

NATIONAL WATER COMMISSION
QUESTIONS AND ANSWERS
FOR
PROGRAM MANAGEMENT SERVICES- JAMAICA WATER SUPPLY AND SEWERAGE PROJECTS

1. Please provide further information on details in each of the three packages.
Program Management Services are required for projects based on the following three (3) Packages:

*(a) Potable Water Production Capacity Improvement, Non-Revenue Water (NRW) Reduction, Energy Cost Reduction, Water Supply Extension and Water Distribution System Improvement in **Northern Parishes** - Hanover, St. James, Trelawny, St. Ann, St. Mary and Portland;*

(b) Potable Water Production Capacity Improvement, Non-Revenue Water (NRW) Reduction, Energy Cost Reduction, Water Supply Extension and Water Distribution System Improvement in Southern Parishes -Westmoreland, St. Elizabeth, Manchester, Clarendon, St. Catherine, Kingston, St. Andrew and St. Thomas);

(c) Sewerage Systems Improvement and Expansion island-wide.

Information on the water supply and sewerage services plans for each parish is contained in the documents for the Water Supply Parish Plans and Wastewater Parish Plans which are posted on NWC website at the link <http://www.nwcjamaica.com/Advertisements.asp>. Click on "Programme Managers to Support the Jamaica Water Supply and Sewerage projects"

2. According to data sheet § 5.2 (a) item (v) points are given for participation of nationals. Can you clarify how many % of 240/180 man month of nationals are required to obtain the minimum of 5 points and maximum of 10 points for key positions.

The evaluation of the participation of nationals in the provision of program management services will not be solely based on the percentage of man-month input.

3. Please provide feedback on the source of the project funds (eligibility reasons)

The funds for the projects will come from various sources, including NWC resources. The K-factor funds will finance projects for non-revenue water reduction, the sewerage of Kingston and St. Andrew and the rehabilitation of wastewater treatment facilities. Information on the K-Factor is provided in the May 2008 Tariff Determination Notice by the Office of Utilities Regulation and summarized in appendix 1. NWC is also in advanced discussions with a number of financial institutions which will provide

additional financing. Public Private Partnership modalities will also be pursued for some projects.

4. Please provide additional information on referred to in *Section 1. Letter of Invitation* in the second section. Please let us know if this is information we can get either online, via email, or will we need to collect hard copies.

Please see response to Question 1.

5. Our interpretation of Section 2 - Instructions to Consultants, Clause 1.6 - Conflict of Interest, sub-paragraph 1.6.1 (ii) is that establishing firewalls by the Prime Programme Manager to prevent any conflicting assignments would allow Jamaican sub-consultants to participate in subsequent engineering opportunities resulting from the programme as long as no conflict of interest exists between their role on the programme and the engineering opportunity they are seeking. Could you please confirm?

Jamaican sub-consultants associated with a Consultant who is engaged to provide Program Management services for a particular Package will not be eligible to participate in subsequent engineering or construction opportunities resulting from projects for that Package.

6. The data sheet, item 3.7 mentions that the procuring entity will reimburse the Consultant for any taxes under the contract to be subject to local taxation. Is this tax refund also applicable to the local companies? We assume that tax refund will be done within 30 days by the procuring entity – please confirm.

The Consultant will be subject to local taxes. While the amounts of these will not be evaluated, the Bidder must indicate the specific taxes and the expected amount for each should be separately provided in the financial proposal. The amounts of the taxes will be discussed at contract negotiations, and applicable amounts will be included in the contract. The taxes that are included in the contract should then be included in each invoice that is submitted by the Consultant.

You are reminded that, in accordance with the Government of Jamaica Handbook of Public Sector Procurement Procedures November, 2008 (<http://www.mof.gov.jm>) the Bidder shall have to demonstrate that they have paid such taxes, duties, fees and other impositions as may be levied in Jamaica.

7. ToR page 56 under “Project implementation Planning, Tracking and Monitoring” asks to include “dashboard” features. It is assumed that NWC is interested to utilize only one comprehensive dashboard and therefore it is anticipated that NWC has already a certain dashboard software in mind – Is there any preference for a dashboard software?

NWC does not have a particular dashboard software in mind or any preference at this stage.

8. Are the forms to be completed in the proposal available in Word and/or Excel? If they are, would it be possible for us to be given copies to simplify the preparation of our proposal.

