


**REPUBLIC OF THE PHILIPPINES**  
**PHILIPPINE PORTS AUTHORITY**  
**Port Management Office of Surigao**  
**Surigao City**

**CONTRACT/AGREEMENT**


FOR THE: **NRP-SUR-06-19, REPAIR OF DILAPIDATED ROOFING AND  
CEILING AT ADMINISTRATIVE BUILDING,  
PORT OF SURIGAO, SURIGAO CITY**

KNOW ALL MEN BY THESE PRESENTS:


This Contract, made and entered into this 8th day of November, 2019, in \_\_\_\_\_, Philippines, by and between:

 **THE PHILIPPINE PORTS AUTHORITY**, a government instrumentality duly organized and existing under Presidential Decree No. 857, as amended, with principal office at A. Bonifacio Drive South Harbor, Port Area, Manila, represented herein by the Acting Port Manager of PMO - Surigao, **FROILAN U. CATURLA** and hereinafter referred to as PPA.


- and -

 **LVRO CONSTRUCTION AND SUPPLY**, a company duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with business and office address at 11172 Maharlika National Highway, Brgy. Rizal, Surigao City represented in this act by its Proprietor/General Manager, **VON RONALD M. OCENAR**, and hereinafter referred to as the **CONTRACTOR**.

**WITNESSETH:**

  
 WHEREAS, in accordance with Republic Act No. 9184 and its Implementing Rules and Regulations, the Invitation to Apply for Eligibility and to Bid was posted at the PPA Website, PhilGEPS and PPA Bulletin Board, the CONTRACTOR submitted their bid for the foregoing project;

WHEREAS, in the opening of bids on **October 14, 2019**, the bid submitted by the CONTRACTOR at its unit and lump sum prices set forth in its proposal was found to be the lowest calculated and responsive bid aggregating in the amount of **Three Million Five Hundred Nineteen Thousand Two Hundred Six Pesos and Twenty Centavos (P 3,519,206.20)**, Philippine Currency;

 WHEREAS, the aforesaid bid of the Contractor is lower than the Approved Budget for the Contract (ABC) of **Three Million Five Hundred Sixty Eight Thousand Six Hundred Four Pesos (P 3,568,604.00)** Philippine Currency;

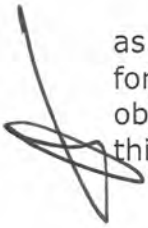




WHEREAS, pursuant to PMO Surigao **BAC Resolution No. 16 series of 2019**, duly approved by the Port Manager, award of the contract was made to the CONTRACTOR in a letter dated **30 October 2019** in the amount of **Three Million Five Hundred Nineteen Thousand Two Hundred Six Pesos and Twenty Centavos (P 3,519,206.20)**, Philippine Currency;

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants, stipulations and agreements herein contained, and the payment by the PPA of a sum of money in the manner hereinafter specified, the PPA and the CONTRACTOR have agreed, as they do hereby agree, on the contract as follows:

## ARTICLE I

### CONTRACT DOCUMENTS

1.01 The following documents shall constitute integral parts of this Contract, as fully as if the contents of the said documents are reproduced, incorporated and set forth herein, and shall govern and control in full force and effect the rights and obligations of the Parties, except as otherwise modified by the terms and conditions of this Contract, or by mutual agreement in writing of both parties, to wit:

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- a. Conditions of Contract
  - b. Drawings/Plans
  - c. Specifications
  - d. Invitation to Bid
  - e. Instruction to Bidders
  - f. Bid Proposal including the following documents / annexes in Two (2) Envelopes:
    - ( 1 ) Bid Security as to form, amount & validity period
    - ( 2 ) Duly signed Project Organizational Chart
    - ( 3 ) Duly signed List of Contractor's Personnel
    - ( 4 ) Duly signed List of Contractor's Equipment
    - ( 5 ) Duly signed Omnibus Sworn Statement
    - ( 6 ) Construction Schedule and S-Curve
    - ( 7 ) Manpower Schedule
    - ( 8 ) Construction Methods
    - ( 9 ) Equipment Utilization Schedule
    - (10) Construction Safety and Health Program
    - (11) Pert/CPM
    - (12) Affidavit of Site Inspection
    - (16) Bid Prices in the Bill of Quantities
    - (17) Detailed Estimates
    - (18) Cash Flow by the quarter and payments schedule
  - g. Performance Security
  - h. Eligibility Requirements, Documents and/or Statements
  - i. Credit line issued by an authorized bank in an amount equal to the average operating expenses of the project for two (2) months or ten percent ( 10 %) of the total project cost, whichever is less.
  - j. Notice of Award of Contract and Contractor's "Conforme" thereto

1.02 The following documents shall also be made integral parts of this Contract as if their contents are incorporated, reproduced and set forth herein, and shall have the same force, effect and applicability as the documents enumerated in the immediately preceding paragraph hereof, to wit:

- a. Duly Approved Program of Work and Cost Estimates
- b. Certificate of Availability of Funds
- c. Approved Budget for the Contract
- d. Abstract of Bids
- e. Resolution of the BAC or the BAC Recommending Award
- f. Approval of Award by Approving Authority
- g. Other pertinent documents as may be reasonably required by existing laws.

