

**REQUEST FOR PROPOSAL (RFP) FOR THE LEASE OF
AND REDEVELOPMENT OF THE TIPPETT BUILDING
FOR COMMERCIAL PURPOSES**



BID NUMBER: *INT/RFP/ERF5416/25*

EVALUATION METHODOLOGY AND CRITERIA

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1. BACKGROUND OVERVIEW AND SCOPE REQUIREMENTS

The Passenger Rail Agency of South Africa (PRASA), through its investment arm, Intersite Asset Investments is tasked with the implementation of PRASA's secondary mandate through Real Estate Asset Management and Commercialisation to generate much needed revenue to support the business and fulfil socio-economic objectives. Intersite delivers on its mandate by providing property management, project development services through five regional offices in South Africa – Gauteng Region, Kwa-Zulu Natal, Eastern Cape and the Western Cape Region.

Using the Build, Operate and Transfer (BOT) model to lease, upgrade and commercialise its buildings and land, Intersite is calling on private sector developers and investors to express interest in packaging these assets to unlock value and generate revenue. Intersite will in turn award leases to suitable developers that demonstrate the capability to finance and deliver on time and on agreed terms.

1.2 OBJECTIVE OF THE PROGRAMME

Some of the key strategic objectives of the initiative is that Intersite intends to partner with the private sector developers in packaging and unlocking potential 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

1.2 PROBLEM STATEMENT

PRASA holds a large 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 or obsolete. These unused asset poses a threat in that they attract

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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.

1.3 SCOPE OF WORK

Intersite has identified the building for release to the private sector for long-term lease and redevelopment into preferably a mixed-use development particularly affordable rental housing.

1.3.1 SPECIFICATIONS FOR USE AND DEVELOPMENT OF THE PROPERTY

The development of the property shall be informed by a credible market study to be conducted by the bidder on risk, with the aim of 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 bylaws and strategic urban development framework 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.

1.3.2 KEY DELIVERABLES FOR DEVELOPMENT PROPOSAL

The prospective bidders are required to fully respond to following elements of the development proposal:

A. Company Overview/ Company Profile

B. Development Proposal

- Bidders are required to submit a concise development proposal for the site. The development proposal must include a conceptual Site Development Plan, an Architectural concept of the proposed development, tenancing plan, and the approach to the precinct.

i) Existing Building

- Proposed Use and associated market research

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- Proposed Development
- Methodology
- Proposed Outcome (layout typologies)
- Operational Management plan
- Tenanting plan

C. Design and Architectural Impressions

- Descriptions with pictures of proposed development or refurbishment
- Proposed designs, architectural rendering, furnishings etc

D. Capital cost of refurbishment/ new built

(Full QS Report and Financial Model to be submitted)

2. EVALUATION METHODOLOGY

The evaluation of Bids will be based on the information contained in Bids received in RFP and, which may be further supplemented by presentations and clarification information provided, if required. All Bids shall be equally evaluated by various committees involved in the evaluation process in accordance with stated Evaluation Criteria. Bid integrity and fairness, transparency, competitiveness and full accountability will at all times be paramount.

2.1 Evaluation and Scoring Methodology

The evaluation of the Bids by the evaluation committees will be conducted at various levels. The following levels will be applied in the evaluation:

LEVEL	DESCRIPTION
Verify completeness	The Bid is checked for completeness and whether all required documentation, certificates; verify completeness warranties and other Bid requirements and formalities have been complied with. Incomplete Bids may be disqualified.
Verify compliance	The Bids are checked to verify that the essential RFP requirements have been met. Non-compliant Bids may be disqualified.

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Detailed Evaluation of Technical	Detailed analysis of Bids to determine whether the Bidder is capable of delivering the Project in terms of business and technical requirements. The minimum threshold for technical evaluation is 70%, any bidder who fails to meet the minimum requirement will be disqualified and not proceed with the evaluation of Price and Specific Goals.
Specific Goals	Evaluate Specific Goals
Financial Offer	Bidders will be evaluated on rental offered for the use of the property/asset
Scoring	Scoring of Bids using the Evaluation Criteria.
Recommendation	Report formulation and recommendation of Preferred and Reserved Bidders
Approval	Approval and notification of the final Bidder.

