



# State of Israel

## REQUEST FOR PROPOSALS ( RFP )

### Monitoring Railway Projects and Activities

Attached please find a request for proposals by the Government of the State of Israel regarding services in connection with monitoring railway projects and activities in Israel.

Please review the attached and if you are interested to apply, please submit your proposal as specified therein.

# **Monitoring Railway Projects and Activities - Request for Proposals**

## **Preamble**

On behalf of the Government of the State of Israel (hereinafter - the “GOI”) I hereby invite you to submit a proposal for the provision of professional services to the GOI and assistance to the GOI in monitoring and supervising the Projects and the Activities (as defined herein) to be executed according to the agreement between the GOI and Israel Railways Ltd company (“IRL”) signed on August 11<sup>th</sup> 2008 (hereinafter – **the services or consultant services**).

The Accountant General in the Ministry of Finance has appointed an inter-office Tender Committee (the "Tender Committee") to manage the procedure for the selection of an engineering and consulting company (EMC). The Tender Committee consists of representatives from the Ministry of Finance and the Ministry of Transport and Road Safety.

## **General Background**

1. The GOI has executed the attached development agreement with Israel Railways Ltd (IRL) (the "IRL Agreement"). The IRL Agreement sets forth the terms and conditions for implementing the development plan to be performed by the IRL over a four year period (the “**IRL Plan**”). The IRL Plan contemplates the implementation of certain projects which have an estimated aggregate cost of USD 7.4 billion (based on USD/NIS exchange rate = 4.0).

## **IRL Plan**

The main provisions of the IRL Plan include the following :

2. IRL is a governmental company, wholly owned by the State of Israel, whose purposes include the establishment, development, management, maintenance and operation of the railroad infrastructure system throughout Israel for transportation of passengers and cargo.
3. The IRL Plan, the implementation of which commenced on January 1 2003 and was renewed on August 11<sup>th</sup> 2008 , will end on December 31<sup>st</sup> 2012, has an estimated total cost of USD 7.4 billion (based on USD/NIS exchange rate = 4.0) of which its updated balance as at August 2008 is USD 5 billion (based on USD/NIS exchange rate = 4.0).

The plan includes, *inter alia*, the following components:

- 3.1. Railroad infrastructure development - the railroad infrastructure IRL Plan, including railway stations, includes the following elements:
  - 3.1.1. 13 (Thirteen) main projects for the construction of new railway lines and the upgrading and expansion of existing ones.
  - 3.1.2. An electrification project, the purpose of which is to partially replace the use of diesel fuel with electricity for the operation of the trains.
  - 3.1.3. A cargo infrastructure upgrade project, the purpose of which is to increase the volume of cargo transportation.
- 3.2. Acquisition of rolling stock - this plan encompasses the acquisition of passenger cars and engines. The purpose of this plan is to address the anticipated growth in demand for passenger and cargo transportation. The estimated total cost of such acquisitions, for the remaining period of the IRL Plan as at August 2008, is US\$ 570 million (based on USD/NIS exchange rate = 4.0).
- 3.3. Maintenance - the maintenance plan includes: (1) improvements to the control system; (2) communications systems upgrade; (3) infrastructure rehabilitation; (4) train station upgrades; (5) ongoing security and safety measures; and (6) the integration of rail/road solutions. The maintenance plan has an estimated cost of US\$83 million for the remaining period of the IRL Plan as at August 2008.
- 3.4. Future projects design.

The IRL plan also provides for the creation of a stock of design programs for future projects. This stock has an estimated cost of USD 111 million.

## **The Services**

4. As stated in the IRL Agreement the GOI retains supervisory authority of the IRL and its operation and, inter alia, of all aspects of the IRL Plan both in terms of finance and technical performance including design, estimations, contracts, payments, use of money, management and actual performance of any and each project or part of a project and of the IRL plan in its entirety. The GOI also retains supervisory authority of the IRL current operations.
5. The EMC that will be selected as the winning bidder will provide consulting services to the GOI and assist the GOI in exercising its supervisory authority in connection with the Projects. The primary purposes of the Services to be performed by the EMC shall be:
  - 5.1. Facilitating the efficient performance of the Projects, and monitoring of the planning and performance of the Projects, as appropriate. In addition, the Services shall facilitate implementation of the Projects in accordance with the budget and the time schedules set forth in the development agreement , with a particular emphasis on enabling real time adjustments in such implementation;
  - 5.2. Ensuring that the Projects are performed in accordance with customary professional standards, including accounting, financial and engineering standards;
  - 5.3. Review and make recommendations for all Tenders:
    - 100 million NIS or more.
    - Train Stations
    - International Tenders

The tender review should include the examination, review and assessment of planning and design phases to include statutory planning, preliminary engineering and detailed engineering.

