

PROJECT INFORMATION MEMORANDUM

AQUILINO Q. PIMENTEL JR. INTERNATIONAL CONVENTION CENTER





Republic of the Philippines
Tourism Infrastructure & Enterprise Zone Authority

Operation and Management of the Aquilino Q. Pimentel Jr. International Convention Center (APICC)

Project Information Memorandum

07 August 2024



6th & 7th Floors, Tower 1, Double Dragon Plaza, Double Dragon Meridian Park
Macapagal Avenue corner EDSA Extension Bay Area, Pasay City 1302, Philippines
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1. CONTEXT

Aquilino Q. Pimentel Jr. International Convention Center

VISITORS arriving in the Philippines increased in 2023, reaching 5.45 Million or 105.6 percent higher than 2.65 million in 2022. For 2023, international visitor receipts surge at PHP482. 54 billion.

As of June 2024, a growth rate of 12.9 percent as compared to June 2023 in tourist arrivals.

In 2023, there were about 2.5 million overnight domestic travelers in Region 10 or the Northern Mindanao region of the Philippines which is higher compared to 1.6 million in 2022.

The City of Cagayan de Oro, is a 1st class highly urbanized city in the region of Northern Mindanao, Philippines. It is the capital of the province of Misamis Oriental where it is geographically situated.

Cagayan de Oro is strategically positioned in the Northern Mindanao region, making it accessible to both domestic and international travelers. Its proximity to major cities, transportation hubs, and scenic attractions makes it an ideal destination for various types of events and conventions.

Cagayan de Oro is known for its eco adventure tourism, with attractions like whitewater rafting, zip lining, and natural wonders. These attractions not only draw but also create opportunities for pre or post – convention tours and activities.

The city's local government and stakeholders are keen on developing its tourism potential, providing a favorable environment for investment.



Tourism Infrastructure and Enterprise Zone Authority

TIEZA is a government corporation created by virtue of Republic Act No. 9593 or the Tourism Act of 2009 on May 12, 2009, replacing the Philippine Tourism Authority (PTA). TIEZA is mandated to continue the functions previously exercised by PTA under Presidential Declaration 564, unless otherwise inconsistent with the provisions of RA 9593.

TIEZA acts as the Department of Tourism's implementing arm in providing support infrastructures and facilitating investments in tourism enterprise zones (TEZ) nationwide. This is carried out through its main functions — infrastructure development; designation, regulation



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and supervision of TEZs; management of its existing assets or facilitation of their privatization; and administration of the collection of the Philippine Travel Tax.

As the country's builder of tourism infrastructures, TIEZA brings development to areas with high cultural, historical, religious, heritage and/or eco-tourism values, helping shape a deep sense of awareness and pride for the Filipino's traditions, natural bounties and uniqueness as a race.

The mandate of TIEZA include:

1. Designate, regulate, and supervise the Tourism Enterprise Zones (TEZ's) established under the Act;
2. Develop, manage, and supervise tourism infrastructure projects in the country;
3. Supervise and regulate the cultural, economic and environmentally sustainable development of TEZs towards the primary objective of encouraging investments therein;
4. Ensure strict compliance by the TEZ Operator with the approved development plan. Pursuant thereto, the TIEZA shall have the power to impose penalties for failure or refusal of the tourism enterprise to comply with the approved development plan, which shall also be considered a violation of the terms of registration; and
5. Continue to exercise functions previously exercised by the PTA under Presidential Decree no. 564, not otherwise inconsistent with the other provisions of the Act.

Joint Venture

In recognition of the integral role of the private sector in nation building, TIEZA implemented the Public-Private Cooperation Program that includes Aquilino Q. Pimentel Jr. International Convention Center as among selected TIEZA properties and TEZs.

The APICC is being carried pursuant to the provisions of Republic Act No. 9593 otherwise known as the Tourism Act of 2009, Republic Act No. 11966 or the Public-Private Partnership Code of the Philippines (PPP Code), its Implementing Rules and Regulations (IRR), and the TIEZA Joint Venture Guidelines, as applicable. Based on the PPP Code, TIEZA can secure more private sector support in financing, managing, and operating tourism facilities.

2. PROJECT OVERVIEW

Situated in an elevated area of Cagayan de Oro City, the APICC represents as an exciting investment opportunity. This newly-completed facility is set to become a cornerstone of business events, conferences, and cultural gatherings in the region. With its strategic location, modern infrastructure, and a city that's rapidly growing as an economic hub, this project offers investors the chance to help shape the future of the city's event and hospitality landscape.

