

**INVITATION TO SUBMIT COMPARATIVE PROPOSALS FOR THE  
TUGUEGARAO CITY SEPTAGE MANAGEMENT PROJECT  
(PPP PROJECT)**

The **Tuguegarao City Government** (the “LGU”) is launching a Septage Management Program to provide its constituents with an environmentally-sound, sustainable, and long-term solution to its septage in line with the socio-economic and industrial development of Tuguegarao City (the “City”).

On June 30, 2020, the LGU granted Original Proponent Status to Envirokonsult Equipment and Services, Inc. (“Proponent”) for its unsolicited proposal to implement a Septage Management Project (the “Project”) in Tuguegarao City. On March 15, 2021, the LGU and Proponent signed a Joint Certification of Successful Negotiation.

The LGU is inviting local and international entities to submit comparative proposals for the finance, design, construction, operation, and maintenance of the Septage Treatment Facility with the following components:

- a. Provision of a fully mechanized Septage Treatment Facility with a rated capacity of 80 cubic meters per day (CMD), and of ancillary facilities;
- b. Provision of desludging services and facilities;
- c. Provision of the necessary manpower, manuals, and processes for the operation of the Project facilities; and
- d. Conduct of Census, Septage Collection and Transport, Treatment and Disposal of Septage.

The Project will be awarded through Competitive or Swiss Challenge (Stage Three) pursuant to an evaluation process in accordance with the Instructions to Challengers (ITC) and City Ordinance No. 052-2017, otherwise known as the LGU-Tuguegarao City P4 Code (the “LGU P4 Code”).

In the process, Challengers must submit their Comparative Proposals by October 29, 2021.

Bidding is open to all interested Challengers, subject to the condition for eligibility under the LGU P4 Code and the Tender Documents. Interested Challengers which are domestic partnerships or corporations must be owned at least sixty percent (60%) by Filipinos or, if a Consortium, the ownership interest of Filipino Consortium Members in the Consortium must be at least sixty percent (60%).

The Tender Documents, consisting of (i) the Instruction to Challengers and its Annexes, and (ii) Project Documents (i.e. Joint Venture Agreement, Minimum Performance Standards and Specifications, and other relevant documents), will be available at the City Administrator’s Office, Tuguegarao City Hall, Tuguegarao City for distribution to interested parties starting on August 31, 2021 to September 3, 2021.

The Tender Documents will be issued to Challengers upon payment of a non-refundable fee of Two Hundred Thousand Pesos (PhP 200,000.00) in manager's check made out to the Tuguegarao City Government or in cash/check deposit with the following details:

**Bank: Development Bank of the Philippines**  
**Account Name: Tuguegarao City Government**  
**Account Type: Current**  
**Account No.: 0-50653-560-3**  
**Swift Code: DBPHPHMM**

Only Challengers who have purchased the Tender Documents shall be allowed to participate in the Competitive Challenge. Purchasing the Tender Documents does not constitute a guarantee of eligibility.

The LGU reserves the right to accept or reject any or all Comparative Proposals at its discretion. Challengers shall bear all costs associated with their participation in the Competitive Challenge including the preparation and submission of their comparative proposals, and all possible losses or damages resulting therefrom. The LGU shall not be held responsible or liable in any way for such costs regardless of the results of the Competitive Challenge.

For further information, please refer to:

Atty. Joana May C. Pagurayan – PPP Focal Person of Tuguegarao City  
Address: 2nd Floor, City Mayor's Office, Tuguegarao City Hall, Enrile Boulevard, Regional Government Center, Carig Sur, Tuguegarao City, Cagayan, 3500  
Cell No.: +63 936 9020 249  
E-mail: joanapagurayan@gmail.com

Information Memorandum on the Project is posted at [tuguegarao.gov.ph](http://tuguegarao.gov.ph) and [www.ppp.gov.ph](http://www.ppp.gov.ph) and is available at the office address stated above.

