

Alliance contracting in maintaining public areas in Helsinki

Helsinki



The content of presentation



The alliance
contracting

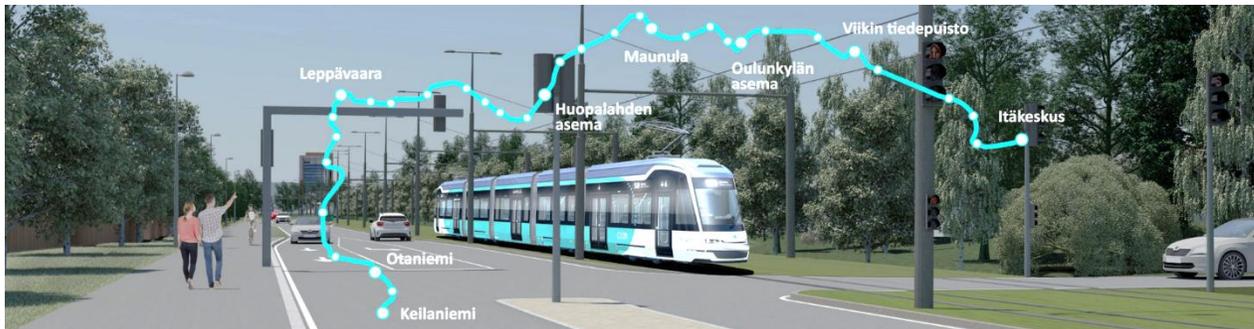


3 years in praxis

The alliance agreement in a nutshell

Alliance contracting in Finland

- In Finland is implemented over 40 Alliance contracts
- First was Lielahiti-Kokemäki railway renovation project (2010-2015)
 - 89,6 km, budget about 90 M€
- Almost all projects has been renovation or building projects
 - Budget varies 6 – 220 M€



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Tunnels, roads, large buidings, railway projects.. etc.

Why alliance contracting? What benefits could be achieved?

Better co-operation and communication with contractor

More cost-effective way to act

Improving flexibility of maintenance work

Better collaboration with inhabitants

Basics from maintenance contract

- Period 5 year (2014-2019), started 1.10.2014
- Development phase four months
- Alliance partners: **YIT Rakennus Oy ja Viherpalvelut Hyvönen Oy**
- Budget 7,5 M€
- Includes all maintenance works on streets and parks:
 - winter maintenance, fixing pavements, traffic signs, structural reparations, maintenance of trees, playgrounds etc.
- Special features of the contract are
 - 115 km of roads, 103 km of sidewalks and cycling routes, 58 ha of parks
 - mainly residential area
 - many schools, day care centers and a hospital in the area
 - busy public transport on the main routes

Alliance agreement

Collective organisation

- Owner and contractor establish common organisation which puts the contract into action