- Confirm technical systems are proven with a track record for constructability, reliability, availability and maintainability.
- Confirm that systems interface and reasonable cost to enhance
- Ensure that issues are resolved at appropriate level of design

- Assess non-IRL critical path issues such as archaeology, utility, relocation, site access, traffic diversion, etc.
  - Technical provisions are consistent with tender approach.
- 5.4. providing a basis for the GOI to assess and consider the ongoing financing aspects of the IRL Project ;
  - 5.5. increasing the GOI's abilities in monitoring and supervising the planning and execution of the IRL Project within the time frame and budget set forth in the IRL Agreement and in accordance, inter alia, with generally accepted engineering standards;
  - 5.6. Ensuring the efficient utilization of the financial resources provided by the GOI for the IRL Project.
  - 5.7. Providing second opinion on engineering design of new proposed projects
  - 5.8. Providing available professional human resources in the field of:

Engineering design with an emphasis on bridges, tunnels design

Railway Operation and traffic management

Electrification

IT and ERP

Customer and passenger service

Execution of projects in the PPP method

The EMC will provide the GOI with monthly detailed reports about the given services for the past month. In addition quarterly and annual reports will be submitted 14 days after the end of each period. Quarterly reports will summarize monthly reports. Annual reports will include in addition also key and strategic issues of the performance of the IRL. All reports will be submitted in English with a translation to Hebrew.

The GOI anticipates to hold monthly meetings with the EMC in order to discuss issues relating to the EMC's performing of services on a going basis.

6. The GOI anticipates that the EMC will be a partnership between an international company and a local entity or that the international company will hire local staff for the execution of these services. The local entity/staff is expected to perform certain parts of the Services which would require familiarity with the local economy and statutory and regulatory framework, for example, Israeli planning, engineering and accounting entities. The international company shall have to prove relevant experience of monitoring railway projects of accumulated size of no less than USD billion in the last 5 years. The members of the international company dealing with engineering issues have to have academic civil engineering education with expertise in railways, with a 10 year experience in railway issues each. The local entity members shall have to prove experience in railway projects execution (design / supervision / implementation) of 5 years each. The EMC has to indicate professionals for special issues including finance, economics, IT, traffic control and PPP project execution with 10 years of relevant experience each .

The Bidder shall present to the Tender Committee credentials about the international company and its staff and the local entity and its staff.

During the contract period the project manager from the EMC will have to commit itself to presence in Israel during at least 14 days per month. However, the EMC will be allowed to submit a request to the GOI for approving a temporary substitute, being in Israel and being representing the project manager.

In any case of replacing a team member, the leaving member will have to stay in office for ensuring a training period of at least 2 months for the new member.

For the avoidance of doubt, in the event that an EMC is assisted by, or subcontracts with, any other person or entity with respect to the performance of any aspect of the Services, the EMC shall remain fully liable and responsible to the GOI for and with respect to such performance.

For the avoidance of doubt, the Tender Committee shall be entitled to make amendments to the nature of the above-referred services to be performed. No Bidder shall have, at any time, any claim, objection or demand against the Tender Committee with respect to such changes.

### **.Duration of the Contract**

7. The contractual period is for three (3) years from the date of the signature of those authorized to sign the contract on behalf of the GOI (hereinafter – the first contractual period).
8. The GOI has the sole and exclusive option to extend the contract for an additional period up to 24 (twenty four) months according to the extent of the need, upon advanced written notice, under identical terms and conditions, and subject to budgetary approval (hereinafter – the additional contractual period).
9. The GOI may, upon advance written notice, end the contract within the contractual period, for any reason and at its sole discretion, without any obligation to provide reasons for such a decision.

