

Selection of the Developer for Development of International Convention Centre at APIIC Ground, Harbour Park Land, Visakhapatnam, Andhra Pradesh under Public Private Partnership (PPP) mode

RESPONSE TO QUERIES

Notice No. INCAP/AP/CONVENTION CENTRE/VSPM/04/2017, date: 20.02.2017

S. No	Reference RFP Volume	Reference Clause	Clarification sought by Bidders	Response from the Authority
1.	Volume 1: Instructions to Bidder (ITB) and Bid Data Sheet (BDS)	Clause 3 Eligible Bidders (3.4)	As per the clause 3.4 in the RFP Vol1. INR 1,520 crore is mentioned as the eligibility requirement: Considering Lulu International Shopping Mall as the bidder which has two partners with equal voting rights. If one of the partner has an equity of 91% or more in one of the property outside India, can the mentioned partner be considered as an indirect associate and will his equity value be considered as one of the eligibility requirement for bidding process ?	<p>For purposes of this RFP, Associate means, in relation to the Bidder/ Consortium Member, a person who controls, or is controlled by, or is under the common control with such Bidder/ Consortium Member (the “Associate”). As used in this definition, the expression “control” means, with respect to a person which is a company or corporation, the ownership, directly or indirectly, of more than 50% (fifty per cent) of the voting shares of such person, and with respect to a person which is not a company or corporation, the power to direct the management and policies of such person by operation of law.</p> <p>For meeting total value of Eligible Projects developed and completed (“Technical Score”) the Eligible Projects of the Associates of the Bidder and Consortium Members would also be eligible.</p> <p>If the credit is being taken for the Eligible Experience of an Associate, “Yes” should be mentioned in Appendix VII Format for Technical Eligibility Criteria S. No.8 and it should be</p>

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				accompanied by Certificate from the Statutory Auditor/ Company Secretary regarding Associate, format for which is provided on Page 51 of the RFP document Volume I.
2.	Volume 2: Terms of Reference (ToR) and Project Profile	Clause 1.6.2 Project components & Minimum Development Obligations	As per the clause 1.6.2 in the RFP Vol 2. In the Minimum Development Obligations, it is mentioned that Administrative office should have office space for stakeholders. Please clarify whether the office space requirement is for the bidder's stakeholders or for others.	The office spaces have been included as a Minimum Development Obligation primarily for use by the Lessee's stakeholders however adequate temporary arrangements should be made in the Office Space whenever the Project Site is visited by the Lessor's officials for official purposes such as inspection, checks for compliance and adherence of the management of the Project Site as per the terms and conditions stated in the Lease cum Development Agreement and the Lease Deed.
3.	Volume 3: General Conditions of Lease cum Development Agreement (GCA) and Special Conditions of Lease cum Development Agreement (SCA)	Clause 15 General obligations of the Lessee (xiv)	As per the Article E in the RFP Vol 3 point number xiv, it is mentioned that "the Lessee shall at its own cost: Provide waste management as per laws in force, and provide 5 star hotel standard food and services": It shall be appreciated if the clause is removed as the same seems to be a non-defined statement.	This clause is added under the category of "General" obligations and hence is not "Specific" in nature. It is added to ensure that all the interested Bidders maintain a minimum 5 Star standard of service throughout the Lease Period post achievement of COD and follow waste management guidelines as per the law in force so that the Project is environmentally sustainable.
4.	Volume 1: Instructions to Bidder (ITB) and Bid Data Sheet (BDS)	Clause 14 Bid Prices (14.2)	According to clause 14.2, in the RFP Vol 1, the selected Bidder shall pay all taxes including the Property Tax: In this connection it may please be noted that under law the Property Tax shall have to be always borne by the Property Owner.	Property Tax shall be borne by the Lessee for the duration of the Lease Period.
5.	Volume 1: Instructions to Bidder (ITB) and Bid Data Sheet (BDS)	Clause 17 Bid Security (17.3)	Clause 17.3, in the RFP Vol 2, stipulates that the Tendering Authority shall appropriate the Bid	The Project is a priority project for the Government and timely achievement of all the milestones with

