

**PROCUREMENT OF CONSULTANCY SERVICES
FOR THE FIFTH (5TH) RATE REBASING
(Contract No. RO-CS2021-002)**

CONSULTING SERVICES AGREEMENT

THE PUBLIC IS INFORMED:

This Contract is executed between:

THE METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM REGULATORY OFFICE, a government corporation duly organized and existing under and by virtue of R.A. 6234, as amended, and E.O. No. 149 with principal business office at 3rd Floor, Engineering Building, MWSS Complex, Katipunan Road, Balara, 1105 Quezon City, Metro Manila, herein represented by its Chief Regulator, **PATRICK LESTER N. TY** (hereinafter called the "MWSS RO");

-and-

THE JOINT VENTURE OF WOODFIELDS CONSULTANTS, INC. (WCI) and ADDVALUE BUSINESS ADVISORS, INC. (ABA), both Philippine Corporations, holding principal offices at 153 Kamias Road Extension, Kamias, Quezon City, and 41 Legaspi Road, Quezon City, respectively, represented by **ARNEL B. NACION**, Senior Vice President of WCI and **EVELINA P. ALVARADO**, CEO of ABA, authorized for this purpose on the strength of the attached Secretary's Certificates (hereinafter called the "Consultant").

(the MWSS RO and the Consultant are collectively referred as the "Parties")

A N T E C E D E N T S:

The Concession Agreements of the MWSS with Manila Water Company, Inc. (Manila Water) and Maynilad Water Services, Inc. (Maynilad) contain a provision about Rate Rebasing which is an extensive rate review and evaluation exercise that is carried out every five years.

In this regard, the MWSS RO requires the services of a consultant to undertake the Fifth Rate Rebasing of Manila Water and Maynilad, referred here as the "SERVICES".

After one failed bidding, the MWSS RO Bids and Awards Committee (BAC) conducted a second bidding for the Procurement of Consultancy Services for the Fifth Rate Rebasing under Contract No. RO-CS2021-002 (Subject Procurement) wherein WCI in joint venture with ABA was determined as the **HIGHEST RATED AND RESPONSIVE BIDDER** for the Subject Procurement.

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WCI in joint venture with ABA, having represented to the MWSS RO that they have the required professional skills, personnel, and technical resources, having agreed to provide the Services on the Terms and conditions set forth in this Contract.

ACCORDINGLY, in consideration of the covenant and agreements hereinafter set forth, the SERVICES to be rendered and the sums of money to be paid, the parties do hereby agree, as follows:

1. The total Contract Price of the Services in **SIXTY-THREE MILLION SEVEN HUNDRED FIVE THOUSAND AND THREE HUNDRED PESOS (Php63,705,300.00)** with a duration of nine (9) months.

Contract payment shall be in accordance with the following schedule subject to acceptance by the MWSS RO of the deliverables/milestones:

Deliverables	Submission Timeline	Percent of Contract Value
1. Inception Report	30 days from commencement date	15% of total remuneration
2. Monthly Accomplishment Reports - This will include discussions on the status of the following determinations: a. OCP- contains discussion on financial and economic factors used, if any, and the findings and recommendations on HCF audit and validation and OCP calculation; and b. FCF- contains discussion on financial and economic factors used, if any, and the findings and recommendations on FCF validation	10 days following each preceding month to commence after submission of the Inception Report	10% of total remuneration



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Deliverables	Submission Timeline	Percent of Contract Value
<p>3. Historical Cash Flows Report</p> <p>3.1. Detailed Financial Audit of Historical Cash Flows (OPEX, CAPEX, Others) – contains discussion on findings and/or justifications on the recommended adjustments (2019-1H2022);</p> <p>3.2. Detailed CAPEX Technical Audit – contains discussion on findings and/or justifications on the recommended adjustments (2018-2022);</p> <p>3.3. OCP Calculation – contains findings and recommendations; and,</p> <p>3.4. Service Obligation Compliance in the preceding Business Plan – contains findings and validations /verifications of the different service obligations</p>	180 days from commencement date	20% of total remuneration
<p>4. Public Consultations – to be conducted by the Consultants to discuss major projects and proposed tariff adjustments by the Concessionaires.</p>	195 days from commencement date	10% of total remuneration