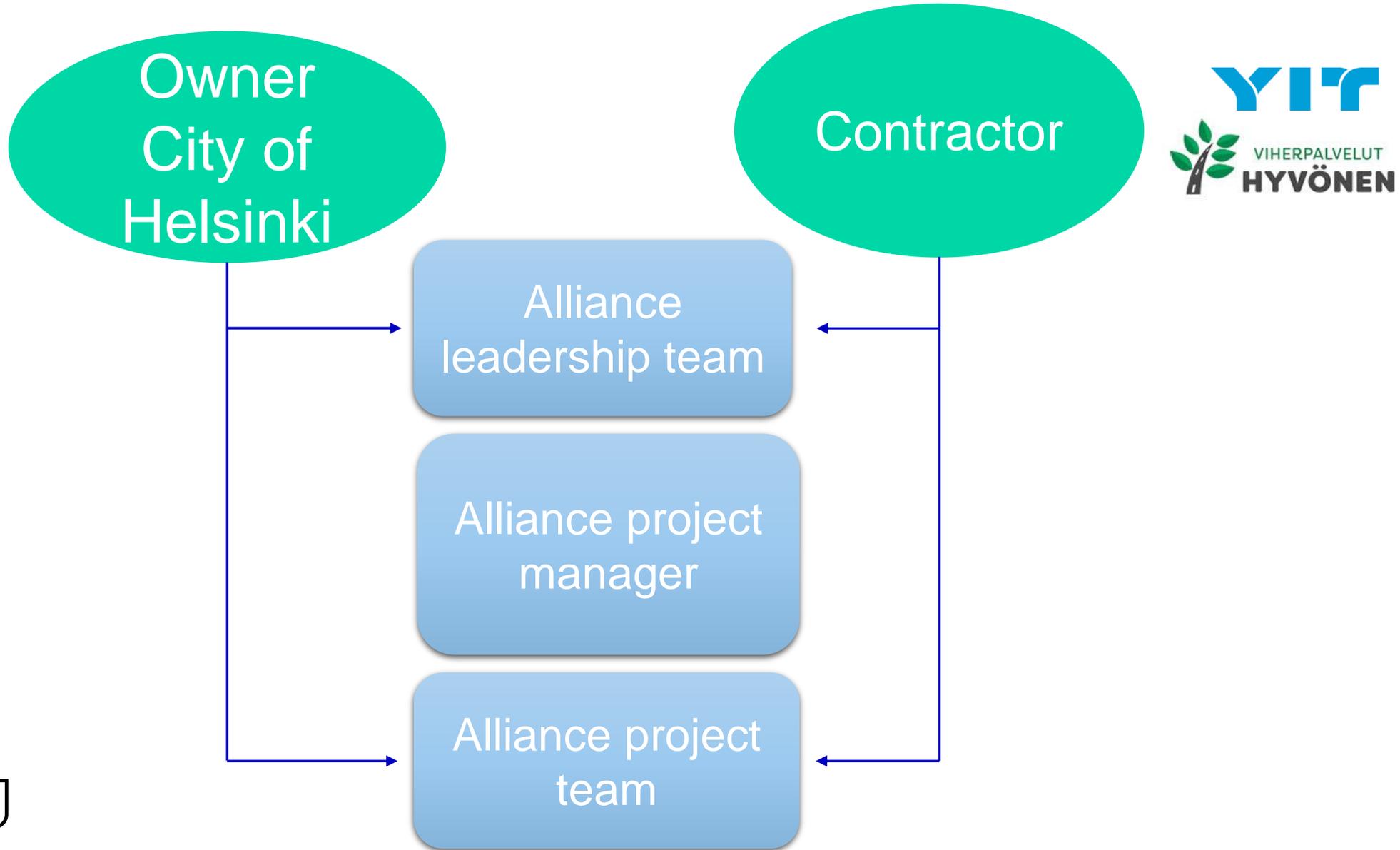
Open book – acts

- All financing "open book"

