

Contract No. 2014-18
CONTRACT FOR THE
ROOFING WITH CATWALK STRUCTURAL

THIS CONTRACT made and entered into by and between:

DEPARTMENT OF BUDGET AND MANAGEMENT (DBM), a government agency created by virtue of the laws of the Republic of the Philippines, with principal office located at Gen. Solano St., San Miguel, Manila, represented herein by **SEC. FLORENCIO B. ABAD** (“DBM”);

- and -

CADO CONSTRUCTION, a corporation duly organized under the laws of the Philippines, with principal office located at McArthur Hi-way San Agustin Blk. 2, Unit 1, Luxury Heights, City of San Fernando, Pampanga, represented herein by its General Manager, **MR. RICARDO MANALOTO** (“Contractor”);

W I T N E S S E T H:

WHEREAS, DBM conducted public bidding for the Roofing with Catwalk Structural with an Approved Budget for the Contract (ABC) of Three Million Seven Hundred Twelve Thousand Pesos (P3,712,000.00) and the bid of the Contractor in the total amount of Two Million Eight Hundred Seventy Four Thousand Four Hundred Eleven Pesos and Ninety Nine Centavos (P2,874,411.99) was determined to be the lowest calculated and responsive bid;

WHEREAS, the Notice of Award was issued to the Contractor on July 22, 2014, and Supplier posted its performance security on August 1, 2014;

WHEREAS, on August 29, 2014, the Contractor submitted all the required documents, to wit:

- a) Construction schedule and S-curve;
- b) Manpower schedule;
- c) Construction methods;
- d) Equipment utilization schedule;
- e) Construction safety and health program approved by the Department of Labor and Employment;
- f) Program evaluation and review technique/critical path method (PERT/CPM);
- g) Contractor’s All Risk Policy.

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties hereby mutually stipulate and agree as follows:

- 1. Scope of Work.** The Contractor shall furnish all labor, materials, equipment, plants, tools and other facilities necessary in the satisfactory and faithful performance of all works necessary for the repair and construction of DBM Building II’s Roofing with

Catwalk Structural located at Gen. Solano St., San Miguel, Manila in accordance with the Drawings and Building Specifications attached hereto.

2. Definition of Terms. When referred to in this Contract, the following shall mean:

2.1 Works shall refer to the works as enumerated in Item 6 hereof and specified in the Drawings, Building Specifications and Bill of Quantities.

2.2 Project Engineer shall refer to the project engineer to be designated by the Director of the Administrative Service as project engineer for this Project.

3. Attachments to the Contract. The following documents shall form an integral part of this Contract, to wit:

<u>Description of Document</u>	<u>Annex</u>
Drawings	A
Building Specifications	B
Financial Proposal	C
Bill of Quantities	D
General Conditions of Contract	E
Special Conditions of Contract	F
Notice of Award	G
Performance Security	H
Insurances	I
Construction safety and health program approved by the Department of Labor and Employment	J
Construction schedule and S-curve	K
Manpower schedule	L
Construction methods	M
Equipment utilization schedule	N
PERT/CPM	O

4. Authorized Representatives. In the implementation of this Contract, DBM shall be represented by the Administrative Service through its Director. The Contractor shall be represented by its General Manager, Mr. Ricardo Manaloto.

4.1 Whenever the provisions of this Contract refer to DBM, it is understood that the same also refers to its duly authorized representatives. Thus, only acts of DBM's authorized representatives are considered as acts of DBM.

4.2 In view, however, of the nature of the Works involved in this Contract, whenever the provisions of this Contract refer to the Contractor, it shall refer to its authorized representative, employees and workmen. Accordingly, the Contractor shall be responsible for all the acts, defaults and negligence of its authorized representative, employees and workmen as fully as if these were the Contractor's own acts, defaults or negligence.

5. Time of Completion. The Project as stipulated in this Contract shall be completed and ready for use not later than Ninety (90) calendar days counted from receipt of the Notice to Proceed.

5.1 Once the Works reaches an accomplishment of ninety five percent (95%) of the total contract amount, the DBM may create an inspectorate team to make preliminary inspection and submit a punch-list to the Contractor in preparation for the final turnover of the Project. Said punch-list shall contain, but not limited to, the remaining works, deficient or inappropriate works requiring corrections, and the specific duration of time to fully complete the Project considering the approved remaining contract time. The preliminary inspection is, however, without prejudice to the imposition of liquidated damages, if any.

