



Public Private Partnership

Comhpháirtíocht Phoiblí Phríomháideach

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Welcome

This edition of the newsletter looks at news items and developments since January 2003.

Comments, observations or questions on this or any other PPP related topic are of course most welcome. Contact us by emailing the Unit on pppinfo@finance.irlgov.ie

Aideen Foley
Editor.



National Development Finance Agency

The Minister for Finance has issued guidelines to the National Development Finance Agency. A summary of these guidelines is available on the PPP website at the following address:

http://www.ppp.gov.ie/UploadedFiles/NDFA_guidelines_Summary_for_the_web_site_060303.doc

Any enquiries about this matter should be directed to the Central PPP Unit at: pppinfo@finance.gov.ie



Irish Roads update

N4 Kilcock/ Kinnegad- contract signed

The Minister for Transport, Séamus Brennan TD, today (Monday, 24th March 2003) announced the signing by the National Roads Authority (NRA) of the contract for the M4/M6 Kilcock-Kinnegad road project. This is the NRA's first major inter-urban Public Private Partnership (PPP) scheme contract award.

The successful consortium, EuroLink, was selected as the preferred tenderer in November 2002 following a competitive tendering procedure. The consortium comprises SIAC Construction Limited and Cintra Concesiones de Infraestructuras de Transporte S. A. (a major multinational Spanish firm).

The terms of the contract provide that the consortium will construct and operate the M4/M6 Kilcock-Kinnegad scheme through a Design/Build/Finance/Operate arrangement. This will encompass a concession period of 30 years during which the consortium will recoup a portion of the up-front construction costs and on-going operation/maintenance costs through the collection of tolls. The consortium will be required also to invest in the facilities at the end of the concession period, prior to handback, in order to provide a satisfactory residual life. A 3½ year construction programme is envisaged and the new road is expected to open to traffic in late 2006.

The M4/M6 Kilcock-Kinnegad scheme forms part of the East/West strategic road corridor connecting the Midlands, the West (Galway) and North West (Sligo) to the East Coast. By bypassing Kinnegad, Clonard, Moyvalley and Enfield, the 39 km route will greatly ease

traffic congestion at some infamous traffic bottlenecks and will significantly benefit the local community by improving their environment. The road will link with the local and existing road network through interchanges at Kilcock, Enfield and Kinnegad.

The Kilcock-Kinnegad Motorway is designed to accommodate future traffic growth and to deliver a high quality level of service with significantly reduced journey times for traffic travelling between Dublin and the West of Ireland. It will also assist in the economic development of Counties Kildare, Meath and Westmeath and also in the BMW (Border, Midlands and West) region.

Close partnership between the NRA and the local authorities of Westmeath, Meath and Kildare has enabled the achievement of this important milestone for this major scheme. The NRA wishes to acknowledge co-financing of the planning stage of the scheme by the European Regional Development Fund. The NRA is also pleased that the European Investment bank is investing funds in this important infrastructural project.

The PPP mechanism for this scheme has introduced significant private sector funding ensuring earlier delivery of important national road schemes and increasing the scale of road construction activity above what would be possible through reliance on Exchequer funding alone. In particular, and in keeping with the principals of PPP, significant risk transfer associated with scheme construction and operation has been assigned to the private sector. In addition, through revenue sharing arrangements, the contract provides protection from windfall profits accruing to the private sector.

The M4/M6 Kilcock-Kinnegad scheme is one of eleven PPP projects identified by the NRA as part of the overall strategy to deliver the national roads element of the National Development Plan. The NDP sets a target to secure private sector finance of €1.27 billion to supplement Exchequer and EU investment in the national roads programme, thereby increasing the scale of the programme and accelerating the commencement and completion of projects.

The NRA anticipates reaching contract award on three further schemes over the next 12 months, the M1 Dundalk Western Bypass, N8 Rathcormac/Fermoy Bypass and the N25 Waterford Bypass.

To view a map of this project please go to:

<http://www.nra.ie/News/DownloadableDocumentation/d820.JPG>

For further information please contact

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or
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Contract signed for Maritime College

Mr. Noel Dempsey, T.D., Minister for Education and Science signed the contract for the new National Maritime College (NMC) Public Private Partnership Project (PPP) in Ringaskiddy, Co. Cork with FocusEducation Ltd on the 13th of February. The capital value of the project is € 51.3 Million.