### **Conflict of interest/Confidentiality/Ownership**

10. The bidder who will be selected to provide the services (hereinafter – the winning bidder) shall declare that it does not have and that it will not have, throughout the contractual period between the parties, and during the 24 months from the end of the contractual period, a conflict of interest of any kind whatsoever. Without derogating from the generality of the aforesaid, the winning bidder shall not represent and shall not act, in the course of the contractual period, on behalf of any entity to whom the services are likely to be relevant.
11. The winning bidder shall be required to sign a commitment to keep confidentiality without reservation and to agree that all of the meetings in which it takes part and all of the findings and data regarding the service that shall be provided by it, including its work product, shall be kept confidential throughout the contractual period and afterwards, unless it received the GOI's written approval in advance for the transmission of such findings or data.
12. All documents and works which shall be prepared by the winning bidder in the framework of its advisory services shall be the exclusive property of the GOI and neither the winning bidder nor anyone acting on its behalf shall have any claim or action regarding them. In addition, neither the winning bidder nor anyone acting on its behalf shall make any use of

the information that is not public property that shall come to its attention in the framework of the advisory services, unless it received prior written approval from the GOI to do so.

13. The winning bidder shall not make use of the information that it became aware of in the course of the contractual period, except for the purpose of carrying out its duties.
14. The winning bidder promises that it will not present the results of such work during the contractual period and afterwards, including every document that the winning bidder shall prepared in the framework of providing the advisory services, to any entity other than a representative of the GOI, unless it received written advance approval from the GOI to do so.

### **Compensation for the services provided**

15. Each bidders shall submit in its tender a proposal for the monthly fixed price it requests for the execution of services ( " **The Price Proposal** " ) , either in Israeli shekels or U.S. dollars or Euro ( a mix of currencies is not allowed ). The Price Proposal shall not include VAT according to law (the amount of VAT shall be added at the time of payment). The Price Proposal shall include all costs and expenses incurred by the bidder for the execution of the services.
16. The Price Proposal shall be indexed to the Israeli CPI, to the US CPI or to the HICP respectively. The base index will be the last known index at the date of submission of the proposals, all as detailed in the Agreement.

### **Information and documents to be submitted in the proposal**

17. Detailed description of proposed methodology for executing the Services. : The methodology suggested by you should include, inter alia, the following elements:
  - 17.1. Examination and inspection of the planning and design stages of the IRL Project which will include statutory planning, preliminary engineering planning, and detailed engineering planning.
  - 17.2. Examination of status of permits and authorizations required for each Project, as well as required cooperation agreements with third parties.

- 17.3. Examination of risk matrix elaborated for each Project prior to its execution.
- 17.4. Second opinion on projects on the design stage not included in the IRL plan.
- 17.5. Monitoring IRL design, construction and maintenance standards.
- 17.6. Examination and inspection of the transportation and transit aspects of the IRL Plan
- 17.7. Review of the estimated costs of the IRL Projects detailed in the IRL Plan.
- 17.8. Ongoing monitoring and supervision of the implementation of the IRL Plan in accordance with the IRL Agreement including the estimated costs and market prices, and the examination of tender processes, preparatory works and related commitments.
- 17.9. Examination and inspection of financing, standards and costs of the purchase of the rolling stock and the electrification projects and the technological aspects thereof, smart cards and the fast line to Jerusalem (A1) .
- 17.10. Examination and inspection of the quality assurance procedures undertaken by IRL.
- 17.11. Approval of the completion of each project in the IRL Plan.
- 17.12. Approval for transfers of funding for the IRL Project from the GOI as detailed in Appendix D to the IRL Agreement and monitoring the use of such funding by the IRL.
- 17.13. Examination, inspection and supervision of IRL operation.
- 17.14. Consultation, upon demand about freight transport.
- 17.15. Consultation upon demand with respect to any issue related to the IRL Project, including, inter alia, PPP (Public Private Partnership) railway projects and passenger service, preparation of technical requirements by external advisers
- 17.16. Examination of special projects such as electrification
- 17.17. Reporting procedure to the GOI: please describe the format of monthly, quarterly and yearly reports per project examined, to be submitted to the GOI for each project monitored during the course of providing the Services.
18. The proposed Team members: Each bidder is requested to include a complete list of the members of the team who will provide the suggested services (the "Team Personnel"). The list will include detail of the names, ages, education and professional experience of the team personnel, and a CV for each of the Team Personnel. In addition the bidder will have to indicate who will act as Israeli project manager of the EMC in Israel. Please note that the project manager will have to prove at least 15 years of experience in planning aspects of Israeli

civil engineering. Furthermore the bidder will have to indicate the field of responsibility of each team member in providing the services (task allocation).