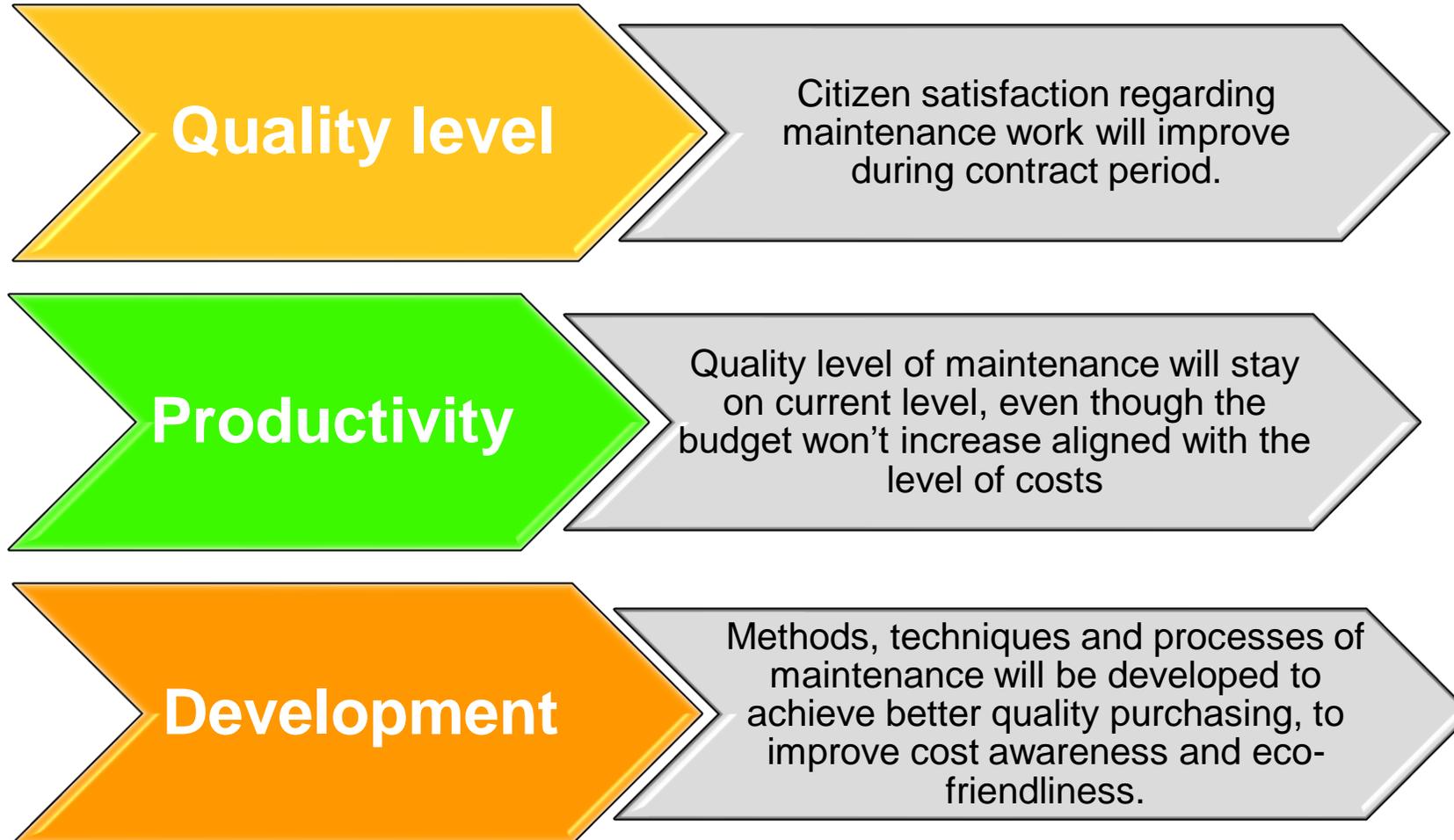
Commercial framework

- Risks as well as benefits are collectively shared with the owner and the contractor

