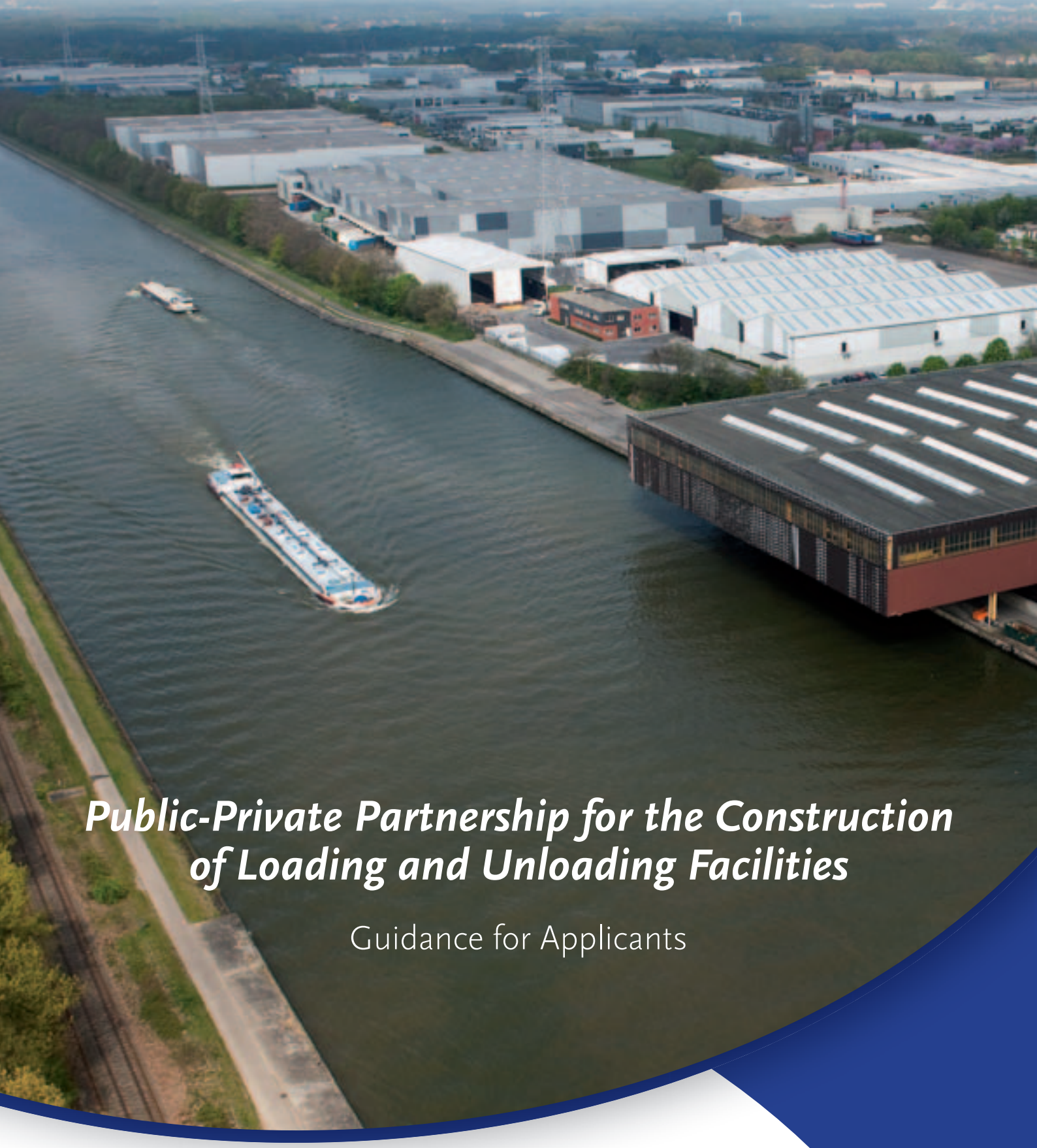

Public-Private Partnership for the Construction of Loading and Unloading Facilities

Guidance for Applicants

Waterwegen en Zeekanaal NV
weg van water

nv De Scheepvaart

PROMOTIE BINNENVAART VLAANDEREN

Contents

Introduction

Since 1998 companies in Flanders can build a loading and unloading facility along the navigable waterways through a public-private partnership with the waterway managers. The government contribution for the infrastructure of up to 80 percent makes this PPP arrangement very attractive.