It is hereby clarified that the team proposed by the bidder and it alone, shall perform the services, unless prior written authorization is received from the GOI.

19. Information about the bidder :

- 19.1. Basic information about the Bidder and its equity holders, (cap table), including charter or incorporation documents
- 19.2. A description of the bidder, the areas of its activity and relevant experience, with specific and detailed attention to the description of the services and its requirements.
- 19.3. A concise summary of the organizational structure, activities **and expertise** of the bidder. The bidder shall attach, according to the certifications customary in its country, corporate registration certificate, signatory rights certificate, approved by a notary.
- 19.4. Detailed description of the Bidder's worldwide affiliates
- 19.5. A detailed list and description of similar projects performed previously by the Bidder, in Israel and out of Israel, including in countries in which the official language is not English, and addressing the total cost of such projects (in US\$), the scope and nature of such projects and the Bidder's exact responsibilities in each project. The Bidder shall describe its qualifications and experience in similar projects, the number, size and scope of projects in which it has provided similar services in the past 7 years. It shall list and describe all works of at least 3 billion U.S. dollars performed by itself in Israel and abroad in the past 7 years )
- 19.6. Written recommendations from clients that have received similar services from the Bidder in the past, and/or names, contact details and title descriptions of such clients that may be approached by the Tender Committee.
- 19.7. Description of any potential conflict of interests with the interests of the GOI, or IRL, including with respect to works currently being performed and works performed in the past, by the Bidder and/or by any of its affiliates or local professionals in Israel.

20. Signed Agreement: The attached Agreement, including the confidentiality and absence of conflict of interest attachment will have to be signed and submitted with the proposal.
21. Price Proposal: Submit a proposal for the monthly fixed fee, as referred to in above paragraphs 15 +16 for the suggested services according to above paragraphs 5 +6. The Price Proposal will include a breakdown of the fees for each of the reports within the IRL Plan. Such breakdown will have to be submitted by the EMC in the course of providing the services. The GOI wishes to evaluate and reassess the scope of the services granted by the services provider after a certain period of time, you are also kindly requested to include a proposal for the fees, which will set forth a detailed list of man-hour fees according to specific consultants (engineers, accountants etc.), for modifications and changes in the suggested services as shall be required by the GOI
22. Availability :The bidder shall attach a declaration regarding its immediately availability to provide the services beginning from the day of the signing of the contract by those authorized to sign on behalf of the Ministry of Finance and Ministry of Transport and Road Safety.
23. Bookkeeping: A bidder shall submit certification of an accountant that it keeps its books in accordance with the law applicable in its state.
24. Miscellaneous: Any other document that may assist the GOI in examining the quality of the proposal should also be attached.

### **Criteria for Choosing the Winning Bidder**

25. The process of selecting the winning bidder in accordance with this request for proposals will be carried out in two stages.

**In the first stage**, every proposal received prior to the deadline for submission of proposals shall be examined and scored in accordance with the parameters set forth below for examination and scoring of the quality of the proposals ( " **the quality scoring** " ) .

**In the second stage** the price proposals will be scored according to the rules set forth below ( " **the quantity scoring** " ).

The final scoring of each proposal will be the addition of the quality and quantity scorings and the winning bidder will be the one which obtained the highest scoring (between 0-100 points).

It is emphasized that the GOI will have the right, at its sole discretion, to conduct negotiations with one or more bidders at any stage of the bid examination process, to request from one or

more bidders to change, amend and/or improve their submitted bids, including their price proposals.

It is further emphasized that the GOI is not committed to select any proposal, including the one which was awarded the highest scoring in the selection process.