**Atty. Romeo I. Calubaquib**  
**Chairperson, LGU P4-Selection Committee**  
**City Administrator, Tuguegarao City Government**



**PROJECT INFORMATION MEMORANDUM  
FOR  
TUGUEGARAO CITY  
SEPTAGE MANAGEMENT PROJECT  
COMPETITIVE OR SWISS CHALLENGE**

**AUGUST 2021**



## **DISCLAIMER**

The **Tuguegarao City Government** (the "LGU") has prepared this Project Information Memorandum (PIM) to provide interested parties with information that may be useful to them in making their bids. While the drafters of this document exerted their best effort to provide a fair and comprehensive description of the Project based on the Project Documents and other available information, this PIM does not purport to be all-inclusive or to contain all of the information that a Prospective Challenger may consider material or desirable in making its decision to participate in the Competitive or Swiss Challenge.

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

In furnishing this PIM, the LGU 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 PIM or any other information made available in connection with the Project prior to the actual Competitive or Swiss Challenge. Additional information shall be provided at appropriate times during the formal Competitive or Swiss Challenge process.

All information in this PIM is qualified by the terms and conditions of the Instructions to Challengers (ITC) 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 Prospective Challengers. In case of any conflict between the information and terms in this PIM and the ITC, the information and terms in the ITC shall prevail.

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

## **1.0 PROFILE OF TUGUEGARAO CITY**

Tuguegarao City is a third-class component city of the Philippines. It is the capital of the Province of Cagayan and the Regional Center of Cagayan Valley (Region II). It is the primary growth center in the region, a major urban center in Northeastern Luzon, and one of the fastest growing cities in the Philippines.

Per 2015 data of the Philippine Statistics Authority, Tuguegarao City has a population of 153,502 – the highest in Region II. It has a land area of 113.95 square kilometers, located approximately 483 kilometers north of Manila, about a 10–12-hour land travel through the Maharlika Highway, the region’s transportation trunkline. It is accessible by 55-minute air travel from Manila.

## **2.0 PROJECT BACKGROUND AND RATIONALE**

Part of the thrust of every local government unit is to ensure and promote the general welfare, right to a balanced ecology, health and safety of the people as mandated by Section 16 of Republic Act 7160, otherwise known as the Local Government Code. Republic Act 9275, otherwise known as the Philippine Clean Water Act of 2004, also mandates local government units to be responsible in the management and improvement of water quality within their respective territorial jurisdictions. Further, the Philippine Clean Water Act of 2004 likewise mandates local government units to appropriate the necessary land, including the required right-of-way/road access to the land, for the construction of a septage treatment facility.

The Philippine Clean Water Act 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) 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 2018, the LGU enacted City Ordinance No. 10-2018 entitled, *"An Ordinance Prescribing the Sanitation Code of Tuguegarao City."* In 2019, the LGU enacted City Ordinance No. 50-08-2019 entitled, *"An Ordinance Providing for a Septage Management Program for the City of Tuguegarao, Providing Fees and Imposing Penalties for Non-compliance [therewith]"*, and adopted the implementation of the Septage Management Program of Tuguegarao City. As part of the socio-economic and industrial development of the City, and in compliance with the Supreme Court Mandamus of 2008, the LGU is planning to implement its Septage Management Program through a JV and in accordance with City Ordinance No. 052-2017, otherwise known as the LGU-Tuguegarao City P4 Code (the "LGU P4 Code").

The LGU has accepted the proposal of Envirokonsult Equipment & Services, Inc. (the "Proponent") to enter into a Contractual Joint Venture arrangement for the implementation of the Septage Management Project (the "Project"). A Certificate of Successful Negotiation was issued on March 15, 2021. Pursuant to the LGU P4 Code, the LGU will commence the Competitive or Swiss Challenge Proper (Stage Three) for the Project.