The PPP arrangement for the construction of loading and unloading facilities is extremely successful. At the beginning of 2011, 162 companies submitted an application and 81 projects across Flanders were operational. They are located both along the main and secondary waterways. Transhipments concern all kinds of goods: solid and liquid bulk goods, containers, waste products and both indivisible and general cargo.

The PPP arrangement clearly offers numerous companies a perfect solution for the transport and handling of goods over the inland waterways. Consequently, the arrangement contributes to a great extent to the Flemish objective to encourage transport of goods by alternative modes and to reduce road transport. The Flemish Government continues its promotion of inland navigation and looks upon the PPP arrangement for the construction of loading and unloading facilities as one of its main instruments. To stimulate the use of the waterways, a sufficient number of modern, well-situated quay walls at which goods can be transhipped, need to be available.

For an increasing number of companies, the construction of a quay wall is a vital step toward durable and future-oriented management. Perhaps your company too is interested. This guidebook presents the possibilities and conditions of a public private partnership for the construction of loading and unloading facilities. It also offers guidance for actual discussions with the waterway managers. Together, we get the job done.

What are Public-Private Partnerships?

In a public-private partnership, the government and the private sector work closely together. Both parties contribute their know-how and means to achieve complementary objectives.

Companies wishing to use the waterways for the delivery and transport of their raw materials or goods need loading or unloading facilities. Some may be able to turn to existing installations or logistics operators, but in most cases new, custom-made transhipment facilities are needed. The PPP arrangement for the construction of loading and unloading facilities makes this possible within a relatively short time. On the one hand by combining the know-how of the waterway manager and the private partner, on the other by sharing the financing.

The PPP arrangement distinguishes between the total project costs – the costs of all investments needed to make the facilities operational – and the costs that qualify for government contribution. The latter mainly comprise the costs related to the infrastructure. A non-exhaustive overview of the total project costs and those that can or cannot be co-financed by the government is presented later in this brochure (see page 18).

In principle, the waterway manager finances 80 % of the study and construction costs of the infrastructure. However, the public share is limited to half of the overall project costs. Any possible public financing on the basis of other arrangements is also taken into account. Accordingly, the private partner is obliged to inform the waterway manager of any public funding relating to the project. The Flemish Region can only invest in infrastructure that remains or becomes its freehold. After the construction of the facilities, the waterway manager grants a concession to the private partner or a permit for its use. The private partner pays a fee for the use of the infrastructure.

The company cannot use the public share in the public-private partnership to drive other terminals out of the market. Should market signals point at unfair competition, the competent minister can commission an independent inquiry and, depending on its results, re-claim all or part of the public contribution.

The current PPP arrangement has a validity of 6 years, commencing 1 January 2011 and ending 31 December 2016. The arrangement bears on all applications submitted after 1 January 2011 and accepted by the minister before 31 December 2016.

Who is eligible?

The PPP arrangement only concerns loading and unloading facilities along the Flemish waterways outside the seaport areas. Any private or public company, irrespective of its nationality or activity, is eligible.
In case of public transhipment facilities, the partner acts as manager of an installation that is available to all possible users.
In case of transhipment facilities linked to a private company, the partner has a right of precedence to use them for the loading and unloading of his own goods. Under certain conditions, however, the private partner is obliged to allow third parties to use the facilities.

General arrangement

As a general rule, only projects that guarantee a minimum PPP return of 6 % are eligible. The PPP return is based on the ratio between the newly generated waterway traffic and the public share. The PPP return is calculated as indicated on page 12.

Which projects qualify?

