



Republic of the Philippines
Municipality of Baggao
Province of Cagayan



INFORMATION MEMORANDUM FOR BAGGAO WATER SUPPLY PROJECT

(RE-BIDDING)

May 2023

DISCLAIMER

The Municipal Government of Baggao (the “Municipality”) have 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 Business Case 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 the Municipality or the Government of the Philippines or any of its agencies, with respect to the accuracy of this Memorandum. The Municipality 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 Municipality undertakes no obligation to provide recipients with access to any additional information, or to update, or to correct any inaccuracies which 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 the Municipality and any other agency of the Philippine Government.

1.0. PROJECT DESCRIPTION

1.1. Site Overview

Baggao is a first-class municipality located in the Province of Cagayan, Region II (Cagayan Valley). Based on the 2020 Census of Population and Housing, Baggao recorded a total population of 87,753 people, making it the most populous municipality/area next to Tuguegarao City. Baggao is politically subdivided into 48 barangays and has a total land area of 920.60 square kilometers.



Baggao produces high yields of rice, corn and tobacco, which are considered its major agricultural resources. Aside from farming, the town is widely known for crafting furniture from Narra lumber, which is abundant in the locality.

Bounded by the Sierra Madre Mountains and the Pacific Ocean, Baggao is located 62 kilometers north of the provincial capital of Cagayan, Tuguegarao City, and is approximately 517 kilometers north of Metro Manila. The town boasts several scenic tourist attractions such as the Duba Underground River and Cave in Barangay San Miguel; the Blue Water Falls and Cave in Barangay Pallagao; and the Kamimundinan Falls in Barangay Sta. Margarita.

1.2. Project Scope and Component

The Baggao Water Supply Project (the “Project”) involves the design, financing, construction, testing, operation and maintenance of a Level III Water Supply System which includes the following components:

- (a) Development of raw water sources;
- (b) Planning, development, designing, building, and commissioning of the facility;
- (c) Management, operation and maintenance of the facility;
- (d) Supply of the treated water to Customers within the Service Area;
- (e) Financing of the above activities; and
- (f) Collection of Private Sector Partner (PSP) Revenue, all in accordance with the Joint Venture Agreement.

1.3. Project Objectives

The Project aims to provide 24/7 Level III water services that conforms to the Philippine National Standards for Drinking Water (PNSDW) to twenty-four (24) barangays.

Currently, the Municipality of Baggao does not have a Level III water service (Level III water service is defined as a system with distribution pipelines wherein individual metered service connections are tapped to supply water to the customers directly through their faucets). Majority of the population get their water through their own-built shallow wells or deep wells.

1.4. Service Coverage Area

The Project entails the development of at least two (2) independent systems covering twenty-four (24) barangays of Baggao. The service coverage area of these systems are as follows:

System	Barangays Covered
System 1	Bitag Grande, Dabbac Grande, Imurung, Mocag, San Francisco, San Jose, (Urban), San Miguel, and Tungal
System 2	Annayatan, Awallan, Barsat East, Catugay, Dalla, Lasilat, Hacienda-Intal, Nangalinan, Remus, San Isidro, Santor, Taguntungan, and Tallang (Urban)
System 3	Assasi, Poblacion (Urban), and Temblique

2.0. TECHNICAL REQUIREMENTS AND STANDARDS

2.1. Minimum Requirements

The design of the facility shall comply with the minimum requirements set forth in the Minimum Performance Standards and Specifications (MPSS). Below are the minimum design criteria, among others:

2.1.1. Demand Projections

Base Year Population	87,753
Design Life	30 years
Minimum Demand	0.3 x Average Daily Demand (ADD)
Average Day Demand (ADD)	(Design Population x per capita consumption) ÷ 1 – Allowable Non-Revenue Water as specified in Section 7
Maximum Day Demand (MDD)	1.3 x ADD
Peak Hour Demand (PHD)	2.0 x ADD

2.1.2. Per Capita Water Consumption

Domestic	80 liters per capita per day
Institutional	2.0 m ³ /day or actual
Commercial	1.0 m ³ /day or actual

2.1.3. Raw Water Sources

The facility should be supplied by at least two (2) operating raw water sources at all times during the JV Term from different locations. Raw water sources should be able to carry a minimum combined capacity of 70 liters per second. The PSP is not restricted to develop groundwater sources, surface water from the nearby rivers, springs, water falls, etc. maybe development as well.

2.1.4. Pumping Facilities Capacity: Maximum Day Demand (MDD) / Operating hours

2.1.5. Storage Facilities (Reservoir): Twenty five percent (25%) of ADD

The PSP may use of other available technology that can deliver the equivalent reservoir capacity and system performance.

2.1.6. Transmission and Distribution System

Minimum pressure at the remotest end of the system	7 m
Maximum velocity of flow in pipes	
i. Transmission Line	3.0 m/s
ii. Distribution Line	1.5 m/s
Minimum velocity of flow in pipes	0.40 m/s
Allowable pressure within the system	7 m (minimum); 70 m (maximum)

2.1.7. Treatment Facilities

The PSP shall recommend, for the approval of the Grantor, the appropriate treatment facilities (e.g. chlorinating equipment) to be installed.

