



TERMS OF REFERENCE (TOR)

Particular	Specification/Proposal
a. Project Location	Baguio City Economic Zone (BCEZ) Loakan Rd., Baguio City
b. Proposed water and wastewater charges	See Attachment "A"
c. Terms of Contract	<ul style="list-style-type: none"> • 25 years, renewable upon mutual agreement • Target Date of the lease agreement – Upon Award of the Contract
d. Nature of Agreement	<ul style="list-style-type: none"> • PEZA shall: <ol style="list-style-type: none"> 1. Remain as the regulator and water distributor in BCEZ; 2. Mediate, in its capacity as a regulator between customers and MWPV with respect to meter reading, billing, and collection; and 3. Allow MWPV to use PEZA's water and wastewater facilities in BCEZ thru lease concession agreement. • MWPV shall: <ol style="list-style-type: none"> 1. Standardize BCEZ's water and wastewater operations through: <ol style="list-style-type: none"> a. Rehabilitation and maintenance of the 1M gallon tank; b. Rehabilitation/replacement of the water and wastewater system including the sewage treatment plant (STP). This include the immediate replacement of water piping system that had exceeded its serviceable life, installation of new service connections within BCEZ, expansion of the distribution network to accommodate new development areas within BCEZ (Subject to CAPEX & Tariff Rate Revision), and the creation of a water supply contingency plan to ensure uninterrupted water service during emergencies or disasters. c. Rehabilitation of STP for the continuous alignment with applicable prevailing DENR standards; d. Provide additional infrastructure related to water and/or wastewater as necessary. e. Adherence to environmental laws and other applicable Government Rules and Regulations. 2. Resolve disputes in its capacity as Operation and Maintenance service provider.
f. Scope of Engagement	1. MWPV shall lease the following from PEZA:

- a. Existing water and wastewater facilities of BCEZ;
 - b. Real properties where the facilities are located; and
 - c. Real properties necessary for the expansion.
2. MWPV's operation, maintenance, and management of BCEZ water and wastewater system shall include the following:
- a. Provide chlorinated water and wastewater services, including but not limited to, domestic and industrial water supply, treatment of domestic wastewater, etc. to BCEZ;
 - b. Undertake **major and minor improvements** and further development, maintenance, and expansion of the Facilities as necessary; BCEZ to provide map as Annex
 - c. Ensure continuous, round-the-clock water supply through several reliability improvements and programs;
 - d. Maintain a water loss rate below 10% through the implementation of leakage detection and repair programs, as well as continuous monitoring of the distribution network.
 - e. Maintain uninterrupted services throughout the duration of the contract, except for uncontrollable situations by both Parties (e.g., force majeure & water interruption from Bulk water provider);

Maintain an average response time for service restoration during water supply disruptions to less than twenty-four (24) hours. MWPV shall ensure continuous supply of water to affected locators within the duration of disruption.
 - f. Ensure compliance with water quality standards per Philippine National Standards for Drinking Water (PNSDW) or such prevailing standards prescribed by the Department of Health (DOH);
 - g. Ensure compliance with prevailing waste water discharge and effluent standards set by the Department of Environmental and Natural Resources (DENR);
 - h. The proposed CAPEX and proposed water and waste water rates shall be subject for review and evaluation of PEZA at the end of 5th year and every 5-year thereafter.
 - i. Provide capital expenditures (CAPEX) with a total aggregated amount of **Php165.0Million** for the upgrade of the sewer treatment plant in compliance to DENR, rehabilitation of the existing water and sewer facilities, segmental replacement of identified

deteriorated water and sewer pipelines and study of potential water source within BCEZ.

- a. Allocate Php105.0Million CAPEX for the first three (3) years of its operation for STP compliance and sewer maintenance;(Please note that: BCEZ commitment to DENR-EMB-CAR is to comply with the DAO-2021-019 immediately)
- b. Provide PEZA annually a progress report over the 25-year development plan. covering all the expansion costs for increasing the capacity of the system as necessary, improvement projects, and replacement of the economic assets that have completed their economic lives in the existing system;
- c. Impose BCEZ prevailing water rate charges for the first two (2) years of its operation and every five (5) years thereafter adopt the proposed and approved water rate of PEZA. Sewer water rates will follow the attached table: (attach table)
- d. Handle customer services, including the processing of applications, service disconnection, termination, meter readings, billing and collection of water and sewerage bills, and customer assistance.
- e. Ensure prompt resolution of customer inquiries and aim for a customer satisfaction rating of at least 95% based on regular surveys and feedback.
- f. Within the first two (2) years of operation, to conduct a 2-year study on the possible development of new sources of water.
- g. In consideration of the right to lease and operate the systems, MWPV shall pay PEZA “Risk-Free” or guaranteed revenue to PEZA of roughly about **Php 4.00M to Php 4.74M** per year to the lease fee of **Php 5.00/cu.m** for the 1st year of the cooperation period. The said rate shall increase by **Php 6.00/cu.m and Php 7.00/cu.m on the 6th and 11th year thereafter. However, such lease fee shall be subject for review by the parties at the end of 5th year and every 5-year thereafter.**
- h. All water system and STP assets including new improvement/investments introduced by MWPV and the residual value associated with PEZA's fully depreciated assets will accrue to PEZA upon the expiration of the Contract.

Note: All documents submitted shall be kept confidential.

SCHEDULE OF WATER AND WASTE WATER RATE CHARGES

Period	Php/cu.m	
	Proposed Water Rate	Proposed Waste Water Rate
Y1	26.08	25.00
Y2	26.08	30.00
Y3	36.08	30.00
Y4	36.08	35.00
Y5	45.58	35.00
Y6 Onwards	Inflationary Increase	5.00 increase every 5 years

- Notes:**
1. All rates are VAT exclusive
 2. Power cost to water and waste water charges shall be passes to the locators
 3. Projected approved CAPEX and water and waste water rate charges shall be subject for review by PEZA at the end of five (5) year and every five (5) years thereafter.