

Based on article 9 Act on public utilities ("Official Gazette RS" , No. 88/2011 and 104/2016) art. 22 and art. 35 Act on public - private partnerships and concessions ("Official Gazette RS", No. 88/2011, 15/2016 and 104/2016), Decision on adoption of proposals of concession act for allocation of performing communal utility activities of production and distribution of heat energy in the territory of City of Kikinda, No. III-04-06-34/2018 of 07.09.2018. and positive Opinion of Board for public-private partnerships No. 146/2018 of 27.07.2018.

**CITY OF KIKINDA**  
**Kikinda, Trg srpskih dobrovoljaca 12**  
**<http://www.kikinda.org.rs>**

announces  
PUBLIC INVITATION  
("Official Gazette RS" , No. 76/2018 of 12.10.2018)  
No. 1/2018

**for collecting offers for concession - allocation of performing communal utility activities of  
production and distribution of heat energy  
in the territory of City of Kikinda**

1. Public invitation is called for collecting offers for selection of the most favorable participant in the competition - offer for concession - allocation of performing communal utility activities of production and distribution of heat energy in the territory of City of Kikinda, for the period not less than 40 years.

2. Subject of the concession is allocation of performing the activity of district heating in the territory of City of Kikinda currently performed by JP "Toplana" Kikinda, being founded by City of Kikinda. The existing heat sources and part of the pipeline and equipment are at the end of their service life and it is necessary to replace them by the energy efficient equipment. As JP "Toplana" Kikinda from its business and City of Kikinda from its revenue are not in position to finance revitalization of the equipment, the wish is that it is done through public-private partnership by giving the plant, equipment and the business of district heating in the territory of City of Kikinda for concession to the interested private partner, who is obliged to provide necessary investment for efficient and sustainable work of the district heating system in Kikinda.

3. The concessioner is obliged to, for the purpose of revitalization of the production and distribution plants of district heating to make investments according to the dynamics and minimum amounts, presented in the table 1.

<b>Period</b>	<b>2019.</b>	<b>2020.</b>	<b>2021.</b>	<b>2021-2058.</b>	<b>TOTAL</b>
Boiler station "Centar" Milosa Velikog 48	396.000	225.000	396.000	230.000	<b>1.247.000</b>
Boiler station Mikronaselje BB	225.000	140.000	225.000	200.000	<b>790.000</b>
Boiler station Hajduk Veljkova 40, is closing down and connected to heat line boiler station "Centar"	248.000			50.000	<b>298.000</b>
Distribution lines		259.000	599.000	300.000	<b>1.158.000</b>
Boiler station Sime Solaje BB	20.000	30.000		20.000	<b>70.000</b>
<b>TOTAL</b>	<b>889.000</b>	<b>654.000</b>	<b>1.220.000</b>	<b>800.000</b>	<b>3.563.000</b>

*Table 1 - Level of minimum investments (in Euros)*

During the remaining period until the expiry of concession contract, newly founded special purpose company (DNP) is obliged to invest annually in the equipment and pipe lines at least the amounts that are equal to the amount of depreciation from the previous year.

4. Concessioner is obliged to pay to City of Kikinda the annual concession compensation in the amount not less than 5% of the amount of profit that DPN makes in the previous year.

5. Concessioner is obliged to take over at least 30 employees that are currently employed by JP "Toplana" Kikinda based on its own estimation about the number of necessary workplaces and qualification structure with regard to unhindered implementation of the concession. Concessioner is obliged to keep that number of employees for at least first 2 (two) years of concession period.

6. The City of Kikinda, being the owner of the building and being the founder of JP "Toplana" Kikinda, gives its property to the new company for utilization.

The most important property that is given for utilization are:

- Business building and workshops in Milosa Velikog 48 in Kikinda,
- Boiler station Centar in Milosa Velikog 48,
- Boiler station Mikronaselje in Partizanski put bb,
- Boiler station in Hajduk Veljova 40,
- Boiler station in Svetozara Miletica 58,
- Boiler station in Sime Solaje in Banatsko Veliko Selo
- Distribution pipe line of total length about 9500 meters, of equivalent diameter Dekv = 159 mm,
- 4 sub stations for residential quarters.

In 5 boiler stations there are 10 boilers in total, with installed power of 58 MW.

Installed power of heat consumption of the users is about 33 MW.

Area of heated buildings is 213.360,85 m<sup>2</sup> with total 3.084 service users of district heating (2.772 physical entities and 312 legal entities) on 31.08.2018.

As the production capacities and part of the distribution network are energy inefficient, the intention of City of Kikinda is, with the help of a strategic partner, to resolve the question of heating of City of Kikinda for the following 40 years minimum.