Collective project organisation

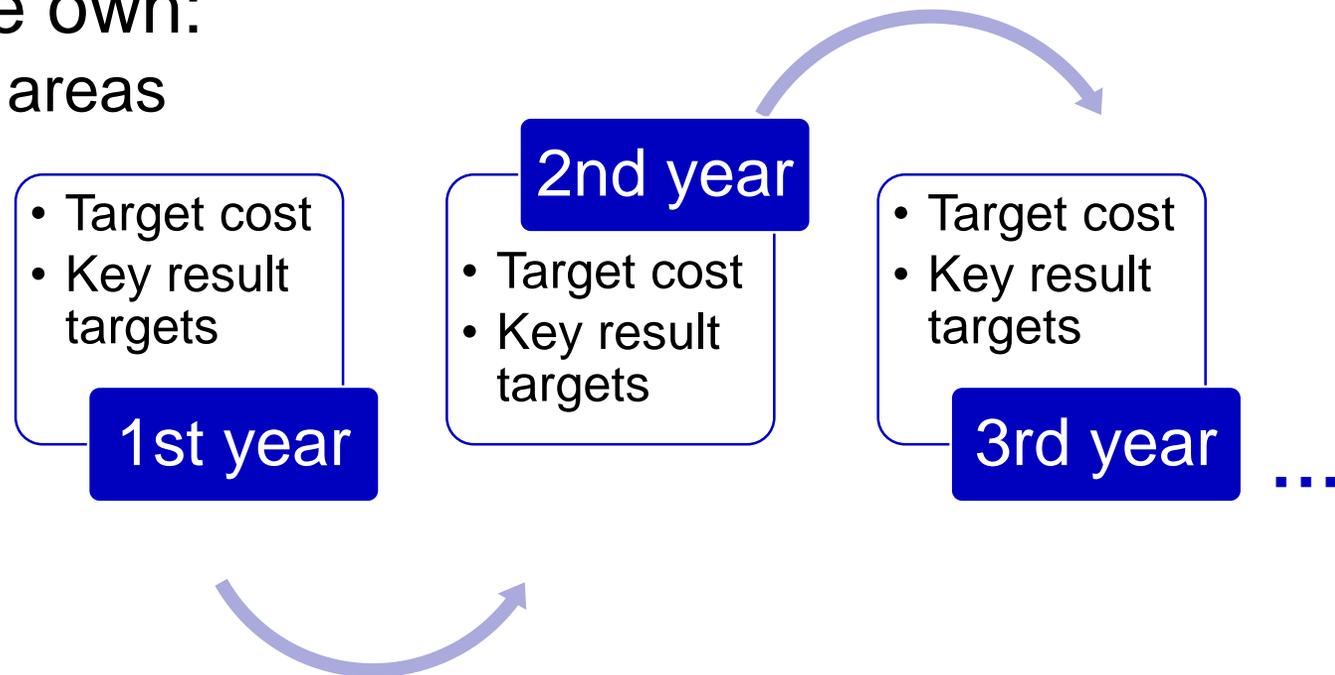


Owner's Targets for whole contract period

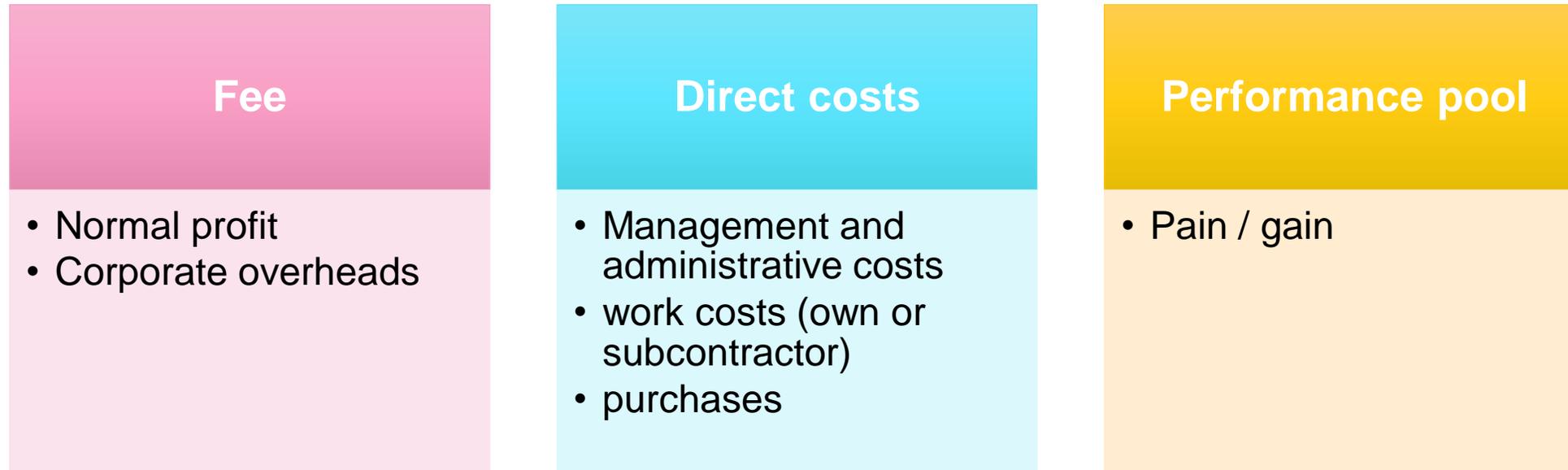


Actions during agreement period

- Project time is divided into smaller periods (year)
- Owner has set up targets for whole agreement period
- During agreement period annual follow-up
- For every year has made own:
 - Yearly targets, key result areas
 - Target cost
 - Implementation plan



