

REQUEST FOR PROPOSAL

PART B

CRES/RFP/12/06/2023

**REQUEST FOR PROPOSAL FOR LEASE AND DEVELOPMENT OF
PRASA OWNED PROPERTIES:**

GUIDELINES, SCOPE OF WORK AND EVALUATION CRITERIA

JUNE 2023

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DEFINITIONS

- (a) **“B-BBEE”** means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;
- (b) **“B-BBEE status level of contributor”** means the B-BBEE status of an entity in terms of a code of good practice on black economic empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;
- (c) **“RFP”** means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of goods or services, through price quotations, advertised competitive RFP processes or proposals;
- (d) **“Broad-Based Black Economic Empowerment Act”** means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- (e) **“EME”** means an Exempted Micro Enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9 (1) of the Broad- Based Black Economic Empowerment Act;
- (f) **“Functionality”** means the ability of a tenderer to provide goods or services in accordance with specifications as set out in the tender documents.
- (g) **“prices”** includes all applicable taxes less all unconditional discounts;
- (h) **“Proof of B-BBEE status level of contributor”** means:
 - 1) B-BBEE Status level certificate issued by an authorized body or person;
 - 2) A sworn affidavit as prescribed by the B-BBEE Codes of Good Practice;
 - 3) Any other requirement prescribed in terms of the B-BBEE Act;
- (i) **“QSE”** means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act;
- (j) **“rand value”** means the total estimated value of a contract in Rand, calculated at the time of RFP invitation, and includes all applicable taxes;

1. INTRODUCTION

1.1. PRASA STRATEGIC PROPERTIES PROGRAMME

The Passenger Rail Agency of South Africa (PRASA), through its Property Division, PRASA Corporate Real Estate Solutions (PRASA CRES) has embarked on a Strategic Properties Lease, Upgrade/Development Programme. PRASA's secondary mandate is to generate income from the exploitation of assets acquired by it, which includes real estate portfolio. PRASA Corporate Real Estate Solutions (CRES) is a division of PRASA, which is responsible for managing the company's property portfolio. PRASA CRES delivers on its mandate by providing property management, project development and facilities management services through five regional offices in South Africa - Gauteng North, Gauteng South, Kwa-Zulu Natal, Eastern Cape and Western Cape.

The Strategic Properties Programme is part of PRASA's secondary mandate to commercialise its vast property base and to raise revenue. Using the Build, Operate and Transfer (BOT) model to lease, upgrade and commercialise its buildings and land, the division has advertised these opportunities and will award leases to suitable tenants. Some of the benefits of the programme to PRASA include generating additional revenue, securing unused land, eliminate the high cost of servicing unused PRASA Land & Buildings and add value to communities where our properties are located by providing goods and services.

On the 23 May 2023, PRASA advertised (on The Star) a list of 6 land parcels/existing buildings to either be leased, developed and upgraded. These can also be accessible on www.prasa.com.

1.2. IMPORTANT DOCUMENTS AND RFP COMPLETION GUIDELINES

This is **Part B** of the documents and guidelines required to prepare and submit comprehensive Request for Proposal to be considered and evaluated. This should be read in conjunction with Part A which includes

the following information: to be accessed on the following website addresses
www.etenders.treasury.gov.za or www.prasa.com

1.2.1 PART A Contents:

- Location of Property
- Legal Status and Ownership
- Zoning Status
- Local Authority
- Type of Property and Size
- Land SG Diagram and Deed Number
- Current and Potential use
- Surrounding Amenities

1.3. RFP INVITATION

PRASA CRES, a division of PRASA (The Passenger Rail Agency of South Africa) hereby invites interested prospective tenants to submit proposals to lease and upgrade/develop its properties from different regions listed hereunder.

