

**Chief Minister Bus Project**  
**Lahore Transport Company**  
Request for Submission of  
Proposal for New Diesel Buses

Lahore Transport Company (LTC) invites the applications for new diesel buses to be plied in Lahore from the interested companies/parties. It is envisaged that private sector would bring in and operate locally assembled diesel buses of Hino, Daewoo and Isuzu brands, while LTC would provide enabling environment to the selected operators.

LTC hereby invites proposals from reputable parties possessing experience and expertise of operation in urban public transport business.



Further queries and clarifications can be sought from:  
General Manager (Ops & Planning)  
Lahore Transport Company, 4th Floor IEP Building  
Main Liberty Round About, Gulberg-III  
Lahore  
Tel: 042- 35782764-6  
Fax: 042- 35782763

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### ANNEXURES:

- 1- Approved Bus Specifications                      Annexure 'A'
- 2- Facilitation & Framework Agreement (FFA)    Annexure 'B'

## 1. GENERAL

1.1 The Government of Punjab (Gopb) realizes the importance of providing efficient and affordable Public Transport service and therefore, has provided several incentives for operators in this bus project. Incentives are as follows:

- Capital subsidy of Rs. 1,000,000/- for the purchase of new locally assembled diesel buses of Hino, Daewoo and Isuzu brands.;
- Per Km Operational subsidy on the basis of KM's operated, giving a return on equity of 20%;
- Enforcement on the route.

1.2 Lahore Transport Company intends to invite proposals from interested parties to ply new diesel buses in the Urban Transport System of Lahore. It is envisaged that the operator would bring in and operate new locally assembled DIESEL buses of Hino, Daewoo and/ or Isuzu brands.

1.3 LTC intends to invite proposals with supporting documents in order to select interested parties. Selection shall be based on the information submitted by the applicants as requested in this document.

1.4 Notwithstanding anything contained herein, the competent authority may in its discretion reject any or all applications without assigning any reason whatsoever.

## 2. SELECTION OF OPERATORS

### 2.1 Eligibility Requirements

Interested Party must fulfill the following eligibility requirements for selection:

- It is willing to bring in and operate a minimum number of 50 new buses.
- The buses should meet the approved specifications as given in **(Annexure-A)**.
- It must demonstrate a track record of sound performance and adherence to good principles of business.

The debt equity ratio is to be capped at 60 : 40

### 2.2 Evaluation Criteria

The following evaluation criteria shall be applied for selecting the preferred bidder(s):

EVALUATION CRITERIA			
S/No	Description	Distribution	Max Score
1	<b>Financial Strength (in PKR)</b>		<b>15</b>
	a.Net Worth between 60million to 100 million	3	
	b.Net Worth between 100million to 200 million	5	
	b.Net Worth between 200million to 300 million	10	
	d.Net Worth above 300 million	15	
2	<b>Intra City Bus Service Experience</b>		<b>15</b>

	a.Experience Less than five years	5	
	b.Experience between 5 to 10 years	10	
	c.Experience above Ten years	15	
<b>3</b>	<b>Organization Establishment</b>		<b>15</b>
	a. Less than Five Years old	5	
	b. Between 5 to 15 years	10	
	c. More than Fiteen Years	15	
<b>4</b>	<b>Availability of Funds for Equity</b>		<b>25</b>
	a. Less than Rs. 50 million	0	
	b. Between Rs. 51 million to Rs.150 million	5	
	c. Between Rs. 151 million to Rs. 300 million	15	
	d. Rs. 300 million to Rs. 400 million	20	
	e. Above Rs. 400 million	25	
<b>6</b>	<b>Time Line for Induction of Buses</b>		<b>30</b>
	a. Buses to be inducted after 3 months of the selection	5	
	b. Buses to be inducted within 3 months after selection	20	
	b. Buses to be inducted within 2 months after selection	25	
	c. Buses to be inducted within 1 month after selection	30	

### 2.3 Basis for disqualification

The Competent Authority at any time may disqualify the Interested Party on the following reasons, if it:

- (a) Fails to submit along with the supporting documentations required in pursuant to this application, by the Due Date; or fails to demonstrate its capabilities to acquire the business on the route.
- (b) provides any false or misleading information or misrepresents, withholds, conceals any information in the application;
- (c) fails to disclose or provide any additional information as may be required from time to time;
- (d) has been blacklisted in the past by any Federal, Provincial or Local Government Department or Authority; (including any regulatory authority) or agency in Pakistan, in whatever capacity including as an individual contractor, partner or a joint venture partner;
- (h) is directly or indirectly associated or affiliated in any manner with the LTC / GOPB / GOP, and/or their consultants or advisors in respect of the project;
- (l) fails to inform the competent authority of any significant change in its ownership or control or to obtain the consent of competent authority to such change;
- (m) fails to report any material change in the information provided by it, in due course of time, (prior to the date on which bidding is held);

(n) is deemed by the competent authority, that it failed to satisfy any requirements under this document.