Commercial framework



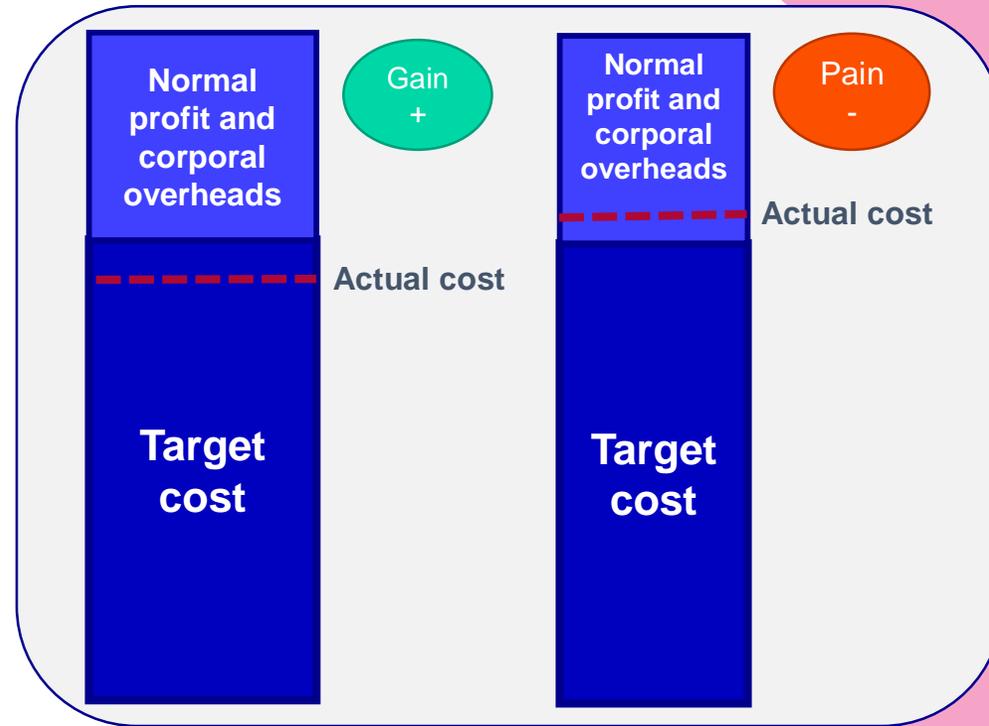
- Yearly target cost
- All financing "open book"
- The performance pool is depending on key result areas and how well these targets and goals have been achieved

Commercial framework: sharing risks and benefits (pain/gain -mechanism)

Gain %	Owner	Contractor	Performance pool
under 5 %	60 %	40 %	-
over 5 %	50 %	20 %	30 %

