

# **REQUEST FOR PROPOSAL**

## **PART B**

### **RFP/INT01/10/2023**

**REQUEST FOR PROPOSAL FOR THE INSTALLATION, COMMISSIONING,  
OPERATION AND MAINTENANCE OF A NEW OPTICAL FIBRE  
INFRASTRUCTURE ALONG PRASA'S RAILWAY NETWORK IN GAUTENG  
(GP), WESTERN CAPE (WC) AND KWAZULU NATAL (KZN) REGIONS FOR  
THE SOLE PURPOSE OF COMMERCIALIZATION**

**GUIDELINES, SCOPE OF WORK AND EVALUATION CRITERIA**

**OCTOBER 2023**

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# **1. INTRODUCTION**

## **1.1. THE PASSENGER RAIL AGENCY OF SOUTH AFRICA (SOC)**

PRASA is a schedule 3B national government business enterprise reporting to the Minister of Transport. It derives its mandate from the Legal Succession to the South African Transport Services Act (1989), as amended.

PRASA's main objective and business is to ensure, in consultation with the Department of Transport, that rail commuter services and long-haul passenger rail and bus services are provided within, to and from South Africa in the public interest.

PRASA's secondary objective and business is to generate income by exploiting its assets. In carrying out its objectives and business, PRASA ensures due regard for key government social, economic and transport policy objectives, including the National Development Plan and the national land transport strategic framework.

The PRASA Group fulfils its mandate through the following operating divisions and subsidiaries:

- PRASA Rail – Metropolitan and Long-Distance Rail operator
- PRASA Technical
- PRASA Corporate Real Estate Solutions
- Intersite Asset Investments
- Autopax Bus Services

## **1.2. PRASA OPTIC FIBRE NETWORK ROLLOUT PROGRAMME**

The Passenger Rail Agency of South Africa through its investment arm, Intersite Asset Investments SOC Limited ("Intersite"), hereby issues a Request for Proposals call ("RFP") seeking suitably qualified and experienced licensed telecoms service providers, operators, and value-added service providers ("Interested parties") to partner with it in the roll-out of the new optic fibre infrastructure nationally.

The aim of the RFP is to enter into a commercial agreement for the Supply, Commissioning and Maintenance of new Optic Fibre infrastructure along PRASA's railway network in

Gauteng (GP), Western Cape (WC), and KwaZulu Natal (KZN) regions for the sole purpose of commercialization of the fibre.

PRASA owns the railway reserve and approximately 400 stations in the key metropolitan areas and therefore has strategic access to many low to middle-income suburban and industrial areas. This creates the potential to provide last-mile services to end consumers in these areas in the quest to provide the much-needed broadband as well as addressing the historic digital divide.

Railway Stations as key nodes with significant unique visitors, create the possibility for a range of telecommunication services including:

1. Wi-Fi to consumers,
2. Data and telephone services to retail stores in the station,
3. Potential streaming and other value-added services offered to commuters

Utilising the Build, Operate and Transfer (BOT) model, Intersite will conclude long-term agreement of at least 15 to 20 years with private sector service providers in order to facilitate the rolling out of optic fibre network for commercial purposes:

- The agreement will allow for the access and Right of Way (RoW) of PRASA railway reserve for ducting.
- The agreement will be for installation of dark fibre, operation and maintenance as well as the “last mile” opportunities.
- PRASA through Intersite will Co-Invest up to 49.9% in the rolling out of the commercial optic fibre network.

### **1.3. 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 the ANNEXURES - 1 APPENDICES - PRASA TENDER RETURNABLE FORMS and Master RFP OPTIC FIBRE NETWORK ROLLOUT Annexure A1 – A4. These will also be accessed on the following website addresses [www.etenders.treasury.gov.za](http://www.etenders.treasury.gov.za) or [www.prasa.com](http://www.prasa.com)

#### **1.2.1 Annexure A1-A4 Contents:**

- Northern Gauteng Regional Network Diagram

- Southern Gauteng Regional Network Diagram
- KZN Regional Network Diagram
- Western Cape Regional Network Diagram

#### 1.4. RFP INVITATION

Intersite, an investment arm of PRASA (The Passenger Rail Agency of South Africa) hereby invites interested prospective tenants to submit proposals to lease, rollout, operate and maintain the optic fibre network for purposes of commercialisation.

