



**INFORMATION MEMORANDUM FOR
SAN PABLO CITY WATER DISTRICT SEPTAGE
MANAGEMENT PROGRAM**

JUNE 2021



DISCLAIMER

The San Pablo City Water District (SPCWD) has prepared this Information Memorandum ("IM"). While the drafters of this document exerted their best effort to provide a fair and comprehensive description of the Project based on the Project Pre-Feasibility Study and other available information, this IM does not purport to be all-inclusive or to contain all of the information that a prospective participant may consider material or desirable in making its decision to participate in the tender.

No representation or warranty, expressed or implied, is made, and no responsibility of any kind is or will be accepted by SPCWD and the Government of the Philippines or any of its agencies, with respect to the accuracy of this Memorandum. The SPCWD may amend or replace any of the information contained in this IM at any time, without giving any prior notice or providing any reason.

In furnishing this IM, the SPCWD undertake no obligation to provide recipients with access to any additional information, or to update, or to correct any inaccuracies that may become apparent in this IM or any other information made available in connection with the Project prior to the actual tender. Additional information shall be provided at appropriate times during the formal tender process.

All information in this IM is qualified by the terms and conditions of the Instructions to Private Sector Participants. All information in this IM shall also be qualified by the terms and conditions of the Instructions to Eligible Bidders to be released to Eligible Bidders, and the Joint Venture (JV) Agreement and its Annexes, including the Minimum Performance Standards and Specifications ("MPSS") and its Annexes. Drafts of the JV Agreement and its Annexes will be made available to Eligible Bidders. In case of any conflict between the information and terms in this IM and the Instructions to Private Sector Participants and Instructions to Eligible Bidders, the information and terms in the Instructions to Private Sector Participants and Instructions to Eligible Bidders shall prevail.

No person has been authorized to give any information or make any representation not contained in this IM and, if given or made, any such information or representation may not be relied upon as having been authorized by SPCWD and any other agency of the Philippine Government.

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1.0 PROFILE OF SAN PABLO CITY WATER DISTRICT

The San Pablo City Water District (SPCWD) is a government-owned and controlled corporation (GOCC) formally organized on January 1, 1974, pursuant to the provisions of Presidential Decree (P.D.) 198. The SPCWD is tasked to contribute to the improvement of the quality of life of the residents of San Pablo City by providing potable, adequate and affordable water supply in the entire city while remaining self-reliant and financially viable.

2.0 PROJECT BACKGROUND AND RATIONALE

Republic Act No. 9275 otherwise known as the Philippine Clean Water Act of 2004 ("R.A. No. 9275") bolsters P.D. No. 198 as it requires the implementation of an effective Septage and Sewerage Management Program ("SSMP"). In relation thereto, the National Sewerage and Septage Management Program ("NSSMP"), as mandated under R.A. No. 9275, has targeted that by the year 2020 all local government units shall have developed their own septage management programs while highly urbanized cities shall have developed sewerage systems as well.

In 2016, the Local Government of San Pablo City (the City) passed City Ordinance No. 2016-81 or the Sanitation Ordinance and adopted the implementation of the Septage Management Program of San Pablo City.

As part of the socio-economic and industrial development of the City, and in compliance with the Supreme Court Mandamus of 2008, the City collaborated with SPCWD to address the sanitation needs of San Pablo City. The SPCWD was tasked to implement the Septage Management Project (the "Project"), which involves the financing, design, construction, and operation and maintenance of a fully mechanized septage treatment facility (STF) with a rated capacity of 70 cubic meters per day (CMD). The Project shall also include the supply of equipment and desludging trucks to ensure the collection, treatment, and disposal of the said volume of septage. For the purposes of this document, "septage" shall refer to the sludge, which is made up of solid and liquid matter that is collected in the septic tanks of the households, institutional, commercial and industrial establishments.

Septage shall be collected at the households via a predetermined schedule agreed upon by the City and SPCWD. The septage shall then be treated and will ensure that the effluent and the by-products of the process are disposed of in compliance with the Department of Environment and Natural Resources Administrative Order (DENR AO) 2016-08 - Water Quality Guidelines and General Effluent Standards of 2016.

At present, SPCWD is now serving 44,246 active connections with breakdown, as follows:

Customer Type	Number of Connection
Residential	41,305
Commercial	2,574
Industrial	42
Institutional	325

Fifty percent (50%) of these connections are located within the urban area and developed subdivisions that have existing septic tanks that will need desludging every five (5) years.

Currently, there is no centralized wastewater treatment or access to efficient and environmentally compliant sanitation services at the household level. It is assumed that households are mostly relying on septic tanks as the only sanitation process. However, the size and maintenance of these septic tanks may not be sufficient to provide adequate treatment.

Based on a report prepared by the City, there are still 3,834 households, which have no access to sealed toilets roughly 7.2% of the population. It is also assumed that most households rely on private siphoning services to empty or clean their septic tanks. However, the frequency and methodology of these private siphoning services has been observed to be insufficient, as they have been reported to operate mostly without proper permits or treatment methodologies.

In order to implement the Project, the SPCWD shall enter into a Contractual Joint Venture arrangement with a private sector partner (PSP) through the execution of a Joint Venture Agreement (JVA). The Project shall observe the procurement process pursuant to the Revised Guidelines and Procedures for Entering Into Joint Venture (JV) Agreements Between Government and Private Entities (JV Guidelines) as approved by the National Economic and Development Authority (NEDA).