The GOJ Standard Bidding Documents – Annex 12 which the RFP is based may be found in Microsoft Word format at the website:

www.mof.gov.jm/procurement-policy/standard_bidding_docs

9. On page 24 of the RFP it states that the expected date for contract negotiations is November 15 2012, Can you confirm this is 2012 or 2011?

The date should have been November 15 2011. With the extension of the deadline for submission the revised expected date to commence contract negotiations is January 18th 2011.

10. Once the Program Management Contract has ended, will a Prime Consultant and/or any of their sub-consultants be able to participate in engineering design work?

The Prime Consultant and their sub-consultants will not be able to participate in engineering design work for projects in the particular Package for which they provided Program Management Services. This includes projects in the particular Package that are executed during and after the contract period. They will be able to participate in design work for projects that are not in the Package for which they provide Program Management Services.

11. Can the Program Management consultant firm participate in engineering design work from a different Program Management contract?

See response to Question 10.

12. Please confirm that the assignment will be a lump sum contract.

Yes, this will be a lump sum contract.

13. Will the NWC provide vehicles for the Program Management staff?

No; NWC will not provide vehicles for the Program Management staff.

14. Is Section 4 Appendix pages 51 and 52 regarding “Consultant’s Representations Regarding Costs and Charges” required?

Yes

15. For uniform conversion please confirm the exchange rate to be used for the proposal. Is it the BOJ counter selling rate or BOJ historical rate on October 31 2011?

Based on the deadline of November 18 2011 and the source and date indicated in the Data Sheet for paragraph 5.6, please note :

- *the source of official selling rates is Bank of Jamaica (BOJ); and*
- *the date of exchange rates is the Last Business Day of the Prior Month – which is October 31, 2011.*

16. Please describe the Consultant Program Manager’s role with regard to construction activities.

The role of the Program Manager with regard to all activities is outlined in the terms of reference.

17. Is the Program Management cost included in the Engineering and other costs in the parish plans?

Yes, the cost is included.

18. The RFP outlines three(3) Program of Work, namely:

- Program 1: Water Supply Projects (Northern Parishes),
- Program 2: Water Supply Projects (Southern Parishes) , and
- Program 3: Sewerage Systems Improvement and Expansion.

Can a Consultant bid on one or more Program of Work?

Paragraph 2 of the Invitation Letter in Section of the RFP states in part that:

Consultants who are interested in bidding for more than one package must submit a separate technical and financial proposal for each package. NWC reserves the right to not award more than one package to any one Consultant.

19. Should separate technical proposals be submitted for each Program of Work? If yes, could you clarify what is meant by clause 1.11, which reads the “Consultants may only submit one proposal”.

Please see response to Question 18.

The request for proposals from qualified firms to provide Program Management Services for the Jamaica Water Supply and Sewerage Projects is based on three (3) Packages. A Bidder must not submit more than one proposal for any one of these Packages.

Bidders who submit proposals for more than one Package should submit separate sets of clearly labelled technical and financial proposals, each set done in accordance with paragraph 4.4 in Section 2 of the RFP. The labelling of particular Packages should be done as follows:

- *Package 1 - Water Supply Projects – Northern Parishes*
- *Package 2 - Water Supply Projects – Southern Parishes*
- *Package 3 - Sewerage Improvement and Expansion*

20. Can a subcontractor/ bidder's personnel be assigned to more than one Program of Work?

Please see responses to Questions 5 and 10

21. As per Section 5 – Terms of Reference the Consultant should “Develop policies and procedures that will establish the framework for the administration and implementation of the various projects that will form part of the Program, as well as methods to support its successful execution”. Does the NWC have available documented internal policies and procedures, as these would be need to be augmented in the policies and procedures to be developed by the Consultant.

For the purposes of bidding, Consultants should assume that they will have to develop new policies and procedures.

22. Are there any Programs of Work for which the Build, Own, Operate and Transfer (BOOT) model is being considered? If yes, what are they?

BOOT arrangements are being considered primarily in relation to new water treatment plant and new sewerage system, including treatment plants and network facilities.

23. Is the Consultant’s Team expected to sit full time in the client office or can work from their own local offices?

Consultants will be expected to outline their proposed approach to best meet the objectives of this assignment in their technical proposals.

24. Should the financial proposal be in the local currency of the Country i.e., Jamaica? I understand from the RFP that :
- a. the Consultant may submit their financial proposal using three (3) foreign currency cost and the national currency, and
 - b. all local costs (i.e., the cost of services executed by Jamaicans/locals on the Team) should be stated in the national currency. (Please see datasheet clause# 3.8)
- Could you kindly confirm?

