



Expression of Interest (“Eoi”) for Public Taxi Service Operating Agreements in Makkah City



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1. Introduction

The Royal Commission for Makkah City and Holy Sites, represented by its General Transport Center (the "Royal Commission" or "RCMC") is pleased to invite interested parties ("Applicants") to express their interest in the proposed Public Taxi Service Operations in Makkah City (hereby referred to as the "Project").

The project aims to provide public taxi services across the city through operating agreements for the first time in KSA.

The Royal Commission intends to procure new public taxi services that will address the identified supply gap and overall quality requirements, by awarding taxi services operating agreements to a limited number of operators, based on an international competitive tender process. This Expression of Interest document represents the first stage of selection, whereby EoIs would be expected from local and international private sector participants who are interested in taking part in this "first of its kind" tender in the Kingdom.

Responses of interested Applicants should be provided as per the requirements stated in this document. Applicants will subsequently receive invitations for the pre-qualification stage.

2. Project Context

2.1. Project Overview

The Royal Commission aims at regulating and overseeing the transportation activities in Makkah City, achieving safety in operating related facilities and equipment, and good management thereof. One key objective is to provide transportation services at a high-quality level and affordable cost, while also regulating investment in this sector in order to achieve the objectives of the socio-economic development in the cities of the Kingdom, considering the technical and environmental aspects and integration with the wider transport network.

Public taxi services are a key and complementary component of the public transport ecosystem in the cities of the Kingdom. Providing passengers with safe, integrated, sustainable, timely, and affordable transportation services all throughout the journey is deemed one of the most important factors in developing the socio-economic activity and providing service to the passengers.

The future services envisaged as part of the new operating agreements will potentially include (without being limited to):



- Operation of a new taxi service across the city
- Implementation of high service standards in terms of quality, safety and reliability
- Provision of trained workforce and training, upskilling and capability development of local / expat personnel
- Provision of end-to-end fleet maintenance services
- Implementation of information systems to manage the taxi service

Consequently, the Royal Commission wishes to identify, and subsequently pre-qualify, a number of experienced local and international taxi service operators, management companies and/ or investors in the taxi ecosystem to help shape a future business model for operating a high-quality taxi service in the city. This EoI document was issued to identify such market players, engage in discussions related to this opportunity and potentially invite the most suitable Applicants in the upcoming stages of tender.

2.2. Summary of Available Opportunity

Makkah City is located in Makkah Region, with a population of around 2.4 million in 2022, and with approximately 10 million overnight visitors during the same year. According to City projections, it is expected that population would increase to 2.6 million by 2030 with also a significant anticipated growth in the number of visitors, reaching around 45 million by the same year.

As of June 2023, the City is served by 302 licensed taxi service providers (both companies and individual drivers), with a combined fleet of 2,493 licensed taxi vehicles, with plans to gradually phase these out, once vehicle operating life expires, as per Ministry of Transport directives. Taxi operators are allowed to operate without restrictions within city boundaries, whereas out-of-city trips are possible if trip originates in the city of operations.

Public taxi services are currently provided through two types of licenses:

- a) Individuals who are licensed to practice public taxi services
- b) Establishments that are licensed to practice public taxi services

Given forecasted growth in population and expected increase in number of visitors, in line with national statistical estimates and the Travel Demand Model (TDM) projections for the City, as well as a planned gradual phase-out of existing licenses, the Royal Commission expects a



significant gap in supply of passenger services will occur over the short to medium term, with the taxi services no longer able to satisfy the increasing demand of transport in the City (which is estimated to significantly increase from est. 40,000 daily trips in 2022 to more than 60,000 in 2030). Additionally, the Royal Commission has identified a need for enhancing the level of service that includes an increase of availability and coverage, improvement of access to passenger transportation through the use of technology, and in general, more focus in the overall quality of the journey, such as maintaining vehicle cleanliness, training of drivers, effective use of taxi equipment, as well as an overall customer-oriented business approach of operators. Therefore, the Royal Commission now intends to procure new taxi services that will address the needs identified, by awarding operating agreements for the taxi services in the City.

The Royal Commission anticipates that a total of 3-6 taxi service providers will be licensed to provide the service within Makkah City boundaries. According to the Royal Commission expectations, each licensed taxi service provider will be required to operate a minimum of 400 vehicles in the first year, with potential need to increase fleet size to address increasing demand in the coming years. In either case, in the spirit of a fair and equitable competition, no single operator is permitted to hold more than 50% of the taxi market share.

2.3. Overview of Taxi Services Operating Agreement

Taxi service operators under operating agreements will be governed by provisions stated in the relevant operating agreement concluded with the selected operator and regulations of taxi activities issued by the Transport General Authority (TGA)¹. A draft of the Operating Agreement will be provided in the Request for Proposal stage of the tender process. Key provisions of the agreement conditions are summarized below. Please note that this is not a complete list of provisions governing taxi operations in the City, it only serves as a summary of the main agreement requirements that operators must adhere to throughout the duration of the agreement.

