

**Request for Information (RFI)**  
**Consultancy Firms**  
**to provide consultation concerning the**  
**Monitoring of Mekorot – Israel National Water Co.**  
**And general consultancy on regulatory matters**

**24 May, 2012**

**General Background**

1. On January 1, 2007, the government of Israel established the Governmental Authority for Water and Sewage (the "**Authority**" or the "**Water Authority**") by virtue of the **Water Law 5179 - 1959** (the "**Water Law**"). The Water Authority is charged with all aspects of water and sewage in Israel, including planning, management, operation and regulation. The Authority's duties include: development and regulation of the water economy, long-term planning of the national water economy, issuing permits for construction of water facilities and water production, supervision of water providers, setting rates and tariffs for different water uses, regulation of water providers including Mekorot – Israel National Water Co.Ltd. ("**Mekorot**"), water producers and water corporations.
2. By virtue of the authority vested in it by the Water Law, the Water Authority has established the **Water Regulations 5771-2011** (calculation of costs and earnings, recognition of water plant development and Mekorot's reporting obligations), (the "**Water Regulations**"). The normative status of the Water Regulations is that of subordinate legislation. Under the Water Regulations, the costs and earnings of Mekorot are recognized for the purpose of their inclusion in the tariffs imposed on the water provided by Mekorot. The Water Regulations establish Mekorot's reporting obligations to the Water Authority (for further information see the Water Authority's website: [www.water.gov.il](http://www.water.gov.il)).
3. The Water Authority is considering the option of retaining a consultancy services provider (the "**Consultancy Services**") in order to help it monitor Mekorot activities and projects and provide it with consultation on regulatory matters.
4. The Consultancy Services provider ("**Consultancy Services Provider**" or "**Provider**") is to advise the Water Authority and help it monitor the engineering and economical aspects of water projects carried out by Mekorot, starting in the project initiation stage, through examination of alternatives and project construction and up and including the point at which the asset shall constitute a fixed asset. Monitoring of Mekorot's recognized costs and earnings under the Water Regulations will also be required. Note that every year, Mekorot invests in approximately NIS 1.2 billion across hundreds of projects.
5. In addition, the Consultancy Services Provider will be asked to implement a review mechanism by which the Provider shall identify failures in existing

mechanisms, based on which recommendations for regulatory amendments will be formed.

6. Furthermore, the Consultancy Service Provider shall be requested to prepare a normative pricelist for the infrastructure works of the water sector, which purpose is to determine fixed prices for the infrastructure works, in accordance with their execution standard.
7. The purpose of the required Consultancy Services is to improve the monitoring processes and increase their efficiency, to deepen and expand existing monitoring process, and identify failures, inter alia, in order to formulate new regulation.
8. On the basis of the information and data received by the Authority through the RFI procedures, the Authority will consider the option, without any obligation on its part, to issue an RFP for Consultancy Services, in a format that may include some, all or none of the following features:
  - a. Issue of an RFP, possibly with a prequalification procedure, in order to select a successful bidder to provide Consultancy Services for a period to be determined by the Authority (between two and five years).
  - b. The RFP will require the bidder to present a project manager with proven experience in the required areas, who will manage the Consultancy Services on behalf of the bidder (the Participant is hereby referred to Annex “1” to this RFI-“Proposed Organizational Structure”).
  - c. The Consultancy Services Provider will be required to retain at least two international (foreign) consultants with 10 years of experience ( the **“Foreign Consultants”**):
    1. A foreign consultant with international experience in the area of general and detailed planning of water infrastructures, with an emphasis on large-scale projects (single plant cost of \$100,000,000), who will serve as special consultant for the detailed planning of water infrastructures (**“Foreign Planner”**). The Foreign Planner shall provide consultancy services from time to time on an “as-need” basis.
    2. A foreign consultant with international experience in regulation of national-infrastructure, who will head the area of regulation consultancy (**“Head of Regulation Team”**).
  - d. The Consultancy Services Provider, will be required to retain, on a payroll, approximately 12 local (Israeli) consultants with 5-10 years of experience, mainly in various fields of engineering (water, water and soil, environment, civil engineering, mechanical engineering, etc.) some with experience in such specific areas as drillings and desalination, accounting and economics, and another regulation consultant. The abovementioned consultants will be full-time

employees rather than independent contractors. It should also be noted that the mentioned consultants shall provide their part of the Consultancy Services, including the necessary materials and documents related thereto, in Hebrew.