### **Performance Bond**

26. The winning bidder will have to provide the GOI , at the date of signature of the Agreement with a performance bond in an amount of either two hundred and seventy five thousand Israeli Shekels ( 275,000 NIS ) linked 100% to the Israeli CPI, or seventy thousand US\$ ( 70,000 US\$ ), or fifty thousand Euro (50,000 Euro). The performance bond will be valid until 60 days after the expiry date of the Agreement and in case of extension of the Agreement, its validity will be extended accordingly, all as detailed in the Agreement.
27. The Performance Bond shall be provide by a major Israeli commercial bank or by a major overseas commercial bank from a country having diplomatic ties with the State of Israel, which is rated at least AA by either Standard & Poor's, or Moody's, or Fitch rating agencies. The identity of the bond provider shall have to be approved in advance by the GOI. The GOI reserves the right to demand confirmation of the overseas bank by an Israeli commercial bank. Should the rating of the approved overseas commercial bank change, the GOI reserves the right to demand that the Advisor replaces the Performance Bond in question within fourteen ( 14 ) days as of the receipt of the GOI's demand, by another Bond meeting the above criteria.
28. The Performance Bond to be provided will be in the form of Exhibit 6.1a or 6.1b to the "**Professional Services Agreement**" to be signed between the GOI and the selected Advisor.

### **The quality scoring**

29. In this stage, the bidder will be examined with regard to the nature of its proposal, the skills of the team proposed by it, experience, proficiency, quality, including quality of the work carried out in the past for foreign governments, and for the GOI, all of this in accordance with the criteria and weights set forth below.

The GOI intends to conduct interviews and briefings for the Team Personnel, to be held in Israel during the week commencing on the end of Feb. 2009. You will be notified of the dates for such interviews as soon as possible.

The GOI reserves for itself the right to correct technical flaws occurring in the request in order to make it appropriate to the requirements of the request, but does not commit to do so.

The quality scoring will be between 0-60 points, based on the following split and criteria:

- 29.1.1. **The bidder's general experience: 0-10 points.** In this framework the following factors shall be examined and scored: The bidder's years of experience, the bidder's areas of expertise, the bidder's scope of activity and details of its clients, existing branches in other countries, the bidder's experience in providing monitoring and supervising services in general, and specifically to governmental ministries, **in the area of the services sought in this request.**
- 29.1.2. **The expertise and experience of the team members of the bidder : 0-30 points** : In this framework the expertise and experience of the proposed project manager and of the proposed team members in the area of provision of services, including performance of similar work in the past , and the areas of expertise of the project manager and its team members, shall be examined and scored. Their past training, education and specializations as well as their accessibility to advisors in Israel and outside of Israel and the quality of such advisors will be taken into consideration. The maximum scoring of 30 points will be subdivided as follows :
- 29.1.2.1.1. Experience and expertise of the head of the team : 0- 10 points.
  - 29.1.2.1.2. Experience and expertise of the foreign team members : 0-10 points.
  - 29.1.2.1.3. Experience and expertise of local team members : 0-10 points.
- 29.1.3. **The proposed methodology and General impression : 0-20 points** : In this framework the proposed methodology for executing the services , as proposed in above paragraph 18 ,will be examined, and so will be the general impression from the interviews the GOI intends to conduct.

30. **The quantity scoring**

30.1. The scoring for the price proposal shall be given as set forth herein:

All price proposal shall be converted into New Israeli Shekels (NIS) according to the known Bank of Israel Representatives Rates ( NIS- USD and NIS-Euro ) on the day prior to the submission date for proposals.

The lowest NIS priced proposal shall receive 40 points -the maximum number of points for the quantity scoring, and the other proposals shall receive points relative to the lowest proposed price, in descending order.

30.2. Any price proposal which will be awarded a quantity scoring of 20 points or less will be automatically rejected.

30.3. The GOI has an estimate of the cost of the work. The GOI shall be entitled to reject a proposal, and to the extent necessary to cancel this process, if the price proposal is 20% or more high than the GOI's estimate.

**Validity of the bids.**

The price set forth in the proposal shall remain in effect for 90 days from the the deadline date for submission of proposals as specified in paragraph 27 hereinafter. The proposals shall continue to be valid even after the end of 90 days from the deadline date for submission of proposals until the date upon which the bidder shall notify the GOI that it wishes to withdraw its proposal, provided that such notice reaches the GOI prior to the time the GOI announces the selection of the winning bidder.

**Start of Provision of Services by the Winning Bidder**

The winning bidder shall begin its work as of the date the GOI has signed the Agreement.

