



Ministry of Transport

## Czech D4 Highway PPP Project

The Ministry of Transport of the Czech Republic has begun to prepare a tender for a concession for the construction and operation of the D4 Highway using a PPP model. The D4 Highway PPP project consists of the construction of approx. 32 km of new highway – specified as the Greenfield part (DBFOM model), and the operation and maintain of approx. 16 km of highway specified as the Brownfield part (O&M only). The scope of the PPP D4 project (the “Project”) remains the same as described in the publicly available Feasibility and Viability Study of R4 Project Implementation Using PPP as Compared to Traditional Public Tenders, which was drawn up in 2015.

We would like to inform you about an upcoming public presentation concerning the Project. The characteristics of the tender procedure under preparation and the time schedule for the Project leading to the commencement of the qualification phase will be presented at the presentation entitled *Industry Day*.

### Industry Day

The presentation will be held in the Conference Hall of the Ministry of Transport at Nábřeží Ludvíka Svobody 1222/12, 110 15 Prague, Czech Republic, **on 12<sup>th</sup> of February 2018 at 1 p.m.**

*The following topics, in particular, will be discussed:*

- Expected structure of the contractual relationship with regard to the distribution of risks between the public and private sectors;
- Inclusion of existing "operate and maintenance" segments and related requirements and risks; and
- Basic payment mechanism parameters.

The participants at the presentation will be able to provide the public authority with feedback on the proposals presented; the Ministry of Transport and the selected advisor will then take such feedback into consideration. The objective of the event is to furnish prospective bidders in the tender with basic Project information. The seating capacity of the hall is limited, and preference will be given to interested participants who register for the event by electronic mail sent to [johana.svobodova@mdcr.cz](mailto:johana.svobodova@mdcr.cz). There are security measures in force at the entrance to the building; early arrival will be appreciated.

### D4 Highway PPP Description

Please find a short description of the D4 Highway on the following pages.



# Czech D4 Highway PPP Project

## D4 Highway Sections





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### List of Sections

#### Greenfield Part

	Section	Length	Category	No. of Lanes	Design Speed
<b>DBFO #1</b>	Háje – Milín	5.6 km	D25.5	4	120 km/h
<b>DBFO #2</b>	Milín – Lety	11.6 km	D25.5	4	120 km/h
<b>DBFO #3</b>	Lety – Čimelice	2.6 km	D25.5	4	120 km/h
<b>DBFO #4</b>	Čimelice – Mirovice	8.5 km	D25.5	4	120 km/h
<b>DBFO #5</b>	Mirovice – extension	3.6 km	D25.5	4	120 km/h

#### Brownfield Part

	Section	Length	Category	No. of Lanes	Design Speed
<b>O&amp;M #1</b>	Skalka – Háje	4.8 km	S22.5	4	80 km/h
<b>O&amp;M #2</b>	Mirovice – Třebkov	5.9 km	D22.5	4	100 km/h
<b>O&amp;M #3</b>	Intersection I/20 Nová Hospoda	0.8 km	D22.5	4	100 km/h
<b>O&amp;M #4</b>	I/20 Nová Hospoda – Písek (Krašovice)	3.9 km	D22.5	4	80 km/h



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### Basic Information

<b>Project Name:</b>	D4 Highway PPP
<b>Public Authority:</b>	Ministry of Transport of the Czech Republic
<b>Public Authority's Advisor:</b>	Legal: White & Case (Europe) LLP Financial: Česká spořitelna, a.s. (member of Erste Group) Technical: OBERMEYER HELIKA a.s.
<b>Project Description:</b>	<p><i>Greenfield Part (DBFOM)</i> The private partner will be responsible for the design, construction, finance, operation and maintenance of a 32 km, four-lane section of the D4 highway connecting Háje with Mirovice.</p> <p><i>Brownfield Part (O&amp;M)</i> Additionally, the operation and maintenance of the following adjacent sections of the D4 highway with a total length of 16 km are contemplated.</p>
<b>CAPEX:</b>	About EUR 270 million (CZK 7 billion)
<b>Project Length:</b>	Expected: 5 years of construction, followed by 25 years of operation.
<b>Payment Mechanism:</b>	Availability payments (deductions for unavailability and insufficient quality) are to be paid by the State Fund for Transport Infrastructure to the concessionaire based on actual performance from the beginning of operation. Availability payments will reflect the principle of proportionality, meaning that in case of zero availability, the concessionaire will receive zero payment.
<b>Toll Collection:</b>	The Project will apply the same system as the rest of the highway network in the Czech Republic. The Road and Motorway Directorate of the Czech Republic will be responsible for operation and the collection of tolls. The State Fund for Transport Infrastructure will receive the income collected from motorway vignettes. The concessionaire will not collect tolls from end users or sell them vignettes.



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### Basic Information

<b>Ownership:</b>	The Public Authority will own the highway assets for the entire contract period. The Public Authority will be responsible for obtaining the land.
<b>ESA 2010:</b>	The intention is to structure the Project such that it allows for off-balance sheet treatment on the part of the Public Authority.
<b>Procurement Process:</b>	A public works contract will be awarded in a competitive dialogue procedure in accordance with Czech Act No. 134/2016 Coll., on Public Procurement Process, as amended and in accordance with Czech Act No. 13/1997 Coll., on Roads, as amended.
<b>Language:</b>	Czech and English are to be used as the communication language. In the final versions of documents, the Czech version will prevail.
<b>Next Steps:</b>	12 <sup>th</sup> of February 2018, 13:00 – Industry Day February / March – Preliminary Information Notice in TED March / April – Prequalification Launched



## Czech D4 Highway PPP Project

### Annex 1: Questionnaire

1. The Project contains several so-called “brownfield” parts (i.e. O&M of the sections already in operation). With regard to O&M sections, please specify: (i) what factors would, in your opinion, impact the expected risk allocation between the public and private sectors, and (ii) the risks that should be assumed by the public sector and risks that should be assumed by the private sector. Please provide examples of projects in which the risk allocation with regard to O&M sections between the public and private sectors was appropriate and acceptable.
2. What is the minimum expected level of technical documentation that would be acceptable to you for the purposes of placing a final tender offer after the completion of the competitive dialogue?
3. What is the minimum expected level of construction readiness (i.e. the status of permits obtained for the Project) that would be acceptable to you for the purposes of placing a final tender offer after the completion of the competitive dialogue?
4. What specifics with respect to the financing structure would you implement/expect with regard to the intention of off-balance sheet treatment according to ESA 2010? How the value for money will be affected from your experiences?
5. It is expected that multilateral lenders, such as the EIB, will participate in the Project. Does this element have any impact on your decision to pursue the Project?
6. Please indicate any aspects that (in your view) would improve the attractiveness of the Project for the private sector.