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Deliverables	Submission Timeline	Percent of Contract Value
<p>5. Future Cash Flows Report</p> <p>5.1. Establishment of KPIs+BEMs and other targets for 2023-2027 – contains the established Indicators and Measures including targets and the corresponding Penalties, if any;</p> <p>5.2. New Business Plan – contains discussion relative to Concessionaires' approach/strategy in delivering the services to meet their targets. Should also contain the recommended Service Obligations and clearly indicating the required CAPEX for 2023-2027 in the attainment of the Service Obligations;</p> <p>5.3. Established FCF – contains details on macro-economic and other assumptions used and changes made to projections of Concessionaires;</p> <p>5.4. Sensitivity Analysis and Impact of Tariff to both customers and concessionaires;</p> <p>5.5. Water Affordability on the rebased rates;</p> <p>5.6. Review of the 12% nominal ADR through Benchmarking analysis or other similar methods;</p> <p>5.7. Initial assessment concerning compliance with RORB requirement</p>	210 days from commencement date	20% of total remuneration
6. Preliminary Rate Rebasing Report – This shall contain the indicative tariff adjustments for the Concessionaires that will be discussed during the RO public consultations	240days from commencement date	10% of total remuneration
7. Presentation / Debriefing on findings and recommendations for the Rate Rebasing exercise. The Consultants shall provide copies of the materials to be used in the presentation / debriefing.	Not later than the end of the contract	5% of total remuneration
8. Final Rate Rebasing Report – This shall contain the detailed discussion on the Rate Rebasing exercise undertaken, ideally, covering the scope of work for the contract.	Not later than the end of the contract	10% of total remuneration

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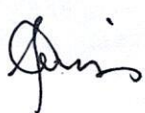
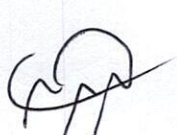
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2. In this Contract, words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract hereinafter referred to.
3. The following documents, as required by the 2016 Revised Implementing Rules and Regulations of Republic Act No. 9184, shall be attached, deemed to form, and be read and construed as part of this Agreement, to wit:
 - (a) Philippine Bidding Documents;
 - (b) General and Special Conditions of Contract;
 - (c) Terms of Reference;
 - (d) Request for Expression of Interest;
 - (e) Instruction to Bidders;
 - (f) Negotiated Financial Proposal;
 - (g) Bid Data Sheet;
 - (h) Supplemental/Bid Bulletin Nos. 1 and 2;
 - (i) Bid forms, including all the documents/statements contained in the Bidder's bidding envelopes, as annexes, and all other documents/statements submitted (e.g., bidder's response to request for clarifications on the bid), including corrections to the bid, if any, resulting from the Procuring Entity's bid evaluation;
 - (j) Eligibility requirements, documents and/or statements;
 - (k) Performance Security;
 - (l) Notice of Award of Contract and the Bidder's conforme thereto;
 - (m) Certificate of Availability of Funds;
 - (n) BOT Resolution on the approval of ABC and procurement; and
 - (o) RO Resolution on the Authority of the Chief Regulator to enter into contract;
4. The mutual rights and obligations of the MWSS RO and WCI in joint venture with ABA shall be as set forth in the Contract, in particular:
 - (a) WCI in joint venture with ABA shall carry out the Services in accordance with the provisions of the contract; and
 - (b) The MWSS RO agrees to pay the Consultant the sum of **SIXTY-THREE MILLION SEVEN HUNDRED FIVE THOUSAND AND THREE HUNDRED PESOS (Php63,705,300.00)**, in accordance with the provisions of the Contract.
5. If any stipulation, clause, term, or condition of this Contract is held invalid or contrary to law, the validity of the other stipulations, clause, terms, and conditions hereof shall not be affected thereby.
6. The Parties hereby agree to amend or modify any provision of this Contract, which might be declared invalid or contrary to law, to conform to the subject and objective thereof. No amendment or modification to this Contract shall be valid or binding on either party unless stipulated in writing, observed and executed with the same formality as this Contract.



