



**PROJECT INFORMATION MEMORANDUM  
FOR  
THE MUNICIPALITY OF MONCADA  
SEPTAGE MANAGEMENT PROJECT  
SWISS CHALLENGE**

**November 2021**



## DISCLAIMER

The **Local Government of the Municipality of Moncada** (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 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 THE MUNICIPALITY OF MONCADA**

Moncada, officially the Municipality of Moncada, is a 1st class municipality in the province of Tarlac, Philippines. According to the 2015 census, it has a population of 57,787 people. The economy is primarily based on agriculture with rice, corn, vegetables, root crops, watermelons, mangoes as major products. The fishery sector, once a vibrant source of food and income needs rehabilitation after the onslaught of lahar flows resulting from the Mount Pinatubo eruption. There is a growing retail and service sector in the Poblacion along the National Highway. Light industries are yet to evolve in the municipality to generate much needed employment. Ilocano, Kapampangan and Pangasinan are commonly spoken, with Tagalog and English as official languages used for secondary education, business and governance.

The municipality has a land area of 85.75 square kilometers or 33.11 square miles which constitutes 2.81% of Tarlac's total area. Its population as determined by the 2015 Census was 57,787. This represented 4.23% of the total population of Tarlac province, or 0.52% of the overall population of the Central Luzon Region. Based on these figures, the population density is computed at 674 inhabitants per square kilometer or 1,745 inhabitants per square mile.

## **2.0 PROJECT BACKGROUND AND RATIONALE**

Republic Act No. 9275 otherwise known as the Philippine Clean Water Act of 2004 (the "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 2020, the Municipal Ordinance No. 03, otherwise known as an ordinance establishing a Sewage Treatment and Septage Management System in the Municipality of Moncada and Prescribing Penalties for Violations and adopted the implementation of the septage management program of the Municipality of Moncada as part of the socio-economic and industrial development of the municipality, the LGU is planning to implement its Septage Management Program through a JV.

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 September 29, 2020. 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 Septage Management Project (**the "Project"**), which involved the financing, design, construction, and operation and maintenance of a fully mechanized septage treatment plant (SpTP) with a rated capacity of 60 cubic meters per day (CMD). The Project shall also include the supply of manpower, equipment and desludging trucks to ensure the

census, collection, treatment, transport 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 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 the Municipality.

1. Business development with local government units, water providers, and other third parties for wastewater services and collection of septage fees
2. Finance, design, construct, operate, and maintain septage treatment plants and desludging trucks
3. Census, desludging, transport, treatment, disposal/reuse of wastewater

Specifically, The Project is expected to provide the LGU the following economics benefits:

1. The Municipality of Moncada’s Septage Management Project will address the water pollution that affects the quality of the LGU’s water supply sources
2. Provide the LGU with additional revenue from septage tariffs.
3. Moreover, health, sanitation, and environmental issues arising from the lack of adequate septage management facilities will also be addressed and make the municipality compliant with RA 9275 otherwise known as the Philippine Clean Water Act of 2004.

At present, the Moncada Water District is serving 7,186 active connections with breakdown, as follows:

<b>Customer Type</b>	<b>Number of Connection</b>
Residential / Government	6,994
Commercial / Industrial	121
Commercial A	69
Commercial B	2

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.

It is 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 business permits and clearances, DOH-accreditations or DENR approved treatment plant regulation.

In order to implement the project, the LGU 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).

#### **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 60 cubic meters per day (CMD).
- b) Provision of ancillary facilities; and
- c) Conduct of Census, Septage Collection and Transport, Treatment and Disposal of Septage
- d) Provision of desludging trucks with a capacity of 5 cu.m and 10 cu.m.
- e) Provision the necessary manpower, manuals and processes for the operation of the Project facilities.

#### **5.0 PROJECT SITE**

The site and area available for the Septage Treatment plant is a 3000 sq.m. at the Material Recovery Facility (MRF) as shown below which situated is proposed to be constructed within the lot at Brgy. Burgos (the "Project Site") that was acquired by the LGU. It has a geographic coordinate of 15.73 north latitude and 15.73 east longitude.

It is the most suitable area for the plant given that the land has a relatively flat, topography and slope, availability of electricity, proximity to surface water, flood risk, access roads, and surrounding land use have been considered.

Figure 1 shows the Project location map.



## **6.0 ESTIMATED COST OF THE JV ACTIVITY/PROJECT**

The estimated cost of the JV Activity/Project is Ninety-Five Million Two Hundred Fifty-Six Thousand Eighty-Five Pesos (PhP 95,256,085.00). This includes the estimated capital expenditure based on 2021 prices. On the other hand, the Project Site will be contributed by the LGU with an area of 3,000sqm covered by certificates of title under the name of the Municipality of Moncada.