1.4. SCHEDULE OF ADVERTISED PROPERTIES

Reference	PROPERTY	Description
NGR-2023-01	ERF 620, HATFIELD	Request for Proposal for lease and development of Portion 8 Erf 620 and Portion 6 of Erf 620 Hatfield – JR, Tshwane Metropolitan Municipality, Gauteng
NGR 2023-02	PRASA HOUSE, HATFIELD	Request for proposals for lease and development of Ptn 428 Elandspoor No. 357 – JR and Erf 969 Hatfield – JR, Tshwane Metropolitan Municipality, Gauteng
NGR 2023-03	BELLE OMBRE STATION	Request for Proposal for lease and development of Belle Ombre No.696 – JR and erf 692 Asiatic Bazaar Ext.1 JR, Tshwane Metropolitan Municipality, Gauteng
NGR 2023-05	IRENE STATION	Request for Proposal for lease and development of Remainder of Ptn 10 (Ptn of Ptn) Doornkloof No.391 – JR, Centurion, Tshwane Metropolitan Municipality. Gauteng
NGR 2023-04	PRETORIA STATION (BUS TERMINUS)	Request for Proposal for lease and development of Rem of Portion 170 Pretoria Town & Townlands No 351 - JR, and Erf 2788 Pretoria, Tshwane Metropolitan Municipality, Gauteng
NGR 2023-06	PINEDENE STATION	Request for Proposal for lease and development of Ptn 9 (Ptn of Ptn 2) Doornkloof No.391-JR , Centurion, Tshwane Metropolitan Municipality, Gauteng

DATE OF BRIEFING SESSION/CLOSING DATE AND VENUE	
Non-Compulsory Briefing Session	13 June 2023
Date:	11:00
Briefing Venue:	PRASA CRES REGIONAL OFFICES PRETORIA STATION BOARD ROOM PRETORIA
Second Non-Compulsory Briefing	19 July 2023
	11:00
	PRASA CRES REGIONAL OFFICES PRETORIA STATION BOARD ROOM PRETORIA

2. SCOPE OF WORK

2.1 INTRODUCTION

The Passenger Rail Agency of South Africa (PRASA), through its Property Division, PRASA Corporate Real Estate Solutions (PRASA CRES) has invited members of the private sector to submit proposals for leasing, upgrading or development of 6 identified properties at various train station across the Northern Gauteng Region.

2.2 OBJECTIVE OF THE PROGRAMME

PRASA CRES intends to partner with the private sector developers in packaging and unlocking value of the property portfolio e.g. unused land parcels and buildings (within the railway reserves) to stimulate economic activity through provision of infrastructure, housing, retail etc. Other key operation objectives include:

- Income generation from leasing of the developed top structure
- Reduction of the high cost of maintenance as well as rates and taxes.
- This initiative will also ensure that there is urban regeneration, socio-economic impact in surrounding communities.
- Encouraging the use of the train services in an attempt to regain patronage.

2.3 PROBLEM STATEMENT

PRASA holds a significant property portfolio that can be categorized into two, that is, core and none-core. Core assets are utilized for the day to day operational and income generating activities whilst none-core are either surplus, obsolete, dilapidated or abandoned. These unused asset poses a threat in that they attract vagrants, criminality and informal occupation.

On the one hand, increasing cost of maintenance, rates etc., places a huge burden on the overall operational budget over the revenue generated.

2.4 SPECIFICATIONS FOR USE AND DEVELOPMENT OF THE PROPERTY

The property shall be developed in terms of a credible market study to be conducted by the bidder in ensuring that the proposed development or upgrade will meet the demand/need of the targeted market/beneficiaries. Furthermore, the proposed development must align to cities/local authority development vision as well as urban regeneration strategies and the surrounding urban form.

The development should further take into account the need to contribute to environmentally sustainable goals in energy saving, water efficiency and alternative building technology.

2.5. MINIMUM REQUIREMENTS/GUIDELINES FOR SUBMISSION OF PROPOSAL

A. Comprehensive Company Overview/ Company Profile

B. Development Proposal

- Prospective tenants are required to submit a concise development proposal for the site. The development proposal must include a concept Site Development Plan, an Architectural concept of the proposed development, proposed tenancing, and the approach to the rehabilitation and preservation of the natural environment.

i) Existing Building (Conversion/Upgrades)

- Proposed Use/redevelopment and associated market research
- Methodology
- Proposed Outcome (Typologies, layouts)
- Operational Management plan
- Tenancing plan

ii) Vacant Land

- Proposed Land Use and associated research
- Proposed Development including site development plans, layouts
- Detailed Programme
- Operational Management plan
- Tenancing plan

C. Design and Architectural Impressions

- Descriptions with rendering of proposed development or refurbishment
- Proposed designs, architectural impressions.