3.0 PROJECT DESCRIPTION

The Project shall be constructed within the lot (Project Site) at Brgy. San Jose, San Pablo City that was acquired by SPCWD. It has a geographic coordinate of 14^o 3.573' north latitude and 121^o 22.597' east longitude and has a land area of 17,555 sq.m. The Project Site is surrounded by agricultural land planted with coconut trees on the northern side and the City dumpsite at the southern part of the proposed septage treatment facility. The treated wastewater shall be discharge to the nearby Baloc creek. The Project Site can be accessed via a 2-lane barangay road and has an approximate 4.4 kilometers distance from the Maharlika National Highway.

Figure 1 shows the Project location map.



FIGURE 1: LOCATION MAP OF SEPTAGE TREATMENT PLANT

Objectives

The Project aims to provide services for the sanitation requirements of the SPCWD and the City.

The Project and Its Components

The Project involves the finance, design, construction, and operation and maintenance of the Septage Treatment Facility with the following components:

- a) Development of a fully mechanized Septage Treatment Facility with a rated capacity of 70 cubic meters per day (CMD);
- b) Provision of ancillary facilities; and
- c) Provision of desludging tanker trucks with the following capacity 5 cu.m and 10 cu.m.

4.0 COST OF THE JV ACTIVITY/PROJECT

The estimated cost of the JV activity/Project is PhP 110,817,774.31. This includes the estimated capital expenditure of the PSP amounting to PhP 106,727,556.13, based on 2021 prices. The contribution of SPCWD shall be the Project Site with an acquisition cost amounting to PhP 4,090,218.18.

5.0 EXPECTED CONTRACT TERMS

The PSP shall be required to desludge, haul and treat sludge and wastewater with a minimum volume of 50 CMD to the City throughout the 25-year joint venture term.

Private Sector Partner's Responsibilities:

- a. Obtain all Relevant Consents required under applicable Legal Requirement to authorize the commencement of the Works, including but not limited to the following: building permit, Environmental Compliance Certificate (ECC) from the DENR, Environmental Sanitation Clearance (ESC) from the Center for Health Development (CHD) of the Department of Health (DOH), and water discharge permit from DENR;
- b. Construct the Project facilities in accordance with the Minimum Performance Standard Specifications (MPSS);
- c. Design and finance the construction of the Project facilities;
- d. Manage, maintain and operate the constructed facilities in accordance with the MPSS, and
- e. Provide the necessary manpower with expertise for the operation of the Project facilities and in compliance with Key Performance Indicators.

SPCWD's Responsibilities:

- a. Monitor and manage the Project;
- b. Deliver peaceful possession of the Project Site, Right-of-Way (ROW) to the PSP;
- c. Issue Certificates of Completion and Acceptance of the Project;
- d. Regulate the Project, including the environmental fee charge, and the compliance by the PSP;
- e. Assist in liaising with local and national government agencies and other relevant regulatory authorities;
- f. Collect the environmental fee; and
- g. Subject to confidentiality restriction, provide all information that the PSP may reasonably require for the Project.

6.0 SALIENT ELIGIBILITY REQUIREMENTS

1. Legal Requirements. PSP must be duly registered with the SEC and be at least sixty percent (60%) Filipino-owned. If a Consortium, the ownership interest of Filipino Consortium Members in the Consortium must be at least sixty percent (60%).

2. Technical Eligibility Requirements.

Design:

- The PSP must have successfully undertaken, within the last five (5) years, the detailed design and engineering of at least one (1) Septage Management Project with a minimum design capacity of 35 CMD with a project cost of at least Fifty-Five Million Five Hundred Thousand Pesos (PhP 55,500,000.00).

Construction Experience:

- The PSP must have successfully undertaken, within the last five (5) years, the construction, testing and commissioning of at least one (1) Septage Management Project with a minimum design capacity of 35 CMD with a project cost of at least Fifty-Five Million Five Hundred Thousand Pesos (PhP 55,500,000.00).
- The entity proposed to meet the Construction Experience must possess a valid license issued by the Philippine Contractors Accreditation Board (PCAB) for Medium A (General Engineering) Classification/License Category B.

Operation and Maintenance Experience:

- The PSP must, within the last fifteen (15) years, have at least five (5) years cumulative experience in the Operation and Maintenance of at least one (1) Septage Management Project with a minimum design capacity of 35 CMD with a project cost of at least Fifty-Five Million Five Hundred Thousand Pesos (PhP 55,500,000.00).

3. Financial Eligibility Requirements. The PSP must have the following:

- a) a net worth of at least Thirty-three Million Pesos (PhP 33,000,000.00) or its equivalent in foreign currency based on the audited financial statements of the last three (3) calendar years in 2020, 2019 and 2018 stamped received by the Bureau of Internal

Revenue (BIR) or a set-aside deposit equivalent to the same amount;

- b) demonstrated its borrowing capacity for the Project; and
- c) demonstrated that a domestic universal/commercial bank or an international bank with a subsidiary branch in the Philippines, or any international bank recognized by the Bangko Sentral ng Pilipinas attested that the PSP is one of its current clients and is in good financial standing.

Note:

A complete set of the Instructions To Private Sector Proponents ("ITPSP") which contains the detailed Eligibility Requirements may be acquired by the PSPs from the address below upon submission of their Letter of Intent ("LOI") to Participate in the Competitive Selection Process and Confidentiality Undertaking (forms may be procured from the SPCWD), and payment of a non-refundable Fee in the amount of Fifty Thousand Pesos (PhP 50,000.00).