2.2 EVALUATION CRITERIA

Interested bidders for this project shall be evaluated in terms of their business credentials, financial standing, empowerment, technical capacity and experience. The evaluation committee shall use the following Evaluation Criteria depicted in Table 1 for the selection of the preferred bidder that shall execute construction work for the project.

EVALUATION CRITERIA	WEIGHTING
Stage 1 – Compliance	
Stage 1A	Mandatory Requirements
Stage 1B	Other Mandatory Requirements
Stage 2	
Technical/Functional Requirements	Threshold of 70%
Stage 3	
Financial Offer (highest rental offer)	80/90
Specific Goals	20/10
TOTAL	100

Details of the stages outlined in table 1 above are presented in the following sections.

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2.2.1 . STAGE 1: COMPLIANCE REQUIREMENTS

Stage 1A – Mandatory Requirements - (To be submitted in envelope 1)

No.	Description of requirement	
a)	Joint Venture, Consortium Agreement or Partnering Agreement signed by all parties (If applicable). The agreement should indicate the leading bidder where applicable.	
b)		

Stage 1B – Other Mandatory Requirements - (To be submitted in envelope 1)

If you do not submit/meet the following mandatory documents/requirements, PRASA may request the bidder to submit the information within five (5) working days. Should this information not be provided, your bid proposal will be disqualified.

Only bidders who comply with stage 1B will be evaluated further.

No.	Description of requirement	
a)	a) Completion of ALL RFP documentation (see forms in appendices)	
b)	Original or certified B-BBEE certificate (Certificates issued by SANAS approved agencies or sworn affidavits)	
c)	A valid and Original Tax Clearance Certificate (valid as at the closing date of this RFP) Or supply SARS Pin	
d)	Company registration documents	
e)	Latest Audit Financial Statement	
f)	CSD report / CSD reference number	
g)	Copies of Directors' ID documents;	
h)	Letter of Good Standing (i.e. COID); issued by department of labour	
i)	Proof of UIF registration	

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2.2.2 STAGE 2: TECHNICAL / FUNCTIONALITY REQUIREMENTS - (To be submitted in envelope 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:

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> • <i>If Student Accommodation no less than 50 beds,</i> • <i>If Hotel no less than 50 keys/rooms,</i> • <i>If Hospitals/Medical Centre no less than 1000sqm etc.</i> 	25	<ol style="list-style-type: none"> 0. No Submission/Irrelevant Documents 1. No experience in property management at all 2. Experience in managing proposed usage between 1 to three years. 3. Experience in managing proposed usage for between three years to five years. 4. Experience in managing proposed usage for between Five to Six years. 5. Experience in managing proposed usage for above 7 years. 	<ul style="list-style-type: none"> - Company Profile with List of Properties/Portfolio under management (Type, Size, Location, Contacts) and, - Letter of Appointment as service provider or, - Reference letter (with Letterhead from Landlord/Client), or, - Proof of Portfolio under self-management (Title Deed, Deeds Report/s)

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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"> <i>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</i> <i>Contractor must have relevant CIDB accreditation.</i> 	25	<ol style="list-style-type: none"> No Submission/Irrelevant Information x1 or less similar type of developments/upgrades and/or conversion completed in the last 10 years, x2 similar type of developments/upgrades and/or conversion completed in the last 10 years, x3 similar type of developments/upgrades and/or conversion completed in the last 10 years, x4 similar type of developments/upgrades and/or conversion completed in the last 10 years, 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				
<p>C. Financial Capability</p> <p>Bidder to demonstrate that they will be able to raise sufficient funding for the proposed upgrade/ development</p>		<table border="1"> <tr> <td>C1. Gearing Ratio = Total Debt / Total Equity</td> <td>10</td> </tr> <tr> <td> <ol style="list-style-type: none"> No Submission The entity has a gearing above 90% The entity has a gearing ratio between 70% and 80% </td> <td></td> </tr> </table>	C1. Gearing Ratio = Total Debt / Total Equity	10	<ol style="list-style-type: none"> No Submission The entity has a gearing above 90% The entity has a gearing ratio between 70% and 80% 		<ul style="list-style-type: none"> Recent Audited or Verified Financial Statement (2021 and 22 Financial Year) Letter from the registered financial institution expressing intent in funding the proposed project.
C1. Gearing Ratio = Total Debt / Total Equity	10						
<ol style="list-style-type: none"> No Submission The entity has a gearing above 90% The entity has a gearing ratio between 70% and 80% 							

