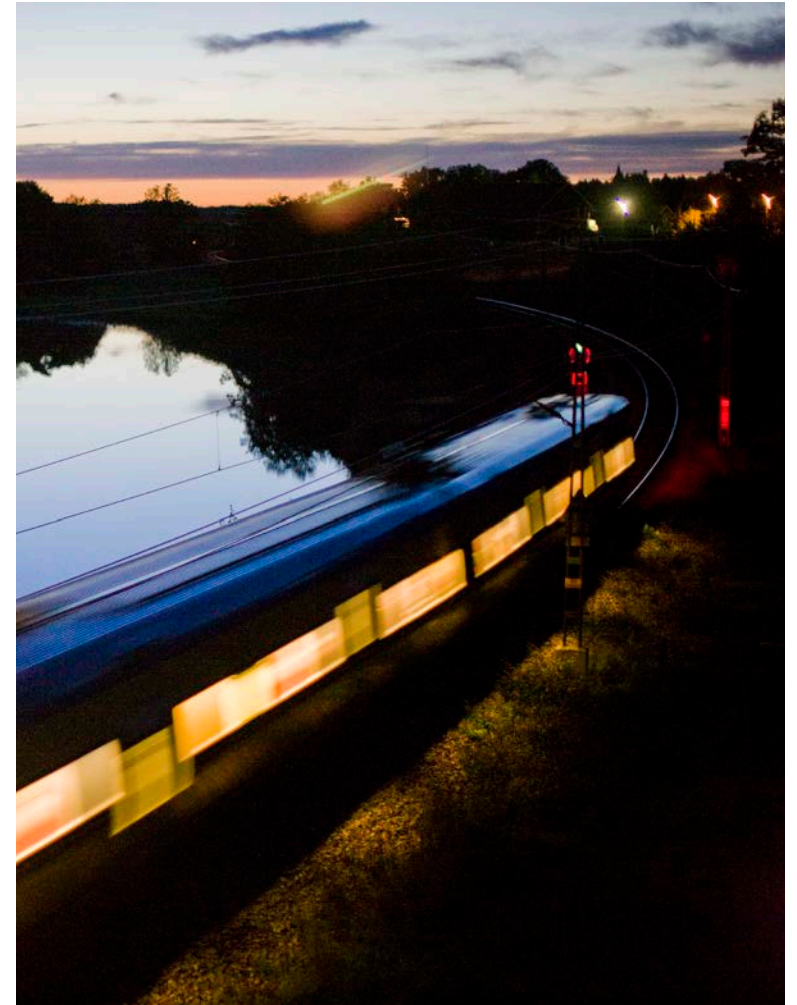
Recommendations regarding procurement procedure, qualification, award criteria and tender period

- Most contractors want a pre-qualification with clear requirements and this becomes even more important for large contracts. Many believe that it is positive to have a limit on the number of tenderers in qualifying.
- A suitable tender period, including qualification, should normally be approximately 6 months, but in some cases is up to 12 months recommended. All depending on the size of the contract, complexity and need to form alliances.
- The preparation time between the award of the contract and the start of the contract is stated to be 1 - 3 months, the longer period for a design and build contract.
- Appropriate time between award and final tender date for the next contract. Here, the answers vary from 0-6 months depending on the size of the contractor and the degree of standardization on the contracts.
- Added value, at least 50%, eg for implementation description or approach to innovations. Always for more complicated contracts but also for procurement at a fixed price. The lowest price as the only award criterion works mainly for simpler performance contracts.
- For ECI at least 9% fee and at least 80% on soft parameters when evaluating.



Innovation and sustainability, how can we encourage contractors to do more of this?

