

Subject: CEP-RFP-2023-024 For conducting feasibility study – municipal production hub

Date: June 26, 2023

The purpose of this Document is to disseminate responses to questions received from prospective offerors.

1. Expected sections of feasibility study include attachments, such as building sketches, project visualization. Could you please provide details on requirements for building sketches and project visualization?

These should be images in vector and raster formats for use in presentation materials. The extension should be sufficient for printing on A2/A1 formats. More detailed requirements will be formed in the course of cooperation. Sketches of buildings should include the basic parameters obtained during the study and a general visualization of the project with reference to the site parameters.

Detailed sketches of the buildings will be formed at the next stages of the project.

2. Expected sections of feasibility study include general market analysis of production and logistics areas in Lviv and neighboring communities. Will CEP or Lviv City Council select specific production and logistics areas for the analysis or Consultant shall propose criteria and areas?

The consultant will propose criteria and territories and coordinate them with the customer. The Lviv City Council will provide a preliminary list of territories.

3. Expected sections of feasibility study include description of the location, its advantages and the optimal area of the land plot for project implementation. At the same time RfP says that the land plot for implementation is Ryasne-2 with a max area - 7.4 ha. Do we understand correctly that the optimal area of the land plot can't exceed 7.4 ha?

The plot area may exceed 7.4 hectares. The land plot in the Ryasne-2 industrial zone is a preliminary option at the discretion of the customer, however, the consultant must analyze free communal land plots, unregistered territories and offer other options if available. The general list of free land plots will be provided by the Lviv City Council.

4. Expected sections of feasibility study include the volume of capital investments, and the project cost. What is the max time horizon for the capital investments?

In our view, this production hub should be fully built (all stages of construction) within 10 years. Accordingly, this will be the deadline for capital investments. On the other hand, the term of the project (investment, public-private partnership) can generally be from 5 to 50 years.

5. A model for creating a production hub (Expected sections of feasibility study) includes a scenario when implementation of the project is done by the Lviv City Council. Should we consider any restrictions for this scenario while preparing our technical proposal?

Only restrictions are provided by the current legislation.

6. Expected sections of feasibility study include testing the model on key operators of industrial commercial real estate. Could you please provide more details on the requirements or expectations for testing the model?

This should be research in the form of interviews (or online meetings) among key commercial real estate operators on their vision for the project and whether the project would be of interest to them. The list of questions will need to be agreed with the customer. Based on the results of the interview, you will need to make a report and transcripts of the interview.

7. Result #1 shall be submitted in Ukrainian, result #2 shall be submitted in Ukrainian with an English translation. Translation of such a complex document as the Final feasibility study may take significant time. Shall both Ukrainian and English versions be prepared by the end of 12th week of the project? Do you expect both Final report and presentation to be translated?

We expect the final report and presentation to be translated. The extension of the period of execution of works has to be agreed with USAID. On the side of the Lviv City Council, we do not object to the extension of the deadline for translation.

8. Do we understand correctly that the total project duration is 12 weeks?

12 weeks is the time for feasibility study. The extension of the period of execution of works has to be agreed with USAID.

9. Would you consider any changes to the proposed deliverable schedule (due dates) of the project, including extension of the total duration?

The extension of the period of execution of works has to be agreed with USAID.

10. In terms of location (1.8 & other): will Contracting Entity supply the selected adviser with relevant maps covering local development plan, utilities & pipelines together with their technical parameters and any other relevant materials covering local development plan or any land studies performed (including geological studies) in relation to envisaged land plots?

All materials will be provided by the Lviv City Council, including land and urban planning documentation.

11. In terms of description of available options for implementation and selection of the optimal one (3.1): we understand that the Contracting Entity expects qualitative analysis and the scope does not include full PPP analysis including preparation of public sector comparator. Please confirm or indicate in more detail expectations in this regard.

PPP is one of the project implementation options. The consultant should work out this mechanism in detail and form a conclusion as to how PPP is the best option for project implementation. If it is necessary to prepare a public sector comparator to analyze the need to use the PPP mechanism for the implementation of this project, it is at the discretion of the executor.

12. In terms of conducting an investment competition to identify private investor (3.1.1.): we understand that the Contracting Entity is not expecting the selected adviser to proceed with a full transaction processing leading to selection of private investor for construction of the hub but rather to present a description of the structure of such process and key considerations in line with best practices. Please confirm or indicate in more detail expectations in this regard.

Yes. The advisor must form a conclusion as to which project implementation mechanism is optimal. To analyze the mechanism of the investment competition, it will be necessary to analyze the decisions and resolutions of the Lviv City Council that relate to the organization and conduct of investment competitions. Access to the documents will be provided to the selected consultant.

13. In terms of implementation of the project using PPP (3.1.2.): we understand that the Contracting Entity is not expecting the selected adviser to assist in selection of the investor and then negotiations and signing of the PPP agreement with a selected investor. Point 3.1.2 is expected to cover description of the process for selection of potential private investor. Please confirm or indicate in more detail expectations in this regard.

The advisor must form a conclusion as to which project implementation mechanism is optimal and provide arguments, an approximate road map, terms, etc. We do not expect that the advisor will provide support in the selection of a potential investor and the announcement of a tender within the said tender.

14. In terms of calculation of benefits for community & local government (3.2.): can you please indicate examples of benefits you would like the selected adviser to calculate and quantify?

These should be the basic performance indicators of the project for the investor and the city: the payback period of the project, the social effect, the amount of taxes received for the city and state budgets (with a breakdown by specific types of taxes), the social effect, the number of jobs created.

15. In terms of funding sources, and description of the financial model and cost-benefit analysis (3.3.): Our understanding is that the expectation for the adviser is to prepare standard financial & economic analysis for this kind of investment (with calculation of NPV & IRR). Or by cost-benefit analysis Contracting Authority means CBA as per requirements of European Commission. We would suggest to change "cost-benefit analysis" to "financial and economic analysis typical for this kind of investment project".

Yes, it can be done by making changes to sections of the feasibility study. On the part of the Lviv City Council, we do not object to this change.

16. In terms of attachments including building sketches and project visualisation: we understand Contracting Authority's intention is for the selected adviser to indicate baseline technical design parameters and draft outline of design & visualisations, not preparation of detailed designs for the whole park together with comprehensive visualisations. Please confirm or indicate in more detail expectations in this regard.

Yes, the detailed design will be developed in the next stages of the project. The current stage includes development exclusively of visualization, an indicative sketch and basic technical parameters.