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7. The Parties represent that they have the requisite power, authority, and capacity to enter into this Contract, and to perform their obligations and undertakings according to the terms and conditions thereof.
8. The Consultant shall not disclose any propriety or confidential information relating to the Services, this Contract or the Client's business or operations, without the prior written consent of the MWSS RO or its duly authorized representative.
9. Any dispute arising from or in connection with the implementation of this Contract shall be submitted to arbitration in the Philippines in accordance with RA No. 876, the *Arbitration Law*, and RA No. 9285, the *Alternative Dispute Resolution Act of 2004*.
10. Should the MWSS RO be constrained to resort to court action for any dispute in connection with or arising from arbitration to protect its rights and interests, the Consultant shall pay the MWSS RO attorney's fees equivalent to 20% of the total sum claimed in the complaint, plus litigation expenses after judgment is issued and has become final and executory. The attorney's fees shall in no case be less than Fifty Thousand Pesos (Php50,000.00). Venue of all court actions shall be laid exclusively in the proper court of Quezon City.

SIGNED by the parties on JAN 31 2022 2022 at Quezon City, Philippines.


**METROPOLITAN WATERWORKS
AND SEWERAGE SYSTEM
REGULATORY OFFICE**

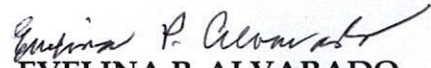
By:


PATRICK LESTER N. TY
Chief Regulator, MWSS RO

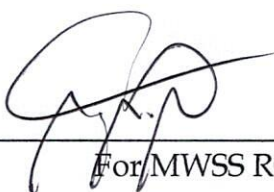
**THE JOINT VENTURE OF
WOODFIELDS CONSULTANTS,
INC. and ADDVALUE BUSINESS
ADVISORS, INC.**

By:


ARNEL B. NACION
Authorized Representative, WCI


EVELINA P. ALVARADO
Authorized Representative, ABA




For MWSS RO

WITNESSES:


For the Consultant

ACKNOWLEDGEMENT

Republic of the Philippines)
Quezon City)S.S.


BEFORE ME, this _____ day of **JAN 31 2022** 2021 at Quezon City, Philippines, personally appeared and exhibited to me their respective valid Identification Cards as shown hereunder:

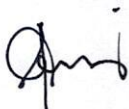
Name	Valid Proof of Identification	Date/Place of Issued
Patrick Lester N. Ty Representing MWSS Regulatory Office		
Arnel B. Nacion Representing Woodfields Consultants, Inc.		
Evelina P. Alvarado Representing Addvalue Business Advisors, Inc.		

Known to me to be the same persons who executed the foregoing Contract Agreement consisting of seven (7) pages including this acknowledgement and they acknowledged to me that the same is their own and free voluntary acts and deeds and the principals represented herein.

IN WITNESS HEREOF, I have hereunto set my hand and seal this **JAN 31 2022** day of _____ 2022 at Quezon City, Philippines.

Doc. No. 510 ;
Page No. 103 ;
Book No. I ;
Series of 2022.


Socorro Maricel N. Nepomuceno
Notary Public for Quezon City
NP 238 until December 31, 2022
Roll No. 50756
IBP No. 157733;02.17.2021
PTR No. 2430516; 01.04.2022
MCLE No. VI-0018197
35 Matalino Street, Barangay Central
Quezon City, Metro Manila 1100
Contact Number 09985510287



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