The Proponent’s Unsolicited Proposal for the Project involves the financing, design, construction, and operation and maintenance of a fully mechanized septage treatment facility (STF) with a rated capacity of 80 cubic meters per day (CMD). The Project shall also include the supply of manpower, equipment and desludging trucks to ensure the census, collection, treatment, and disposal of the said volume of septage<sup>1</sup>.

Septage shall be collected at the households via a predetermined schedule set by the LGU. The septage shall then be treated to 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.

### **3.0 PROJECT OBJECTIVES AND ECONOMIC BENEFITS**

The Project aims to provide services for the sanitation requirements of Tuguegarao City, consistent with the duty of the LGU to ensure and promote the general welfare, right to a balanced ecology, health and safety of the people.

The Project is likewise expected to generate income for the LGU and employment opportunities for the people of Tuguegarao City and its neighboring LGUs. LGU’s overall business environment is also expected to improve with the implementation of the Project.

As of July 2021, Tuguegarao City has 35,585 active water connections, broken down as follows:

<b>Customer Type</b>	<b>Number of Household Connections</b>
Residential	27,814
Commercial	4,373
Industrial	90
Government	253
Commercial	1,109
Commercial-A	1,216
Commercial-B	562
Temp. Serv./Bulk	168

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 after five (5) years.

Currently, there is no centralized wastewater treatment or access to efficient and environmentally compliant sanitation services at the household level. 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.

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<sup>1</sup> In this PIM, “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.

Most households rely on private siphoning services to empty or clean their septic tanks. However, the frequency and methodology of these private siphoning services were observed to be insufficient, as they have been reported to operate mostly without proper business permits and clearances, DOH-accreditations or DENR approved treatment plant regulation.

Hence, this Project is timely and consistent with the SSMP of ~~the~~ Tuguegarao City.

#### **4.0 PROJECT COMPONENTS**

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

- a. Provision of a fully mechanized Septage Treatment Facility with a rated capacity of 80 cubic meters per day (CMD), and of ancillary facilities;
- b. Provision of desludging services and facilities;
- c. Provision of the necessary manpower, manuals, and processes for the operation of the Project facilities; and
- d. Conduct of Census, Septage Collection and Transport, Treatment and Disposal of Septage.

#### **5.0 PROJECT SITE**

The Project will be constructed at Barangay Carig Norte within the Tuguegarao City Sanitary Landfill (the "Project Site") that is owned by the LGU. It has geographic coordinates of 17 °41'01" N latitude and 121°45'50" E longitude and has a land area of 2,000 sqm.

The Project Site is surrounded by agricultural land. It can be accessed via a graveled barangay road and has an approximate distance of 1.5 kilometers from Maharlika Highway.

Figure 1 shows the Project location map.

