



TRAFIKVERKET

# Business model

# Procurement process

The procurement process consists of a negotiated procedure in successive stages.

Overview time schedule:

- Prequalification with security clearance – 3 months
- Negotiation stage 1 - 8 months
- Negotiation stage 2 – 3 months
- Negotiation stage 3 – 2 months
- Contract award decision – 1/2 of a month
- In total 16,5 months
- Fixed central administration and profit (CAP), evaluation only on quality

# Prequalification

- Ordinary prequalification
  - Turnover requirements
  - Reference projects
  - Limitation of participants during the negotiation stages
- Possible security clearance takes place during this stage.
- Swedish is the language of the contract. All contract documents must be drawn up in Swedish.

# Negotiation stage 1

**How can we avoid an extended process regarding the target price after signing the contract?**

**Proposal: Contractors assess procurement documents to be able to help optimize target price as far as possible before signing the contract**

## Procurement documents

- Complete procurement documents
  - Including design model and procurement model
  - Including designed traffic solution
  - The Swedish Transport Administration states our proposal for a target price and attaches a calculation
  - The Swedish Transport Administration sets out our proposal for the contract period and attaches a resourced timetable
- The Swedish Transport Administration attach a contract draft that includes ABT 06
- Contractors will be reimbursed in accordance with the prime cost principle (cost-plus overheads and profit, CAP).
- Bonus system inspired by the alliance model

## Process stage 1

- During 4 months, the contractors has the opportunity to assess and provide comments on net time, net cost, type of compensation model and draft contract based on the procurement documents, as well as assess the “compensation model for risk and uncertainty”.
- The contractor's actions will be scored during evaluation.
- The Swedish Transport Administration assesses opinions for 2 months and chooses to update the procurement documents based on that, after which the contractors gets a new proposal of procurement documents to assess for 1 month.
- The Swedish Transport Administration establishes the procurement documents, target price and timetable for 1 month.
- Contractors then choose if they want to participate in the continued process and send in their tender.

## Negotiation stage 2

**Reduce the number of tenders, maximum of 3 contractors proceed to the next negotiation stage (3)**

### Tender documents are submitted

All contractors are reimbursed if the implementation description meets certain criteria

- Possible evaluation criteras:
  1. Organisation, cooperation and communication
  2. Risk manegement, time management and cost management
  3. Design management, production management and work enviroment
  4. Management of traffic through the work area during the construction period
  5. Evaluation of involvement during negotiation stage 1
- Tender presentation is included in evaluation criteria 1-4
- After tender presentations the contractors will be able to update their tender
- The three highest evaluated tenders will proceed to negotiation stage 3 (they will be reimbursed with a higher amount)
- In AFB.52 it will be stated wich evaluation criterias which will be in focus for negotiation stage 2 and stage 3

# Negotiation stage 3

## Evaluation of the three best tenders

- Evaluation of the organisation planned to work in the contract. Both contractor and client participates in 1-2 workshops
  - Focus on cooperation
  - Support in evaluation from behavioral scientist
  - Evaluation of the workshops will be considered in evaluation criteria 1 Organisation, cooperation and communication
- In this step there will be a higher focus on evaluation criteria 1 and 5 (assessment of actions during the process for developing a target price)
- Contract award decision will be after this stage