Specific arrangements

1. Projects of general strategic and/or economic importance

The minimum PPP return of 6 % does not apply. This specific arrangement certainly applies to the following projects:

- Projects in which, for reasons of security, transport via the waterways has to be preferred to other modes. This concerns, in particular, the transport of hazardous goods classified as Seveso products.
- Projects involving the transport of heavy or indivisible objects that would otherwise cause major disruption and/or damage.
- Projects that open up an area that is as yet not or not sufficiently accessible via the waterways or where accessibility through other modes is inadequate.
- Projects that optimize the utilization of insufficiently used existing industrial sites.

2. Projects involving the relocation of a quay wall that is not compatible with the environmental or planning requirements

The 6 % threshold applies, but both existing and new transhipments are taken into account. Should the threshold not be reached, the minister, upon reasoned advice, can still decide in favour of the project.

3. Projects concerning the reconstruction or revalorization of an old quay wall or an almost inexistent transhipment site

The 6 % threshold applies. However, the calculation of the PPP return takes both existing and new transhipments into account.

4. Projects along tidal waterways

Inevitably, the construction of transhipment facilities along tidal waterways is relatively more expensive. The waterway manager takes care of the extra costs. They are not included in the PPP project. In every stage of the file, the waterway manager autonomously determines the estimate and size of the extra costs, based on global assessments, and informs the applicant.

Where to submit your application?

In order to qualify for a PPP arrangement, you submit an application to the waterway manager involved.

Projects along the Albert Canal, the Scheldt-Rhine Canal or the Kempen Canals

nv De Scheepvaart:
Havenstraat 44
3500 Hasselt
Phone: 011 29 84 00
Fax: 011 22 12 77
www.descheepvaart.be

Projects along other Flemish waterways

Waterwegen & Zeekanaal NV
Oostdijk 110
2830 Willebroek
Phone: 03 860 62 11
Fax: 03 860 63 00
www.wenz.be

You can, of course, at all times contact the waterway manager. Expert staff members will advise and assist you.

How to draft your application?

The application should contain all information necessary for the waterway manager to have a good understanding of the purpose, nature and scope of your project. Therefore, your application should contain the following elements:

- your administrative data
- a description of your activities
- a description of the need for new transhipment facilities and the desired concept
- an overview of the actual and future goods flows from and to your enterprise
- all available terrain information
- a list of all other public funding or applications for the project
- a description of the entire project, including all elements which are outside the scope of the PPP arrangement

Further on in this brochure, you will find information about the standard application form and a list you can use as guidance for drafting your application (see page 26).

How is your application assessed?

The waterway manager examines both the completeness of the application and the feasibility of the project.

Assessment criteria

The application will be considered if:

- the necessary funds are available
- the preliminary design of the facilities is approved by the waterway manager
- the estimate of the project costs is well-founded
- the required guarantees concerning the financial and economic capacity of the applicant are present (not necessary for a public entity)
- the project favourably affects regional mobility and transport flows
- the economical and water tied interest of the project is sufficient
- the project sufficiently stimulates inland navigation

For the assessment of the last two criteria, the PPP return is the decisive factor.

Calculation of the PPP return

The PPP return is calculated on the basis of:

- the transhipment volume guaranteed by the applicant over a period of 10 years
- the public share (excluding the extra costs of a project along a tidal waterway)

Hereafter you see how the PPP return is calculated.

1. Annual transhipment value (k)

The intended annual transhipment value is determined by the formula:

$$k = a \times g \times y \times r$$

a = number of m³ and/or tons for which the applicant guarantees transhipment during that year. This concerns new volumes. In the case of m³ the unit maintained is that of the smallest rectangular prism enclosing the cargo or partial cargo.

g = goods coefficient, with a value of:

- 1.2 for waste products, pallets and indivisible or heavy objects, not suitable for transport by normal road haulage
- 1 for all other goods

y = year coefficient, with a value of:

- 1.4 for the first full year from the first of January after the facilities came into use
- 1.3 for the second full year from the first of January after the facilities came into use
- 1.2 for the third full year from the first of January after the facilities came into use
- 1.1 for the fourth full year from the first of January after the facilities came into use
- 1 for the fifth full year and subsequent years from the first of January after the facilities came into use

r = directional coefficient, with a value of:

- 1 for discharged goods
- 1.5 for loaded goods
- 1.5 for cargo transferred from one ship to another

2. 10-year transhipment value (K)

The intended 10-year transhipment value of the facilities is determined by the formula:

$$K = k1 + k2 + \ldots\ldots\ldots\ldots\ldots\ldots\ldots + k10$$

3. Public share (S)

S = a maximum of 80 % of the costs for the fixed installation that qualifies for the PPP and a maximum of 50 % of the total project costs, expressed in euro.