D. Capital cost for renovations/ development

Type	Total floor area (m ²)
Totals	

Proposed Development Summary

Use	Total floor area (m ²)
Totals	

Estimated Development Time Frames

Estimated time, in months, from date of signature of development agreement to date of start of construction	Months
Estimated time, in months, from start of construction to completion of construction	Months

Cost of Development

A breakdown of all costs to be incurred by the bidder in the preparation of the site must be provided. The cost provided in this section will form a critical part of the valuation of proposals and will be a contractual condition of the development agreement awarded

No	Item description	Estimated cost (Incl.)
1	Civil & electrical services	R
2	Civil works	R

3	Top structure (building) costs	R
4	Professional fees	R
5	Sundry development cost	R
6	External /bulk services contributions	R
	TOTAL	R

- Summary of bill of quantities
- A breakdown of all costs to be incurred by the Prospective tenants in the preparation of the site must be provided

E. Funding for renovations

- Source of funding: Level of debt versus own funding etc.

F. Commercial Viability/ Rental Offer / Lease Term

- Financial model
- Rental per month
- GLA
- Occupancy rate
- Rental increase rate p.a.
- Lease period
- Other financial consideration e.g. period of loan repayment (if any)

G. Financial Projections

Income	Year 1	Year 2	Year 3	Total
Rental income				
Other income				
Gross Income				
Less Expenses				
Water & electric				
Rates & taxes				
Security				
Insurance				
Maintenance				
Lease rental				
Other expenses				

Net Rental Income				

- *Attach the document indicating annual financial projections – for the full term of the lease*
- *Present Financial Viability (relevant financial ratios) of the development /upgrade.*

H. Details of management experience completed by Prospective tenants

- Professional and Construction teams involved
- Developments track record of contractors / prospective tenant

Name of Development	Year Completed	Value of Development	Prospective tenants Principals	Client	Contact Details

- Contact details of references
- Supply pictures of projects completed / underway

I. Management for Existing Buildings

- Management & staff
- Organogram
- Previous Experience in managing similar type of property / services

J. Affiliation & Membership of relevant associations

K. Any other information considered important to the proposal to be submitted

3 GENERAL PRINCIPLES – STRATEGIC PROPERTIES PROGRAMME

The Property shall be made available by means of a long-term lease agreement in accordance with PRASA standard agreement and the following should be taken into account:

- Prospective tenants are expected to propose a suitable lease period, which must be backed up by the financial viability report of the project.

- The successful Prospective tenants(s) will be responsible for and shall bear all costs related to the development of the property including bulk services, rezoning for the required use and any obligations required by local authorities where applicable.
- The successful Prospective tenants will be responsible for the protection or relocation of all servitudes which may be registered over the property.
- Prospective tenants are required to demonstrate their ability and capacity to deliver and manage the proposed development.
- The property is made available in accordance with the site information made available and still subject to further consultations and approvals by internal divisions.
- The successful Prospective tenants will be responsible to obtain all statutory approvals (Environmental, Water Use Licence, Site Development Plan, Building Plan, Required studies and related) which are required for the development of the property where applicable.
- Should the project meet PRASA's investment criteria, PRASA reserves the right to make a capital contribution (tenant installation or co-investment) to the development to be determined before the commencement of construction.

4.1. COMPLIANCE REQUIREMENTS (STAGE 1)

4.1.1 Mandatory Requirements

Failure to submit the following documents the submitted Proposal will be automatically disqualified:

No.	Description of requirement	
a)	Completion of ALL RFP documentation (includes ALL declarations and Commissioner of Oath signatures required)	
c)	Signed Joint Venture, Consortium Agreement or Partnering Agreement (whichever is applicable)	

4.1.2 Other Information Requirements

The following documents to be submitted with your proposal (essential but non-mandatory).