Please see 5.6 in the Data Sheet and the Appendix - Financial Negotiations - Breakdown of Remuneration Rates.

25. Should a separate financial proposal be submitted for each Program of Work?
Please see response to Question 19

26. Is the budget of US\$600,000 been allocated?
No

27. Are there any foreseen constraints that may inhibit the release of funds over the life of the project?
There are no insurmountable constraints.

28. I understand that there are some projects that will be funded by the NWC's K-Factor Initiative? Could you say what the K-Factor is and the nature / type of the projects to be funded by this initiative?
Please see response to Question 3

29. Could you please state if the project is a fixed-price / lump-sum engagement?
Please see response to Question 12

30. Can NWC share a draft payment term plan with the Consultant including payment for reimbursable expenses?

Not at this time.

NOTE: ADDITIONAL INFORMATION CAN BE VIEWED ON NWC'S WEBSITE.

APPENDIX 1

K-factor program

Introduction of the K-Factor

The Office of Utilities Regulation (OUR) in its Tariff Determination Notice of April 2008 granted an increase of 23%, effective May 01, 2008 (see Tariff Determination document). In addition, the OUR included the application of the K-Factor that would be used to generate funds to finance specific types of projects. These types of projects are broadly categorized as projects aimed at

- Reducing the level of non-revenue water (NRW);
- Rehabilitating/retiring selected waste water treatment plants; and
- Expanding the sewer collection network in Kingston and St. Andrew (KSA).

A portion of the K-factor will be recovered through the X-factor, which captures the efficiency gains from the projects undertaken under the K-Factor Programme. The X –factor is to be calculated as a deduction from the bill after the normal rates and PAM i.e:

$$\text{Billed amounts} - (\text{normal rates} + \text{PAM}) - X \text{ factor}\%$$

The schedules for the K-Factor and the X-Factor through to 2121 are shown in the table below

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
K-factor	5%	15%	20%	23%	25%	27%	27%	27%	26%	26%	24%	24%	23%
X-factor		7%	10%	10%	12%	12%	13%	15%	18%	22%	22%	23%	23%

K-Factor Bank Account

A special bank account has been established in which funds for the K-Factor are lodged. The OUR in its tariff Determination stipulated that a bank account was to be established for the K-Factor funds to ensure. A clean separation of cashflows for K-Factor related activities and those for NWC's normal operations.

NWC is required to lodge 90% of the amount billed for K-factor in this account, regardless of the collection level.

Types of Projects Eligible for K-Factor Funding

The OUR indicated that the K-factor would be appropriate to fund a capital programme to improve efficiency in NWC's operations and would assist in reversing the effects of years of under and inadequate funding for NWC's maintenance activities. Eligible projects include those described below.

The **NRW reduction projects** include those which reduce technical and commercial losses. These include investigative work to target specific projects to reduce NRW (e.g. conducting investigative work to target NRW reduction activities; pipeline replacements; pressuring zoning and management, regularizing informal settlements, etc.)

Projects to **rehabilitate wastewater treatment plants** are also eligible for K-factor funding. These projects will be implemented to get NWC operated plants to comply with the specific environmental regulatory requirements of the National Environmental and Planning Agency (NEPA). This will provide NWC with funds to address its inadequate sewage infrastructure.

The **sewer network in the Kingston and St. Andrew** area (KSA) will be expanded to more fully utilize the available wastewater treatment capacity at the recently completed Soapberry Wastewater Treatment plant. About 30% of the population has access to sewerage in KSA. The recently completed Soapberry Wastewater Treatment plant is currently under-utilized.

Financing using K-Factor

The K-factor programme envisioned an arrangement where K-Factor flows would be used to directly service loans that are used to finance K-Factor eligible projects. One of the key principles underlying the K-factor arrangement is the use of the K-factor flows to service loans that are obtained by NWC to finance an aggressive programme of works over a short time period (say five years) to enable early gains to the utility.

The X-factor is a part of the K-Factor arrangement and is a form of "pay back" to the consumer from the gains derived through the works undertaken using the K-factor funds

The life of the tariff regime was increased from three years to five years to facilitate the NWC obtaining loans using the K-Factor. The K-Factor billing will end in 2022.

While the OUR has not set a cap for any one project, project selection will be done based on the benefits that will be derived. Economic analyses will be conducted at the more economical ones will be implemented early. It is anticipated that some US400M will be generated over the life of the K-Factor Programme.