4. PPP return (R)

Consequently, the PPP return is calculated as follows:

$$R = \frac{K \times 1{,}238}{40{,}3399 \times S}$$

Unless the project falls under a specific arrangement, it will only be considered if R amounts to at least 6 % (see page 9).

Assessment path

After the waterway manager's own assessment, the application is submitted to the Quay Walls Assessment Committee. This committee is composed of representatives of both waterway managers and the non-profit organization Promotie Binnenvaart Vlaanderen. The Assessment Committee examines the application.

In case of a favourable assessment and a favourable advice on the part of the senior officials of both waterway managers, the application is submitted to the competent minister.

The applicant will be notified of the minister's decision.

How do your PPP project start-up and execution proceed?

Contract documents

Upon the approval in principle of the minister, the following contract documents are drawn up in consultation with the applicant:

- the conditions of contract
- the detailed estimate
- the contract drawings

In case of a project along a tidal waterway, the waterway manager may autonomously adjust the applicant's estimate of the extra costs involved, based on the project's location and detailed characteristics.
All assignments within the PPP project's scope commissioned to third parties concerning the execution of works, deliveries or services are subject to the legislation on public contracts.
If a consulting firm is brought in to draw up the contract documents, the research costs are part of the application.
Unless deemed inexpedient, the waterway manager always acts as the principal.

Agreement

As soon as both the applicant and the waterway manager approve all contract drawings, both parties conclude an agreement. This agreement stipulates:

- the provisional share of the public sector and the applicant's share based upon the detailed estimate (exclusive of VAT). For a project along a tidal waterway, the waterway manager's assessment of the extra costs applies.
- that both parties agree upon the design, the conditions of contract and the contract drawings.
- further terms for the execution of the works, adjusted to local circumstances and specific requirements.
- the intended annual transhipment value during ten years and the 10-year transhipment value.
- the reimbursement clauses.
- how third parties have access to the facilities or are offered the possibility to use them.
- the rules with regard to the ownership, the construction and the use of the infrastructure.

Note

Prior to the drawing up of the contract documents, preceding contracts can already be concluded.

Subsequent procedure

After the conclusion of the agreement and the tender, the waterway manager determines the definitive share of the public sector on the basis of the allocation decision for the works to be carried out. In case of a project along a tidal waterway, the waterway manager takes into account the autonomously determined extra costs. If the definitive share of the public sector appears to lead to a PPP return of less than 6 %, the agreement is to be renegotiated.

The applicant is informed of the definitive public sector's share and the contractor is notified of the allocation decision.

In consultation with the applicant, the waterway manager sets the starting date of the works. They are carried out under supervision of the waterway manager.

What does monitoring your PPP project involve?

From the first full calendar year following the date on which the facilities came into operation and during 10 consecutive years, the waterway manager on an annual basis will evaluate the project's attained transhipment. For this purpose, the private partner puts all data at the waterway manager's disposal.

Reimbursement clauses

If the private partner does not attain the intended annual transhipment value, he owes the waterway manager an indemnity for the year in question. It is calculated according to the following formula:

$$\frac{(k - k^*) \times S^*}{K}$$

k = the intended annual transhipment value
K = the intended 10-year transhipment value
k* = the achieved annual transhipment value
S* = the definitive public share

Important
If the annual transhipment value attained exceeds the intended value, the balance is carried over to the next year.

Which costs are eligible and which are not?