- a) **Operating area:** Agreements convey a right to operate a taxi service in the City. In the envisaged market model, no person, company or organization shall operate a taxi service within the geographical limits of the city without an operating agreement granted by the

¹Refer to the Regulation of Taxi, Taxi Broker, and Ride-Hailing Activities by Transport General Authority (see website: www.tga.gov.sa)



Royal Commission. Taxi vehicles permitted to operate in the city may not be permitted for operating in any other city.

- b) **Taxi Service Operators & Number of Vehicles:** Each operator must operate the number of vehicles specified in the Operating Agreement. The Royal Commission may issue additional franchises at any time. Reasons for issuing additional franchises include, but are not limited to, a determination that the existing operators are unable to adequately serve demand for taxi services in the City, if an operator's authorized number of vehicles is reduced or a franchise is revoked, or if an operator fails to meet the set service quality standards.
- c) **Contract duration:** Operating Agreement duration will be for an initial term of five years. Depending on operator's performance as determined in annual evaluations, extensions may be granted by the Royal Commission.
- d) **Operating hours:** The operator shall ensure that the taxi service is available 24 hours a day, seven days a week, with either a single driver or multiple drivers per vehicle as required for operational needs and in compliance with driver safety requirements.
- e) **Regulatory fees:** Operating Agreement shall provide that the operator must pay fees as follows:
 - i. Agreement bid value - The operator must pay to the Royal Commission the bid amount that is submitted as part of its commercial proposal to operate the specified number of vehicles. In the initial (current) stage, an annual amount is paid at the beginning of each contractual calendar year from the signing of the Agreement.
 - ii. Vehicle fees - The operator must pay monthly fixed fees for each taxi vehicle that he is required to operate throughout the duration of the Agreement.
- f) **Taxi permit validity:** Operating permit of taxi vehicle will be valid for a fixed time interval in accordance with TGA taxi vehicle licensing requirements and can be renewed provided that operators comply with renewal requirements.
- g) **Vehicle requirements:** All taxi vehicles must be permitted by TGA and shall maintain active registration and comprehensive insurance at all points in time throughout the duration of the contract. All taxi vehicles must be affiliated with a taxi operator and must, as a minimum, comply with applicable vehicle and equipment specifications and standards as required by TGA for taxi services activity.



- h) **Fare adherence & use of taxi meter:** The operator must ensure that fares are always compliant with the latest TGA fare policy². All taxi vehicles shall be equipped with a taxi meter from an authorized equipment provider and calibrated in line with TGA requirements.
- i) **Driver requirements:** Operators must provide a comprehensive screening, testing and training program for all its drivers. All taxi drivers must be licensed by TGA and have valid employment contracts with the operators. Drivers' rights, standards and obligations shall be provided in their employment contracts with the operators and in compliance with KSA labor legislation.
- j) **Facilities requirements:** Operators must provide for all necessary facilities for the provision and management of taxi operations, and must, as a minimum, comply with applicable TGA regulations for taxi activities, as well as per the requirements of other relevant public authorities (e.g., Ministry of Municipal Rural Affairs and Housing) and must appoint qualified resources to manage the taxi operations. Minimum facilities required to be provided by the operator include parking depots, maintenance facilities, driver accommodation and driver training center.
- k) **Other operational requirements:**
- i. Booking channel - The operator must provide booking and dispatching services for customers through the booking channels authorized by RCMC.
 - ii. Customer service - The operator must provide best-in-class customer service for all taxi passengers using the taxis. This includes provision of customer service center for managing and resolving complaints, lost and found and feedback.
 - iii. Payment methods - The operator must provide customers with the option to pay using cash, card (debit and credit) and wallets including support of contactless payment for faster and seamless transaction processing.
 - iv. Integration with electronic platforms - The operator must maintain continuous integration with electronic platforms specified by RCMC and TGA and abide by any applicable requirements for data protection in KSA.

² Refer to Fare Policy for Using Public Transportation in the Kingdom of Saudi Arabia, Title Five: Taxi (see website: www.tga.gov.sa)



- l) **Service standards:** The operator must adhere to the service level standards as defined in the Operating Agreement and shall provide data/ reports as required by RCMC. RCMC has the right to take the necessary actions in case of failure by the franchise operator to meet the service performance targets.
- m) **Performance evaluation:** Operators will be evaluated annually on the basis of service and compliance with all applicable regulations and requirements of the Agreement. Operators that fail to meet the standards will be subject to monetary penalties, having their franchise suspended, or non-renewal of the franchise at the Royal Commission's discretion.
- n) **Reporting:** Operators will be required to submit detailed monthly and annual performance reports provided based on reporting requirements that will be detailed in the Agreement.
- o) **Penalties:** Operators and their drivers will be subject to a variety of penalties for non-compliance with the GA regulations for taxi activities in effect at any given time as well as the specific provisions of the Agreement, including meeting performance standards and commitments made by the franchise operator beyond minimum requirements.

Full requirements of the Operating Agreement will be disclosed to the Applicants participating in the tender process as part of the Request for Proposal stage.