Under the public private partnership model, the College will be designed, built, financed and operated for twenty-five years by FocusEducation. It will accommodate 750 full-time equivalent students. Work on the project will commence early next month and will be completed in October 2004. This the third education PPP project included in the Government's pilot process.

The new facility will provide training facilities that will service the existing needs of both the Cork Institute of Technology (CIT) and the non-military needs of the Irish Naval Service (INS). This state of the art new College will also be a major attraction for international trainees, reinforcing Ireland's position as a centre of excellence in maritime training.

In 1978 the International Maritime Organisation (IMO) convened the first International Convention on Standards of Training, Certification and Watchkeeping for Seafarers. The aim of the convention was to promote the safety of life and property at sea by establishing agreed international standards for training, certification and watchkeeping. Stringent new standards, STCW'95, were agreed and came into effect in February 2002.

Minister Dempsey said at the signing of the contract that, "The new NMC will provide a facility which will support the provision of education services to the highest quality, including provision of the core infrastructure to meet the classroom, laboratory and workshop facilities requirements of the INS and CIT. Specialist spaces including survival facilities, seamanship and shipwrights' workshops, fire fighting / damage control, jetty and lifeboat facilities and engine room will be provided. The College will also provide specialised simulation equipment in the areas of navigation, bridge training, communications, engineering-machinery operations, liquid cargo handling/damage control and vessel traffic systems. These facilities will fully comply with the most up to date international standards and requirements. A multi-purpose hall/sporting facilities are also included in the new college."

The specialised simulation equipment being provided by KMSS forms the biggest ever single long term commitment by a simulation provider world-wide. KMSS are the worlds leading supplier of maritime simulation and training systems. Minister Dempsey added that, "Recent tragedies at sea have served to reinforce this Government's commitment to STCW'95 and to the provision of the most up-to-date training in seamanship and safety at sea for all Irish mariners."

The Cork Institute of Technology through its Department of Nautical Studies is the designated national centre for education and training of personnel in the merchant navy. The Irish Naval Service operates a Naval College at its Naval Base in Haulbowline, which provides for the majority of its education and training needs. The NMC will meet all existing civil and naval (non military) training facilities.

The PPP model allows the College Management and staff to concentrate on their core educational duties and it is a particularly attractive feature of the process.

Under the a PPP process the principal of 'everything works' applies - classrooms, laboratories, specialist equipment, heating, lighting all have to be available every day.

Minister Dempsey thanked in particular the Governing Body and Director of Cork Institute of Technology and the Flag Officer Commanding Naval Service, for their commitment and support for this PPP project. He also acknowledged the work undertaken by his Department's specialist advisors headed up by Deloitte and Touche with A & L Goodbody, Interserve and Gleeds Rooney.

Minister Dempsey concluded, "Today's announcement confirms my Department's position as the leading force in the delivery of quality infrastructural projects under the Government's Public Private Partnership Pilot Programme. It is my intention to continue to maximise the use of this method of procurement as much as possible in meeting the demands of my Department's capital programme."



Business Advisers Appointed to Health PPP Pilot Projects

Since the establishment of a PPP Unit in the Department of Health and Children last year significant progress has been made in the implementation of the two Health PPP Pilot Projects with the appointment of Business Advisers (financial, legal, technical and project management) to the Eastern Regional Health Authority (ERHA) and the Southern Health Board (SHB). The ERHA project will deliver nine Community Nursing Units (CNUs) providing 450 additional beds. The SHB project will deliver eight CNUs providing 400 additional beds. Both projects also consist of a Central Services Unit which will provide staff accommodation.

Two evaluation teams were formed to select Business Advisers to assist the ERHA and SHB in the implementation of the PPP Pilot

Projects. The procurement process commenced in September 2002 when notices were placed in the OJEC seeking expressions of interest. The ERHA received 14 expressions of interest and the SHB received 13. Following short listing by both evaluation teams seven consortia were invited to submit tenders for each project. The ERHA evaluation team selected a consortium led by Deloitte & Touche and the SHB evaluation team selected a consortium led by Farrell Grant Sparks, subject to signing of contracts. Work on the Outline Business Cases for both projects is due to begin shortly and it is anticipated that the PPP procurement process for the projects will begin in the second half of 2003.