Having in mind that The Law of Energy ("Official Gazette RS", No. 145/14) competence over supply and production of heat energy is allocated to local governments, and that:

- the article 20, item 2 Act on Local Government ("Official Gazette RS", No. 129/07, 83/14, 101/16 and 47/18) defines that the municipalities, through their organs and in accordance with Constitution and Law define and provide performing and development of communal activities - production and supply of steam and warm water.

- the article 2 Act on communal activities ("Official Gazette RS" No. 88/11 and 104/16) defines that communal activities in the meaning of this law are activities of providing communal services significant for achieving vital needs of physical and legal entities whereas the unit of local government is obliged to create conditions for providing adequate quality, scope, availability and continuity, as well as supervision over their performance, and that communal activities are of general interest, but also that communal activity, among others, defines production and distribution of heat energy.

- article 4, paragraph 1 Act on communal activities ("Official Gazette RS", No. 88/11 and 104/16) defines that the unit of local government, according to this law, provides organizational, material and other conditions for building, maintenance and functioning of communal objects and for technical and technological unity of systems, and defines and provides performing communal activities and their development.

- article 4, paragraph 3 Act on communal activities ("Official Gazette RS", No. 88/11 and 104/16) defines that unit of local government arranges, according to the law, conditions for performing communal activities, rights and obligations of the users of communal services, scope and quality of communal services and modality of performing supervision over performing communal activities providing especially:

1) adequate scope, volume and quality of communal services, comprising especially: health and hygienic correctness according to prescribed standards and norms, accuracy regarding time limits of delivery, safety and protection of the users in having the services, reliability, availability and durability in providing services;

2) development and improvement of quality and assortment of communal services, as well as improvement of work organization, efficiency and other conditions of providing services;

3) compliance with principles of sustainable development;

4) efficient use of resources and reduction of cost for performing communal activities by establishing cooperation of two or more units of local government and other activities when it is possible to do so;

5) competition in performing activities.

- by article 9. Act on communal activities ("Official Gazette RS" No. 88/11 and 104/16 it is defined that allocation of performing communal activities is made on the basis of decision of local government unit about the modality of performing communal activities and contract of allocating, except when the public utility company is founded, and also that to the procedure of allocating performance of communal activities, when the performer is entitled to financing performing communal activities is completely or partially provided from payments from the users' services, the stipulations of the law defining concessions are applied.

7. The right of submitting the offers according to public call have all local and foreign physical and legal entities, that, according to the article 14. Act on public-private partnership and concessions can participate in the procedure of allocation of public contract (hereinafter called: private partner) registered for performing activities of production and distribution of heat energy and who comply with the condition defined by the Law on energy ("Official Gazette RS" No. 145/14) as well as conditions defined by the competition documentations. Public contract is concluded as the concession contract, and the selection procedure of private partner is implemented according to stipulations of Act on JPP and concessions.

Groups of economic entities can lodge applications or act as participants in the procedure. Public bodies need not ask from these groups of entities to have definite legal form to take part in the procedure.

Out of all participants in the project whose offer is estimated as most favorable certain legal form shall be required upon allocation of the contract.

8. Performing communal activity of production and distribution of heat energy in Kikinda is allocated for the period of not less than 40 years and will be more precisely defined by conclusion of the public contract of allocating performing communal activity of production and distribution of heat energy in Kikinda, which will also define the procedure of contract termination before expiry of the contract period and obligations coming there from.

9. Private partner is obliged to invest the assets in reconstruction of the system for production and distribution of heat energy, purchase and installation of the equipment necessary for the above stated purposes, overhauls, and also for further development of the system and network for supply of heat energy of the City of Kikinda as well as components of the equipment necessary for performing services of heat energy supply.

10. The bidder is obliged, based on the accounting, financial and legal normative documents, to prove its technical and organizational capabilities for performing communal activities that he is entrusted with.