The overall project costs for the construction of a loading and unloading facility include costs that are eligible as well as costs that are not eligible for the PPP arrangement.

Below, we present an indicative, non-exhaustive list of both kinds of costs. In any case, only infrastructure on the public domain is eligible for a contribution.

Eligible costs

1. Fixed facilities

Costs related to the waterway:
- infrastructural dredging
- breakwater
- shipping signage
- dumping costs of dredge spoil

Costs of mooring facilities/quay:
- river jetty
- quay wall construction (sheet piling, concrete crossbeam, ...)
- mooring posts/bollards

Costs related to the grounds:
- on-site paving
- drainage (sewerage)
- soil cleaning (decontamination)
- landfill
- site preparation
- demolition works
- crane gantry (not including rails and rail fixings)
- cable conduits
- earthworks
- unloading platform

Costs of road connections:
- access road
- internal road network

Additional costs:
- land development works to verges and banks (if necessary from a construction engineering point of view)
- environmental costs related to the environmental legislation

Consultancy costs:
- costs of the drafting of the preliminary scheme
- costs of drawing up the final scheme
- costs of drawing up the contract documents
- costs related to project management

Costs of fixed equipment needed for the transhipment of goods to and from the waterway:
- chute
- bunker
- covering (for the conditioning of goods)
- discharge pipes/pressure tubing
- infrastructural elements for connection to the utilities

Non-eligible costs

1. Fixed facilities

Costs of:
- lighting masts
- site lighting
- utilities other than sewerage
- site enclosure

2. Equipment for the transhipment of goods to and from the waterway

Costs of mobile equipment:
- quay crane/crane/hoists
- conveyors
- pre-doser, tugmaster, spreader
- internal conveyance systems that are not inextricably linked to the terminal, such as reach stackers and straddle carriers
- chassis, container chassis

Costs of fixed equipment:
- funnel (with covering or otherwise)
- silo
- warehouse racks
- weighing unit other than a weighbridge for road transport
- pumps

Costs of legally required measures:
- sound insulation
- dust prevention

3. Additional costs related to the fixed infrastructure and the equipment for transhipment of goods to and from the waterway that are not eligible:

- costs of drafting the preliminary scheme
- costs of drawing up the final scheme
- costs of drawing up the contract documents
- costs related to project management
- costs related to automation

4. Miscellaneous costs

Costs of file compilation and the procurement of permits:
- environmental permit
- building permit
- site indemnity
- PAS costs (preparations, administration and supervision) cannot be added to file costs

Non-recurring costs, general costs and remunerations:
- implementation costs
- engineering (in the sense of 'preparation' engineering comes under the PAS costs)
- assembly/start-up
- construction interest (the construction interest is equal to the interest of the most recent public loan at the time of the allocation of the works)

"Inland navigation is our trump card!"

Testimonies

Zuid-Willemsvaart (South Willem's Canal), Bree
New quay wall for Steel Service Centre in Limburg (LSC)

Edwin Cramer, Plant Manager:

"In 2006, due to a lack of capacity in the region, the German parent company Vosta Stahl decided to build its own Steel Service Centre in Limburg. As a result of the efforts and collaboration of the city and nv De Scheepvaart , Bree was chosen as its location. This partnership, within a short period of time, could guarantee a high-quality logistical connection to the waterway and the road network. In 2009, already 76,000 tons of steel coils were delivered via the South Willem's Canal, shipped mainly from the port of Antwerp. This represents over 2,500 30-ton trucks. LSC converts the coils into steel sheets for its customers.

Our PPP quay wall's length measures 256 m, which allows mooring two vessels at the same time. A covered roller bridge between the quay wall and the industrial building permits us to load and unload steel coils of up to 35 tons in all weather conditions. 60-ton combination trucks can drive right under the cover to be loaded or unloaded. The quay wall was built by Roegiers nv. The exceptionally short period of time the project was completed in is quite unique: barely seven months. This could only be achieved through the exemplary collaboration between all partners. The costs of the project amounted to just over 1.9 million euro.