1.03 All Contract documents are and shall remain as the property of the PPA.

1.04 The words and expressions in the Contract shall have the same meanings respectively assigned to them in the Contract Documents referred to above.

## ARTICLE II

### **CONTRACTOR'S UNDERTAKING SCOPE OF WORK**

2.01 The CONTRACTOR in consideration of the payment to be made by the PPA to the CONTRACTOR as stated in the Contract Documents and this Contract, the latter hereby covenants to execute and complete the **NRP-SUR-06-19, REPAIR OF DILAPIDATED ROOFING AND CEILING AT ADMINISTRATIVE BUILDING, PORT OF SURIGAO, SURIGAO CITY** in conformity in all respects with the provisions of this Contract, as follows:

| Item No.  | Description  | Qty.   | Unit | Unit Price | Amount    |
|-----------|--|--------|------|------------|-----------|
| <b>I</b>  | <b>General Expenses</b>  |        |      |            |           |
|           | 1.1 Mobilization and Demobilization                                    | 1.00   | ls   | 50,000.00  | 50,000.00 |
|           | 1.2 Provide Safety & Health Program                                    | 4.00   | mos. | 15,000.00  | 60,000.00 |
| <b>II</b> | <b>Demolition/<br/>Removal Works</b>                                   |        |      |            |           |
|           | 2.1 Remove and Dispose Dilapidated Perforated Gypsum Board             | 615.53 | Sq.m | 40.00      | 24,621.20 |
|           | 2.2 Remove and Dispose Existing Damaged Partition Wall at Second Floor | 1.00   | lot  | 50,000.00  | 50,000.00 |
|           | 2.3 Remove and Dispose Unused Electrical Wirings/<br>Cable Wires       | 1.00   | lot  | 30,000.00  | 30,000.00 |

|                                    |   |        |           |            |            |
|------------------------------------|---|--------|-----------|------------|------------|
| <b>III</b>                         | <b>Carpentry Works</b>  |        |           |            |            |
|                                    | 3.1 Ceiling   |        |           |            |            |
|                                    | 3.1.1. Supply, Deliver and Install Metal Furring System                         | 615.53 | Sq.m.     | 400.00     | 246,212.00 |
|                                    | 3.1.2. Supply, Deliver and Install 4.5mm thk. Hardiflex Fiber Cement Board      | 312.72 | Sq.m.     | 600.00     | 187,632.00 |
|                                    | 3.1.3. Supply, Deliver and Install 600mmx600mm Perforated Wooden Acoustic Panel | 269.81 | Sq.m.     | 1,500.00   | 404,715.00 |
|                                    | 3.1.4. Supply, and Install PVC Ceiling Wooden Finish                            | 33.15  | l.m.      | 1,000.00   | 33,150.00  |
|                                    | 3.2 Wall Partition  | 24.08  | Sq.m.     | 1,500.00   | 36,120.00  |
| 3.3. Supply and Install Glass Door | 2.00  | sets   | 25,000.00 | 50,000.00  |            |
| <b>IV</b>                          | <b>Supply and Deliver Ornamental Plants</b>                                     | 16.00  | units     | 5,000.00   | 80,000.00  |
| <b>V</b>                           | <b>Repair of Dilapidated Roofing</b>  |        |           |            |            |
|                                    | 5.1 Repair of Roof Top Access   | 1.00   | l.s.      | 230,000.00 | 230,000.00 |
|                                    | 5.2 Repair and Replace Existing Dilapidated Polycarbonate Roofing               | 36.10  | Sq.m      | 5,000.00   | 180,500.00 |
|                                    | 5.3. Repair of Dilapidated Gutter   | 32.40  | l.m.      | 700.00     | 22,680.00  |
| <b>VI</b>                          | <b>Electrical Works</b>   |        |           |            |            |
|                                    | 6.1. Supply and Install Electrical Wirings                                      | 1.00   | lot       | 150,000.00 | 150,000.00 |
|                                    | 6.2. Supply and Install Conduit Pipes   | 1.00   | lot       | 50,000.00  | 50,000.00  |
|                                    | 6.3. Supply and Install Wiring Devices  | 1.00   | lot       | 75,000.00  | 75,000.00  |
|                                    | 6.4. Supply and Install Lighting Fixtures                                       | 1.00   | lot       | 200,000.00 | 200,000.00 |