- e. Given the nature of the required consultancy, the consulting team will need to be heavily involved in regular operations, which will include regular visits to monitored project sites (throughout Israel) and full availability of the consultants. Some of the consultants may be required to be present at the offices of the Water Authority at all times, and it may be necessary for them to work regularly from the offices of the Water Authority.
- f. The bidder will be required to provide a computerized system tailored to the needs of the Authority. The proposed system can be an off-the-shelf product acquired by the bidder and tailored to the needs and configuration of the Authority's computer system. The bidder will integrate the system into the Authority's system and ownership will immediately transfer to the Authority. The Authority will retain ownership of the system, including license, after termination of the contract.

The purpose of this process is to obtain information from entities with appropriate expertise and knowledge, as described above, in regard to their experience with this type of Consultancy Services, as well as information regarding their ability and willingness to present a proposal for the provision of Consultancy involving both Israeli and international (foreign) consultants. Information is also required in regard to the ability of such entities to propose a computerized Consultancy Services system.

- 9. Given the foregoing purpose and in accordance with Section 14A of the Mandatory Tenders Regulations, 5753 – 1993 (the “**Regulations**”), the Water Authority requests that each of the entities participating in the RFI procedure (each a “**Participant**”), which, to the best professional judgment of such entity is capable of providing such services as described above, shall provide the information requested under the following sections, in accordance with the provisions of sections 10 and 11 to this RFI:
  - a. A general description of the Participant and the features and elements comprising the Consultancy Services, with reference to the main areas of expertise (monitoring and regulation) to be provided by the Participant. For avoidance of doubt, Participants may propose Consultancy Services that differ from those described in the present document;
  - b. Information about the Participant’s experience and capabilities, both generally, and relating specifically to similar projects in the area of water and regulation. The Participant will present this information by completing sections 1 and 2 of **Appendix “A”** hereto.

- c. Information regarding the Participant's experience and capabilities in providing consultancy for Israel's water regulation, in particular with respect to the following statutes:
- The **Water Law**
  - The **Water Regulations**;
- d. Information concerning the experience of the Head of Engineering Monitoring Team and the Head of Financial Monitoring Team. The Participant will present this information by completing sections 3 and 4 of **Appendix "A"** hereto.
- e. Information concerning the experience of the Foreign Consultants (optional): The Participant may present this information by completing section 5 of **Appendix "A"** hereto
- f. Information regarding the bidder's characteristics and intended composition: the Participant will evaluate the feasibility of providing the requested Consultancy Services in their entirety, with reference to a number of options regarding the method and extent of collaboration between Israeli and foreign entities, according to the following itemization:
1. An Israeli company and a foreign company with international experience collaborating in a Special Purpose Company (SPC) to be established for the purpose of providing the Consultancy Services.
  2. An Israeli and foreign company in a joint venture;
  3. A foreign company that will retain both Israeli and foreign consultants;
  4. An Israeli company that will retain both Israeli and foreign consultants;
  5. Any other structure or arrangement.
- g. The Consultancy Services Provider's proposed organizational structure: an organizational chart depicting the assignment of roles within the Consultancy Services Provider's organization (consultancy project manager and the consultants reporting to him, broken down according to the areas of regulation, engineering and economics). This information is to be presented in a flowchart and through additional information. In addition, the Participant will address the proposed organizational structure, attached hereto as **Annex "1"**.
- h. Information regarding the participation of a foreign company as part of the bidder or as a sub-contractor of the bidder: the willingness of a foreign company to submit its Bid or parts of it, in Hebrew; the willingness of the Participant to use translation or any other method that the Participant may propose for the purpose of providing Consultancy Services with regular involvement of non Hebrew speaking foreign entities in Israel.