**The offer must contain:**

- ❖ name and headquarters of the economic company, i.e. legal entity, with data of the person that is entitled for representing and all necessary information (phone, fax, etc.) with the aim of direct communication;
- ❖ excerpt from the relevant register to prove that the potential private partner is registered for performing communal activities of production and supply of steam and hot water (old activity code 40300, new code 3530), for period not less than 3 calendar years,
- ❖ excerpt from the criminal files of the basic court in the territory of which the headquarters of the local legal entity is, or the headquarters of the representative office or branch office of the foreign legal entity is, and Certificate from the criminal record of the Police Administration of Home Office that is in charge for the legal representative of the bidder (not older than 2 months before opening the offers);
- ❖ statement of the economic and magistrates courts that a measure of ban of performance of the activity has not been put, or statement from the Agency for economic registers that at this organ no record is made that a measure of ban of performance of the activity has been put (not older than 2 months before opening of offer).
- ❖ Certificate of the tax authorities of Ministry of finance and economy that he has paid all due taxes and contributions and certificate of local government in charge that he has paid the duties for source local public revenue (not older than 2 months before opening the offers);
- ❖ declaration of potential private partner that he has complied with the obligations coming from current regulations of protection at work, employment and conditions of work, environment protection, and also that he guarantee to be the owner of the rights of intellectual property
- ❖ proof of availability of **personnel capacities** - minimum 10 employees, i.e. persons engaged for work, out of which minimum 2 mechanical engineers (where at least one must have licenses 330 and 430) and 2 BC Economists, and one employee engaged for safety and health care at work engaged by the employer, or contract with licensed agency for providing work of safety and health care at work (M3 A form or appropriate M form for all employees);
- ❖ proof that he owns necessary **financial capacities**: that in the previous 3 accounting years (2015, 2016 and 2017) he made business income in minimum amount of 50.000.000,00 dinars (that is proved by supplying balance sheet for the stated three business years);

11. Criteria for allocation of the contract is **economically most favorable offer**, defined in detail in the documentation of invitation for offers.

Elements of the criteria complete with ponders (points) for evaluation of the offers are given in the following table:

No.	TITLE OF THE CRITERION	UNIT	NUMBER OF PONDERS
1.	Offered period of contract - private partnership (minimum 40 years)	year	25
2.	Percent of profit that goes to public partner rounded to two decimals (minimum 5%)	percent	25
3.	Level of investment (minimum stated in the table No. 1)	EUR	50
	Total number of ponders		100

12. The bidder is obliged to supply following along to the offer:

Bank guarantee for seriousness of the offer - original, to the amount of 2% of total offered amount of the investment without VAT, that must be unconditional, irrevocable, without objection and payable to the first call of the ordering party (original) . The bank guarantee for the seriousness of offers is activated in case the bidder whose offer is selected as the most favorable refuses to sign the concession contract (the offer is announced unacceptable and Public partner can sign the contract with the next most favorable bidder).

The guarantee for seriousness of offer, if it remains unused, must be given back not later than 10 days from the date when the decision is made about the most favorable offer, i.e. decision of annulment of the procedure of concession allocation.

The bidder can lodge the guarantee of the foreign bank only in case that bank has credit rating level that corresponds to at least credit level quality 3 (investment ranking). Time for bringing decision on selection of the most favorable offer, or decision on annulment of the procedure of concession allocation is 60 days starting with the date of expiry of time for lodging the offers.

13. Legal protection in the procedure of allocation of public contract is provided in accordance with the law regulating public procurement.

Every person interested to take part or that takes part in the procedure of allocation of public contract can lodge the request to Republic Commission for protection of rights in public procurement procedures (hereinafter called Republic Commission) for protection of rights against decisions of public body conducting the procedure that can be separately challenged, and which, according to the opinion of that person are brought illegally, and time for lodging such request is 15 days from the date when the decision of public body was delivered.

The request for protection of rights is lodged to Republic Commission, and is handed over to the ordering party, concession grantor - City of Kikinda.

Address of Republic Commission for protection of rights in the procedure of public procurement is: Vlada Republike Srbije, Republičke komisije za zaštitu prava u postupcima javnih nabavki, Nemanjina 22-26, Beograd.

14. Interested bidders can download competition documents on the Portal of Public procurements or internet page of public partner: <http://www.kikinda.org.rs>.

All additional notices in connection to the Public call for offers can be received on the phone **0230/410-195**, contact person **Jadranka Vujin**.

15. Time for delivery of offers is 60 days from the date when Public call is published in "Official Gazette RS", till 10.00 AM.(11.12.2018.)

Offers are delivered personally or by mail in closed envelopes noted: "OFFER FOR CONCESSION FOR ALLOCATION OF PERFORMING COMMUNAL ACTIVITIES OF PRODUCTION AND DISTRIBUTION OF HEAT ENERGY IN THE TERRITORY OF CITY OF KIKINDA - DO NOT OPEN" to the address GRAD KIKINDA, Trg srpskih dobrovoljaca br. 12, certified and sealed. The back of envelope must have following notice: Name of the bidder, address of bidder, telephone number, contact person.

The offers must be in Serbian, in Cyrillic alphabet.

16. Public opening of offers will be carried by the Professional team of the public body on the next day after the expiry date for lodging offers, at 11,00 AM in official premises of public partner - City of Kikinda. Representative of the bidder can attend public opening of offers, where he must have the proxy certified and signed by the person in charge.