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	30	<ol style="list-style-type: none"> 3. The entity has a gearing ratio above 60% and 70% 4. The entity has a gearing ratio between 25% and 50% 5. The entity has a gearing ratio below 25% 	
		C2. Current Ratio = Current Asset/Current Liabilities	10
		<ol style="list-style-type: none"> 0. No submission 1. The entity has a current ratio below $0.5 < 0.8$ 2. The entity has a current ratio below $0.8 < 1$ 3. The entity has a current ratio below $1 < 1.5$ 4. The entity has a current ratio below $1.5 < 2$ 5. The entity has a current ratio below $2 < 3$ 	
		C3. Letter of Intent	10
		Bidder in possession of a letter of intent from a registered financial Institution/Development Finance Institute gets 10 points	

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<p>D. Impact of the development proposal on the station precinct addressing spatial and local socio-economic challenges</p> <ul style="list-style-type: none"> - 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	<ol style="list-style-type: none"> 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 	<p>Conceptual designs and aesthetic rendering</p> <p>Urban form plan</p> <p>Environmental sustainability plan</p> <p>Women and/or youth empowerment plan</p> <p>Alternative renewable Energy plan</p>
TOTAL POINTS	100		

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

2.2.3 STAGE 3: FINANCIAL OFFER AND SPECIFIC GOALS - (must be submitted in envelope 2)

Bidders should provide their Financial/commercial offer proposal in envelope 2, Financial Offer and also provide proof /claim of Specific Goals.

The following formula, shall be used by the Bid Evaluation Committee to allocate scores to the interested bidders.

The maximum points for this tender are allocated as follows:

	POINTS	
FINANCIAL OFFER	80 For Financial offer with NPV below R50m	90 For financial offer with NPV above R50m
SPECIFIC GOALS	20	10
TOTAL POINTS FOR PRICE AND SPECIFIC GOALS	100	

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2.2.3.1 FORMULAE FOR DISPOSAL OR LEASING OF STATE ASSETS AND INCOME GENERATING PROCUREMENT

POINTS AWARDED FOR PRICE (“FINANCIAL OFFER”)

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

80/20 or 90/10

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

Where:

- Vs = Points scored for value of tender under consideration
- Vt = Value of tender under consideration
- Pmax = Price of Highest Acceptable Tender

For evaluation 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 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

2.2.3.2 POINTS AWARDED FOR SPECIFIC GOALS

- a. 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

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tender. For the purposes of this tender the bidder 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.

b. In cases where PRASA intends 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. PRASA will, in the tender documents indicate the points allocated for specific goals for both the 90/10 and 80/20 preference point system.

- *80/20 will be used if the Net Present Value of all rental income (offered) are below R50million.*
 - *90/10 will be used if the Net Present Value of all rental income (offered) exceeds R50million.*

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

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,

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

(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.)

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The specific goals allocated points in terms of this tender	Number of points allocated (90/10 system)	Number of points allocated (80/20 system)	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)
Minimum Level 2 BBEE	5	10		
51% Black Owned	3	5		
Black Youth Owned	2	5		
Total	10	20		

3. VALIDITY PERIOD

This RFP shall be valid for *[180 working days]* calculated from Bid closing date.

4. POST TENDER NEGOTIATION (IF APPLICABLE)

PRASA reserves the right to conduct post tender negotiations with a shortlist of Respondent(s). The shortlist could comprise of one or more Respondents. Should PRASA conduct post tender negotiations, Respondents will be requested to provide their best and final offers to PRASA based on such negotiations. A final evaluation will be conducted in terms of 80/20 / 90/10.