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			<p>Security Amount and encash the Bank Guarantee towards compensation/damages, in case the selected Bidder fails within the specified time limit i) to acknowledge the Letter of Award / Letter of Intent, ii) to sign the Lease cum Development Agreement iii) to furnish the Performance Security and iv) to comply with the LOI conditions. In this connection, we are of the view that before initiating the aforesaid drastic/harsh steps involving revenue loss/burden to the Bidder, the Tendering Authority should give prior notice to the Bidder by way of giving reasonable opportunity and of maintaining principles of natural justice.</p>	<p>respect to the project is vital. Project milestones and timelines are to be followed as per Clause 1.9 of Volume 2 of the RFP. However, in case of any genuine grievances in meeting the stated timelines on the part of the Selected Bidder may be communicated to the Tendering Authority and they will be taken into consideration by the Tendering Authority. The decision of the Tendering Authority in this regard shall be final.</p>
6.	Volume 1: Instructions to Bidder (ITB) and Bid Data Sheet (BDS)	APPENDIX II – Format for Covering Letter	<p>In the RFP Vol 1. under the head “B. Appendix II – Format for Covering Letter, Item 20 there is a stipulation that the selected Bidder shall agree to enter into a Lease – cum – Development Agreement in accordance with the draft provided to the Bidder without seeking for any changes in the draft: Here, we are of the view that the Bidder who is investing huge finance for the project development should get a reasonable opportunity to come out with his say/suggestion, if any, in the draft Agreement for the sake of good order.</p>	<p>The clause is a standard clause issued as per the Model Bid Documents released by the Planning Commission and is applicable to all PPP projects. The Tendering Authority from the date of issue of notification for inviting bids till the time of acceptance of bids has provided adequate time interval for the interested bidders to undertake the complete due diligence of all the Bidding Documents and make suggestions/seek clarifications from the Tendering Authority. Adherence to principles of Transparency and fairness in conduct of the process does not allow the Tendering Authority to make material deviations/amendments to the Lease cum Development Agreement post the deadline of submission of Bids. This is also to provide equal opportunity to all the Bidders for</p>

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				structuring and submitting their bids.
7.	Volume 2: Terms of Reference (ToR) and Project Profile	Clause 1.6 Minimum Development Obligations (1.6.2)	<p>Clause 1.1 in the RFP Vol 2. reads that the Project shall be for developing a Convention Centre, whereas according to Clause 1.6.2, the Project is conceived as a combined development with three main elements:-</p> <ul style="list-style-type: none"> i. International Convention cum Exhibition Centre ii. Five Star Hotel iii. Mega Shopping Mall with Multiplex <p>Since clause 1.1 contradicts with clause 1.6.2 on a very vital point, the exact position should be ascertained well before hand</p>	It is clarified that the clause 1.6.2 prevails over the clause 1.1 in Volume 2: Terms of Reference (ToR) and Project Profile of the RFP.
8.	Volume 3: General Conditions of Lease cum Development Agreement (GCA) and Special Conditions of Lease cum Development Agreement (SCA)	Clause 33 Termination	In the Vol 3 of RFP, we recommended that Lease Deed should explicitly state about payment of compensation to the Lessee by the Lessor at the time of termination of the Lease on the expiry of term or earlier termination in respect of the buildings or other fixtures/structures erected/installed on the leased land by the Lessee for Lessee's use or otherwise.	There would not be any liability to pay compensation to the Lessee by the Lessor at the time of termination of the Lease on the expiry of term. However, if a termination occurs earlier than expiry of term of the Lease Deed and Lease cum Development Agreement during the Lease Period and is not due to reasons attributable to Developer/Lessee, the Authority shall pay compensation as may be decided by the Arbitrator.
9.	Volume 2: Terms of Reference (ToR) and Project Profile	Clause 1.9 Project milestones and timelines	As per the clause 1.9 of the RFP Vol 2. the Lessee should achieve Commercial Date of Operations within 24 months of signing of the Lease cum Development agreement: Can it be relaxed to 36 months ?	After due consideration, it is agreed that the Lessee shall achieve Commercial Date of Operations within 36 months of signing of the Lease cum Development Agreement.
10.	Volume 3: General Conditions of Lease	Clause 20 Obligations of the Lessor	In the Article E of the RFP Vol 3. under the Obligation of the Lessor its mentioned that: iii)	The original clause provided in the Volume 3: General Conditions of Lease cum Development

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	cum Development Agreement (GCA) and Special Conditions of Lease cum Development Agreement (SCA)	20.1 (iii)	upon written request from the Lessee, assist him (as an owner of the project site only) in obtaining access to all necessary infrastructure facilities and utilities, including water, electricity and telecommunication facilities at rates and on terms no less favorable to the Lessee than those generally available to commercial customers receiving substantially equivalent facilities/utilities: In this we expect a help from the lessor side rather than an assist in obtaining the most necessary facilities & utilities.	Agreement (GCA) and Special Conditions of Lease cum Development Agreement (SCA) of the RFP prevails.
11.	Volume 1: Instructions to Bidder (ITB) and Bid Data Sheet (BDS)	Clause 3 Eligible Bidders (3.4)	As per Clause 1.2 of the RFP Volume 1: Instructions to Bidder (ITB) and Bid Data Sheet (BDS) the Bid is being called pursuant to Land Lease Policy for Tourism Projects, 2016 ('Policy') notified vide G.O. Ms. No.5, YAT&C (T) Department, dated 03.06.2016 and as per Technical Eligibility Requirements of Bidders stated in Annexure I: Eligibility Criteria of Bidders of the Policy; The Bidder shall have development or construction experience in executing projects ("eligible project") worth twice the estimated project cost. – Whether the mentioned project cost is inclusive of the land value of the development?	The Project Cost to be stated shall be exclusive of the cost of land.
12.	Volume 1: Instructions to Bidder (ITB) and Bid Data Sheet (BDS)	Clause 3 Eligible Bidders (3.4)	As per the RFP, the total value of the project completed within the last 5 years should be 1520 crores: Request to relax this term to 10 years, as for the project that was commenced in the year 2013(within 5yr term), investments were made	After due consideration, it is agreed that an "Eligible Project" should have been completed in the last 10 years preceding the Bid Due Date.