### **3. CONTENTS**

Each application shall include the following sections:

- Application
- List of Documents attached
- Organizational Structure & Management Capability
- Financial Capability
- Legal Capability
- Technical Capability
- Timeline for Induction of Buses

#### **3.1 Application**

This should be signed by the Chief Executive of the company and should give number of buses proposed.

#### **3.2 List of Documents Attached**

- i) Please list all documents in support of application

#### **3.3 Organization Structure**

The organization structure should give information regarding the proposed managerial staff and operational staff reasonably required to run the operations.

##### **3.3.1 Basic information:**

- Name
- Nationality
- Address of Principal Office
- Telephone Number
- Fax Number
- Mobile Phone Number
- E-mail Address
- Primary Areas of Business
- Names and Brief Background of Directors

#### **3.4 Financial Capability**

For the Financial Capability section of the document, the Interested Parties (and its associated partner to the extent applicable) shall submit:

- (a) Details of financial and operating background for the last 3 (three) years demonstrating financial viability.
- (b) Audited Financial Statements in support of net worth statement.
- (c) Proof of availability of funds in the form of bank letter or bank statement.

- (b) Any other relevant information regarding financial track record and capabilities of the Interested Parties and its associated partner that it believes would be helpful.

### **3.5 Legal Capability**

Each Interested Party's authorized representative must submit the following documents / information (including, associated partner):

- (a) List of majority shareholders / partners.
- (b) A copy of the constitutive documents (for example, memorandum and articles of association for a company, certificate of incorporation, partnership deed for a partnership).
- (c) The Power(s) of Attorney referred to in Section 4.

### **3.6 Technical Capability**

The Technical Capability section of the document shall include the information listed below with respect to the experience of the Interested Party and its associated partner to manage a Public Transport System;

- (a) Experience in operating and maintaining buses (DIESEL or otherwise, local or international). For all relevant operations, information on current transport systems, traffic routes, bus depots, bus stops / terminals and interchanges, cleaning/fuelling facilities and the length of time that the Interested Party and its associated partner has been responsible for managing such operations.
- (b) Workshop availability with adequate Tools & Equipment and technical staff for the proper maintenance of the fleet.

### **3.7 Timeline for Induction of Buses**

Each interested party would submit a detailed bus induction plan giving the exact number of buses and timeline for induction and start of operations.

## **4. SUBMISSION OF APPLICATIONS FOR ROUTE ALLOCATION**

### **4.1 Timing, Number of Copies etc**

Interested Party and its associated partner must submit an **original** and **two** copies of its applications and concerned documents not later than 1300 hrs Pakistan Standard Time on November 26, 2010 to the LTC at the following address. The documents will be opened at 1400 hrs on the same day in presence of the representatives of firms who wish to be present.

General Manager (Ops & Planning)  
Lahore Transport Company, 4th Floor EIP Building  
Main Liberty Round About, Gulberg-III  
Lahore

## **4.2 Material Change**

- (a) Each Interested Party must immediately report to the competent authority in writing any material change in the information provided by it in its application up to the date on which bidding is held. Any failure to report such material change shall constitute grounds for disqualification under Section 2.3. The material change itself could also lead to a disqualification of the Interested Party.
- (b) No significant changes in the ownership will be allowed at any time without the prior written consent of the competent authority. In giving such consent the competent authority may require, the Interested Party (as modified) to re qualify under the terms and conditions of this document in order to be eligible to submit an application.

## **4.3 Certification**

The Interested Party submitting the application shall certify each information in the following form:

“I, the undersigned as the duly authorised attorney and representative of [name of the Interested Party]/associated partner] certify that to the best of my knowledge and belief, and upon diligent inquiry, all the information submitted is true and accurate. The competent authority may investigate the truth and accuracy of the supplied information by any means. I understand that amongst other reasons any misrepresentation or concealment of facts may render [name of the Interested Party and/its associated partners] disqualified for consideration.

In certification of the statements above, I hereby signed this document on the -- April day of \_\_\_\_\_ 2010.

[Typewritten name, signature and position of person legally empowered to bind the Interested Party.]”