5.2 For this purpose, the following terms shall be understood as follows:

5.2.1 Remaining works shall mean those works included in the scope of work under the Contract but not yet done by the Contractor;

5.2.2 Deficient works shall refer to works done by the Contractor that is included in the scope of work under the Contract but which, upon inspection, turns out to be not in accordance with the specifications as reflected in the Drawings and/or Building Specifications, or those whose quality and/or quantity fall below those indicated in the Drawings, Building Specifications and/or Bill of Quantities; and

5.2.3 Inappropriate works shall refer to those works done by the Contractor not included in the scope of works as defined in the Drawings and Bill of Quantities.

6. Consideration and Payment. The total consideration for this Project is Two Million Eight Hundred Seventy Four Thousand Four Hundred Eleven Pesos and Ninety Nine Centavos (P2,874,411.99) inclusive of any and all taxes.

The Contractor shall accomplish the following Works within the corresponding contract amounts:

I.	Fabrication and Installation of Catwalk	Php	547,868.00
II.	Repair/Replacement of Roofing (50% replacement and 50% repair)		1,314,889.50
III.	Waterproofing of Concrete Gutters		240,881.25
IV.	Indirect Cost		770,773.24
Total Contract Cost		Php	2,874,411.99

6.1 Advance payment. The Contractor may make a written request to DBM for advance payment in an amount not exceeding fifteen percent (15%) of the Total Contract Price.

The advance payment shall be made only upon submission of and acceptance by DBM of an irrevocable standby letter of credit of equivalent value from a commercial bank, a bank guarantee or a surety bond callable upon demand, issued by a surety or insurance company duly licensed by the Insurance Commission.

6.2 Progress payment. The Contractor may submit a statement of Work(s) accomplished or progress billing and the corresponding request for progress payment for Work(s) accomplished.

6.2.1 The first progress payment may be paid by DBM to the Contractor if at least twenty percent (20%) of the Works has been accomplished as certified by the Project Engineer in accordance with the Drawings, Building Specifications, and Bill of Quantities.

6.2.2 For all progress payment requests, the Contractor shall submit the following for evaluation by the Project Engineer and approval by the DBM:

- a) Certificate of Payment;
- b) Contractor's Statement of Work Accomplished;
- c) Statement of Time Elapsed and Work Accomplishment;
- d) Contractor's Affidavit containing the following: (i) partial completion of Work; (ii) payment of all salary for labor hired and all cost of materials and corresponding taxes of the Project; (iii) no pending claims for salary or cost of materials and corresponding taxes; (iv) no gifts or money offered to DBM officials or employees to facilitate payment;
- e) Certification from DBM Administrative Service that no government-owned equipment and materials have been utilized by the Contractor; and
- f) Pictures of Accomplished Work.

6.2.3 The Project Engineer shall then verify the foregoing submitted documents by the Contractor with the exception of the Contractor's Affidavit and issue a separate inspection report on the Work accomplished to DBM.

6.2.4 The foregoing documents under Items 6.2.2 and 6.2.3 shall be made the basis for the amount of progress payment to be paid by DBM.

6.2.5 The following shall be deducted from the certified gross amounts to be paid to the Contractor as progress payment:

- a) Cumulative value of the work previously certified and paid for;
- b) Portion of the advance payment corresponding to the accomplished works indicated in the request for progress payment and consistent with the approved Program of Work;
- c) Retention money as defined in Item 6.3;

- d) Taxes;
- e) Amount to cover third party liabilities, if any;
- f) Amount to cover uncorrected discovered defects in the Works, if any; and
- g) Amount to cover utilities used by the Contractor, if any.

6.3 Retention money. Progress payments are subject to retention of ten percent (10%) referred to as the “retention money.” Such retention shall be based on the total amount due to the Contractor prior to any deduction and shall be retained from every progress payment until fifty percent (50%) of the value of Works, as determined by DBM, are completed.

If after fifty percent (50%) completion, the Work is satisfactorily done and on schedule, no additional retention shall be made. Otherwise, the ten percent (10%) retention shall continue to be imposed until the Works is one hundred percent (100%) complete.

The retention money shall be due for release upon final acceptance of the Works. The Contractor may, however, request the substitution of the retention money for each progress billing with either an irrevocable standby letters of credit from a commercial bank, bank guarantee or surety bond callable on demand, of an amount equivalent to the retention money substituted for and acceptable to DBM, provided that the Works is on schedule and is satisfactorily undertaken. Such securities to be posted in favor of the Government shall be valid for a duration to be determined by DBM and will answer for the purpose for which the ten percent (10%) retention is intended *i.e.*, to cover uncorrected discovered defects and third party liabilities.

