

**Briefing on the
Prequalification of Tenderers for
Design-Build-Operate a District Cooling System (DCS)
at Kai Tak Development (KTD) on 15 May 2009**

Notes on Question and Answer Session

Q1. What is District Cooling System (DCS) for the prequalification purpose? What is the meaning of design & build in this Contract?

A A DCS is basically a system consist of a central chiller plant and chilled water distribution network to supply chilled water to a group of buildings for the provision of air-conditioning.

The scope of work of a design & build contract would include the design and construction of installations. However, as far as this DBO contract prequalification is concerned, it is required that the Applicant has completed, in the past 10 years a contract for the construction and design of a DCS with a contract sum of not less than HK\$350 million.

Q2. According to the requirements of the documents, Applicants are required to submit the names of their key sub-contractors. How many names are required?

A The categories of major specialist sub-contract works are listed on page 10 of the documents. One company should be submitted for each category of those listed sub-contract works.

Q3. Which group of the specialist contractors should be chosen for the sub-contract works?

A According to the Approved Contractors List of DEVB, there are different groups of contractors for different categories of works based on prescribed financial limit of public works contracts they could handle. Applicants should select the highest group of the respective specialist contractor.

Q4. It seems the experience required for Project Manager (PM) is 25 years. I wonder if there are PMs with DCS experience for 25 years.

A The requirement on experienced PM is for the purpose of having a strong project management team for the project. Indeed, the experience on DCS may not be limited to the engineering field, but also the managerial level. An experienced PM may start his career in DCS at the engineering level and then is involved at the managerial level. Under the marking scheme, a more experienced staff could gain more marks.

Q5. Will the experiences on District Heating System (DHS) also be considered?

A The tender submission would be assessed by an assessment panel. The applicants are encouraged to submit details of the experience on DHS for consideration if they wish to include such experience in their submissions.

Q6. Will a system without heat exchangers be also considered as a DCS?

A Yes, a system without heat exchangers can be considered as DCS. However, for KTD, the heat exchangers could achieve the isolation of DCS chilled water main circuits from the user building's own chilled water secondary circulation system.

- Q7. Will there be any price adjustment mechanism for E&M materials or major equipments in this project like chillers since the contract period is quite long?
- A No, there would be no price fluctuation adjustment for E&M equipments and materials. In connection, we are thinking of the inclusion of major E&M equipment only for phase one (up to year 2013) in this contract. For the other equipment for phases 2 and 3, they might be supplied by separate supply contracts.
- Q8. Is there any guarantee for the successful E&M Contractor of phase one also to be included in the project works in phase 2 and phase 3 of the project?
- A We are thinking of requiring the DBO contractor to install the major equipment in phases 2 and 3 which would be supplied by separate supply contract.
- Q9. What kind of conditions of contract will be applied in this DBO contract?
- A Similar conditions of contract for DBO contracts which have been previously issued by the Government will be adopted for this contract.
- Q10. Regarding the required contract sum in the criteria of the project experience, would a building contract of \$ 800 M including air-conditioning works cost of \$ 300 M be also considered?
- A The applicants are encouraged to submit the project cost breakdown and works details in their submission for consideration by the assessment panel.
- Q11. Would the form of Nominated Sub-Contract (NSC) be adopted in the DBO Contract for sub-contracting works like civil, infrastructure, etc?
- A NSC would not be adopted. Instead, domestic sub-contract arrangement would be adopted in this DBO contract.
- Q12. Are there any sample calculation notes for item 2.1, 2.2, 2.4 and 2.5 in the marking scheme, like that in section 3 notes?
- A There is no separate sample calculation note for section 2 notes. Instead, the marking criteria have been included in the marking guidance in pages 34 to 36.
- Q13. Would price fluctuation for E&M material be re-considered and adopted in this DBO contract?
- A The price fluctuation for E&M materials would not be included in the DBO contract at the moment. However, if a standard price fluctuation adjustment arrangement for E&M materials could be established and promulgated before the issuance of this DBO tender, the inclusion of such price fluctuation may be re-considered.
- Q14. As milestone payment would be adopted for the DBO Contract, would there be any milestone payment schedule included in the Contract?
- A Yes, a schedule for milestone payment would be provided in the Contract documents.

Q15. Would extension of time for the return of the prequalification submission be considered?

A If any applicants wish to apply for extension of time for return of the prequalification submission, the applicants should apply in writing with substantiation for our consideration. We will consider the case with regard to various factors including the tight programme of the project.