## **5. REVIEW, EVALUATION AND AWARD**

### **5.1 Review and Evaluation**

- The financial, management, technical, organizational and other capabilities of the Interested Party will be evaluated by LTC according to given criteria. First preference for route allotment will be given to company scoring most marks in evaluation.
- Successful operators shall have to deposit a performance guarantee in form of a CDR of PKR 15,000 for each bus.  
Successful party shall have to start operations within timeline, agreed as per Facilitation & Framework Agreement.

### **5.2 Clarification Meeting with Interested Parties**

An open meeting with Interested Parties would be held at 1100 hrs on 15<sup>th</sup> of November, 2010 at LTC Office (with TC Members) to discuss issues if any and to provide clarifications thereto. However, written clarification may be sought by the interested parties at any time at least three days prior to the Due Date.

### **5.3 Supplementary Information**

Where it is deemed convenient or necessary, supplementary information or documentation may be requested from an Interested Party for determining eligibility for selection of such Interested Party and whenever such request is made, the Interested Party shall provide the same to the LTC by such date as may be specified.

### **5.4 Indication of Selection**

Indication of selection will be given in writing and delivered to selected interested parties by facsimile, mail and/or courier at their specified address.

### **5.5 Return of Application**

The LTC shall be under no obligation to return any application/request for allotment of urban routes or supporting materials submitted by the Interested Party (or its associated partners).

## **6. GOVERNING LAW**

This document shall be governed and construed in accordance with the prevailing laws of Pakistan.

## **7. GOVERNMENT SUPPORT TO THE PROJECT**

The GoPb realizes the importance of providing efficient and affordable Public Transport service and therefore, has provided several incentives for operators in this bus project. Incentives are described in following paragraphs:

### **7.1 Capital Subsidy**

The Government of Punjab has decided to provide Capital subsidy of Rs. 1,000,000/- for the purchase of new local diesel buses. The terms for the capital subsidy are described below:

#### **7.1.1 Terms**

- The basis to be eligible for the Capital Subsidy should meet the approved specifications of buses annexed at **(Annexure-A)**.
- Debt Equity Ratio capped at 60:40;
- Term of Loan capped at 7 years (repayment period is 7 years or less).
- The Operator shall ensure the registration of the Buses with all concerned authorities, including, but not limited to, the competent motor vehicle registration authority of the Excise and Taxation Department of the GOPB at Lahore, in accordance with the Laws of Pakistan.
- Irrevocable Instructions to the Motor Vehicles Registration Authority



- The Operator shall at the time of registration of the Buses issue irrevocable written instructions to the competent authority of the Excise and Taxation Department, Lahore to the effect that the ownership of the Buses shall not be transferred without the prior written consent or no-objection certificate of the LTC. Such instructions shall be issued in the form as explained in FFA.
- The payment of Capital Subsidy will be made as provided in FFA.
- The financial support would be provided only in local currency for procurement of buses.

The operator would be allowed to have different financing terms & conditions with the banks / financial institutions subject to the above conditions; however the Government's support is limited to the above said amount. The preferred bidder(s) will have to sign Facilitation & Framework Agreement (**Annexure-B**) to avail the Capital Subsidy.

## **7.2 Operational Subsidy**

GoPb has also decided to provide an operational subsidy for Diesel buses under this project on the basis of Kilometers operated to give the operators a return on equity of 20%. The operational subsidy would be provided only where the operator runs into losses.

The important factors to arrive at the per KM subsidy are as follows:

- a. Seat Turnover;
- b. Vintage of the Bus;
- c. KM's operated by the Bus;
- d. Compliance of minimum operational standards;

### **7.2.3 Mechanism of calculation and disbursement of operational subsidy**

Tracking devices will be installed by LTC, however, 50% of the Capital cost needs to borne by the operator and 50% will be borne by LTC. The annual monitoring charges will be paid by the operator as per the Facilitation & Framework Agreement (FFA). The Fleet Management System (FMS) will generate reports regarding the KM's operated; headways maintained which will be used for the working of operational subsidy. The operator will be able to get monthly data for his own management from LTC.

The prospective operators will have to sign a mandatory Facilitation & Framework Agreement with LTC, which defines the minimum operational standards and other terms and conditions.

The disbursement of operational subsidy will be made on monthly basis subject to compliance of minimum operational standards as described in FFA.

#### **7.4 Enforcement**

Enforcement is one of the most important considerations in a Public Transport Project. LTC has developed an enforcement team which will provide effective enforcement. This will result in increase in passenger volume and will make the HOV operators profitable.