3.0. LEGAL FRAMEWORK

3.1. Project Structure

The Project will be implemented thru a PPP scheme under a Joint Venture (JV) Agreement pursuant to Municipal Ordinance No. 2022-08 series of 2022 or the “Municipality of Baggao JV Code”. The scheme will involve the premises and the terms and conditions specified in the “Contractual Joint Venture Agreement for the Provision of Water Supply for the Municipality of Baggao, Cagayan” between the Municipality and the PSP.

3.2. Cost of the JV Activity / Project¹

The estimated cost of the JV activity/Project is PhP 210,638,936.00. This includes the estimated capital expenditure of the Private Sector Proponent (PSP) amounting to PhP 201,283,692.00, based on 2021 prices, and the contribution of

¹ Please refer to the Minimum Equity Distribution stipulated in the “Instructions to Bidder Private Sector Participants - Part 1 (Main Section)”. The detailed terms and conditions shall be found in the Joint Venture Agreement.

the Municipality amounting to Php 9,345,244.00 representing cost of the project site, and the existing water system facilities.

3.3. Bid Parameter

The bid parameter is lowest initial water charge for residential customers for 0 - 10 cubic meter), subject to the approval of the regulatory body.

3.4. Expected Contract Terms

The Project shall have a term of twenty-five (25) years inclusive of inclusive of eighteen (18) months construction period as defined under the JV Agreement, unless extended for reasons acceptable to the Municipality.

3.5. Competitive Selection Process²

The Joint Venture – Selection Committee (JV-SC) of the Municipality, created through Executive Order No. 32, Series of 2022 (“An Order Creating Joint Venture-Selection Committee for the Establishment of Baggao Water Supply Project of the Local Government Unit of Baggao, Cagayan”), shall administer a Competitive Selection Process for the Project.

The Competitive Selection Process shall be conducted in accordance with the rules and procedures for competitive selection using a Single-Stage/Simultaneous Qualification process.

3.6. Indicative Timeline³

The Joint Venture – Selection Committee (JV-SC) of the Municipality shall administer a Competitive Selection Process for the Project. The said process shall follow the indicative timetable below:

Milestone	Target Date
Publication of Invitation to Apply for Eligibility and to Submit a Proposal	May 25 – June 1, 2023
Issuance of Tender Documents (draft Joint Venture Agreement and Instructions to PSP)	starting May 26, 2023
Pre-Selection Conference / One-on-one meetings with the Bidder PSP (per request)	June 8, 2023
Deadline for Submission of Proposals (Three Envelopes)	July 03, 2023
Opening of Proposal	July 03, 2023
Issuance of Notice of the Results of the Proposal Evaluation	July 24, 2023
Recommendation to Award	July 31, 2023
Decision to Award	August 07, 2023
Issuance of Notice of Award	August 14, 2023
Submission of Post-Award Requirements	September 13, 2023
Signing of Joint Venture Agreement	September 20, 2023

² Please refer to the Competitive Selection Process stipulated in the “Instructions to Private Sector Participants - Part 1 (Main Section)”.

³ The actual schedule may be changed by the JV-SC at any time as it may deem reasonable. The Bidder PSP shall be notified by the JV-SC of changes in the target dates through Supplemental Notices.

4.0 SALIENT ELIGIBILITY REQUIREMENTS

1. Legal Requirements. The Bidder 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 Bidder PSP must have experience in having successfully undertaken, detailed design and engineering of at least one of the following: Level 3 Water Supply Project, and/or bulk water supply projects, and/or water facilities projects such as pipeline, water treatment, pumping, water reservoir, and the like.

Construction Experience:

- The Bidder PSP, or a related entity as described below, must have satisfactorily undertaken, the construction, testing and commissioning of at least one of the following: Level 3 Water Supply Project, and/or bulk water supply projects, and/or water facilities projects such as pipeline, water treatment, pumping, water reservoir, and the like.

Operation and Maintenance Experience:

- The Bidder PSP, or a related entity as described below, must have experience in the Operation and Maintenance of at least one of the following: Level 3 Water Supply Project, and/or bulk water supply projects, and/or water facilities projects such as pipeline, water treatment, pumping, water reservoir, and the like.

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

(a) a Net Worth, or (2) a Set-Aside Deposit of at least Sixty Million Three Hundred Eighty-Six Thousand Pesos (PhP 60,386,000.00) or its equivalent.

In case of Net Worth, it shall be based on its latest audited financial statements, which must be for a financial year ending not earlier than 31 December 2022 (if available, otherwise the latest audited financial statements dated not earlier than 31 December 2021, with a written explanation why those for 2022 are not yet available).

(b) evidence that it has the capability to raise loans of at least One Hundred Forty Million Eight Hundred Ninety-Nine Thousand Pesos (PhP140,899,000.00) for the Project.