|                       |  |        |       |            |                     |
|-----------------------|--|--------|-------|------------|---------------------|
| <b>VII</b>            | <b>Painting Works</b>  |        |       |            |                     |
|                       | 7.1. Concrete Surfaces (Open Spaces Due to Ceiling Works/ Roof Top Access) | 1.00   | lot   | 100,000.00 | 100,000.00          |
|                       | 7.2. Fiber Cement Surfaces (Ceiling)                                       | 273.00 | Sq.m. | 800.00     | 218,400.00          |
|                       | 7.3. Wooden Surfaces   | 1.00   | lot   | 100,000.00 | 100,000.00          |
|                       | 7.4. Metal Surfaces (Roof and Trusses)                                     | 556.36 | Sq.m. | 1,600.00   | 890,176.00          |
| <b>VIII</b>           | <b>Provision of Labor for Realignment of Existing Cable Wire</b>           | 1.00   | lot   | 50,000.00  | 50,000.00           |
| <b>OVER-ALL TOTAL</b> |  |        |       |            | <b>3,519,206.20</b> |

2.02 The CONTRACTOR agrees to commence, perform and complete the work called for and defined in this Contract at its sole cost and expense, and to fully and faithfully furnish all materials, tools, labor, supplies, equipment, services and superintendence for the implementation of this contract in accordance with the schedule in the Contract Documents forming integral parts of this Contract.

2.03 The CONTRACTOR guarantees, among others, that all tools, equipment, machineries, instruments, accessories and materials it will supply or deliver or install and/or use in the construction and workmanship of all his work under the contract, shall be in accordance with the Contract Documents, and shall make good, and guarantee the same for a period of twelve (12) months from the time of the issuance of Certificate of Acceptance. Any defect or defects which may later be discovered in the work shall be charged to the account of the CONTRACTOR.

2.04 The CONTRACTOR recognizes the position of trust and confidence reposed in it under this Contract, and agrees to perform its obligations hereunder in the most efficient and competent manner, use its skill and good judgment, always set in good faith, and carry on the execution of this Contract in the most sound, expeditious and economical manner consistent with the interest of the PPA.

2.05 The CONTRACTOR shall, prior to the signing/approval of this Contract, submit to PPA a credit line issued by a bank duly authorized/licensed by the Central Bank of the Philippines in an amount equal to the average operating expenses of the project for two (2) months or ten percent (10%) of the total project cost, whichever is less.

## ARTICLE III

### CONSIDERATION

3.01 For and in consideration of the full, satisfactory and faithful performance by the CONTRACTOR of all its undertakings defined in and provided for under this Contract and Contract Documents, the PPA agrees to pay the CONTRACTOR the total amount not exceeding **Three Million Five Hundred Nineteen Thousand Two Hundred Six Pesos and Twenty Centavos (P 3,519,206.20)**, Philippine Currency; inclusive of the 12% value added tax, payment to be made and computed on the basis of final quantities at the unit bid price for each item of work actually performed and finished for each pay item as determined and accepted by PPA and in the manner set forth in the Contract Documents, as full compensation for everything furnished and done by the CONTRACTOR under this Contract, including all works required but not specifically mentioned, and also for all losses and damages to the CONTRACTOR arising out of the work aforesaid, from the action of the elements, or from any obstruction or difficulty encountered in the prosecution of this Contract, for all expenses incurred by or in consequence of the suspension or discontinuance of the contract herein specified and for faithfully completing the contract and the whole thereof, at the time and in the manner provided in the Contract Documents.

It is agreed and understood that all unit prices specified in this contract shall be considered as fixed prices, and therefore not subject to price escalation during the contract implementation, except under extraordinary circumstances and upon prior approval of the Government Procurement Policy Board (GPPB). Any request for price escalation under extraordinary circumstances shall be submitted by PPA to the National Economic and Development Authority (NEDA). Extraordinary circumstances shall refer to events that may be determined by the NEDA in accordance with the Civil Code of the Philippines and upon recommendation of the PPA.

3.02 Final and full payment of the consideration herein above-mentioned shall be upon full completion of the project and fulfillment by the CONTRACTOR of all the terms and conditions set forth in this Contract.

However, it is agreed that no payment or payments made under this Contract, except the final payment upon issuance of Certificate of Completion, shall be understood as performance of this Contract, either wholly or in part, and no payment shall be construed to be an acceptance of defective work or improper implementation thereof.

3.03 Any payment due and payable to the CONTRACTOR may be set off against liquidated damages and payable to the PPA by the CONTRACTOR under this Contract.

3.04 It is likewise agreed and understood that the CONTRACTOR shall show proof evidencing payments by the CONTRACTOR of labor, materials, supplies, insurance premiums, etc., used in the work, before any payment is made to it.

For this purpose, the CONTRACTOR shall, before payment is made on the works accomplished, submit an affidavit certifying to the fact of payments of said labor, materials, supplies, equipment, insurance premiums, etc.

3.05 All payments shall be subject to existing government accounting and auditing rules and regulations.

3.06 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 the PPA 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 be imposed.