- i. Information regarding any possible conflict of interests with Mekorot (such as the existence of business ties between Mekorot and the Participant, his family members or related corporate entities, or any other circumstance that may give rise to conflict of interests in the provision of the requested Consultancy Services). The Participant will present such information by completing **Appendix "B"** attached hereto.
- j. Any other relevant information which, in the Participant's professional judgment, may help to evaluate the Participant's ability to provide the Consultancy Services, and which will allow the Authority to consider its next moves.
- k. Any comment or suggestion relating to the process or arising from it.

#### **10. General Instructions: Submission Format**

- a. The number of pages to be submitted by each Participant in response to Section 9 above will not exceed 20. The pages will be numbered and bound together.
- b. The relevant sub-section to which the information relates will be noted at the top of each page (e.g.: "**information with respect to section 9a**").
- c. The Participant will, in accordance with Section 12 below, indicate which elements or parts of the information submitted constitute trade or professional secrets, and on one of the submitted copies, will highlight all such elements and parts in yellow.
- d. The information shall be submitted in Hebrew or in English.

#### **11. Submission Procedure**

Each Participant will deposit five (5) copies of the requested information and ancillary documents (hereinafter "**The Materials**") in the tenders' box in the following address:

Governmental Authority for Water and Sewage –

14 Hamasger St., Tel-Aviv-Jaffa, Zip Code: 61203

4th Floor, Deputy CEO for Administration and Human Resources Division.

The Materials will be submitted in closed envelopes bearing the inscription: "RFI – Monitoring and Regulation Consultancy Services".

**The Materials will be submitted no later than July 5<sup>th</sup>, 2012 at 12:00 PM (Israel Time).**

Materials delivered to the Authority after this deadline may be rejected without review.

**The Participant may submit its requests for clarifications and questions no later than June 17<sup>th</sup>, 2012.**

The Authority's contact person for all issues relating to this RFI: Mrs. Sefi Bibi via e-mail: [michrazim@water.gov.il](mailto:michrazim@water.gov.il) or Fax: +972-3-7602741.

It is hereby clarified, that the Authority may postpone any of the abovementioned dates, at its sole discretion.

The Authority's notifications, including any changes, updates and postponements of dates, with regard to this RFI, shall be published in the Authority's website [www.water.gov.il](http://www.water.gov.il) and such notifications shall be applicable and binding as an integral part of this RFI, for all matters of concern.

**12. It is hereby expressly stated that:**

- a. After it receives the information required in this RFI, the Authority will consider the option, without any obligation on its part, of issuing an RFP for the provision of any or all of the Consultancy Services, or starting a prequalification (PQ) process, or any other process, if at all.
- b. For the avoidance of doubt, it is hereby expressly stated that this RFI is intended solely to obtain information and assess the feasibility and profitability of the Consultancy Services. This RFI does not in any way constitute an invitation or offer to enter into any contractual engagement, nor does it constitute a tender or any other binding procedure, or establish any contractual or other legal relationship between the Authority and any of the Participants.
- c. This RFI will not impose any obligation on the Authority. Without limitation, it will not obligate the Authority to issue an RFP or to present any of the participants with an offer to provide Consultancy Services or any part of such services, or to continue or implement any process. Accordingly, Participants will not be accorded any advantage or preference in any RFP or other process that the Authority may conduct with respect to Consultancy Services or otherwise, and their participation will not impose any obligation on the authority.
- d. In accordance with the above, the Authority reserves the right not to issue any or all of the RFP contemplated in this RFI, to contract with any of the Participants or other entities, to issue an RFP or any other or additional competitive procedure, to perform a round of proposals among or negotiate with any or all of the Participants or other entities, or establish any other process – all at the Authority's sole discretion, and the Participants will have no claims in connection therewith.