6.4 Final payment. DBM shall give final payment to the Contractor only upon issuance of a Certificate of Completion and extension/or renewal of performance security the Contractor to cover the defects liability period as defined under Item 13.1 hereof. The Certificate of Completion shall be issued only upon 100% accomplishment of the Works as certified by the Contractor and verified by the Project Engineer, and approved by DBM.

7. Variation Orders. Variation Orders may be issued by DBM to cover any increase and/or decrease in quantities, including the introduction of new work items that are not included in the original contract or reclassification of work items that are either due to change of plans, design or alignment to suit actual field conditions resulting in disparity between the pre-construction plans used for purposes of bidding and the “as staked plans” or construction drawings prepared after a joint survey by the Project Engineer and Contractor after effectivity of the contract: Provided, That the cumulative amount of the Variation Order or additive Variation Order does not exceed ten percent (10%) of the Total Contract Price: Provided, Further, That the addition/deletion of works under Variation Orders should be within the general scope of the Project as bid and awarded. For this purpose, a Variation Order may either be in the form of a Change Order or Extra Work Order.

- 7.1 A Change Order may be issued by DBM to cover any increase and/or decrease in quantities of original Work items in the contract.
- 7.2 An Extra Work Order may be issued by DBM to cover the introduction of new work necessary for the completion, improvement or protection of the Project which were not included as items of Work in the original Contract, such as, but not limited to, where there are subsurface or latent physical conditions at the site differing materially from those indicated in the contract, or where there are duly unknown physical conditions at the site of an unusual nature differing materially from those ordinarily encountered and generally recognized as inherent in the Work or character provided for in the contract.
- 7.3 The process in the preparation and submission as well as claims arising from Variation Orders shall be in accordance with the General Conditions of the Contract and the Contract Implementation Guidelines for the Procurement of Infrastructure Projects issued by the Government Procurement Policy Board (GPPB) as Annex "E" of the Revised Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9184.
- 8. Contract Implementation.** The Contractor is required to verify with the Project Engineer all details before implementation of the scope of works. Moreover, the Contractor shall verify all grades, lines, levels and dimensions as indicated in the Drawings and shall report any error or inconsistency to the Project Engineer before commencing work.
- 8.1 The Contractor, after conducting a joint survey with the Project Engineer within seven (7) calendar days after effectivity of this Contract, shall ensure that all items and quantities in the Bill of Quantities are correct to ensure full and proper implementation of the Project. In case of discrepancy between the items and quantities in the Bill of Quantities and the resulting items and quantities after the joint survey, the Contractor shall immediately make a written report of the same within three (3) calendar days from the conduct of joint survey, which shall be subject to verification by the Project Engineer. Once verified, the Project Engineer shall make a recommendation to DBM on whether to issue a Variation Order for the purpose. After the lapse of said 3-day period, the Contractor is deemed to have verified and found the items and quantities in the Bill of Quantities correct and will therefore not bill DBM for additional items and quantities for the Project. Moreover, in case of excess quantities later found during implementation of the Project, the Contractor shall not bill DBM for said excess quantities but shall not be required to deliver such excess quantities to DBM.
- 8.2 Samples of materials must be given before implementation of any items of Works. The DBM has the right to reject any sample not found in compliance with the Drawings and/or Specifications. The Contractor shall not implement any Works without the prior inspection and approval of the DBM or the Project Engineer, as the case may be. Moreover, the DBM may in the interest of the government or upon the recommendation of the Project Engineer, change the brand offered by the Contractor, or authorize any offsetting among

the other items of Work, without need of issuing a Variation Order: Provided, That the Total Contract Price as indicated in the Financial Proposal, Bill of Quantities and Detailed Estimates is not exceeded in any case.