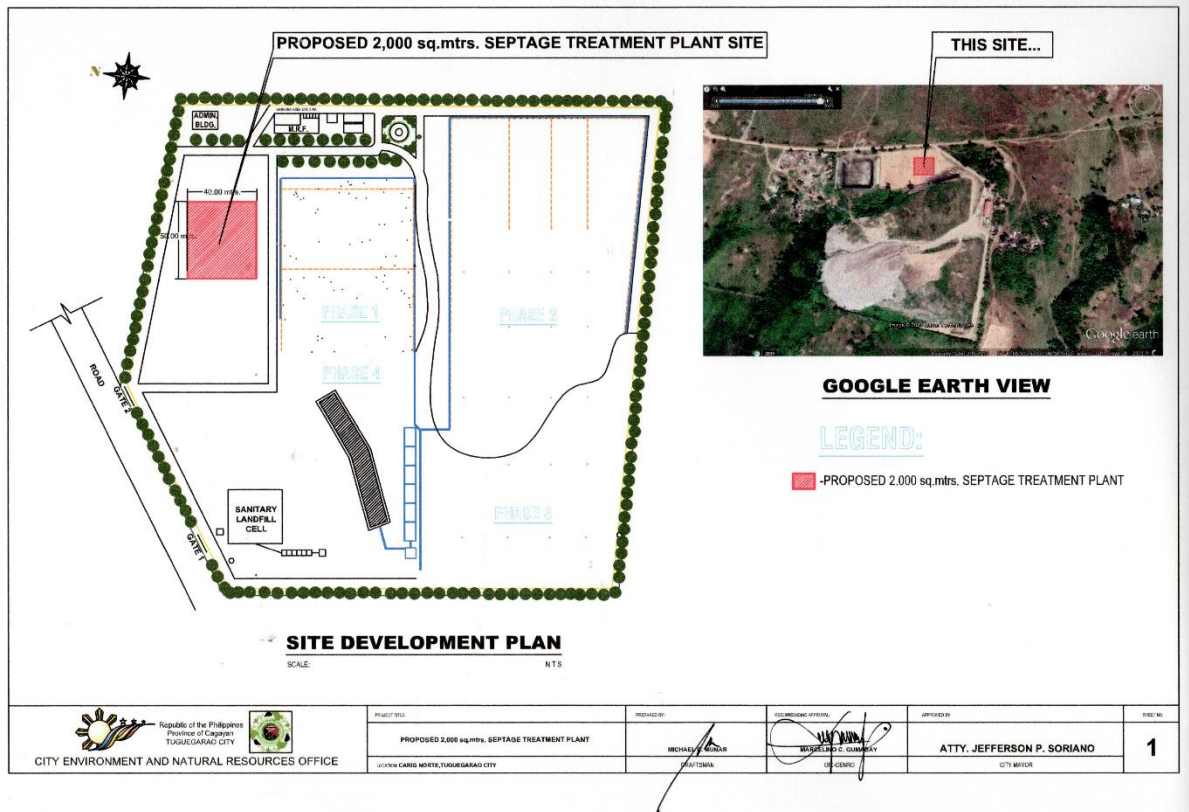


Figure 1: Project Location Map

## 6.0 ESTIMATED COST OF THE JV ACTIVITY/PROJECT

The estimated cost of the Project is One Hundred Ten Million Four Hundred Ninety-Four Thousand Eight Hundred and Two Pesos (PhP 110,494,802.00). This includes the estimated capital expenditure of the private sector proponent (PSP) based on 2021 prices. On the other hand, the Project Site will be contributed by the LGU with an area of 2,000sqm covered by three separate certificates of title under the name of the Tuguegarao City Government.

## 7.0 PROPOSED PPP-JV STRUCTURE

The PSP shall be required to finance, design, construct, operate, and maintain a septage treatment plant with a minimum volume of 80 CMD to the City and provide Conduct of Census, Septage Collection and Transport, Treatment and Disposal of Septage throughout the 25-year joint venture term.

### Private Sector Partner's Responsibilities:

- a) Obtain all relevant permits, including, but not limited to, business permit, building permit, Environmental Compliance Certificate (ECC) from 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) Finance, design and construct the project facilities in accordance with the Minimum Performance Standard Specifications (MPSS);
- c) Manage, maintain, and operate the constructed facilities in accordance with the MPSS;
- d) Provide the necessary manpower, manuals and processes for the operation of the Project facilities and in compliance with Key Performance Indicators. In the hiring of employees, priority is given to Tuguegarao residents; and
- e) Provide desludging trucks for the conduct of census, septage collection and transport, treatment and disposal of septage.

LGU's Responsibilities:

- a) Monitor and regulate the Project;
- b) Provide Project Site, and deliver peaceful and uninterrupted possession of the Project Site, Right-of-Way (ROW) to the PSP;
- c) Issue Certificates of Completion and Acceptance of the Project;
- d) Assist the PSP in obtaining permits from local and national government agencies and other relevant regulatory authorities for the operation of the site;
- e) Ensure collection of Environmental Fee; and
- f) Subject to confidentiality restriction, provide all information that the PSP may reasonably require for the Project.