- e. The Authority will consider the information received and will be entitled to request that any or all of the Participants provide clarifications and additional information as necessary. Inter alia, the Authority will consider the possibility of inviting Participants to a meeting or conference or to present them with questions by whatever means, with no obligation on its part.
- f. The Authority may, at its sole discretion and without remuneration, use the information it shall receive, for any purpose, including preparation of specifications or an RFP and assembling a list of potential providers. The Authority may transfer the information to its consultants or to any person entitled to receive it by law. In the event that the RFI includes trade or professional secrets, the Participant will expressly indicate such elements in one of the two copies submitted to the Authority, as stipulated in section 7 above.
- g. In accordance with Section 14 of the Regulations, insofar as this process leads to an RFP in which one of the Participants is selected as the successful bidder, the information provided by the Participant in the RFI will be made available to other bidders for review, in accordance with Section 21(e) of the Regulations and the provisions of the law.
- h. For avoidance of doubt, participation in this RFI will not give rise to any status or expectations in connection with the drafting of any specification RFP as mentioned above or any tender documents, including with respect to the establishment of threshold requirements, qualitative scoring criteria, the ultimate nature of the tender or any other matter, including the decision to issue an RFP.
- i. Any Participant who takes part in the next stages, should any take place, will be required to meet all conditions stipulated in such stages, and the information submitted in this RFI will not impose any obligation on the Authority or on the Participant.
- j. The Authority will not be liable for nor cover the expenses involved in collecting, preparing and submitting the required information or any other activity relating to such information and this RFI. Such expenses will be borne by the Participant alone, and under no circumstances will a Participant be entitled to reimbursement or compensation for any such expenses incurred.

## Appendix A – Proof of Prior Experience

To:

The Governmental Authority for Water and Sewage

Dear Madam/Sir,

**Re: Experience in management and monitoring of engineering projects; economic monitoring of regulated companies; and consultancy with respect to regulation**

We hereby provide details of our prior experience in the area of monitoring and regulation and the relevant information concerning Head of Engineering Monitoring Team, Head of Financial Monitoring Team and the Foreign Consultants:

1. Prior experience of the Participant in engineering and economic management and monitoring of water infrastructure projects:

|                                    | <b>Project A</b> |
|------------------------------------|------------------|
| <b>Project's name</b>              |                  |
| <b>The client</b>                  |                  |
| <b>The client's contact person</b> |                  |
| <b>Financial scope of project</b>  |                  |



|                                   |  |
|-----------------------------------|--|
| <b>Project commencement date</b>  |  |
| <b>Project completion date</b>    |  |
| <b>Nature of service provided</b> |  |
| <b>Other relevant information</b> |  |

|                                    |                  |
|------------------------------------|------------------|
|                                    | <b>Project B</b> |
| <b>Project's name</b>              |                  |
| <b>The client</b>                  |                  |
| <b>The client's contact person</b> |                  |
| <b>Financial scope of project</b>  |                  |
| <b>Project commencement date</b>   |                  |

|                                   |  |
|-----------------------------------|--|
|                                   |  |
| <b>Project completion date</b>    |  |
| <b>Nature of service provided</b> |  |
| <b>Other relevant information</b> |  |

|                                    |                  |
|------------------------------------|------------------|
|                                    | <b>Project C</b> |
| <b>Project's name</b>              |                  |
| <b>The client</b>                  |                  |
| <b>The client's contact person</b> |                  |
| <b>Financial scope of project</b>  |                  |
| <b>Project commencement date</b>   |                  |
| <b>Project completion</b>          |                  |

|                                   |  |
|-----------------------------------|--|
| <b>date</b>                       |  |
| <b>Nature of service provided</b> |  |
| <b>Other relevant information</b> |  |