DATE OF BRIEFING SESSION/CLOSING DATE AND VENUE	
<b>Non-Compulsory Briefing Session</b>	<b>24 October 2023</b>
<b>Date:</b>	<b>11:00</b>
<b>Briefing Venue:</b>	<b>Microsoft Team Platform</b>
<b>Link</b>	

## **2. SCOPE OF WORK**

### **2.1 BACKGROUND/CONTEXT**

The Passenger Rail Agency of South Africa (PRASA), through its investment arm, Intersite Investment has invited members of the private sector to submit proposals for leasing, installation, operation and maintenance of the Optic Fibre cable in its railway network nationally for commercial and revenue generation.

PRASA's optic fibre network, urban railway routes and land, and stations represent the three main value propositions that Intersite can leverage to launch telecommunication services through which its strategic partnerships can use to create commercial opportunities.

The Gauteng network covers approximately 533 km, spanning the PRASA rail network up to Randfontein (West); Mabopane (Tshwane – North); Vereeniging (South) and Springs (East).

The Western Cape network covers approximately 271km, spanning the PRASA rail network, going as far as Simonstown; Cape Town; Malmesbury; Chris Hani; Strand; and Wolsley.

The KwaZulu-Natal network stretches along the PRASA rail network, terminating at Pinetown; Kelso; Umlazi; Crossmoor; and Stanger – covering a 200 km distance.

A total distance to be covered is estimated 1004km of network.

### **2.2 OBJECTIVE OF THE PROGRAMME**

PRASA as a Group has two distinct mandates, namely the primary and secondary mandate.

First, the primary mandate as required by the Legal Success Act, is the provision of transport services to and from the Republic of South Africa, whereas the secondary mandate is to leverage and commercial exploitation of all the assets acquired by the PRASA Group.

It is with regards to the fulfillment of the secondary mandate that this RFP is being issued. PRASA seeks to commercialise spare capacity (present or to be installed) of its optic fibre telecoms network.

The intention of Intersite, is to achieve the following overarching strategic namely:

- To generate additional revenues for the PRASA Group from the commercializing and leveraging on telecoms assets.

- Standard and additional objectives:
- To improve commuter and customer experience.
- To provide a competitive advantage to PRASA's core business of transportation through the provision of cutting-edge communication solutions to the commuter and customer base.
- To contribute towards improving operational efficiency and effectiveness.
- To promote economic transformation through the empowerment of new emerging businesses to the telecoms industry.

## **2.3 PROBLEM STATEMENT**

Intersite has been unable to take full advantage of the leasing of PRASA's dark optic fibre network due to lack of capacity from the maintenance and repairs perspective, resulting in the state of the same being below telco commercial grade.

On the other hand, maintenance of optic fibre network has been sporadic over the years, with service providers being appointed on an ad-hoc basis. This has led to significant revenue leakages across the Group as well as a loss in potential market share.

## **2.4 THE OPPORTUNITY**

### **2.4.1 Dark Fibre**

Dark fibre is typically offered along a specific route and leased out as strand-pairs over a certain distance. The lessee of the dark fibre will "light" it up, including the installation of transmission equipment, and provide the broadband connectivity on the designated/leased route. The owner of the fibre operates as a landlord of the cable and may provide maintenance on the optic fibre cable network.

Intersite intends to partner/co-invest with an ICASA license holder who would install, operate and maintain the fibre optic network along the current route of 1 004 kilometres of rail network for end-consumer solutions and share the revenues.

### **2.4.2 Last-Mile**

Intersite has the ability to create significant value in the South African broadband

landscape by utilising the railway fibre to create Last Mile access, particularly in underserved markets.

