

Attachment 2

Problemstatement

Public Private Partnerships, an investigation and comparison with traditional procurement contracts in Norwegian Road projects.

Subtitle

How does Public Private Partnership projects compare with conventional contracts in building, operating and maintaining roads. Has the Front-end management helped to reduce the LCC.

Background

In the period, 2003-2009 three major road projects completed construction in Norway with the contract form Public Private Partnership (PPP). The contract is in principle based on a broader collaboration between the client (government party) and contractor (Private party) than in other types of contracts such as unit price contract. This contract form also involves private financing of the development phase as well as toll collection and responsibility for operation and maintenance after the construction is finished. In the Norwegian project, the contract period extends over 25 years, but other countries have operated with different timing for the operational phase. There are various payment models, but common is that the PPP company (developer) first is paid after the construction has been completed and is in operation. Payment is made in installments over the contract period and covers both construction and operation overall. For the project E39 Klett - Bårdshaug the payments are fixed / equal annual instalments divided into monthly payments over the contract period of 25 years. The price mechanism is such that the base amount is fixed, but with touches of payment for standard deviation by strictly defined criteria. Parameters as a basis for the draft in payment are key parameters in relation to road function such as uptime, accidents (road safety), deviations in the exchange rate of technical installations, etc. This is followed up through close follow-up of the contract from both involved parties; NPRA and development company.

The thesis main content :

- Overview of contractual relationships in the three Norwegian PPP road projects and do a comparison with ordinary forms of road project contracts for the construction, operation and maintenance in Norway
- Description of governance and payment mechanisms for PPP contracts against conventional contracts (construction - operation - maintenance)
- There should be an assessment of factors affecting the lifetime costs of the PPP contract E39 Klett-Bårdshaug and an evaluation of PPP contract terms on average compared to traditional development and operating contracts. If possible, a conceptual estimate of the average lifetime costs of the road E39 Klett - Bårdshaug compared with lifetime costs for similar road elements (road bridge-tunnel) for traditional forms of contracts for the construction, operation and maintenance. Road E6 Trondheim Værnes (E6 East) can be used as a reference section.