3. Proposed Project Timeline

The expected timeline for current and upcoming phases of the project have been outlined in the summary table below. Applicants should be aware that dates are indicative and subject to revision as the process progresses. The Royal Commission will inform Applicants of any changes to the proposed timeline.



Phase	Due date
Deadline for Eol submission	20.10.2023
Expected release date for the Pre-qualification document request (RFQ)	29.10.2023
Deadline for submitting Queries and Clarifications regarding the Pre-qualification document request (RFQ)	09.11.2023
Deadline for submitting Pre-qualification document	19.11.2023
Expected release date for Request for proposal document (RFP)	03.12.2023

4. Terms and Conditions

The contents of this Request for Eol do not constitute any form of offer in relation to the Project. This Request for Eol does not commit or bind the Royal Commission in any manner whatsoever to proceed to the Request for Proposal ("RFP") stage or to the awarding of any agreement to any Applicant or prospective bidder.

The Royal Commission reserves the right, in its sole and absolute discretion, for any reason and at any time, with no liability whatsoever, to:

- a) Amend the scope of services for the Project;
- b) Modify, cancel or suspend the Eol process or any other stages of the procurement process;
- c) Waive a defect or irregularity in the form or content of any Request for Eol or Eol Application;
- d) Re-advertise for new Applications, call for tenders, or enter into negotiations for the Projects or for work of a similar nature;
- e) Make any changes to the terms described in or provide any update to this Eol; and
- f) Extend, from time to time, any date, time period or deadline provided in this Eol;
- g) Accept or reject any late Applications.



All applications submitted to the Royal Commission by interested Applicants will become the property of the Royal Commission immediately upon submission. Each Applicant is solely responsible for all costs and expenses incurred in the preparation of its Eol, including without limitation all costs of providing information requested by the Royal Commission, attending meetings and conducting any due diligence.

Applicants interested in participating should submit their Eol by the deadline for Eol submission set forth in this document. Applicants who have not submit Eol before the deadline for Eol submission may be deemed not eligible to participate in the tendering process.

Under no circumstances will the Royal Commission or any of its directors, officers, members, employees, agents or advisers be liable for any costs, expenses or any other liabilities incurred by any Applicant or any of its advisers in this process, nor shall they be liable for any direct, indirect or consequential damages whatsoever.

Applicants shall not issue or release any publicity in relation to, nor comment on, the Project, this Eol or the tender process without the Royal Commission's prior written consent to the relevant communication.

The Eol responses as well as all correspondence exchanged by the Applicant with the Authority, shall be written in either English or Arabic language.

5. Submission Instructions

The Eol response should be submitted to the General Transport Center of the Royal Commission for Makkah City by filling out the online form (<https://forms.office.com/r/xvdt2dwHMZ>) addressing all the requested data mentioned in the questionnaire below (see Table 1. Eol Questionnaire).

6. EOI Questionnaire

Eol questionnaire should include, as a minimum, all information listed in the table below.

At the current stage, Applicants are not required to submit any documents supporting their response to this Eol questionnaire. The Royal Commission reserves the right to request specific documentary proof of the Applicants' experience, capabilities and financial standing in the subsequent stages of the tender process.



Table 1. Eol Questionnaire

#	Data request
1	Information about the Applicant
1.1	General information
a)	Name of Applicant
b)	Contact details (address of registered office, address of local office (if any), telephone number, e-mail address)
c)	Legal form of the Applicant
d)	Commercial registration details (registration number, date of registration, country of registration)
e)	Description of main scope of business activities
f)	Details about the parent company (if any)
g)	Company's website
h)	Brief description of the company's key services and activities, key figures and accomplishments most relevant to the objectives of the Project (limit to 10 lines)
1.2	Details of the authorized representative to submit the Eol response
a)	Full name of representative
b)	Position in the Applicant's organization
c)	Contact details (address, telephone number, e-mail address)
2	Declaration of conflict of interest
a)	<p>Please disclose whether the Applicant is in any of the following situations:</p> <p>(i) directly or indirectly controls, is controlled by or is under common control with any member or employee of the Royal Commission or any other public entity in KSA that has a role in the licensing or monitoring of taxi activities;</p> <p>(ii) any member of its Board of Directors or management team has a close business or family relationship with an employee of the Royal Commission who is directly or indirectly involved in the procurement process for the Project or that would be involved in the implementation or supervision of the resulting contract unless the conflict resulting from such relationship has been/is resolved in a manner acceptable to the Authority;</p> <p>(iii) participates in more than one Eol in this Eol process.</p>



Marking your response in the below checklist is interpreted as equivalent to a legally binding document, duly signed by the Company representative. It should be noted that a full statement/ disclosure document may be required at a later stage in the tendering process.

yes: we declare that we are in one of the situations described above (details provided below)

no: we declare that we are not in any one of the situations described above.

If answer is yes, please specify which situation(s) may apply.

3 Key considerations that Applicants may want to raise for delivery of the services

Applicants are invited to comment what are, in their view, the top five key considerations that are expected to be duly addressed during the tendering process and during the implementation of the service agreements. Please provide a concise response of maximum 5 items of no more than 1 brief paragraph each.