The operation and management of APICC (*the "Project"*) is to be undertaken through Public-Private Partnership (PPP) in accordance with the provisions of PPP Code and its IRR.

It is a 7,700-seater multi-purpose facility with a floor area of 1.34 hectare on a 4.9 hectares lot located in Sitio Taguanao, Brgy. Indahag, Cagayan de Oro City.



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The APICC was turned over to TIEZA from DPWH Region X upon its completion of the construction project on November 4, 2022. Since then, TIEZA had been working on its Occupancy Permit and Fire Safety Inspection Certificate. A Business Permit was issued on November 3, 2023 and since then TIEZA managed and operated APICC with eight (8) realized events such as the Cagayan de Oro Charter Day Events (State of the City Address and Philippine Volleyball League on Tour), Book Launching and Thanksgiving Event, Philippine Commercial Vehicle Show, Leadership Seminars, Company Anniversary and Philippine Basketball Association (PBA) Commissioners' Cup. It is currently composed of the following operational infrastructure facilities (the "Project Facilities"):

A. Arena

B. Ground Floor

- 1) Four (4) Lobbies only as Exhibit/Concessionaire/Selling Area only
- 2) Function Room (2,3,4,6,7 & 8) @ 67 square meter per function room
- 3) Function Room (1 and 5) @ 200 square meter per function room

C. Lower Ground Floor

- 1) Rehearsal Room 1 @ 51 square meter
- 2) Rehearsal Room 2 @ 34 square meter (open area)
- 3) Club Room (1 and 4) @ 53 square meter/room
- 4) Club Room (2 and 3) @ 37 square meter/room
- 5) Canteen/ Cafeteria @ 52 square meter (open area)
- 6) Concessionaire 1, 2 & 3 @ 10.7 - 12 square meter
- 7) VIP Room @ 22 square meter

D. Parking Area

Through this Project, TIEZA aims to further enhance the operations of APICC in a sustainable manner. The benefits expected from the Project include:

a. Leverage Private Sector Capital and Expertise

Rationale:

Engaging with the private sector allows TIEZA to leverage significant capital investment and technical expertise without immediate financial outlay from government resources. The private sector, whether it is PIMC or the winning challenger, brings specialized knowledge, innovative solutions, and efficient management practices that can enhance the development and operation of tourism infrastructure projects. This partnership aligns with TIEZA's strategic objectives to foster sustainable tourism development through collaborative efforts.

Benefits:

- Access to substantial private sector funding.
- Introduction of innovative and efficient project management methodologies.
- Reduction of financial risk for TIEZA.
- Accelerated project timelines due to the private sector's experience and resources.





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b. Allocation of Expenses for APICC to Other Tourism Projects

Rationale:

By reallocating expenses that may be designated for the maintenance of the APICC to other asset-based tourism projects, TIEZA can ensure a more balanced and diversified investment portfolio. The reallocated budget may be used for repurposing underutilized assets, implementing rehabilitation, and developing new revenue-generating initiatives

Benefits:

- Enhanced allocation of TIEZA's financial resources across various asset-based tourism initiatives.
- Better financial management and reduced dependency on subsidies.

c. Enhance Utilization of Assets in Benefits to TIEZA

Rationale:

Optimizing the utilization of TIEZA's assets ensures that all available resources are maximized to generate the highest possible returns. By doing so, TIEZA can enhance its operational efficiency and financial sustainability.

Benefits:

- Increased revenue from improved asset utilization.
- Strengthened the financial position of TIEZA.
- Enhanced service offerings and visitor experience.
- Long-term sustainability of tourism assets.

The key elements of the PPP transaction are summarized in Table 1 below.

Table 1. Project Overview

Indicative Feature	Terms
Project Scope	The scope of the Project includes the operation and management of APICC, upgrading of its facilities in order to improve efficiency in operations, and create significant contribution to a thriving and sustainable tourism in the area. Specifically, the Project include the following: <ul style="list-style-type: none"> ● Operation, management and maintenance of the Project Facilities; ● Provision of additional equipment · Other Convention Center support facility and management strategies
Concession Period	25 years
Project Structure	Contractual Joint Venture (JV)