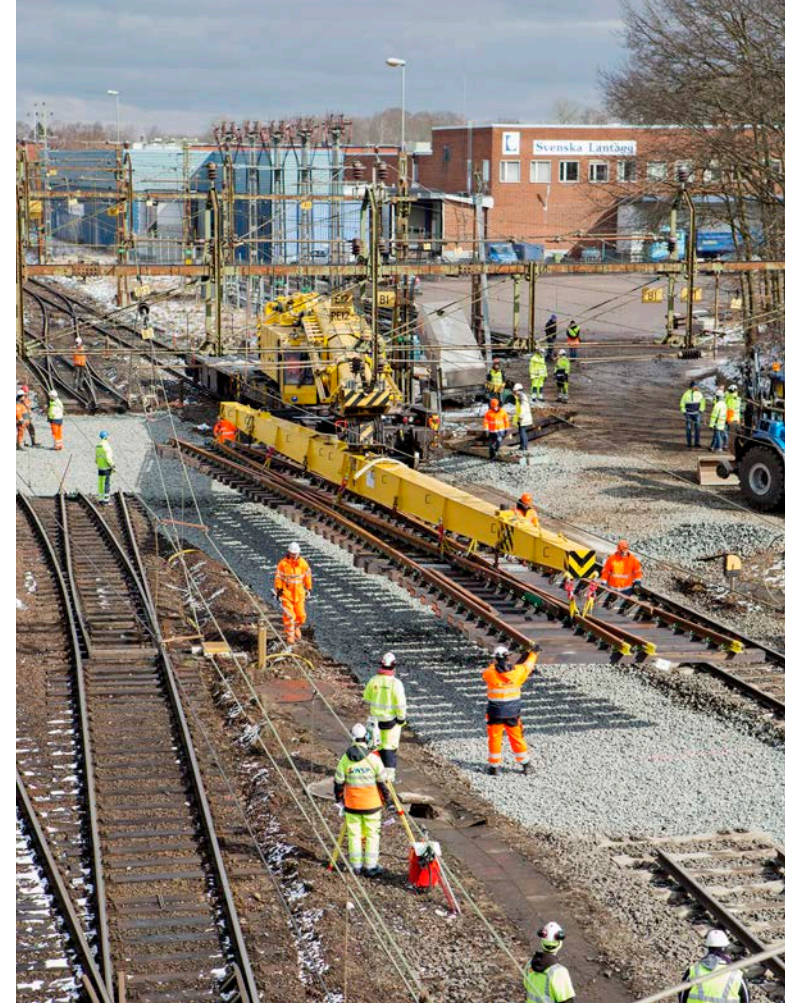
- Both innovation and sustainability benefit most from everyone being involved early in, for example, an ECI, the alliance model or other type of early collaboration. An advantage that is stated is that specialists from all sides simultaneously become jointly involved early in the projects.
- If ECI cannot be used, try using a flexible procurement process to encourage innovative proposals.
- Innovations (and sustainability) cost money, and they must therefore be clearly financed by the customer. Otherwise, the price of the entire commitment goes up or the innovations fail. There are methods (index) to measure the degree of innovation in the contract, use these.
- There must be a clearly described bonus that provides incentives to achieve the required sustainability or innovation in FU. Otherwise, innovations get stuck in cumbersome change management. For example, feel free to provide clear conditions for reducing land use and using renewable energy.



- Innovation and sustainability can also be used as added value if they are clearly described.
- It is believed that TRV's current system for bonuses and fines on climate requirements is starting to work well.
- Start early to look at surpluses and deficits of masses to facilitate sustainable construction.

Time Schedule

- Many contractors think the stated implementation time of 8-10 years, including detailed design for the contracts, sounds reasonable, especially as we do not have any tunnels and few bridges. Some contractor states that a shorter implementation time is possible, down to 5 years.
- Most believe that the stations should be in contracts that are separate from the route and several believe that it is the contracts in the cities that take the most time, partly due to the need for times on tracks.
- In general, it is thought that there is too little information at present to advocate an appropriate timetable for the contracts.
- Organization and collaboration. How to cooperate best?
- Use RFI, request for information about the procurement before the pre-qualification. This can be an important signal that the customer is interested in the contractors' expertise.



- The customer must set up rules for cooperation between both current / affected contractors and other stakeholders. Conduct regular collaboration meetings with all important stakeholders where someone has the highest responsibility for the actual implementation of the meeting and it should be TRV. TRV must have an organization that can handle this.
- Work with a conflict ladder in the project.
- Examples of successful collaborations usually concern collaboration contracts in some form eg ECI with an open accounting of costs. Choose the right people for collaboration in the customer organization. Good and clear procurement documents that are then followed in the implementation are always emphasized as a key in this context. Do not forget that there are also several examples of failed collaboration contracts.
- It is always important that the customer has a strong and decisive organization.

Closing page

Hässleholm - Lund tack thanks all suppliers, both Swedish and international, for your committed participation, for your great interest in the program and all the suppliers openness to share their opinions, ideas and much more. The result will be of great help in our future planning. There will be continuous dialogues with the supplier market in the future as Hässleholm-Lund is convinced that good cooperation is absolutely crucial for a successful implementation of the program. Hässleholm-Lund asks all suppliers to visit the program's website regularly <https://www.trafikverket.se> and stay up to date on upcoming activities such as early dialogues.

