



TRAFIKVERKET

Summary early dialogues TSE401

Carried out 2023-04-18 - 2023-05-02

Procurement questions

Best value - what evaluation criteria do you propose?

Don't only have strict parameters such as time and cost, but also include soft parameters. For example, working methods for safety and working environment due to the close proximity to railway tracks.

The evaluation should help the client see that the contractor understand what needs to be done and the risks with it.

Someone mentions that the client should consider international experience during a value-added evaluation.

Several mention an implementation description for the following suggested areas to provide an added value: execution of the contract, schedule/timeline, organization/key personnel, environment/climate reduction, working environment, and collaboration.

Are 2 months for the qualification period and 7 months for tender reasonable durations?

Approximately half of the suppliers consider the durations to be reasonable.

Some individuals believe that both durations are somewhat short, particularly in the case of a consortium.

Some believe that the durations are reasonable provided that all essential documents are included from the start. If the client provides a supplementary procurement document, it may require additional time.

Someone believes that more time can be allocated to the proposal phase and less time for the qualification period.

Someone does not think that we should limit the number of bidders.

Someone suggests that we do not need a qualification phase if we have no intention to limit the number of bidders for step 2.

How do we make a contract of this size attractive?

The client and contractor should share the risks.

An active dialogue during the advertising period.

Compensation when working with the proposal.

In terms of size, the contract is attractive, but not the compensation form.

Several propose a high level of collaboration.

Someone suggests that the railway part should follow a high collaboration model due to the amount of risks involved.

Someone believes that it is better to divide the work into two contracts, with the railway works in a separate bid and build contract and the rest in a design and build contract.

Several say that a design and build contract with a fixed price is not suitable for this type of contract. The complexity of factors such as ground conditions and all the shutdowns makes it impossible to have a fixed price. Instead, they propose a target cost and flexible parameters.

Procurement questions

How can bonuses be implemented? Do you have any suggestions regarding which parts of the contract could be relevant?

Bonuses should be linked to the clients desired outcome. It needs to be calculable and clear what is required to achieve the bonus.

Some believe that goals that can be tied to bonuses should be identified together, and that efforts should be made collectively to achieve these goals.

Bonuses should not only be linked to time and cost.

Ensure a balance between bonuses and penalties in the contract.

Someone suggests bonuses tied to how effectively the contractor solves problems within the contract.

Several mention the following areas as suggestions for bonuses: collaboration, work environment, environment and time.

Several think it's good to regulate bonuses on an annual basis. This way goals can be monitored and adjusted based on what is important for the project.

What can we do to avoid price dumping?

Several emphasize the importance of the client being clear in the procurement documents. Uncertainties lead to increases in cost. Bidders who haven't understood all the risks will submit prices accordingly. Therefore, bidders should be allowed to submit implementation descriptions and examples of solutions.

It's important to properly weigh an added value. Competence and completed projects should carry more weight than costs.

Someone suggests avoiding fixed prices and focusing more on added value to avoid price dumping.

We are awaiting an environmental ruling for the first instance, and there are uncertainties about the municipalities plans. Do you have any input for this type of issue?

Everyone agrees that we should wait for all permits before publishing the procurement.

Questions regarding risk

How do you view the risks associated with high water pressure and traffic in terms of design and implementation?

Everyone agrees that risks associated with existing conditions, such as geotechnical issues and traffic fall under the clients responsibility. The contractor should take responsibility for risks related to the execution.

Geotechnical risks where the Swedish Transport Administration provides the information, should be taken by the client. There must be a way to protect the contractor from risks related to unforeseen geological conditions.

Someone believes that geotechnical risks are greater than traffic-related risks.

Someone suggests that the client should conduct as many investigations as possible at an early stage to eliminate risks. The client should take ownership of the risks themselves and not defer them to the contractor.

Which risks should the Swedish Transport Administration and the contractor respectively bear in a complex contract of this nature?