The PPP Unit itself has expanded and now has four members of staff:

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Dublin Metro Project

Significant progress has been made on the Metro project since its launch at the Shelbourne Hotel in March 2002, when representatives of over 300 interested companies travelled to Dublin to learn about the project.

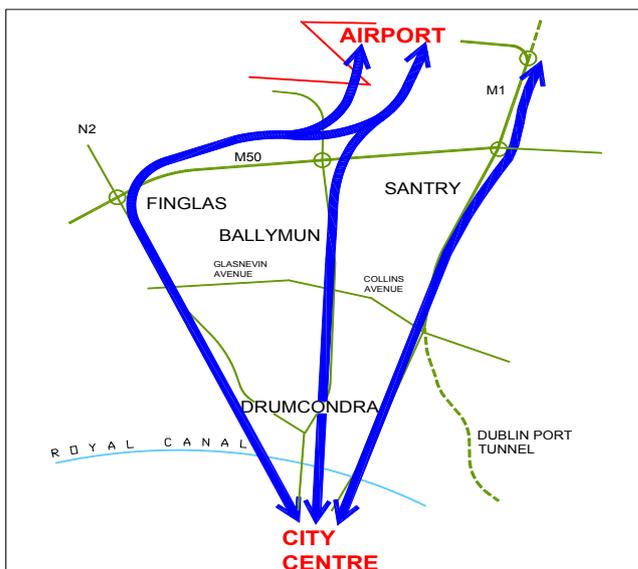
The Railway Procurement Agency submitted a detailed business case for Phase 1 of the Metro to the Department of Transport in November 2002. The business case was informed by the views of potential PPP partners gathered in a comprehensive consultation exercise.

In parallel with the preparation of the business case, RPA progressed its route alignment study. Three principal Metro route options (West, Central and East) were defined between the city centre and Dublin Airport in terms of alignment, configuration, stations, tunnel portals, and operating characteristics. The final decision on a preferred route awaits the public consultation phase, which will commence immediately upon a Government decision on the business case.

Fig. 1 – Metro route options for city centre to airport

RPA's traffic modelling work has shown that Metro will be much more than a link to Dublin Airport – it will open up a whole new high capacity, frequent and reliable transport corridor in Dublin. While the airport is an important location for Metro, contributing 15% of the projected Metro passengers, 85% of the forecast 59 million Metro journeys each year will be people commuting to work, to university and to city centre retail areas. By 2016 the full Phase 1 Metro could be carrying three times as many people as DART.

RPA have also completed the first prequalification phase for Metro, and have prequalified 18 candidates. These will eventually be shortlisted down to 3 or 4



consortia who will be invited to submit



PPP Developments in Housing

There are currently two Public Private Partnership DBF (Design, Build, Finance) projects involving the construction of mixed housing developments underway. Both of these developments have taken place in the Greater Dublin Area due to the increasing demand for private, social and affordable housing in this region. These two developments, which together will supply over 1100 units of housing, will facilitate an integrated approach to the supply of mixed housing, thereby providing private, social and affordable housing in a single development

The two developments, located in Cherry Orchard, Dublin 10 and Buzzardstown, Mulhuddart, are the responsibility of Dublin City Council and Fingal County Council respectively. Both projects benefit from the use of PPP as a means of addressing the short-falls in housing supply particularly in the areas of social and affordable housing.

The Cherry Orchard housing scheme is a high density scheme with 93 units per hectare (37/acre). The development will consist of 374 residential units together with a childcare facility. 30% of the units will be sold to Dublin City Council at cost and will be sold on as affordable housing and the remaining 70% will be sold on the private market but will generally be affordable with prices ranging from €111,000 to €168,000.