The most likely technology, other than fibre to the premises, that Intersite can enable for Last Mile access is Wi-Fi. There are multiple locations that the Wi-Fi service can be offered that is unique to PRASA including:

- The new train carriages.
- The stations and surrounding areas
- Suburbs that railway lines run through that are underserved in terms of broadband connectivity (e.g., NDP Vision 2030)

#### 2.4.3 Value-Added Services

If Intersite wishes to capture this market it will need to ensure that its Wi-Fi services are of high quality and that its data is well priced to create the market demand for its VAS.

The provision of VAS is critically dependent on the availability of suitable broadband connectivity either via fixed-line/fibre access, Wi-Fi, or mobile broadband. Without connectivity that is sufficiently fast as well as data that is cost-effective to access, there is little hope for meaningful higher end value added services.

Once the dark-fibre and last-mile opportunities have been leveraged on, Intersite wish to explore the provision of VAS through ongoing partnerships.

#### 2.4.4. Telco-related Property

Intersite will further explore the opportunity in leveraging Telco-related properties to facilitate access rights to:

- Run optic fibre cable,
- Setup and operate GSM base stations,
- Setup and operate access point nodes (APN"s), and
- Any other form of property rental with the right to run a telecommunication service.



## 2.5 SPECIFICATIONS FOR USE AND ROLL OUT OF THE OPTIC FIBRE

**Network scope:** We prefer leases that cover the widest possible geographical presence and length.

**Termination points:** We prefer locating termination points at PRASA railway stations.

**Termination Equipment:** common in the industry, for ease of maintenance and availability of resources.

## 3. MINIMUM REQUIREMENTS/GUIDELINES FOR SUBMISSION OF PROPOSAL

- (i) **Comprehensive Company Overview/ Company Profile**
- (ii) **Company registration documents and certificates** – the following documents must be included: original tax clearance certificate; certified copies of CIPC forms confirming company directors; certified copies ICASA licenses; certified BBBEE certificate; other relevant statutory documents (where applicable).
- (iii) **Proposal to cover the installation, management (maintenance and lease):**
  - Optic fibre proposed routes within the rail network.
  - Required Capacity
  - price offer based on leasing of fibre pairs per kilometre per month.
- (iv) **Bidders are further requested to familiarise themselves with the provided rail network diagrams** (Annexure A1-A4 – PRASA Rail Network Diagrams) along which they wish to install and lease dark fibre from PRASA.
- (v) **Company Financial Capability** (latest audited financial statement and/or other relevant documentation that demonstrates financial capability).

## 4. GENERAL PRINCIPLES – OPTIC FIBRE NETWORK ROLLOUT PROGRAMME

The rail-reserve 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:

- The bidders are expected to propose a suitable lease period, which must be backed up by the financial viability report of the project.
- The preferred bidder(s) will be responsible for and shall bear all costs related to the installation of the infrastructure and any obligations required by local authorities where applicable.
- The preferred bidders(s) will be responsible for the identification, protection or relocation of all servitudes which may be registered over the property.

- The preferred bidder(s) are required to demonstrate their ability and capacity to deliver and manage the infrastructure.
- The network is made available in accordance with the diagram information and still subject to further consultations and approvals by internal divisions.
- Should the project meet PRASA's investment criteria, PRASA reserves the right to make a capital contribution through Intersite by co-investing in the project.