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			from 2007 onwards.	
13.	Volume 1: Instructions to Bidder (ITB) and Bid Data Sheet (BDS)	APPENDIX VII – Format for Technical Eligibility Criteria 6. Details of the project:	The Area of the project mentioned in the Appendix VII: Is it the total land area?	It is confirmed that the area of the project mentioned in Appendix VII is the total area of the land over which the project is planned to be built.
14.	Volume 1: Instructions to Bidder (ITB) and Bid Data Sheet (BDS)	Clause 7 Conditional Land Lease (7.4)	As per the clause 7.4 of the Volume 1 of RFP it is mentioned that: “In case of default in maintenance of Minimum Service Obligations, the Authority may give grace period/ cure period of not more than 45 days, under a notice to rectify the defects, upon expiry of which, the Land Lease Deed is liable for termination with a notice”: Minimum cure period needs to be given up to 6 months timeline.	As the Project is a prestigious project for the State Government, any default in Minimum Service Obligations for a period of more than 45 days is unacceptable and non-negotiable. For extreme and unforeseen events which might warrant a relaxation in the grace/cure period, clauses pertaining to Force Majeure provided in the Lease cum Development Agreement shall be referred by the Developer.
15.	Volume 1: Instructions to Bidder (ITB) and Bid Data Sheet (BDS)	APPENDIX VII – Format for Technical Eligibility Criteria 6. Details of the project:	With respect to the date of completion of construction mentioned in the Appendix VII of the Volume 1: If there are 2 entities constructed simultaneously, should we take the completion date of the last entity as the completion of the entire project?	The date of completion of the last entity would be considered as the completion date of the entire project.
16.			Also, we would like to know about the below mentioned details : Property Tax - Current Prevailing Rate High Tension Power Rates Availability of Ground Water	Property Tax: As per Rule 9 of the AP Municipalities (Assessment of Taxes) Rules, 1990, the Property Tax on lands shall be levied at 0.20% of the capital value of the land (i.e. the market value as fixed by the Stamps and Registration Department for purpose of registration). This value arrives to be 3.97 lakh on the basis of present Basic Market Value of land constituting the Project Site.

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				<p>The Property Tax on the facility constructed is variable subjected to the following parameters:</p> <ul style="list-style-type: none"> • Every building shall be assessed together with its site and other adjacent premises occupied as an appurtenant thereto unless the owner of the building is a different person from the owner of such site or premises • The Annual Rental Value (ARV) of lands and buildings shall be fixed with reference to the following factors: <ul style="list-style-type: none"> ○ Location of the building ○ Type of construction ○ Plinth area ○ Age of the building ○ Nature of usage • ARV of lands and buildings shall be fixed notwithstanding anything in AP Buildings (Lease, Rent and Eviction) Control Act, 1960. • Rebate from ARV based on the age of the building. • Rebate of five percent of the ARV in respect of all buildings situated in municipalities on the sea shore. <p>High Tension Power Rate:</p> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Demand Charges & Energy Charges for FY 2017-18</div>

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				<table border="1" data-bbox="1518 213 2141 491"> <thead> <tr> <th data-bbox="1518 213 1765 331">Voltage of Supply</th> <th data-bbox="1767 213 2011 331">Demand Charges Rs./ kVA/month of Billing Demand</th> <th data-bbox="2013 213 2141 331">Energy Charges Rs./kVAh</th> </tr> </thead> <tbody> <tr> <td data-bbox="1518 333 1765 384">132 kv and above</td> <td data-bbox="1767 333 2011 384">475</td> <td data-bbox="2013 333 2141 384">6.38</td> </tr> <tr> <td data-bbox="1518 386 1765 437">33 Kv</td> <td data-bbox="1767 386 2011 437">475</td> <td data-bbox="2013 386 2141 437">6.69</td> </tr> <tr> <td data-bbox="1518 438 1765 489">11 Kv</td> <td data-bbox="1767 438 2011 489">475</td> <td data-bbox="2013 438 2141 489">7.30</td> </tr> </tbody> </table> <p data-bbox="1518 499 2141 651">Rs. 1.05/ kVAh Time of Day (ToD) Tariff is levied on energy consumption during the period from 06:00 PM to 10:00 PM, in addition to the normal energy charges at respective voltages.</p> <p data-bbox="1518 711 1890 743">Availability of Ground Water</p> <p data-bbox="1518 759 2141 944">Ground Water availability in Visakhapatnam district is 8.17m below ground level as per Core CM Dashboard accessed on 07/04/2017 at 12:00 hrs. Ground Water availability at the Project Site is to be ascertained by the interested Bidder at its own cost.</p>	Voltage of Supply	Demand Charges Rs./ kVA/month of Billing Demand	Energy Charges Rs./kVAh	132 kv and above	475	6.38	33 Kv	475	6.69	11 Kv	475	7.30
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