Pain	Owner	Contractor
	60 %	40 %
Over the fee	100 %	-

Performance pool 45 000 € / year



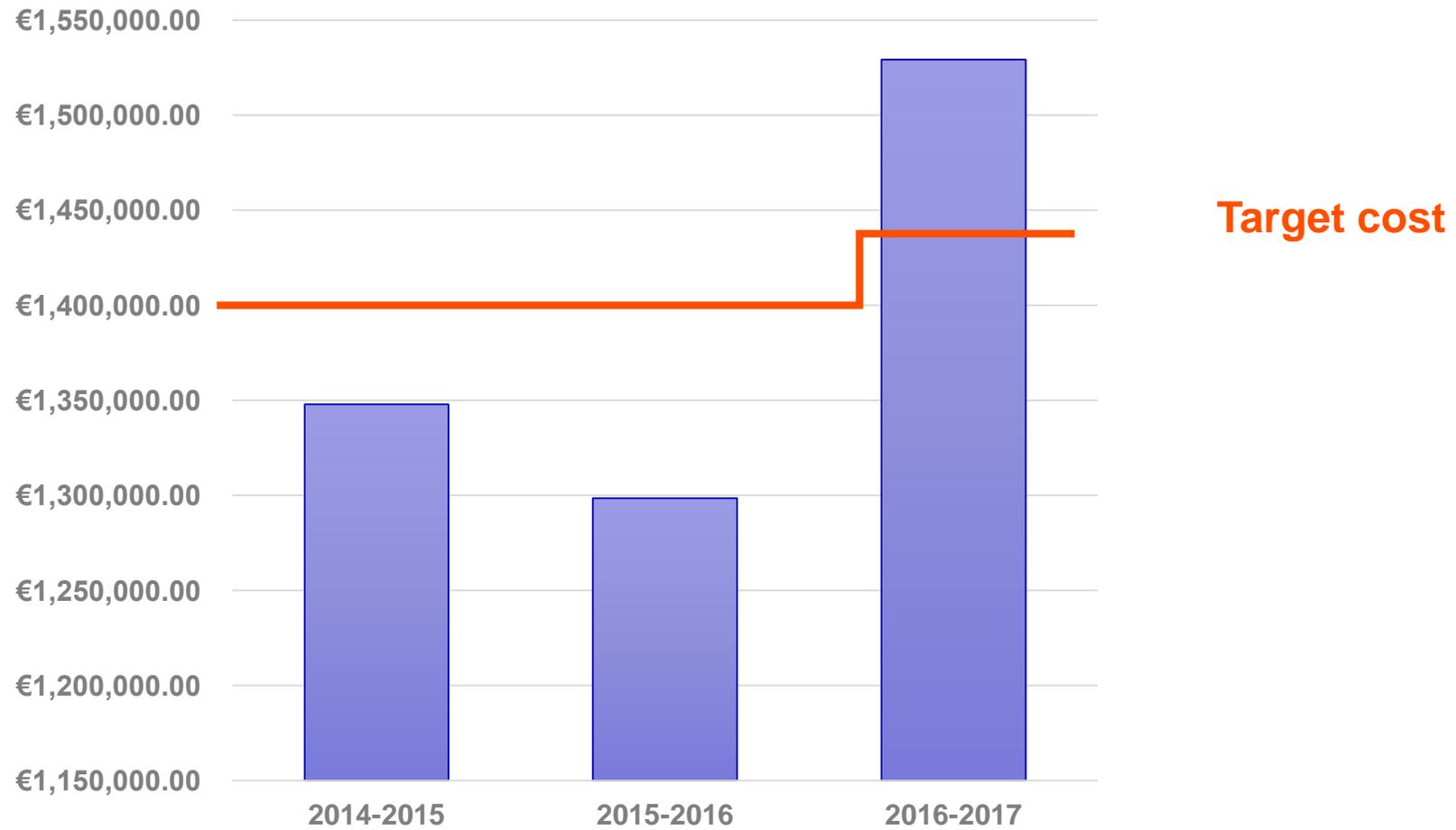
Sharing risks in winter maintenance

- Concerning to winter maintenance, transportation of snow is the biggest single risk
- The owner takes the biggest risk
 - Yearly a certain amount of snow transport is included to the target cost.
 - Costs beyond the target cost are reimbursed (raising the target cost, but not raising the fee!)