## 5. BID EVALUATION

### 5.1. COMPLIANCE REQUIREMENTS (STAGE 1)

#### 5.1.1 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)	

#### 5.1.2 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	

## 5.2 RFP EVALUATION CRITERIA AND SPECIFIC GOALS

### 5.2.1 FUNCTIONALITY EVALUATION (STAGE 2)

RFPs will be evaluated in order to establish whether they meet a minimum threshold score of 80 points out of 100, based on the following functionality criteria: RFPs which do not meet the minimum threshold of 80 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
<b>A. Proven Experience in the installation of underground dark fibre optic cables</b>  <i>Bidder must provide proof of successfully completed dark fibre installation projects of not less than 50km.</i>	25	0. No Submission/ 0 project 1. 1 Project in progress 2. 1 Project completed. 3. 2 Projects completed. 4. 3 Projects completed. 5. 4 or more projects completed.	- Completion Certificates,  - Letter of Appointment or,  - Reference letters (with Letterhead from Client/Contractor).
<b>B. Key personnel experience</b>  <i>Bidder must demonstrate that key personnel/staff have the qualification and required experience</i>	25	Professional Civil Engineer registered with ECSA = 10 Points  Certified Optic Fibre Installer (COFI-SA)- 5 points  IT Security/Networking Technician- 10 points	- Curriculum Vitae/Resume  - Certified Copy of post matric qualification  - Professional registration (for an Engineer)
FUNCTIONAL CRITERIA	WEIGHT	SCORES (1-5 with an indication of how the points will	Returnable documents to be used in

		be allocated)	evaluation
<b>C. Financial Capability</b>  Bidder to demonstrate that they will be able to raise sufficient funding for the project.	25	<b>C1. Gearing Ratio</b> <b>= Total Debt / Total Equity</b>	10  - Recent Audited or Verified Financial Statement (2021 and 22 Financial Year)  - Letter from the registered financial institution expressing intent in funding the proposed project.
		0. No Submission 1. The entity has a gearing above 90% 2. The entity has a gearing ratio between 70% and 89% 3. The entity has a gearing ratio above 60% and 69% 4. The entity has a gearing ratio between 25% and 59% 5. The entity has a gearing ratio below 24%	
		<b>C2. Current Ratio = Current Asset/Current Liabilities</b>	
		10  0. No submission 1. The entity has a current ratio below 0.5 2. The entity has a current ratio between 0.8 < 1 3. The entity has a current ratio between 1 < 1.5 4. The entity has a current ratio between 1.5 < 2 5. The entity has a current ratio above 2	
		<b>C3. Letter of Intent</b>	
		10  Bidder in possession of a credible letter of intent from a registered financial Institution/Development Finance Institute gets 10 points	

<b>D. Comprehensive Method Statement</b>  The method statement must define comprehensively the planning, site preparation, and installation of underground fibre optic cables, fitting accessories, and utility structures.	25	0. No submission  1. unsatisfactory method statement (Method statements meets minimum requirements; Methods used high risk and labour intensive)  2. poor method statement (Method statements meets minimum requirements; Methods used high risk)  3. reasonable method statement (Method statement comply with standards, satisfactory risk mitigation)  4. adequate method statement (Method statement comply with standards and improve method of working, more than satisfactory risk mitigation)  5. method statement more than adequate (Method statement comply with standards and industry best practices, excellent risk mitigation)	Detailed Method Statement
<b>TOTAL POINTS</b>	<b>100</b>		

RFPs which do not meet the minimum threshold of **80 points** will not be considered further evaluation.

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

#### 5.3.1 POINTS AWARDED FOR PRICE (“COMMERCIAL OFFER”)

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

$$P_s = 80 \left( 1 + \frac{P_t - P_{max}}{P_{max}} \right) \quad \text{or} \quad P_s = 90 \left( 1 + \frac{P_t - P_{max}}{P_{max}} \right)$$

Where:

- $P_s$  = Points scored for price of tender under consideration
- $P_t$  = Price of tender under consideration
- $P_{max}$  = Price of highest acceptable tender

The Highest Acceptable Tender/Bid will be evaluated as follows:

- Dark Optic Fibre leasing per kilometer/per pair per month escalated over the proposed lease period (15 minimum to 25 years maximum with an option for renewal).

### 5.3.2 POINTS AWARDED FOR SPECIFIC GOALS

5.4 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:

5.4.1 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)

## 2. ENQUIRIES

For all enquiries, please contact Mr. Bongani Chabalala

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