No.	Description of requirement	
a)	Original or certified B-BBEE certificate (Certificates issued by SANAS approved agencies or sworn affidavits)	

b)	A valid and Original Tax Clearance Certificate (valid as at the closing date of this RFP) Or supply SARS Pin	
c)	Company registration documents	
d)	Latest financial statement	
e)	Copies of Directors' ID documents	

5. PREFERENCE POINT SYSTEM AND RFP EVALUATION CRITERIA

5.1 FUNCTIONALITY EVALUATION (STAGE 2)

RFPs will be evaluated in order to establish whether they meet a minimum threshold score of 70 points out of 100, based on the following functionality criteria: RFPs which do not meet the minimum threshold of 70 points will not be considered further evaluation.

FUNCTIONAL CRITERIA	WEIGHT	SCORES (1-5 with an indication of how the points will be allocated)	Returnable documents to be used in evaluation
<p>A. Experience in managing proposed property usage</p> <p>The company must demonstrate experience in managing the proposed usage or similar portfolio in either of the following markets:</p> <ul style="list-style-type: none"> <i>If Commercial no less than 1500sqm GLA, (Office, Retail, Industrial)</i> <i>If Residential No less than 50 units, (Social, Open Market)</i> 	25	<p>0. No Submission/Irrelevant Documents</p> <p>1. No experience in property management at all</p> <p>2. Experience in managing proposed usage between 1 to three years.</p> <p>3. Experience in managing proposed usage for between three years to five years.</p> <p>4. Experience in managing proposed usage for between Five to Six years.</p> <p>5. Experience in managing proposed usage for above 7 years.</p>	<p>- Company Profile with List of Properties/Portfolio under management (Type, Size, Location, Contacts) and,</p> <p>- Letter of Appointment as service provider or,</p> <p>- Reference letter (with Letterhead from Landlord/Client), or,</p>

<ul style="list-style-type: none"> • If Student Accommodation no less than 100 beds, • If Hotel no less than 60 keys, • If Hospitals/Medical Centre no less than 1000sqm etc. 				- Proof of Portfolio under self-management (Title Deed, Deeds Report/s)
FUNCTIONAL CRITERIA	WEIGHT	SCORES (1-5 with an indication of how the points will be allocated)		Returnable documents to be used in evaluation
<p>B. Applicable Experience in construction/major upgrades and/or conversion of Buildings in the past 10 years.</p> <ul style="list-style-type: none"> • The applicant or their nominated contractor must demonstrate practical experience in executing major construction work or upgrades of similar nature as per the applicant proposed Usage • Contractor must have relevant CIDB accreditation. 	25	0. No Submission/Irrelevant Information 1. x1 or less similar type of developments/upgrades and/or conversion completed in the last 10 years, 2. x2 similar type of developments/upgrades and/or conversion completed in the last 10 years, 3. x3 similar type of developments/upgrades and/or conversion completed in the last 10 years, 4. x4 similar type of developments/upgrades and/or conversion completed in the last 10 years, 5. x5 Or more similar type of developments/upgrades and/or conversion completed in the last 10 years,		<ul style="list-style-type: none"> - Profile of completed projects with project timelines/dates and associated project values and, - Completion certificates with the appointment letter for the main contractor specific to completed projects or, - Signed contactable Reference Letters with letter head per project completed
FUNCTIONAL CRITERIA	WEIGHT	SCORES (1-5 with an indication of how the points will be allocated)		Returnable documents to be used in evaluation
C. Financial Capability		C1. Gearing Ratio = Total Debt / Total Equity	10	- Recent Audited or Verified Financial Statement (2021 and

<p>Bidder to demonstrate that they will be able to raise sufficient funding for the proposed upgrade/development</p>	<p>30</p>	<p>0. No Submission</p> <p>1. The entity has a gearing above 90%</p> <p>2. The entity has a gearing ratio between 70% and 89%</p> <p>3. The entity has a gearing ratio above 60% and 69%</p> <p>4. The entity has a gearing ratio between 25% and 59%</p> <p>5. The entity has a gearing ratio below 24%</p>	<p>22 Financial Year)</p> <p>- Letter from the registered financial institution expressing intent in funding the proposed project.</p>
		<p>C2. Current Ratio = Current Asset/Current Liabilities</p>	
		<p>10</p>	
		<p>0. No submission</p> <p>1. The entity has a current ratio below 0.5</p> <p>2. The entity has a current ratio between 0.8 < 1</p> <p>3. The entity has a current ratio between 1 < 1.5</p> <p>4. The entity has a current ratio between 1.5 < 2</p> <p>5. The entity has a current ratio above 2</p>	
		<p>C3. Letter of Intent</p>	<p>10</p>
		<p>Bidder in possession of a credible letter of intent from a registered financial Institution/Development Finance Institute gets 10 points</p>	