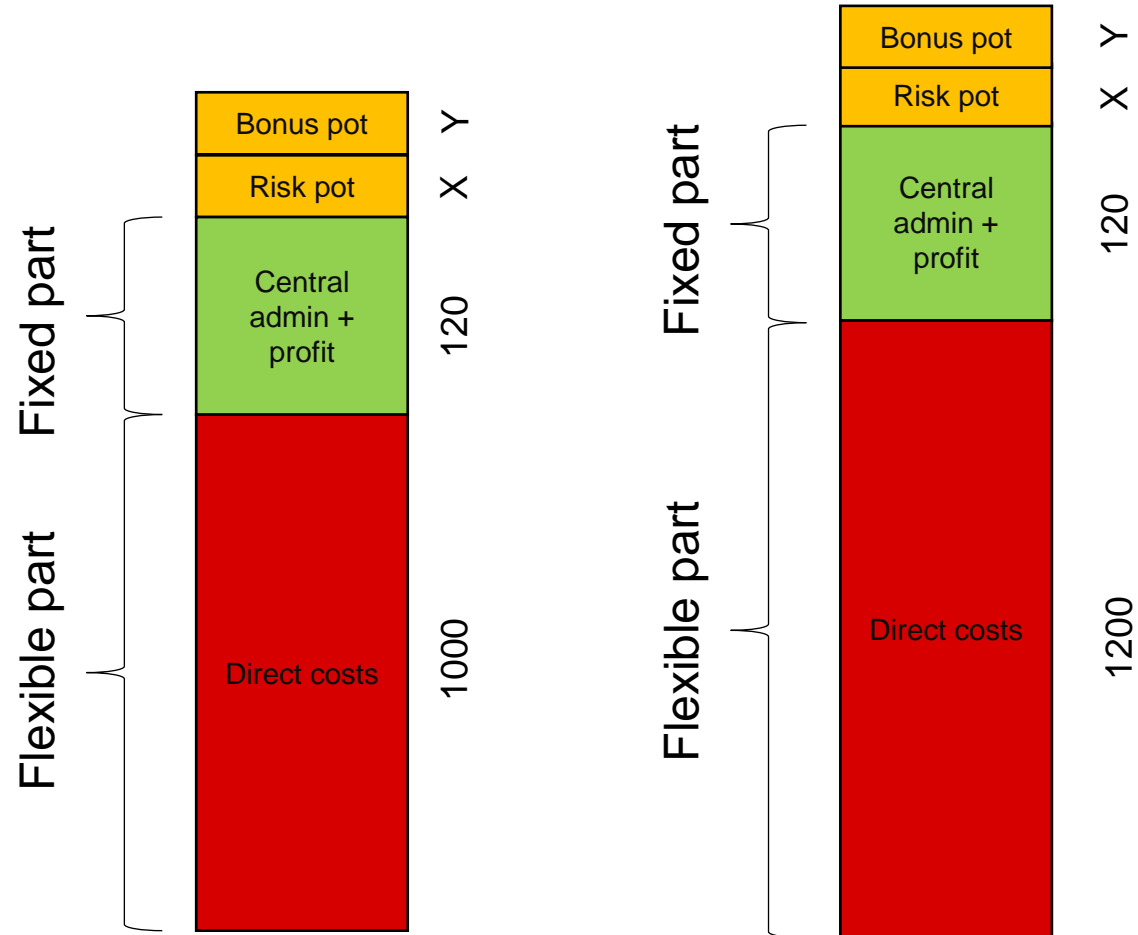
# Type of reimbursement and risk allocation

- The contractors will be reimbursed in accordance with the prime cost principle (cost-plus overheads and profit) with risk allocation inspired by the alliance model with bonus pot and risk pot.
- Clear definition of what is not included in the target price and what is the client's risks
- Fine when key personnel are replaced
- The fine is replaced with a deduction from the bonus pot
- Risk pot is managed separately



# Compensation model

- CAP for example 12% of the target price and is a fixed part of the compensation
- The direct costs are reimbursed on an ongoing, variable basis
- If the direct costs go over the target price the percentage will be lower
- Changes and additional works (ÄTA) will be reimbursed with 12 % on direct costs
- Index adjustment on the fixed part from date of contract signing



How should we work with the bonus pot/risk pot and fines to lower risks, time consequences and for working proactively?

# TSE101 E4/E20 - Duvberget

## Summary Continued dialogue 3

Completed in November and December 2023

# Business model Negotiation stage 1-3

Most participating contractors were positive about the presented procurement process.

Some contractors wondered if the negotiation steps would be conducted in English if needed. Trafikverket replied that this is being discussed, but some form of Swedish expertise will be needed during the procurement process. In order to be able to use all their competence within the companies, some contractors wanted the opportunity to speak English during the procurement process.

One contractor felt that certain stages could be slightly longer, another supplier felt that the process was long and that they would have to tie up their key personnel for a long time.

Trafikverkets idea is not to tie up key personnel throughout the whole process, but to specify in the procurement documents at which times it is important that the key personnel participate.

Trafikverket will describe the procurement process in detail in the procurement documents and which meetings the tenderer must attend physically.

Trafikverket plans to carry out project reviews during stage 1.

# Compensation model

Participating contractors were generally positive about the compensation model.

A few contractors wondered about indexing, Trafikverket replied that target cost and CAP will be index regulated.

All participating contractors were positive about a fine on key personnel

Several contractors highlight that it is important with this compensation model that there is a list with clearly defined risks, there is a price on each risk to know how big the cost may be and define how the risks are to be compensated if they occur.

It is also mentioned by several contractors that it is important to clarify what should be included in the target price and in the CAP.

Some contractors mention that in some contracts with this kind of compensation model there has been an extra mark-up on CAP for self-employed personnel.

Several contractors think it is important that the mandate to make decisions is out in the organization, close to the implementation.

Some contractors mention that they would like to see a bonus model where the bonus takes place continuously during the contract, not all at the end in order to create incentives throughout the whole contract.

# Other questions

Question regarding ground conditions came up, up by the bridges it's rock and further down towards the water it's mud.

Several contractors mentioned that it is important that Trafikverket has the resources to be able to handle this type of contract.

One contractor mentioned that it is important not to deviate from standards that make it difficult to obtain materials, e.g. Specific climate requirements.

The Crosslink Södertörn plans to have a client-controlled insurance.

Accommodation can be difficult for the contractor to find for staff who do not come from the Stockholm area, positive if Trafikverket can help with that.

A question arose as to whether the ABT design should be model-based or drawings, the design will be model-based.

**Thank you very much!**