Several believe that the party best able to manage the risk should own the risk.

Risks that the contractor can influence should be owned by the contractor. Significant risks that the contractor cannot influence should be borne by the client.

Someone highlights that material supply can pose a risk if everything is not available in Sweden and therefore needs to be imported.

Someone views the availability of concrete in Gotland as a major risk that should lie with the client. The contractor believes that the client should guarantee material prices.

Other perspectives related to risk:

Technical risks and risks related to train delays can be too significant.

Some said that it becomes difficult to delineate boundaries if fixed and variable fees are to be mixed within the contract

A fixed price imposes too much risk on the contractor.

Questions regarding risk

We are considering implementing an escalation process for managing additional work in the implementation phase. Do you have any comments on that?

Several see the escalation process as positive. If an escalation process is to work, it is important that each level has clear decision-making authority. Someone suggests that the authority should be delegated to the lower levels to ensure swift progress in the work.

Several believe that questions and issues should be addressed at an early stage, and that decisions must be made at the appropriate level.

Someone mentions that the risk with an escalation process is that issues are not resolved at a project level, as they are easy to escalate to a higher level.

Which in turn, can lead to a prolonged discussion about contract changes.

Other perspectives related to the escalation process:

Review the mandates, as it should not solely be the representative who can approve contract changes.

The key is to ensure how the escalation process works in practice.

Questions regarding railway parts and rail shutdown

Is the bid and build part something that facilitates the contractor's work, or would it be better to stipulate 4 fixed train stop times and let the solution be developed and designed by the contractor in the design and build contract?

Several think it's good to have the bid and build part for the railway systems and rails.

Someone says that the train stoppages should be compatible with other critical activities, such as road relocations.

Someone believes that the client and contractor should plan preparatory work together before the stoppages.

Some do not consider a design and build contract as the optimal solution for this project, but if it were to become a design and build contract it is preferred to have the railway systems and rails included in the implementation part.

Several believe that collaboration is a necessity for this complex project.

Some suggest that the client's design should serve as a starting point to work on together - collaboration.

The interface between the bid and build part and the design and build contract needs to be clear.

What risks do you see connected to the rail shutdown?

The client must be responsible for ensuring that the train stoppage times are realistic and can be kept.

Some mention that there are risks associated with the concrete tunnel during the train stoppages, and it is important to have sufficient space for the work.

Someone did not consider the first and second train stoppage as critical, but there is a significant risk at the concrete tunnel, for example, with retaining walls.

Planning and organisation

Considering that the railway systems are fully designed, how long do you estimate will be needed from the contract signing to starting the work on the track relocation?

6-7 months for planning before production can begin.

At least 6 months from having the drawings available. Collaboration facilitates and shortens the startup time.

6-9 months is considered reasonable.

The time needed to set up the organization can vary significantly and is influenced by other projects.

Some state that through collaboration, the contractor can progress faster as they can focus on the critical parts first.

Someone thinks it would be better if the entire project is a design and build contract, as the contractor can then control the design to prioritize the parts that need to be completed first.

How much time do you need to start with the other jobs that are part of the contract and will be designed by you?

Some say it's good if the client has made arrangements for water and electricity connections at the work sites in advance.

Someone says the opposite, that if the client has done preparatory work or risk assessments, it usually leads to problems.

Some mention that it's good to have some time to assemble the organization, not to be too optimistic but to have some time between different parts. The contractor needs to identify the scope and complexity

Compensation and cooperation

The Vårdkasen interchange has been established as a design and build contract at a fixed price. There may be different solutions for how the compensation could be structured.

Several prefer early contractor involvement along with target pricing.

Someone suggested that the client can make the contract-related work a fixed price and certain parts on ongoing compensation (cost plus contract), such as traffic arrangements.

The client needs to consider that it costs more to calculate a design and build contract.

Someone proposed a continuous compensation for climate improvements.