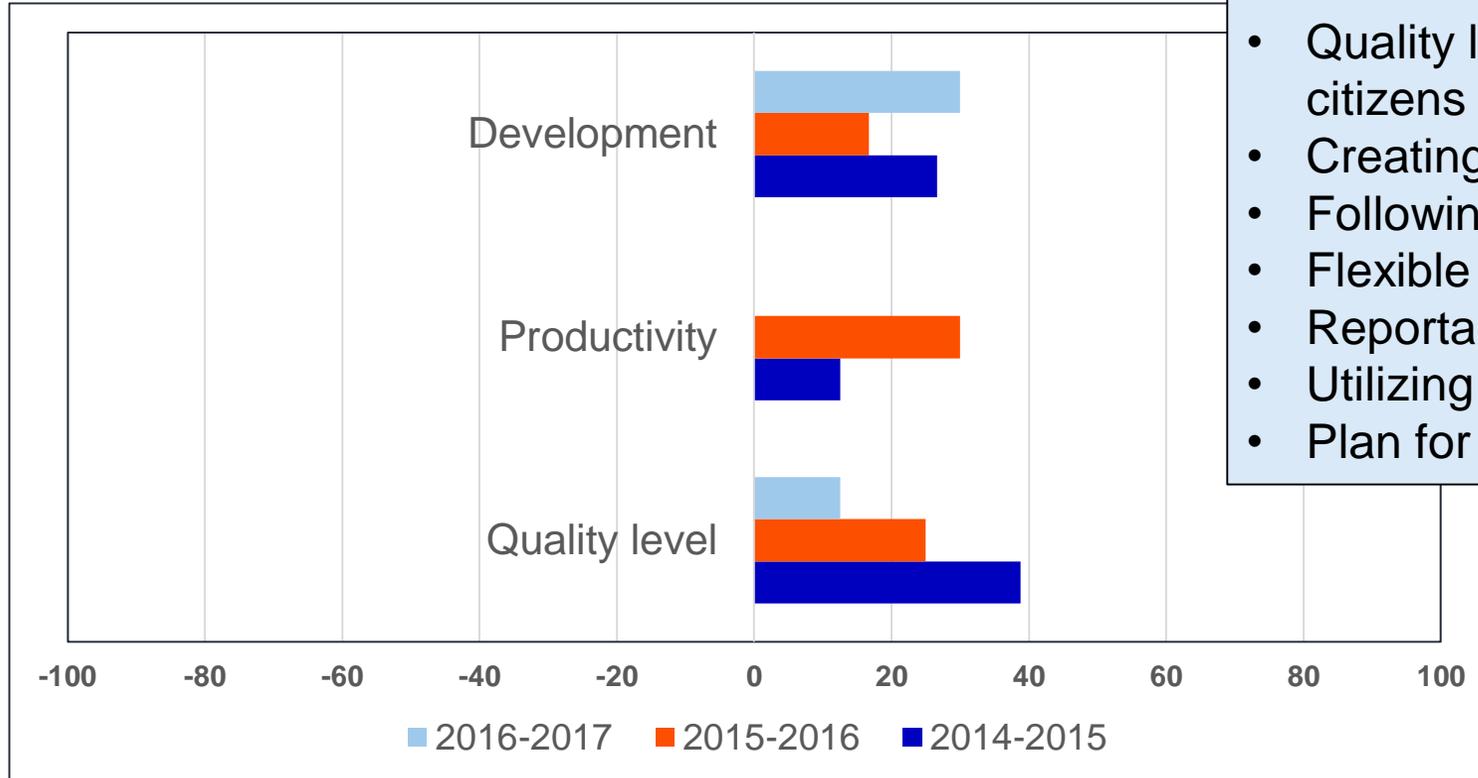


Three years in praxis, key findings

Costs



Key result areas



Key performance indicators (for example):

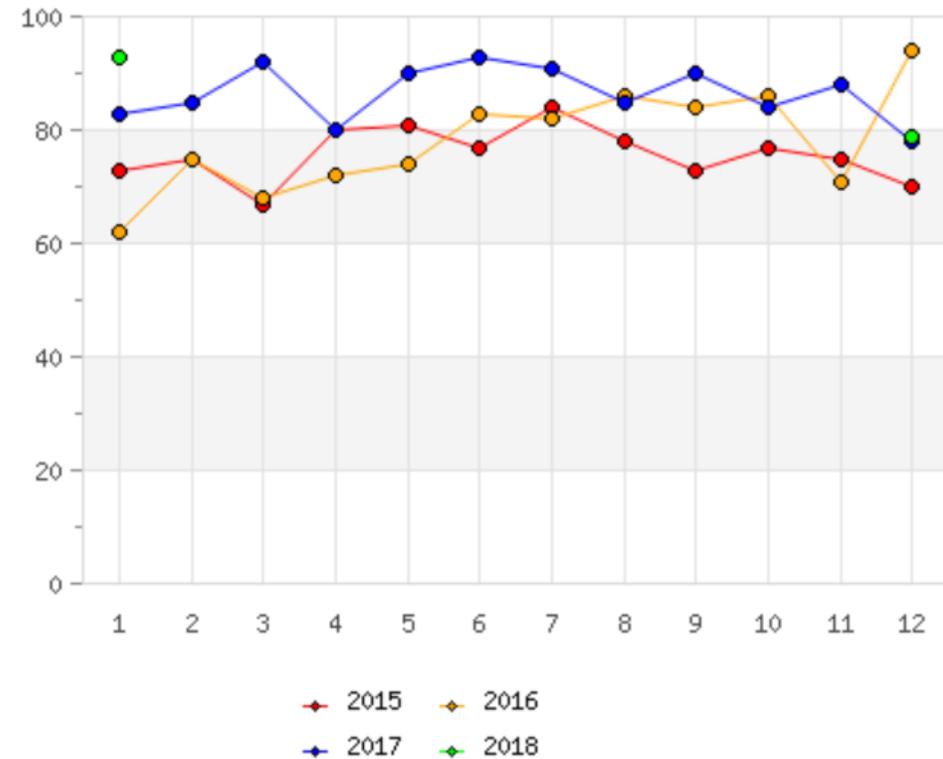
- Quality level of maintenance (according to citizens and project team)
- Creating quality assurance system
- Following of communication plan
- Flexible use of money
- Reportage of costs
- Utilizing customer feedback
- Plan for snow removal