2. Prior experience of the Participant in consultancy on regulatory matters:

|                                    |                                   |
|------------------------------------|-----------------------------------|
|                                    | <b>Regulation Consultancy – A</b> |
| <b>Project’s name</b>              |                                   |
| <b>The client</b>                  |                                   |
| <b>The client’s contact person</b> |                                   |
| <b>Contract date and timetable</b> |                                   |
| <b>Nature of service provided</b>  |                                   |

|                                   |  |
|-----------------------------------|--|
| <b>Other relevant information</b> |  |
|-----------------------------------|--|

|                                    |                                   |
|------------------------------------|-----------------------------------|
|                                    | <b>Regulation Consultancy – B</b> |
| <b>Project's name</b>              |                                   |
| <b>The client</b>                  |                                   |
| <b>The client's contact person</b> |                                   |
| <b>Contract date and timetable</b> |                                   |
| <b>Nature of service provided</b>  |                                   |
| <b>Other relevant information</b>  |                                   |

|                                    |                                   |
|------------------------------------|-----------------------------------|
|                                    | <b>Regulation Consultancy – C</b> |
| <b>Project’s name</b>              |                                   |
| <b>The client</b>                  |                                   |
| <b>The client’s contact person</b> |                                   |
| <b>Contract date and timetable</b> |                                   |
| <b>Nature of service provided</b>  |                                   |
| <b>Other relevant information</b>  |                                   |

3. Prior experience : Head of Engineering Monitoring Team.

| <b>Education</b> | <b>Description of professional experience<br/>Including, inter alia, projects the<br/>expert was involved in and level of his<br/>involvement</b> | <b>No. of relevant years of<br/>experience</b> |
|------------------|---|--|
|                  |   |  |

4. Prior experience : Head of Financial Monitoring Team:

| <b>Education</b> | <b>Description of professional<br/>experience<br/>Including, inter alia, projects the<br/>expert was involved in and level of<br/>his involvement</b> | <b>No. of relevant years of<br/>experience</b> |
|------------------|---|--|
|                  |   |  |

5. Foreign Consultants prior experience (**optional section**):

5.a. Prior experience of the Foreign Planner:

|                                    | <b>Foreign Planner</b> |                   |                   |
|------------------------------------|------------------------|-------------------|-------------------|
|                                    | <b>Project #1</b>      | <b>Project #2</b> | <b>Project #3</b> |
| <b>Project's name</b>              |                        |                   |                   |
| <b>The client</b>                  |                        |                   |                   |
| <b>Financial scope of project</b>  |                        |                   |                   |
| <b>The client's contact person</b> |                        |                   |                   |
| <b>Contract date and timetable</b> |                        |                   |                   |
| <b>Nature of service provided</b>  |                        |                   |                   |
| <b>Other relevant information</b>  |                        |                   |                   |

5.b. Prior experience of Head of Regulation Team:

|                                    | <b>Head of Regulation Team</b> |                   |                   |
|------------------------------------|--------------------------------|-------------------|-------------------|
|                                    | <b>Project #1</b>              | <b>Project #2</b> | <b>Project #3</b> |
| <b>Project's name</b>              |                                |                   |                   |
| <b>The client</b>                  |                                |                   |                   |
| <b>The client's contact person</b> |                                |                   |                   |
| <b>Contract date and timetable</b> |                                |                   |                   |
| <b>Nature of service provided</b>  |                                |                   |                   |
| <b>Other relevant information</b>  |                                |                   |                   |

Sincerely,

\_\_\_\_\_



**Appendix B – Declaration regarding Conflict of Interests**

**(Please cross out as applicable)**

1. We hereby declare that neither we, nor our employees, nor any consultant nor any other entity operating on our behalf, nor any members of their families nor any corporation directly or indirectly affiliated with any of them, have any business or other relationship with Mekorot – Israel National Water Co. Ltd.

2. We hereby declare that we, our employees, a consultant or any other entity operating on our behalf, or any members of their families or any corporation directly or indirectly affiliated with any of them, have business or other relationship with Mekorot – Israel National Water Co. Ltd., as detailed below:

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Sincerely,

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Date: \_\_\_\_\_

## Annex 1 - Proposed Organizational Structure