**Procedure for submission of questions and clarifications**

Questions and requests for clarification regarding the conditions of the RFP and of the Agreement must be submitted in writing to the GOI's representative, Mr. Gabriel David (hereinafter – the "contact person" or "the representative"). Such queries must be sent by e-mail only to the e-mail address [gabid@mof.gov.il](mailto:gabid@mof.gov.il), with details of the inquirer (telephone number, fax number) for

clarifications purposes. The receipt of the mail should be confirmed. Queries submitted in any other manner will not be dealt with.

31. Questions and requests for clarifications as mentioned above shall be addressed to the GOI no later than 9 March 2009, at 14:00 (Israel time). The GOI will decide, at its sole discretion, whether to respond to questions or requests for clarifications received after this deadline. The GOI's answers to questions, comments and requests for clarification will be sent to all bidders who received this RFP by facsimile, 'without disclosing the identity of the asking party, not later the 15 March 2009. It is hereby clarified that only written replies shall obligate the GOI.

### **The manner of submitting proposals**

32. The proposals are to be submitted in two copies by 26 March 2009 at 14:00 (Israel time). Proposals submitted after this deadline will not be considered.
33. Proposals are to be submitted in person to the contact person, after coordination at telephone number 972-50-6207911, between 9:00-14:00, at room 384 in the Ministry of Finance, 1 Kaplan Street, Jerusalem.
34. The bidder shall enclose in its proposal envelope all the required documents as mentioned in above paragraphs 17-24.

### **Miscellaneous**

35. The winning bidder is responsible for obtaining all permits and/ or authorizations for the execution of the Agreements, according to the all applicable rules and laws.
36. For the avoidance of doubt, it is hereby clarified that any documents issued by the Tender Committee pertaining to the RFP shall not be construed, in any manner, to constitute any proposal or undertaking on behalf of the GOI, including any undertaking to enter into any agreement for the retention or selection of any EMC. The GOI is not obligated to select any proposal, and it may request proposals from additional potential bidders, at its sole discretion, or may decide not to enter into a contract at all, due to budgetary constraints or any other considerations.
37. For the avoidance of doubt, it is hereby clarified that The GOI shall be entitled, at all times and in its sole discretion, to amend any terms and conditions of the RFP and/ or of the Agreement, or cancel the tender process related thereto, without any liability or obligation to any person or party. .

38. The GOI shall be entitled, in its sole discretion, and at all times, to: (1) permit the submission of an Application subsequent to the Final Deadline; (2) to advance or extend the Final Deadline; (3) to alter any other terms in connection with this proposals Request; and (4) to request that any or all of the Bidders submit additional details or clarifications with respect to the Information provided by such Bidders.
39. It is hereby clarified that any Information to be submitted pursuant to this proposals Request, shall at all times remain the sole responsibility of the party submitting such Information, and such party shall be responsible for any liabilities arising thereof including, without limitation, all costs and expenses associated therewith, and such party shall not, at any time, have any claim or demand against the GOI with respect to the foregoing.
40. For avoidance of any doubt, it is clarified that the content of this request is confidential and that the receiver of this request undertakes not to publish it, not to copy it, and not to make full or partial use of any of the information included in this request, for any purpose whatsoever other than to respond to the request.
41. The Bidder shall maintain in strict confidence any and all materials and information, in any media, that it receives or submits in connection with this RFP and the procedures described herein.
42. It is hereby clarified that the submission an application pursuant to this proposals Request constitutes acceptance by the Bidder to the terms set forth herein and constitutes an obligation by each of such parties to act in accordance with the provisions hereof. Any submission of an application by any party in response to this proposals Request constitutes a waiver by such party, including its representatives, shareholders, members and employees, with respect to any claim or rights of such party which may arise in connection with this proposals Request and the subject matter hereof.
43. This proposals Request and all matters connected with the procedures described herein are governed by the laws of the State of Israel, and any disputes arising hereunder shall be exclusively resolved in the competent courts of the State of Israel. Nothing in the foregoing shall derogate from any right of the GOI or of the tenders committee pursuant to the Obligation to Hold Tenders Law, 5753-1993, or the regulations promulgated pursuant to it.

Attached please find for convenience purposes only a non binding English translation of the IRL Agreement and the binding Hebrew version of the IRL Agreement.