## **7.0 PROPOSED PSP-JV STRUCTURE**

The PSP shall be required to finance, design, construct, operate, and maintain a septage treatment plant with a minimum volume of 60 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 consents required under applicable legal requirement to authorize the commencement of the works, including but not limited to the following: 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.
- e) Provide desludging trucks to conduct of census, septage collection and transport, treatment and disposal of septage.

### **LGU's Responsibilities:**

- a) Monitor and manage 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 in liaising with local and national government agencies and other relevant regulatory authorities;
- e) Ensure Collection of Environmental Fee through the Moncada Water District (MWD); 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 Experience:

- The PSP must have successfully undertaken, within the last seven (7) years, the detailed design and engineering of at least two (2) Fully Mechanized Septage Treatment Plant with a minimum design capacity of 60 CMD. The PSP must submit Certificate of Completion by the owner as proof of experience.

Construction Experience:

- The PSP must have successfully undertaken, within the last seven (7) years prior to Eligibility Documents Submission Date, the construction, testing and commissioning of at least three (3) Fully Mechanized Septage Treatment Plant with a minimum design capacity of 60 CMD. The PSP must submit Certificate of Completion by the owner as proof of experience.
- The PSP must have a valid license issued by the Philippine Contractors Accreditation Board (PCAB) for Medium B (Sewerage & Septage Treatment/Disposal Plant) Classification and License Category A (General Building).

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 60 CMD. The PSP must submit documents in the form of ISO Certification as proof of experience.
- The PSP must have an available DOH-DENR approved Septage Treatment Facility compliant with existing Environmental, National and Local Laws. The SERVICE PROVIDER must comply to the DAO 2016-08 standards for at least twelve (12) months, as evidenced by laboratory results from a DENR-accredited laboratory and updated twelve (12) months historical Self-Monitoring Report (SMR).
- The PSP must have Department of Health (DOH) – Environmental Sanitation Clearance (ESC) for both stationary septage treatment plant and mobile desludging units. The PSP must submit documents in the form of ISO Certification as proof of experience.



#### Septage Collection and Transport Experience:

- The PSP has been awarded at least one (1) contract with a water utility for the Census, Septage Collection and Transport of Septage with:
  - a. A cumulative contract duration of at least ten (10) years;
  - b. Must have desludged at least 600,000 m<sup>3</sup> of septage.

The PSP must submit a certified true copy of the contract, notice to proceed, notice of award, or certificates as proof of experience.

- The PSP must have at least ten (10) years cumulative experience in the operation and maintenance of Vacuum Tanker Units.
  - The PSP can immediately allocate and operate two (2) 10 cu.m. and two (2) 5 cu.m. DOH/DENR approved Vacuum Trucks Units capable of siphoning from 300 meters for the collection and transport of septage to the septage treatment plant for the duration of the contract period. The Service Provider has submitted a Certification of Availability and Ownership as proof of qualification.
  - The PSP has an existing Vacuum Truck assembly plant, and service and maintenance center in the Philippines which can provide immediate servicing and loaner units for assured continuous operations. The SERVICE PROVIDER must submit proof in the form of Notarized Certificate of Ownership
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;
  - 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 arrested that the PSP is one of its current clients and is in good financial standing.

## 9.0 Overview of the Swiss Challenge

The Swiss Challenge 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	December 21, 2021
Pre-Bid Conference	January 7, 2022
Submission of Comparative Proposal Eligibility Qualification	March 1, 2022
Determination of Winning Proponent	March 11, 2022
<b>Issuance of Notice of Award</b>	<b>March 21, 2022</b>
Signing of the JV Agreement	May 21, 2022

The Project was evaluated by the LGU and accepted as an Unsolicited Proposal with the Original Proponent Status granted on September 29, 2020. The Challengers now have the opportunity to develop and submit their Comparative Proposals to the Joint Venture-Selection Committee (JV-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 amongst the comparative Challengers.

## **10.0 POINTS OF CONTACT**

The JV-SC may be contacted through the following information:

**Engr. NOEL T. ESTEBAN**

**Chairman, JV Selection Committee, Municipal Government of Moncada**

Address: Municipal Government Unit of Moncada  
Poblacion I, Moncada Tarlac

Tel: (045) 985-5641

E-mail: moncada\_meo@yahoo.com

Website: <https://www.moncadatarlac.gov.ph/>

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

- Payment in cash or manager's check made out to Municipality of Moncada at the Moncada Treasurer's Office, Moncada Municipal Hall;

Send your proof of payment to the email indicated above, with subject: Payment Septage Bidder.