The Mulhuddart development is located on a 6 hectare (15 acre) site and will consist of 726 units, comprising 431 affordable 105 social with the remaining 190 units being sold as private houses. The scheme will also include a community centre and a childcare facility which are being built close by. Price ranges are from €107,000 to €127,000.

Phase one of the scheme which consisted of affordable houses only was launched by Fingal County Council on 11th May 2002 and all 150 units have been sold. It is hoped that phase two, which will consist of private

tenders for the PPP concession. housing, will be launched in March 2003. The third phase, for which a date has yet to be set, will consist of a mix of housing.

In both of these cases, it was felt that a suitable mix of affordable, social and private housing would balance the existing levels of social housing in the areas.

Joint Venture: Fingal Bay Business Park

Fingal Bay Business Park, located outside Balbriggan in north County Dublin, is a new Joint Venture (JV) development between Fingal County Council and Howard Holdings plc. Howard Holdings have formed the company, Bay Business Park Ltd. (BBPL), to progress the Park as a commercial and light industrial development in an area west of Balbriggan.

BBPL will undertake the sourcing of companies and bring projects to completion of their construction stage.

Fingal County Council will benefit directly through a share of the profits equivalent to their land contribution. Howard Holdings will get a greater return to reflect the greater risk being undertaken by way of their responsibilities in dealing with clients and ensuring successful completion of units ready for occupation.

The project is being undertaken as a means of developing an area of land which, it is anticipated, will bring a variety of commercial enterprises to this area. This Business Park will be a focus for economic development in the locality and should bring increased employment in an area that currently is something of a 'dormitory town' with many of the residents commuting to Dublin City and its environs. Developments such as this can help bring new enterprises into such areas and reverse the trend of commuter pressure on the city centre.

The site consists of 12.14 ha (30 acres) of land zoned for Industrial/Commercial/Retail uses. It is envisaged that 51,000 sq. metres. (550,000 sq. ft.) of space for a range of activities will be created.

The site will be developed in units to suit the needs of the various applicants. Each unit will be designed specifically to suit the

particular business that will occupy it. Therefore, they will purchase a unit that will be tailor-made to their needs.

Site preparation work is currently underway and two occupiers have so far been confirmed for the Park. The company occupying the first unit is to be Bridgestone Firestone Ireland Ltd. the multi-national tyre producers. The company will be making this their Irish headquarters.

The Department of Foreign Affairs have announced that the second unit to be built will be occupied by the Passport Office. This will serve as the printing facility for all Irish passports and will employ up to 120 staff. However, the building itself will be owned by the OPW.

These two developments illustrate the manner in which the Business Park is to be completed. Organisations may approach BBPL who will then conduct the negotiation process that will allow a unit to be built to the desired specifications.

Joint Venture: Shannon Broadband

In July 2002, Martin Cullen T.D, Minister for the Environment and Local Government, gave approval for the creation of Shannon Broadband Ltd, a Joint Venture company, to develop broadband and telecommunications infrastructure in the Shannon Region. Shannon Free Airport Development Company Ltd. (Shannon Development) have formed this Joint Venture company in conjunction with a number of local authorities ; Limerick County and City Councils, Clare County Council,

Offaly County Council. and North Tipperary County Council.

The Limerick Broadband Metro Project is the first major initiative being undertaken by Shannon Broadband. The aim of this project is to construct a metropolitan 'dark fibre' and ducting network around Limerick City. The dark strands can be leased to other companies who want to establish optical connections among their own locations.

This network will serve all the major business and technology parks, as well as community sites such as educational institutions, hospitals and libraries. Approximately three hundred businesses, excluding retail, will be serviced by the Limerick Broadband project.

90% of the funding for the Limerick broadband project will come from the Department of Communications, Marine and Natural Resources. The other 10% is coming from a combination of contributions from Limerick City and County Councils and Shannon Development. Therefore the local authorities have a financial stake in the Shannon Broadband JV company. This represents a Joint Venture, as a legal and financial entity involving Local Authorities and Shannon Development as shareholders, which was set up with the express purpose of advancing the improvement of e-infrastructure in the region.

It is envisaged that the main private sector input will be through the new and expanded services provided along the dark fibre network.

For further information please contact the PPP Unit in the Department of Environment and Local Government on:

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