3.07 The total "retention money" shall be due for release upon final acceptance of the works. The CONTRACTOR may, however, request for the substitution of the retention money for each progress billing with irrevocable standby letters of credit from a commercial bank, bank guarantee or surety bonds callable on demand issued by any reputable surety or insurance company duly accredited by the Office of the Insurance Commission of amounts equivalent to the retention money substituted for and acceptable to PPA, provided that the project is on schedule and is satisfactorily undertaken. Otherwise, the ten percent (10%) retention shall be made. Said irrevocable standby letter of credit, bank guarantee and/or surety bonds, to be posted in favor of PPA, shall be valid for a duration to be determined by PPA 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.

#### ARTICLE IV

##### **PERFORMANCE SECURITY**

4.01 To guarantee the faithful performance of the CONTRACTOR under the Contract, it shall post upon the signing of the Contract a performance security in the form of cash, manager's check, cashier's check, bank draft/guarantee, irrevocable letter of credit issued by a reputable commercial bank, surety bond callable on demand issued by any reputable surety or insurance company duly accredited by the Office of the Insurance Commission and acceptable to PPA or a combination thereof as may be required by PPA, in accordance with the following schedule:

- a. *Cash, manager's check, cashier's check, irrevocable letter of credit, bank draft - five percent (5%) of the total contract price*
- b. *Bank Guarantee - ten percent (10%) of the total contract price*
- c. *Surety Bond - thirty percent (30%) of the total contract price*

4.02 This performance security shall be posted in favor of PPA, and shall be forfeited in favor of PPA in the event it is established that the CONTRACTOR is in default in his obligation there under.

4.03 In the execution of the performance security, the following conditions shall be complied with:

- a. It shall be executed in accordance with the form as prescribed in Section 4.01 hereof.
- b. It shall be at least co-terminus with the final completion of the project.
- c. The following provisions shall form part of the performance security:  
*"The right to institute action on the penal bond pursuant to Act No. 3688 of any individual firm, partnership, corporation and association supplying the CONTRACTOR with labor and material for the prosecution of the work is hereby acknowledged and confirmed."*

4.04 Subject to the conditions of the Contract, the performance security may be released by PPA after the issuance of the Certificate of Completion and acceptance of the project, provided that there are no claims for labor and materials filed against the contractor or the surety company.

4.05 Should any surety upon the bond for the performance of this Contract become unacceptable to the PPA, the CONTRACTOR shall promptly furnish such replacement security as may be required from time to time up to the sum equal to the amount of the original surety.

4.06 The CONTRACTOR shall post an *additional performance security* to cover any cumulative increase of more than *ten percent (10%)* over the original value of the contract as a result of adjustments in unit prices, and/or change orders, extra work orders and supplemental agreements. The CONTRACTOR shall cause the extension of the validity of the performance security to cover approved contract time extensions.

4.07 In case of a reduction in the contract value and for partially completed works, under this contract which are usable and accepted by PPA, and the use of which in the judgment of PPA shall not affect the structural integrity of the entire project, PPA may allow a proportional reduction in the original performance security, provided that any such reduction is more than ten percent (10%) and that the aggregate of such reduction is not more than fifty percent (50%) of the original performance security.

## ARTICLE V

### COMPLETION TIME: LIQUIDATED DAMAGES

5.01 The CONTRACTOR agrees and obligates itself to perform and complete all works provided for in this Contract within **ONE HUNDRED TWENTY (120) Calendar Days** (including Sundays and Holidays), reckoned after receipt of the Notice to Proceed issued by PPA. Notice to Proceed shall be issued after this Contract has been signed by the parties hereof.

5.02 Time is of the essence of this Contract. Should the CONTRACTOR refuse or fail to satisfactorily complete the work within the specified contract time, plus any time extension duly granted and is hereby in default under the contract, the CONTRACTOR shall pay the PPA for liquidated damages, and not by way of penalty, an amount of at least equal to one-tenth of one percent (0.1%) of the cost of the unperformed portion for every day of delay (Sundays and Holidays included), until the work is completed and accepted or taken over the PPA:



5.03 The project or portion thereof may be deemed usable when it starts to provide the desired benefits as certified by the PPA Project Engineer.

5.04 It is understood that the damages herein provided are fixed and agreed liquidated damages and to be entitled to such damages, PPA does not have to prove that it has incurred actual damages. Such amount shall be deducted from any money due or which may become due the CONTRACTOR under the contract and/or collect such liquidated damages from the retention money or other securities posted by the CONTRACTOR, whichever is convenient to PPA.

5.05 In case that the delay in the completion of the work exceed a time duration equivalent to ten percent (10%) of the specified contract time plus any time extension duly granted to the CONTRACTOR, PPA may forfeit the CONTRACTOR'S performance security and take over the prosecution of the project or award the same to a qualified contractor through negotiated contract.

5.06 In no case, however, shall the total sum of liquidated damages exceed *ten percent (10%)* of the total contract price, in which event the contract shall automatically be taken over by PPA or award the same to a qualified contractor through negotiation and the erring CONTRACTOR'S performance security shall be forfeited. The amount of the forfeited performance security shall be exclusive from the amount of the liquidated damages that the CONTRACTOR shall pay PPA under Section 5.02 hereof and impose other appropriate actions.