- 8.3** The Project Engineer and Contractor shall have weekly meetings in order to discuss Works accomplished in the previous week and prepare the Work plan for the succeeding week. For this purpose, the Contractor shall submit weekly and monthly reports to the DBM of Works accomplished and work plan for the succeeding week (in the case of weekly reports), which shall be verified and countersigned by the Project Engineer. The first weekly report of Works accomplished and work plan for the following week shall be submitted to the DBM on the third week of Contract implementation. Moreover, the Contractor shall submit the first monthly report of Works accomplished on or before the 8th week of Contract implementation.
- 8.4** The Contractor and all its employees and/or workmen shall abide by the ground rules and regulations to be established by the DBM Administrative Service for this Project.
- 9. Extension of Contract Time.** Should the amount of additional work of any kind or other special circumstances of any kind whatsoever occur such as to justify the extension of contract time, DBM shall determine the amount of such extension: Provided, that the Contractor has requested for time extension of the contract time prior to its expiration.
- 9.1** Upon receipt of the full and detailed particulars, DBM and the Project Engineer shall examine the facts and extent of the delay and shall extend the contract time completing the contract work when, in DBM's opinion, the findings of facts justify an extension.
- 9.2** No extension of contract time shall be granted the Contractor due to: (i) ordinary unfavorable weather conditions; (ii) inexcusable failure or negligence of Contractor to provide the required equipment, supplies or materials; and (iii) approved adjustment in the time allotted for each Work as stated in the construction schedule.
- 10. Assignment and Subcontracting.** The Contractor shall not assign, transfer, pledge, subcontract or make any other disposition of the contract or any part of the interest therein.
- 11. Permits and Licenses.** The application, processing, and payment of permits and licenses that may be required by the appropriate local government unit and/or any government agency for the repair, construction, completion, and final turn-over of the Works shall be the responsibility of the Contractor.
- 12. Liquidated Damages.** A Contractor who refuses or fails to satisfactorily complete the Work(s) within the specified contract time, plus any time extension duly granted, is hereby considered in default under the contract, and shall pay liquidated damages to DBM at the rate of one tenth (1/10) of one percent (1%) of the cost of the

unperformed portion for every day of delay. The DBM may deduct liquidated damages from payments due to the Contractor. Once the cumulative amount of liquidated damages reaches ten percent (10%) of the Total Contract Price, the DBM shall have the option to unilaterally rescind this Contract, without prejudice to other courses of action and remedies open to it.

13. Contractor's Risk and Warranty Security. The Contractor shall assume full responsibility for the Works and site from the time of possession of the site and commencement of Project construction up to the final acceptance by DBM and shall be held responsible for any damage or destruction of the Works and site except those occasioned by *force majeure*. The Contractor shall be fully responsible for the safety, protection, security, and convenience of his personnel, third parties and the public at large. The site shall refer to the exact site of the repair and construction as defined in the Drawings, including the assigned passage for ingress and egress of the Contractor's personnel, equipment and tools.

13.1 The defects liability period for infrastructure projects shall be one (1) year from Project completion up to final acceptance by DBM and covered by a Performance Security of the Contractor, which shall guarantee that the Contractor performs his responsibilities stated in the immediately succeeding sentence. During this period, the Contractor shall undertake the repair works, at his own expense, of any damage to the Works on account of the use of materials of inferior quality within ninety (90) days from the time DBM has issued an order to undertake repair.

13.2 In case of failure or refusal by the Contractor to comply with the foregoing, DBM shall undertake such repair works upon written notice to the Contractor and shall be entitled to full reimbursement of expenses incurred therein upon demand.

13.3 Moreover, DBM shall forfeit the Contractor's performance security and disqualify it from participating in any public bidding. The foregoing action is without prejudice to other legal remedies available to DBM, such as, but not limited to attachment or garnishment of the Contractor's property(ies) and offsetting of payables of the Government of the Philippines in its favor to the extent allowed by law.

13.4 After final acceptance of the Works by DBM, the Contractor shall be held responsible for Structural Defects and Structural Failures which arise due to faults attributable to improper construction, use of inferior quality/substandard materials, and any violation of the Drawings and/or Building Specifications.

13.4.1 "Structural Defects" shall refer to major faults/flaws/deficiencies in one or more key structural elements of the Project which may lead to structural failure of the completed elements or structure; and

13.4.2 "Structural Failures" shall refer to a situation where one or more key structural elements in the Project fails or collapses, thereby rendering

the facility or part thereof incapable of withstanding the design loads, and/or endangering the safety of the users or the general public.