The city of Bree and the Province opened up the grounds. nv De Scheepvaart assumed responsibility for building the quay wall and the quay platform. Work started in August 2008. By December of that year, Timmers Cranes & Steelworks delivered the factory building and Andritz (Sundwig) completed the steel sheet cutting line's assembly. Production started in January 2009, when the first vessel was unloaded.

Clearly, LSC's trump card is its key location along the South Willem's Canal. Inland navigation simply is essential for the supply of steel coils. Today, every week some four vessels berth at the quay, representing 160,000 tons yearly. The waterway takes care of up to 95 percent of steel coil delivery. Small wonder, for while most trucks can transport just one 25-ton steel coil, inland navigation vessels can deliver up to 40 coils. Moreover, unloading a vessel is much faster: 12 coils per hour versus 5 in the case of trucks. For LSC, inland navigation is far more efficient. And a lot cheaper too!"

Leie (Lys), Wielsbeke
Stortbeton De Meester NV

Frans Catteeuw, Manager:

"A couple of years ago, Stortbeton De Meester NV became a full subsidiary of Group De Cloedt. The group already had two PPP quay walls in operation and we saw an opportunity to replace the old, outworn landing quay on the Lys in Wielsbeke. It was only 15 m long, in terrible condition, and vessels had to be manoeuvred under its fixed crane to be loaded or unloaded. A laborious and time-consuming approach, especially now that larger vessels are increasingly common. Our new quay wall's length measures 150 m, well over what is needed for 1,350-ton or even larger vessels. They moor along the quay and now the crane moves. A vast improvement on the past.

The new quay wall was built in two stages. This allowed our company to continue operations throughout the project. The first stage involved the construction of a new, 100 m long quay wall. Then the old landing quay was demolished and the new one was lengthened to 150 m. Together, this took one and a half year. Actual construction, of course, is preceded by a comprehensive procedure. After applying, it took two years before work began. Hardly surprising, considering the substantial public funding. The government wants to make sure it is really beneficial.

In our case, there's no doubt about it. In 2008, for instance, we unloaded over 217,000 tons of sand. This represents over 7,000 trucks. We plan to have our gravel delivered by inland vessels too and are exerting pressure on suppliers to make the modal shift. Ignore inland navigation, and sooner or later you lose business. We are also on the lookout for other companies willing to use the new quay wall. We could, for instance, unload goods for customers in the area or load and ship local companies' finished products. For us, the importance of inland navigation is beyond questioning. It would be a terrible shame if the volumes of sand and gravel transported via the waterway did not significantly increase. A good connection for larger inland vessels with the port of Zeebrugge or the Seine basin would be a dream come true. The sooner the better!"

"Ignore inland navigation, and you lose business!"

"Talk about a win-win situation!"

Zeekanaal Brussel-Schelde (Brussels-Scheldt Sea Canal), Wielsbeke, RCT Stevedoring

Koen Van Duyse, Managing Director:

"Our company specializes in the storage and handling of bulk goods such as ores, wood products, steel, fodder and building materials. Most of our transhipments are ecologically sound: by ship via the Brussels-Scheldt Sea Canal. On the Boomsesteenweg in Willebroek we had two mooring quays: one with a depth of 9.5 m, the other with a depth of 4.5 m. As we expected an increase of traffic, it became clear additional capacity was needed.

To explore the possibilities for expansion, we approached Waterwegen en Zeekanaal NV. The solution the waterway manager came up with, proved to be both simple and efficient. It was decided to increase the depth of the thirty year old quay from 4.5 to 6.5 m and to rebuild the quay platform. Thanks to a first-class collaboration with the division Zeekanaal's project engineer, the works proceeded particularly smoothly and the job was finished right on time, without road or waterway traffic being disrupted.

The rebuilding and expansion of our mooring quays allows larger ships to moor and we can now handle two vessels simultaneously. On top of that, the grounds are used more efficiently. The results speak for themselves: less than one year later, traffic already increased substantially. The economic advantages are obvious, but this is also good news for road users and the environment!"