## ARTICLE VI

### **EXTENSION OF CONTRACT TIME**

6.01 Should the amount of additional work of any kind or other special circumstances of any kind whatsoever occur such as to fairly entitle the CONTRACTOR to an extension of contract time, PPA shall determine the amount of such extension; provided that PPA is not bound to take into account any claim for an extension of time unless the contractor has prior to the expiration of the contract time and within thirty (30) calendar days after such work has been commenced or after the circumstances leading to such claim have arisen, delivered to PPA notices in order that it could have investigated them at that time. Failure to provide such notice shall constitute a waiver by the CONTRACTOR of any claim. Upon receipt of full and detailed particulars, PPA shall examine the facts and extent of the delay and shall extend the contract time for completing the contract work when, in PPA's opinion, the findings of facts justify an extension.

6.02 No extension of contract time shall be granted the CONTRACTOR due to (a) ordinary unfavorable weather conditions (b) inexcusable failure or negligence of CONTRACTOR to provide the required equipment, supplies or materials.

6.03 Extension of contract time may be granted only when the affected activities fall within the critical path of the PERT/CPM network.

6.04 No extension of contract time shall be granted when the reason given to support the request for extension was already considered in the determination of the

original contract time during the conduct of detailed engineering and in the preparation of the contract documents as agreed upon by the parties before contract perfection.

6.05 Extension of contract time shall be granted for rainy/unworkable days considered unfavorable for the prosecution of the works at the site, based on the actual conditions obtained at the site, for such period in excess of the number of rainy/unworkable days predetermined by the PPA in relation to the original Contract time during the conduct of detailed engineering and in the preparation of the Contract documents as agreed upon by the parties before Contract perfection and/or for the equivalent period of delay due to major calamities such as exceptionally destructive typhoons, floods and earthquakes, and epidemics, and for causes such as non-delivery on time of materials, working drawings, or written information to be furnished by the PPA, non-acquisition of permit to enter private properties within the right-of-way resulting in complete paralization of construction activities, and other meritorious causes as determined by the PPA's authorized Engineer and approved by the PPA. Shortage of construction material, general labor strikes, and peace and order problems that disrupt construction operations through no fault of the CONTRACTOR may be considered as additional grounds for extension of contract time provided they are publicly felt and certified by appropriate government agencies such as DTI, DOLE, DILG and DND, among others. Provided, further, that the written consent of bondsmen must be attached to any request of the CONTRACTOR for extension of contract time and submitted to the PPA for consideration and that the validity of the performance security shall be correspondingly extended.

**ARTICLE VII**

**ENTIRE CONTRACT**

7.01 Provisions to the contrary notwithstanding, it is agreed that this is an entire contract for one whole complete work and that partial payments on account by the PPA or the use of parts of the work or equivalent shall not constitute an acceptance of any part of the work before its entire completion and final acceptance in writing by the PPA.

**ARTICLE VIII**

**CONTRACTOR'S LIABILITY**

8.01 The Parties, likewise, hereby agree that the employees of the CONTRACTOR are not employees of the PPA; hence, the PPA shall not in any way be liable or responsible for any personal injury or damages, including death sustained or caused by any of the employees of the CONTRACTOR and/or his SUB-CONTRACTOR or agent or supplier whether or not occurring during the performance of their duties. The CONTRACTOR agrees and binds itself to indemnify the PPA for whatever injuries or damages caused or occasioned or contributed to by the failure, negligence or conduct of the CONTRACTOR and/or its employees, sub-contractors, agent and supplier or consultants arising out of or in connection with or on the occasion of the performance of this Contract. The CONTRACTOR shall, at all times, stand solely liable and/or responsible for the enforcement of, and compliance with all existing laws, rules and regulations and binds itself to save and hold the PPA free and harmless from any


and all liability in respect thereof and/or arising therefrom and/or by reason of this Contract and its implementation.

## ARTICLE IX

### **RESPONSIBILITY OF THE CONTRACTOR**

9.01 The CONTRACTOR shall assume full responsibility for the entire contract work until its final acceptance by the PPA and shall be held responsible for any damage or destruction of works until such final acceptance.


9.02 The CONTRACTOR shall be fully responsible for the safety, protection, security and convenience of its personnel, third parties and the public at large, as well as the works, equipment, installation and the like to be affected by the construction work.




9.03 Any actionable act or acts of **VON RONALD M. OCENAR** arising out of or in the course of this Contract shall be understood and binding as an act of **LVRO CONSTRUCTION AND SUPPLY** and vice-versa.

## ARTICLE X

### **INSPECTION AND CONSTRUCTION OF CONTRACT WORK**




10.01 Inspection of the contract work shall be made by the PPA while such contract work is in progress to ascertain that the completed works or stages comply in all respects, with the standards and requirements set forth in the Contract Documents. Notwithstanding such inspection, the CONTRACTOR shall be held responsible for the acceptability of the finished works. The CONTRACTOR shall promptly replace all materials and correct all works determined by the PPA as failing to meet requirements, at CONTRACTOR's own expense.