- 13.5** The warranty against Structural Defects and Structural Failures, except those occasioned by *force majeure*, shall cover the period of fifteen (15) years reckoned from the date of issuance of the Certificate of Final Acceptance by DBM.
- 13.6** The Contractor shall be required to put up a warranty security, in Philippine pesos, in the form of cash, bank guarantee, letter of credit, GSIS or surety bond callable on demand, in accordance with the schedule under Section 62.2.3.3 of the IRR of R.A. No. 9184, and shall remain effective for one (1) year from the date of issuance of the Certificate of Final Acceptance by DBM.
- 13.7** In case of Structural Defects or Structural Failures occurring during the warranty period provided in item 13.5 hereof, DBM shall undertake the necessary restoration or reconstruction works and shall be entitled to full reimbursement by the Contractor or other parties found to be liable for expenses incurred therein upon demand, without prejudice to the filing of appropriate administrative, civil and/or criminal charges against the Contractor or other parties found to be liable as well as the forfeiture of the warranty security posted in favor of DBM.
- 14. Suspension of Work.** DBM shall have the authority to suspend the work wholly or partly by written order for such period as may be deemed necessary, due to *force majeure* or any fortuitous events or for failure on the part of the Contractor to correct bad conditions which are unsafe for workers or for the general public, to carry out valid orders given by DBM or to perform any provisions of the Contract, or due to adjustment of plans to suit field conditions as found necessary during construction. The Contractor shall immediately comply with such order. In case the cause of suspension is attributable to the Contractor, the DBM has the option to unilaterally cancel the Contract and claim liquidated damages, without prejudice to other legal remedies available to the DBM.
- 15. Termination of Contract.** This Contract may be terminated either due to default of the Contractor or DBM, or for other causes in accordance with Items 16-19 of the General Conditions of this Contract and the Guidelines on Termination of Contracts issued through GPPB Resolution No. 018-2004 dated December 22, 2004.
- 16. Applicable Laws.** The implementation of this Contract is further governed by the General and Special Conditions of this Contract and the Contract Implementation Guidelines for the Procurement of Infrastructure Projects issued by the GPPB as Annex "E" of the IRR of R.A. No. 9184 as well as such other laws and issuances applicable to this Contract.
- 17. Effectivity.** This Contract shall be effective upon receipt of the Notice to Proceed by the Contractor.

IN WITNESS WHEREOF, the parties have hereunto affixed their signatures this
____th day of _____ 2014 at Manila, Philippines.

**DEPARTMENT OF BUDGET
AND MANAGEMENT**

By:

FLORENCIO B. ABAD
Secretary



CADO CONSTRUCTION

By:

RICARDO MANALOTO
General Manager

SIGNED IN THE PRESENCE OF

SOPIA C. YANTO
Director, AS

MERRY GRACE MANING

Funds Available:

ESPERANZA Q. IGNACIO
Chief Accountant

OR# 2014-9-1653
9/12/2014

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA) S.S.

BEFORE ME, a Notary Public for and in the City of Manila, Philippines, personally appeared the following

Name	Valid ID	Valid Until
FLORENCIO B. ABAD	DBM ID No. 3706	2014

RICARDO MANALOTO

known to me to be the same persons who executed the foregoing Contract and who acknowledged to me that the same is their free and voluntary act and deed and of the entities they respectively represent.

This Contract for the Roofing with Catwalk Structural was signed by the parties on the signature page, and signed/initialed by their material witnesses on each and every page thereof.

WITNESS MY HAND AND SEAL this 29th day of September 2014.

Doc. No. 496
Page No. 102
Book No. 1
Series of 2014.


ROXWENA CAROLINE M. RUIZ
NOTARY PUBLIC-MANILA
COM. SIGN. SERIAL NO. 2014-166
UNTIL DECEMBER 31, 2016
ROLL NO. 49404, LBP LRN 05140
PTR NO. 302802 / Manila / 21, 2014
Lbc
DBM
BLDG. 1. GROUND FLR..
GEN. SOLANO ST. MALACARANG
MANILA



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO ST., SAN MIGUEL, MANILA

NOTICE OF AWARD

July 21, 2014

MR. ANTONIO MANALOTO

Owner

Cado Construction

San Fernando, Pampanga

Dear **Mr. Manaloto:**

We are pleased to inform you that the contract for the Project, "Roofing with Catwalk Structural," is hereby awarded to your company in the amount Two Million Eight Hundred Seventy Four Thousand Four Hundred Eleven Pesos and Ninety Nine Centavos (P2,874,411.99).

In this regard, you are hereby required to post a performance security in the amount and form stated in Section 39 of the Implementing Rules and Regulations of Republic Act No. 9184 prior to signing of the contract.

Very truly yours,


FLORENCIO B. ABAD

Secretary



Received by:

Ricardo M. Manaloto

July 22 '14



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO ST., SAN MIGUEL, MANILA

NOTICE TO PROCEED

October 2, 2014

MR. RICARDO MANALOTO
General Manager
Cado Construction
Blk. 2, Unit 1, Luxury Heights
McArthur Hi-way, San Agustin
San Fernando City, Pampanga

Dear **Mr. Manaloto**:

This is to inform your company that performance of the obligations specified in the attached Contract for the project, Roofing with Catwalk Structural, shall commence upon receipt of this Notice to Proceed.

Very truly yours,

FLORENCIO B. ABAD
Secretary



Resina!
[Signature]
2006 '14