

# Application Guideline for Proposing the Concession PFI Project for Ariake Arena (Overview)

July 2018

Tokyo Metropolitan Government

Application Guideline for Proposing the Concession PFI Project for Ariake Arena (Overview) is the brief description distributed to the applicant (an applicant or a group applicant) over the selection process of the concessioner (the facility operator) by Tokyo Metropolitan Government (hereafter the “TMG”) under the “Act on Promotion of Private Finance Initiative”. (hereafter “PFI Act ”)

For the details please refer to the application guideline and other documents which is integrated with the application guideline; demanding standards, selection criteria, basic agreement (tentative) and contract (tentative). (\*All materials are in Japanese.)

Please note all of the procedures concerning the application and selection of the concessioner and other contract procedures will be done in Japanese.

## **Section 1. The purpose and contents of the Concession PFI Project**

After the Tokyo 2020 Games, Ariake Arena will aim to serve as a new hub for sports and culture in Tokyo by creating a movement toward active participation in sport through providing opportunities for the public to watch high-quality sports games including international competitions and providing culture and entertainment by hosting events such as concerts.

The Concession PFI Project (facility management and operation) for Ariake Arena will target to improve services and create a worthy legacy for the Tokyo residents which relies on the knowledge and ingenuity of the private sector to the fullest extent. Moreover, it will mitigate the burden on the Tokyo residents through securing facility profitability and concession fee by implementing a concession PFI under the PFI Act for public facility management and operation.

The Concession PFI Project period is composed of the following periods; preparation period, facility maintenance period, and facility operation period. The facility operating rights will dissolve on the termination date of facility operation period. The rights will not be extended in principle.

< Concession PFI Project schedule (TBD) >

Period	Preparation period	Facility maintenance period	Facility operation period
Concession PFI Project schedule (Image)	<p>(*) The facility operation period includes the required period for additional investments by the concessioner.</p>		
Date of starting	Date of facility operation contract (Jul. 2019)	Date of facility delivery (Around Dec. 2019)	Designated date by the TMG after termination of the construction of Tokyo 2020 games. (Around Jun. 2021)
Date of termination	Previous day of the delivery date of facility (Around Dec. 2019)	Designated date by the TMG after termination of the construction of Tokyo 2020 games (Around May 2021)	Operation date of termination (End of Mar. 2046)
For reference	Facility completion (Dec. 2019)	Tokyo 2020 Games (Jul. – Sept. 2020)	Commencing service of facility (Within fiscal year 2021; by Mar.2022)
Project contents and methods	The concessioner may begin preparing for opening based on the facility operation contract including inviting and accepting reservations from sport and entertainment events organizers after the facility operation contract has been concluded.	The concessioner will conduct facility maintenance operations based on a separate contract in addition to preparing for opening during the preparation period. The concessioner should cooperate with the TMG and Tokyo 2020 organising committee for the Tokyo 2020 Games.	The concessioner will operate and manage all of the facility invitation of sports and entertainment events and facility maintenance by concession PFI based on PFI Act.

In addition, the assembly's resolution concerning the concession rights granted is scheduled to be decided in June 2019.

## Section 2. Fee Proposals

The concessioner will be required to pay concession fee (Fixed fee and Performance Linked Fee.)

The concession fee can be paid separately through the facility operation period. No payments will be charged at the beginning of the operation period.

### 1. Fixed fee

The required amount will be the same every year without interest in principle

regardless of the performance of the concessioner.

## **2. Performance Linked Fee**

Concessioner should propose Performance Linked Fee which is linked with profit.

The proposal of the Performance Linked Fee should exceed 20 % of current pretax net profit after payment of Fixed Fee.

## **3. Reference costs of Fixed Fee**

Reference costs of Fixed Fee paid to the TMG during the facility operation period by the concessioner is as follows.

Reference costs : JPY 6.4 billion (Total amount during the facility operation period including consumption tax and local consumption tax.)

The applicant should propose the Fixed Fee which is equal to or more than the reference costs.

## **Section 3. Requirement of the applicant.**

### **1. The composition of the applicant**

“The applicant” in this document is defined as a firm (an applicant) or an assembly of multiple firms (a group applicant)

### **2. Selection of representative firm**

In cases where a group applicant applies, select a representative firm within the group. In addition, specify the name of representative firm when submitting application and the representative firm should proceed the application procedures.

### **3. Prohibition of overlapping participation**

Those related to the applicant, members of the group applicant\*<sup>1</sup> or partner firms\*<sup>2</sup> in capital or in personnel should not be allowed to participate as the other applicant, members or partner firms.

\*Note1: Firms which compose the applicants and invest for SPC

\*Note2: Firms which partially undertake operation works of the concessioner directed in the demanding standards, although neither of them are members of the applicants nor investing for SPC

#### **4. Common prerequisites for the applicant, members and partner firms**

The following prerequisites are common for all the applicant, members and partner firms.