**8.0 SALIENT ELIGIBILITY REQUIREMENTS**

The ITC shall provide further details on the qualification requirements and documents to be submitted by the prospective Challengers. The Eligibility Requirements provided here are intended to provide initial guidance to prospective Challengers.

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) ISO 14001:2015 Environmental Management System (EMS) and ISO 9001:2015 Quality Management System Septage (QMS) Treatment Plant with a minimum design capacity of 80 CMD.

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 Treatment Plant with a minimum design capacity of 80 CMD.

- The PSP must have a valid license issued by the Philippine Contractors Accreditation Board (PCAB) for Medium B Classification and License Category A (General Engineering).

Operation and Maintenance Experience:

- The PSP must have at least five (5) years cumulative experience in the operation and maintenance of at least one (1) ISO 14001:2015 Environmental Management System and ISO 9001:2015 Quality Management System Septage Treatment Plant with a minimum design capacity of 80 CMD.
- The PSP must have at least ten (10) years cumulative experience in the operation and maintenance of Vacuum Tanker Units.

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

- a) A net worth of at least One Hundred Million Pesos (PhP 100,000,000.00) 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; and
- b) Demonstrated its borrowing capacity for the Project; or
- 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.

## 9.0 Overview of the Competitive or Swiss Challenge

The timeline is expected to take approximately four (4) months from the date of issue of Tender Documents. Key dates are outlined in Table 1.1 below.

**Table 1.1: Swiss Challenge Indicative Timeline**

<b>Milestone</b>	<b>Indicative Date</b>
Availability and Issuance of Tender Documents for Purchase	August 31, 2021 (Tu)
Pre-Bid Conference	September 7, 2021 (Tu)
Submission of Comparative Proposal (i.e. Qualification, Technical and Financial Proposals)	October 29, 2021 (F)
Determination of Winning Proponent	December 6, 2021 (Th)
Signing of the JV Agreement	January 5, 2022 (W)
Issuance of Notice of Award	January 10, 2022 (M)

The Project was evaluated by the LGU and accepted as an Unsolicited Proposal with the Original Proponent Status granted on June 30, 2020. The Challengers now have the opportunity to develop and submit their Comparative Proposals to the PPP-SC as part of the Swiss Challenge. The evaluation process indicated in the tender documents will determine the winning qualified Challenger.

The Original Proponent will have the opportunity to match the financial proposal of the winning Challenger and, if it does, it will be awarded the contract. If the Original Proponent is unable to match, however, the Project will be awarded to the winning bid from among the comparative Challengers.

## **10.0 POINTS OF CONTACT**

The PPP Focal Person of Tuguegarao City may be contacted through the following information:

**Atty. Joana May C. Pagurayan**

Address: 2<sup>nd</sup> Floor, City Mayor's Office, Tuguegarao City Hall, Enrile Boulevard, Regional Government Center, Carig Sur, Tuguegarao City, Cagayan, 3500

Cell No.: +63 936 9020 249

E-mail: [LGU.Tuguegarao@yahoo.com.ph](mailto:LGU.Tuguegarao@yahoo.com.ph) Cc: [joanapagurayan@gmail.com](mailto:joanapagurayan@gmail.com)

Website: [tuguegaraocity.gov.ph](http://tuguegaraocity.gov.ph)

A complete set of the ITC, which contains the detailed Eligibility Requirements may be acquired by the Prospective Challengers from the address above upon payment of a non-refundable fee in the amount of Two Hundred Thousand Pesos (PhP 200,000.00) through the following modes:

- Payment in manager's check made out to **Tuguegarao City Government** at the Tuguegarao City Treasurer's Office, Tuguegarao City Hall; or
- Cash/Check Deposit using the following details:
  - Bank: Development Bank of the Philippines**
  - Account Name: Tuguegarao City Government**
  - Account Type: Current**
  - Account No.: 0-50653-560-3**
  - Swift Code: DBPHPHMM**

Send your proof of payment to the emails indicated above, with subject: Payment\_Septage Bidder.