Evaluation scale from – 100 to + 100

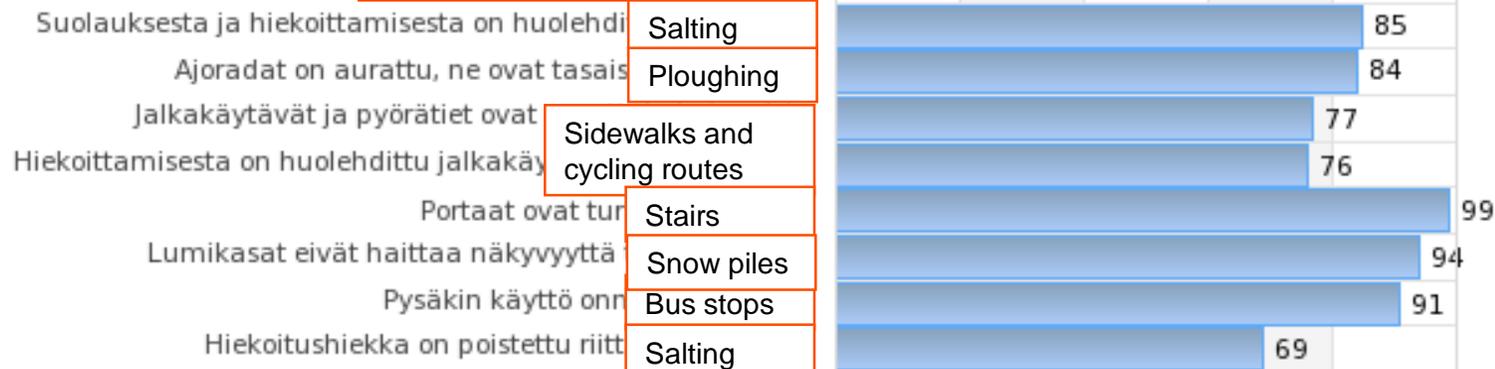
The jury of citizens

- Since 2015
- Citizens are evaluating maintenance of street and parks in same form as alliance project team
- Answers 30-80 per month

Monthly results



Winter maintenance



New way of act has enabled

- Money are used "best for area" -method
 - Renewing playground areas
 - Renovating old street furnitures
 - Cleaning traffic signs
- Different ways to communicate with citizens are increased
 - inquiries
 - New events (for example one with kindergarten)
 - Social media





Kids familiarize with maintenance utilities and machines

Photo: Toni Eskelinen / YIT

Advantages and challenges

+

- Better co-operation with contractor
 - New way of acting
- Flexibility in maintenance work
- Client's cost knowledge has improved and being part of negotiating with sub-contractors has been worthwhile

-

- Heavy model, big organization
- Yearly budgeting of City
- Setting key result areas and indicators has been challenging
- Quality level of maintenance hasn't always reached the target

Alliance contracts at the moment



The planned length of the line is approximately 25 km (15.5 miles), of which 16 km will be in Helsinki and the remaining 9 km in Espoo. The light rail line will replace trunk bus line 550, which is the busiest bus line in the Helsinki region. Its capacity is unable to meet the growing number of passengers.

Thank you for you attention!

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Photo: Toni Eskelinen / YIT