Some believe that traffic arrangements should not be the subject for competitive bidding due to safety concerns.

Someone suggests providing incentives to find cost-efficient savings.

The client needs to be prepared to improve their change management process.

Several believe that the client and contractor should work together in the same office to solve problems collectively.

If the collaboration is successful, it is better to proceed with ongoing compensation (cost plus contract) with prognoses. However, if there are many difficulties, it can still lead to more disputes over compensation.

Many think that early collaboration is the best option.

Someone suggests considering soft parameters for collaboration, where it doesn't necessarily have to be the most technically competent solution.

Someone proposes a collaboration to lead workshops and other similar activities.

Compensation and cooperation

We are considering separating traffic arrangements and managing them as an Early Contractor Involvement (ECI), meaning that we assign a specific amount for traffic arrangements and apply an 80/20 model for risk allocation. Do you have any comments on this?

Several prefer the proposed compensation model compared to a fixed price.

Several state that the 80/20 model is sufficiently balanced, provided that the amount determined by the client is accurate.

Someone believes that traffic arrangements should not be competitively tendered and should remain the clients responsibility. In this regard, the model should be 100/0.

Someone suggests dividing the entire project into different parts and agreeing on a budget per part.

The Swedish Transport Administrations organization

The Vårdkasen interchange is a large-scale project that requires a well-prepared and competent client organization for successful collaboration and implementation with a contractor. What key points would you like us to consider when building our organization for this project, both in terms of competence and collaboration, to ensure a successful contract?

Several suppliers believe that it is important for the Swedish Transport Administration to consider the following points. All suppliers emphasize the need for an appropriate authority at all the relevant levels.

Comments related to authority include:

Authority should be handled within the construction management and project level to handle day-to-day operations. The project manager must be accessible and preferably on-site. Presence and decision-making ability are crucial to avoid uncertainties and maintain a positive project atmosphere. Decision-makers should be closely integrated within the organization. Competence and mandate far down in the organization. The project must feel secure in the mandates they have.

Comments related to specialists:

Large organizations often have numerous specialists that may not always be internally aligned. This lack of clarity can be confusing and challenging for the contractor. The project needs to be proactive in driving the Swedish Transport Administrations agenda. Specialists should be fully dedicated to the project (not just 5-10% of their time). Adequate resources should be allocated to address issues and ensure progress. If decision-making becomes impossible, work will come to a stop. Incentives should be created to have a continuous amount of staff. A mix of consultants and in-house staff is recommended, rather than relying solely on consultants who may not have the same decision-making authority. Specialists should be supportive and not hinder progress, as delays and cost impacts are experienced by the contractor. Collaboration is crucial, and specialists need to understand that they are working alongside the contractor. The Swedish Transport Administration would benefit from having a significant number of in-house staff members that feel they are responsible for their work and are involved throughout the project.

Comments related to collaboration:

Close collaboration is the key. Efforts should be made to have decision-makers in close proximity to the project. It is important for the Swedish Transport Administration to be transparent whom is the planned construction manager. Workshops can help both parties gain an understanding of each other's organizations. The contractor would appreciate references from the Swedish Transport Administrations side, not just the other way around. Influencing the client's organization, especially on a staff level, can sometimes be challenging. A smaller organization can be more effective in facilitating collaboration and working together smoothly.

Other feedback from the contractors.

Several believed that the client should adjust the pricing for specific materials, such as cement, according to an index. Some argued that an index regulation alone is insufficient for a contract with such a long construction period. There needs to be a way to manage the price increases over time.

Innovation will not be feasible for a fixed price agreement. The client must be prepared to compensate for it.

It is possible to operate the facility using electricity, for example, but there are long delivery times and depreciation periods for these vehicles. The Swedish Transport Administration must address these issues in order to facilitate a shift within the industry.

If the Swedish Transport Administration prioritizes environmental ambitions over cost, it should be clearly stated in the procurement documents.

Thank you!