## ARTICLE XI

### **NON-ASSIGNMENT AND NO SUBCONTRACT**



11.01 The CONTRACTOR shall not, without the written approval of the PPA, assign, transfer, pledge, sub-contract, or make any other disposition of interest in this Contract. Any unapproved assignment, transfer, pledge, sub-contract or any other disposition, shall be sufficient ground for the PPA to terminate or cancel this Contract **motu proprio** without need of judicial action pursuant to paragraph 19.04 hereof. Should the PPA give its written approval, such consent shall not relieve the CONTRACTOR of its responsibilities under the Contract. The CONTRACTOR shall ensure that the terms and conditions of any such sub-contract shall comply and conform with the terms and conditions of the Contract. The CONTRACTOR shall be




responsible for the observance by any sub-contractor of the terms and conditions of the Contract.

11.02 If any portion of the project sub-contracted is not prosecuted faithfully in accordance with the Contract, the sub-contractor shall be removed or replaced immediately upon the written request of the PPA, provided, however, that any failure of PPA to make such a request shall not relieve the CONTRACTOR of its obligations under the contract. PPA shall not be responsible for the delays or costs incurred by the CONTRACTOR because of the disapproval or removal of the sub-contractor or because of the late submission of its or his approval.

## **ARTICLE XII**


### **INSURANCE**




12.01 The CONTRACTOR shall, secure the standard CONTRACTOR's ALL RISK INSURANCE (CARI) from the *Government Service Insurance System (GSIS)* or any reputable surety or insurance company duly accredited by the office of the Insurance Commission and acceptable to PPA to insure the works against all losses or damages arising from whatever cause for which the CONTRACTOR is responsible under the Contract.

## **ARTICLE XIII**


### **WARRANTY**



13.01 The CONTRACTOR shall assume full responsibility for the contract work from the time project construction commenced up to final acceptance by the PPA and shall be held responsible for any damage or destruction of the works, except those occasioned by force majeure. The CONTRACTOR shall also be responsible for the safety, protection, security, and convenience of the personnel, third parties, and the public at large, as well as the works, equipment, installation and the like to be affected by the construction work.



13.02 The defect liability period for the project covered by this Contract shall be one (1) year from project completion up to final acceptance thereof by the PPA. During this period, the CONTRACTOR shall undertake and complete the repair works, at its own expense, of any damage to the said project within NINETY (90) DAYS from the time the PPA or his duly authorized representative has issued an order to undertake repair. In case of failure or refusal to comply with this order, PPA shall undertake such repair works and the CONTRACTOR shall fully reimburse the former for all expenses incurred therein upon demand.



13.03 After final acceptance of the project by the PPA, the CONTRACTOR shall be responsible for structural defects and/or failure of the said project within the period of FIVE (5) YEARS from the date of final acceptance thereof by the PPA. For this purpose, the CONTRACTOR shall put warranty security in the form of cash, bank guarantee, letter of credit or surety bond, callable on demand issued by any reputable surety or insurance company duly accredited by the Office of the Insurance Commission and acceptable to PPA in accordance with the following schedule:

- a. Cash or Letter of Credit – Five percent (5%) of the total contract price
- b. Bank Guarantee - Ten percent (10%) of the total contract price
- c. Surety Bond - Thirty percent (30%) of the total contract price

The warranty security shall be stated in Philippine Pesos, shall remain effective during the warranty period as stated in Section 13.03 hereof and shall be returned only the lapse of the said warranty period.

#### **ARTICLE XIV**

##### **TAXES, LICENSES, PERMITS AND FEES**

14.01 The CONTRACTOR's tax, licenses, permits and fees which may be due the local and/or national government on account of the performance and completion of the work stipulated herein, fees for the testing of materials and samples and fees for the testing and inspection of the installation by all agencies having jurisdiction and all necessary and incidental expenses relative thereto including preparation of documents and notary fees shall be paid for and obtained by the CONTRACTOR on its own account. Should the PPA be compelled to advance the same, PPA is hereby authorized to deduct the amount advanced from whatever amount due the CONTRACTOR from PPA.

14.02 The CONTRACTOR shall pay taxes in full and on time and that failure to do so shall entitle PPA to suspend payment to the CONTRACTOR. Further, the CONTRACTOR shall during the term of this Contract regularly present to PPA a tax clearance from the Bureau of Internal Revenue (BIR) as well as copy of its income and business tax returns duly stamped and received by the BIR and duly validated with the tax payments made thereon.

#### **ARTICLE XV**

##### **AGREEMENT MODIFICATION**

15.01 No modification, alteration or waiver of any provision herein contained shall be binding on the Parties hereto unless evidenced by a written amendment signed by the parties hereof.