- a. Should not apply with enforcement of local Autonomy Act Article 167-4 paragraph 1 and 2.
- b. Should not apply with either of the issues of PFI Act Article 9.
- c. Should not be in the designated suspension period based on the guideline for the qualification for participating in the tendering procedures.
- d. Should not be in a situation with financial difficulty.
- e. Should not fail to pay Tokyo Municipal tax, corporation tax, and consumption tax etc. in the nearest year.
- f. Should not be a person in eliminating period based on Act for the Prevention of Wrongful Acts by Members of Crime Groups, Article 5 paragraph 1.
- g. Should not belong or directly involved to a group subject to punishment against Act on the Control of Organizations Which Have Committed Acts of Indiscriminate Mass Murder Article 8 paragraph 2(i).
- h. Should not apply with the local Autonomy Act Article 92-2 and Article 180-5.
- i. Should not be a person or associated company concluding an advisory contract with the TMG for this Concession PFI Project.
- j. Should not be a member of selection committee and firm, group or associated company which the committee member belongs to.

#### **5. Common prerequisites for the applicant or representative firms of a group applicant.**

The following prerequisites are common for all the applicant and representative firms of a group applicant.

- Having a qualification for participating in the tendering procedures at the TMG for purchasing goods during fiscal 2017 and 2018.
- Obtaining a qualification for participating in the tendering procedures at the TMG for purchasing goods during fiscal 2019 and 2020.

## Section 4. Concessioner selection schedule

Schedule dates	Contents
Jul. 11 2018	Announcement of Application guideline etc.
Jul. 12 – Aug. 2 2018	Accepting questions
Jul. 19 2018 – Jan. 11 2019	Accepting application for receiving confidential documents
Aug. 31 2018	Disclosure of questions and answers
Sept. 10 – Sept. 14 2018	Accepting application for Public-Private dialogue
Beginning of Oct. 2018	Public-Private dialogue 1
End of Nov. 2018	Public-Private dialogue 2
Jan. 11 2019	Deadline for application to participate
End of Jan. 2019	Notification of qualification to participate
Jan. 31 2019	Deadline for proposal document
Beginning of Mar. 2019	Presentation of the proposal (TBD)
Mar. – Apr. 2019	Decision and announcement of the concessioner candidate (TBD)
Mar. – Apr. 2019	Conclusion of basic agreement (TBD)
Apr. – May 2019	Conclusion of the provisional contract (TBD)
Jun. 2019	Decision on the concession rights set by the Metropolitan Assembly. (TBD)
Jul. 2019	Conclusion of facility operation and management contract including concession rights (TBD)

## Section 5. Contract procedures

### 1. Conclusion of basic agreement

After deciding the candidate, promptly conclude the basic agreement between the TMG and the candidate.

### 2. Establishment of SPC (Special Purpose Company)

The candidate should establish the SPC as a stock company set in Companies Act before concluding the provisional contract with the TMG. The SPC should be established in the Tokyo Metropolitan area and the fiscal year of the SPC should be

between April 1<sup>st</sup> to March 31<sup>st</sup> of the following year.

### **3. Conclusion of the provisional contract**

The TMG and the candidate will promptly conclude the provisional contract after the SPC establishment based on the basic agreement provision in order to submit the bill concerning the concession rights at the second regular session of Tokyo Metropolitan Assembly in 2019.

### **4. Conclusion of facility operation contract**

The TMG and the candidate will conclude the facility operation and management contract including concession rights after the bill approved by the second regular session of Tokyo Metropolitan Assembly in 2019.

### **5. Others**

Language and currency used in the contract procedures should only be done in Japanese and currency of Japan.

## **Section 6. For inquiries**

### **1. Contract information**

Please contact the following for matters relating to the contract.

a. 2<sup>nd</sup> Contracting Section, Accounting Division, Bureau of Finance, TMG

Address: 8-1 Nishi-Shinjuku 2-chome, Shinjuku Ward, Tokyo 163-8001

Tokyo Metropolitan Government Building No.1, 15th floor

Phone: 03-5388-2637 (direct-number)

b. General Affairs Section, General Affairs Division, Bureau of Olympic and Paralympic Games Tokyo 2020 Preparation, TMG

Address: 8-1 Nishi-Shinjuku 2-chome, Shinjuku Ward, Tokyo 163-8001

Tokyo Metropolitan Government Building No.1, 14th floor

Phone: 03-5320-7803 (direct-number)

Email : S9000140@section.metro.tokyo.jp

### **2. Administration office for the Concession PFI Project for Ariake Arena**

Venue Development Section 1, Tokyo 2020 Games Venues Division, Bureau of Olympic and Paralympic Games Tokyo 2020 Preparation, TMG

The applicants are prohibited to contact the administration office until the decision and announcement are made on the candidate defined in the “Section 4. Concessioner selection schedule” except for procedures specified in the Application Guideline for Proposing the Concession PFI Project for Ariake Arena.

### **3. Website for Administration office**

The Concession PFI Project for Ariake Arena, Bureau of Olympic and Paralympic Games Tokyo 2020 Preparation

[http://www.2020games.metro.tokyo.jp/taikaijyunbi/taikai/kaijyou/kaijyou\\_07/ariakearena\\_kanri/index.html](http://www.2020games.metro.tokyo.jp/taikaijyunbi/taikai/kaijyou/kaijyou_07/ariakearena_kanri/index.html)