Standard application form

In order to assess a project, the following data are required:

- **Applicant**
  - name
  - address
  - phone number
- **Waterway**
- **Nature of transhipped goods**
- **Guaranteed transhipment value in tons or m³ (1 TEU = 33 m³)**
- **Description of the project (nature of the works)**
- **Desired public share in the PPP project**
- **Date this form was completed**

The application form can be downloaded on the following websites:
www.wenz.be
www.descheepvaart.be
www.binnenvaart.be

Information request

FAX NV DE SCHEEPVAART: 011 22 12 77
FAX WATERWEGEN EN ZEEKANAAL NV: 03 860 63 00

COMPANY
NAME: ADDRESS: PHONE: FAX: E-MAIL: CONTACT:

Would like to receive additional information concerning the PPP application about:

- ○ The general conditions
- ○ The calculation of the return
- ○ The completion of the questionnaire
- ○ The agreements to be concluded

I would like to receive the information:

- ○ By e-mail
- ○ By post
- ○ During a meeting

Suggested date: ... / ... / 20... AM/PM

Attached is the partly drafted application. It will give you a better understanding of the planned project.

Guidance for drafting your application

- **Administrative data**
  - company name, address, phone, fax, e-mail
  - contact co-ordinates
  - VAT number
  - commercial register or RPR number
- **Data concerning activities**
  - nature of activities
  - nature of the goods that will be transported by water
  - form in which goods will be delivered and/or transported by water: solid or liquid bulk, containers, indivisible objects, pallets, etc.
- **Description of the need for new transhipment facilities and the desired concept**
  - location of planned facilities: waterway, municipality, etc.
  - does the project concern the construction of new or the renovation of existing facilities?
  - description of the desired transhipment facilities:
    - quay wall or jetty
    - desired length
    - (likely) nature of transfer facilities: travelling crane, fixed crane, portal crane, reach stacker, unloading or pressing pipes, conveyor belt, etc.
    - need for and dimensions of storage facilities on or near the transhipment site: quay platform, bunkers, silos, etc.
  - why are new transhipment facilities needed? To process new traffic or to shift existing transport to the waterway?
  - time period by which transhipment facilities should be operational
- **Overview of current and future goods flows**
  - current incoming and outgoing flows at the location: nature, transport mode, volumes
  - future incoming and outgoing flows at the location: nature, transport mode, volumes
- **Technical data necessary for the assessment**
  - desired water depth at quay wall
  - average payload on quay wall
    - what kind of lifting apparatus will be used?
    - what kind of goods will be stored on the quay wall?
  - what type of ships will moor alongside the quay wall?
  - other items:
    - how many mooring posts will be needed?
    - are ladders required?
    - is it necessary to install fenders?
    - other
- **Information concerning mobility**
  - is a good higher road network connection available?
  - how large is the average distance currently covered by goods being transported by truck?
  - how many transports cross city or village centres?
  - what results are to be expected from a modal shift from road to waterway transport?
    - less road transport through built-up areas
    - less noise nuisance in the vicinity
    - other
- **Available terrain information**
  - What information on the terrain on which the facilities are planned is already at the applicant's disposal?
    - survey
    - environmental health study
    - soil mechanics investigation
    - other
- **List of all other public funding granted or requested for the project**
  - have any applications for other public funding of the project been filed, and if so, which?
  - has the project been granted any other public funding, and if so, which?


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LINEA MEXICANA
BRUNEL
SSR119405

NEW LOADING AND UNLOADING FACILITIES ALONG FLEMISH WATERWAYS

(Situation August 2010) © Promotie Binnenvaart Vlaanderen

Class I	300 T	C Containers	X applied for
Class II	600 T	V Liquid goods	X in operation
Class IV	1350 T	B Bulk cargo	
Class V	2000 T	S General cargo	
Class VI	> 2000 T	A Waste products	
No Passage		O Indivisible objects	

Compilation

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Illustrations
Waterwegen en Zeekanaal NV
nv De Scheepvaart
Promotie Binnenvaart Vlaanderen

Printing
Drukkerij Haletra
Depository number D/2011/3241/104
Edition 2011

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