15.02 A variation order (change order/extra work order) may be issued by PPA under the conditions set forth in the applicable provisions of Republic act No. 9184 and its Implementing Rules and Regulations.

15.03 The PPA may, at any time by written order and without notice to the Sureties, direct the CONTRACTOR to perform additional/extra work necessary to and within the General Scope of the Contract. The CONTRACTOR shall be paid for additional work items whose unit prices shall be derived based on the following:

- a. For additional/extra works duly covered by change orders involving work items which are exactly the same or similar to those in the original contract, the applicable unit prices of work items in the original contract shall be used.
- b. For additional/extra works duly covered by Extra Work orders involving new work items that are not in the original contract, the unit prices of the new

work items shall be based on the direct unit costs used in the original contract (e.g. unit cost of cement, rebars, from lumber, labor rate, equipment, rental, etc.). All new components of the new work item shall be fixed prices, provided the same is acceptable to both PPA and CONTRACTOR, and provided further that the direct unit costs of new components shall be based on the CONTRACTOR's estimate as validated by PPA via documented canvass in accordance with existing rules and regulations. The direct cost of the new work item shall then be combined with the mark-up factor (i.e. taxes and profit) used by the contractor in his bid to determine the unit price of the new work item.

15.04 Request for payment by the CONTRACTOR for any extra shall be accompanied by a statement, with the approved supporting forms, giving a detailed accounting and record of amount for which he claims payment. Said request for payment shall be included with the CONTRACTOR's statement progress payment.

## **ARTICLE XVI**

### ***SUSPENSION OF WORK***

16.01 The PPA or its duly authorized representative 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 the PPA 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 to suspend the work wholly or partly.

In case of total suspension, or suspension of activities along the critical path, which is not due to any fault of the CONTRACTOR, the elapsed time between the effective order of suspending operation and the order to resume work shall be allowed the CONTRACTOR by adjusting the contract time accordingly.

## **ARTICLE XVII**

### ***INDIVISIBILITY OF OBLIGATION***

17.01 It is the intent of the Contract that all the documents, annexes and addenda forming part hereof, shall be read together and that each and every provision or stipulation hereof be given full force, effect and applicability. However, in the event that one or more provisions or stipulations herein be declared null and void by the courts, or otherwise rendered ineffective, the remaining provisions and stipulations shall not be affected thereby.

## **ARTICLE XVIII**

### ***REMEDY AND RELIEF***

18.01 Should there be any dispute or controversy in connection with this Contract or difference between the Parties arising from the interpretation of this Contract, the Parties hereto shall, as far as practicable, settle the same amicably. In the event that such dispute or disagreement be not resolved to their mutual

satisfaction, the matter shall be submitted to arbitration in the Philippines according to the provisions of Republic Act No. 876, otherwise known as the "Arbitration Law". Provided, however, that disputes that are within the competence of the Construction Industry Arbitration Commission to resolve shall be submitted thereto. Provided, further, that, by mutual agreement, the parties hereto may agree in writing to resort to other alternative modes of dispute resolution. Provided, finally, that the arbitration proceeding shall be without prejudice to the right of PPA to rescind or terminate this Contract in accordance with Article XVIII, Section 19.04 hereof.

18.02 Should the PPA be constrained to resort to court action to enforce or safeguard its rights and interests under this Contract, the CONTRACTOR shall be liable to the PPA for attorney's fees in an amount equivalent to *Twenty Percent (20%)* of the total sum claimed in the complaint, exclusive of other damages and the expenses of litigation. Venue of such court action shall be laid exclusively in the proper court of the City of Manila.


18.03 It is clearly understood that in case a dispute or disagreement arises between the PPA and the CONTRACTOR regarding the manner by which the latter is performing works, the CONTRACTOR shall follow the instruction of the PPA relative thereto, otherwise, it shall have no right to ask for arbitration or go to court for relief.




## ARTICLE XIX

### OTHER CONVENANTS


19.01 It is expressly agreed and understood that in case of irreconcilable conflict between the provisions of this Contract and the provisions of any of the contract documents, the former shall be controlling.




19.02 It should also be clearly understood that any payment or failure of the PPA to demand compliance with any of the terms and conditions of this Contract or any act of liberality on the part of the PPA, shall not be construed or considered as a waiver on the part of the PPA for the enforcement of this Contract, nor shall it relieve the CONTRACTOR of any of its obligations provided thereunder.



19.03 Under no circumstances shall the PPA be held liable for the payment of any extra work, or extra cost of work, change of work, or change order undertaken without the prior written approval of the PPA to perform said work.