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Revenue Source	To be determined by the Comparative Proponent/ Challenger based on the proposed revenue generating centers which may include: <ul style="list-style-type: none"> ▪ Facility Rental ▪ Percentage Share from Service Providers (Sounds System, Stage, Booth, Food Caterers and concessionaires ▪ Food and Beverage Outlet ▪ Other related amenities 						
Bid Parameter	Highest Government Share based on a fixed initial value, which escalates by 5% on the fourth year and every three (3) years thereafter.						
Minimum Initial Annual Fixed Fee for TIEZA	Minimum Guaranteed Payment. Php1,800,000.00 per annum for the first 3 years, 5% increment on the fourth year and 5% every 3 years thereafter.						
TIEZA's Share On Gross Revenue from Operations	5% from Years 1-10 and 10% from years 11-25 of Actual Annual Gross Revenue.						
Capital Investment	Comparative Challenger shall adhere to the parameter on project implementation: A Committed Capital investment of Php 88,000,000.00 shall be invested on the purchase and upgrading of equipment and facilities, with TIEZA's approval						
Performance Security	<p>The Original Proponent or the Winning Challenger shall post a Performance Security upon signing of the Agreement/Contract an amount equivalent to Two Percent (2%) of the Project Cost for Project less than Php 5 Billion for the entire contract period and refundable upon project completion.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Amount of Performance Security if in the form of</th> </tr> <tr> <th style="width: 50%;">Manager's Check/Cash</th> <th style="width: 50%;">Performance Bond/SLC</th> </tr> </thead> <tbody> <tr> <td>Two Percent (2%) of the Project Cost for Project less than Php 5 Billion or an amount of One Million Nine Hundred Fifty-Eight Thousand Nine Hundred Seventy Pesos and 28/100 (Php 1,958,978.28) by the Original Proponent or the Winning Challenger</td> <td>Two Percent (2%) of the Project Cost for Project less than Php 5 Billion or an amount of One Million Nine Hundred Fifty-Eight Thousand Nine Hundred Seventy Pesos and 28/100 (Php 1,958,978.28) by the Original Proponent or the Winning Challenger</td> </tr> </tbody> </table>	Amount of Performance Security if in the form of		Manager's Check/Cash	Performance Bond/SLC	Two Percent (2%) of the Project Cost for Project less than Php 5 Billion or an amount of One Million Nine Hundred Fifty-Eight Thousand Nine Hundred Seventy Pesos and 28/100 (Php 1,958,978.28) by the Original Proponent or the Winning Challenger	Two Percent (2%) of the Project Cost for Project less than Php 5 Billion or an amount of One Million Nine Hundred Fifty-Eight Thousand Nine Hundred Seventy Pesos and 28/100 (Php 1,958,978.28) by the Original Proponent or the Winning Challenger
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3. COMPARATIVE SELECTION TIMETABLE

The key dates for the comparative selection process are outlined in Table 2 below.

Table 2. Comparative Selection Timetable

Milestone	Tentative Date
Pre-Bid Conference	September 2, 2024
Site Visit and meeting with the Comparative Proponents (If necessary)	September 2-8, 2024
One-on-One Meetings with the Comparative Proponents (If necessary)	September 2-8, 2024
Last day for submission of queries	September 9, 2024
Release of Pre-Bid Conference Agreements/Clarifications	September 16, 2024
Freeze Period - Last day for issuance of bid documents or bid bulletins	October 6 - November 4, 2024
Submission of Qualification Documents, Technical and Financial Proposals / Opening of Qualification Documents	05 November 2024
Notice to Qualified/Disqualified Bidders	November 6 - 25, 2024
Simultaneous Evaluation of Technical and Financial Proposals	November 6 - December 19, 2024
Right-to-Match	December 20 - January 18, 2025
Recommendation of the PBAC to Award the PPP Contract	January 23, 2025
Decision to Award	January 28, 2025
Issue Notice to Award	January 30, 2025
Publish Notice of Award (NOA) and/or Bidding Results	February 3, 2025
Fulfillment of Requirements under NOA	February 17, 2025
Head of IA to Determine Compliance of Submitted Requirements	February 20, 2025
Execution of PPP Contract	February 24, 2025
Submit Signed Copy of the PPP Contract to the PPP Center	February 27, 2025

4. POINTS OF CONTACT

Any communication may be addressed to the following:

ATTY. KAREN MAE G. SARINAS-BAYDO

Chairperson

Pre-Qualifications, Bids and Awards Committee

Tourism Infrastructure and Enterprise Zone authority

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Thru: **THE PBAC SECRETARIAT**

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