D. Benefits of the development proposal to the station precinct addressing spatial and local socio-economic challenges		0. No station precinct benefit plan provided 1. Plan submitted with any x1 of the associated returnable documents 2. Plan submitted with any x2 of the associated returnable documents 3. Plan submitted with any x3 of the associated returnable documents 4. Plan submitted with x4 of the associated returnable documents 5. Plan submitted with x5 of the associated returnable documents	Conceptual designs and aesthetic rendering Urban form plan Environmental sustainability plan Women and/or youth empowerment plan Alternative renewable Energy plan
- Bidder is required to provide a detailed proposal on how the proposed property usage will benefit the station precinct and address socio-economic challenges. - The development proposal to illustrate how the project will introduce new services/facilities, functional urban design, corridor densification and sustainability environment.	20		
TOTAL POINTS	100		

RFPs which do not meet the minimum threshold of 70 points will not be considered further evaluation.

5.2 FORMULAE FOR DISPOSAL OR LEASING OF STATE ASSETS AND INCOME GENERATING PROCUREMENT (STAGE 3)

5.2.1 POINTS AWARDED FOR PRICE (“COMMERCIAL OFFER”)

A maximum of 80 or 90 points is allocated for price on the following basis:

$$\begin{array}{ccc}
 \mathbf{80/20} & \mathbf{or} & \mathbf{90/10} \\
 \\
 \mathbf{Ps = 80 \left(1 + \frac{Pt - P_{max}}{P_{max}} \right)} & \mathbf{or} & \mathbf{Ps = 90 \left(1 + \frac{Pt - P_{max}}{P_{max}} \right)}
 \end{array}$$

Where:

- Ps = Points scored for price of tender under consideration
Pt = Price of tender under consideration
Pmax= Price of highest acceptable tender

For adjudication purposes, the Highest Acceptable Tender/Bid will be evaluated as follows:

- The highest Net Present Value (NPV) calculated based on the rental streams over the proposed lease period (30 years baseline) discounted at 10%.
- Consideration will be given to bid yielding the highest Return on Investment (ROI) and highest Internal rate of Return (IRR) based on PRASAs input cost (land/building market value) and proposed rental streams escalated over the proposed lease period (30 years baseline).
- Points scored will be rounded off to decimal places.
- In the event of equal points scored, the RFP will be awarded to the Prospective tenant scoring the highest points on the technical criteria.

5.2.2 POINTS AWARDED FOR SPECIFIC GOALS

5.3 In terms of Regulation 4(2); 5(2); 6(2) and 7(2) of the Preferential Procurement Regulations, preference points must be awarded for specific goals stated in the tender. For the purposes of this tender the tenderer will be allocated points based on the goals stated in table 1 below as may be supported by proof/ documentation stated in the conditions of this tender:

5.3.1 In cases where organs of state intend to use Regulation 3(2) of the Regulations, which states that, if it is unclear whether the 80/20 or 90/10 preference point system applies, an organ of state must, in the tender documents, stipulate in the case of:

(a) an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or

(b) any other invitation for tender, that either the 80/20 or 90/10 preference point system

will apply and that the lowest acceptable tender will be used to determine the applicable preference point system, then the organ of state must indicate the points allocated for specific goals for both the 90/10 and 80/20 preference point system.

Table 1: Specific goals for the tender and points claimed are indicated per the table below.

(Note to organs of state: Where either the 90/10 or 80/20 preference point system is applicable, corresponding points must also be indicated as such.

Note to tenderers: The tenderer must indicate how they claim points for each preference point system.)

he specific goals allocated points in terms of this tender	Number of points allocated (90/10 system) (To be completed by the organ of state)	Number of points allocated (80/20 system) (To be completed by the organ of state)	Number of points claimed (90/10 system) (To be completed by the tenderer)	Number of points claimed (80/20 system) (To be completed by the tenderer)

6. ENQUIRIES

For all enquiries, please contact Mr Matshepo Sekoala / Charlotte Sello

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