19.04 Notwithstanding any provision to the contrary, the PPA has the right to terminate, cancel and/or rescind this contract *motu proprio*, in case of breach thereof by the CONTRACTOR, without need of judicial action by giving at least *TEN (10) Days* written Notice to the effect to the CONTRACTOR, which Notice shall be final and binding on all the parties. In such event, the PPA may take over and continue the project, and the contracts and agreements entered into by the CONTRACTOR with third parties, which the PPA in its discretion, may want to assume are hereby conclusively deemed assigned to the PPA. For this purpose, the CONTRACTOR hereby agrees and obligates itself to incorporate or cause to be incorporated in any contract or agreement with third parties, as same is connected with or related to the performance of any or all of the CONTRACTOR's obligations and undertakings hereunder, a stipulation providing for its assignability to and assumption by the PPA,



at the option of the PPA. It is further agreed and understood that upon receipt of the Notice mentioned above, the CONTRACTOR cannot remove, withdraws or pull-out any of the equipment, machineries, tools, materials, and/or supplies brought to the project site without the written approval of the PPA.

Within thirty (30) days after termination, cancellation or rescission of this Contract, the Parties shall settle their respective accountabilities as of the date of termination, cancellation or rescission, including the refund of any and all advances made plus legal interest from date of receipt of the amount or amounts advanced.

19.05 It is expressly agreed that whenever the CONTRACTOR is behind schedule in its contract work and incurs *ten (10%) percent* or more negative slippage based on its approved PERT/CPM, the PPA may undertake the whole or portion of the unfinished work by administration or by negotiation through another qualified CONTRACTOR.

Whenever a work activity in the project is not being done on schedule per approved PERT/CPM, the PPA shall notify and direct the CONTRACTOR to immediately undertake such work activity. If within *fifteen (15) days* from receipt of such notice, the CONTRACTOR fails to start work and to show a satisfactory performance, PPA may take over the whole or portion of such work and have such work done by administration or award the same to another qualified contractor through negotiated contract at the current valuation price.

19.06 The PPA has the right to require the CONTRACTOR to supply and provide the required tools, materials, supplies, equipment, facilities, and to increase the number of workers assigned to the work when exigencies of the service so require. Should the CONTRACTOR fail, refuse or neglect to comply with the same, PPA shall have the option to take over the project in whole or in part or award the same to another CONTRACTOR through negotiated contract at the current valuation price in accordance with P.D. 1870.

19.07 The CONTRACTOR shall provide and do everything necessary to perform its obligations under this Contract according to the true intent and meaning of all the Contract Documents taken together, whether the same may or may not be shown or described particularly in the drawings, plans and specifications provided that the same can be inferred therefrom. Should the CONTRACTOR find discrepancy in the drawings, plans and specifications, it shall immediately refer the same to the PPA, whose decision shall be followed.

19.08 The CONTRACTOR agrees and obligates itself to restore to its original condition, on its own account, any public road, pavement, streets or open space and/or public or private property which are excavated or in any manner used by the CONTRACTOR in connection with the performance of its obligations under this Contract.

19.09 The CONTRACTOR agrees and binds itself to hold and save PPA free and harmless from any damage, claims and rights of action arising out of or by reason of this contract and all injuries that may be suffered by PPA due to the failure, negligence, delay or conduct on the part of the CONTRACTOR and/or its employees in the performance of their obligations under this Contract.



19.10 No final payment of the contract shall be made to the CONTRACTOR without the *Certificate of Completion and/or Acceptance* from the Office of the Authority concerned of the local works to be restored mentioned in paragraph 19.08 hereof, otherwise the cost of restoration shall be made available out of any collectible/receivable by the CONTRACTOR from the PPA.


19.11 Notwithstanding any extra work, change of work or orders made, if any, by the PPA, it is agreed that the same shall be completed within the period herein fixed and provided.

19.12 The CONTRACTOR shall hold the PPA free and harmless from whatever suit and hereby binds and obligates itself to indemnify the PPA for any and all liabilities, losses, damages, judgment, awards, fines, penalties and all expenses, legal or otherwise, of whatever kind and nature, arising from and by reason of this Contract, due to the fault, negligence, etc. omission, delay, conduct, breach of trust, or non-observance or violation of this Contract or any stipulation and warranty by the CONTRACTOR and/or any of its employees, agents, representatives or sub-contractors.




## ARTICLE XX

### **SPECIAL REPRESENTATION**



20.01 The CONTRACTOR hereby represents that all documents it submitted which form integral parts hereof are authentic and duly executed with all the required formalities for the same, and that the facts and/or data contained therein are true and correct. A breach of this representation including all misrepresentation in the documents or suppression of material facts therein, which if known, could have disqualified the CONTRACTOR such that this Contract would not have been made and entered into, gives the PPA the immediate right or recourse to motu proprio rescind, abrogate or otherwise terminate the Contract without need of Judicial action, in accordance with paragraph 18.04 hereof.



20.02 The CONTRACTOR hereby warrants that it has not given nor promised to give any money, gift or any material favor / consideration to any official or employee of the PPA to secure this Contract; that any violation of this warranty shall be sufficient ground for the PPA to revoke or cancel this Contract extra judicially or without need of judicial intervention.



## ARTICLE XXI

### **BUDGETARY REQUIREMENT**

21.01 The parties hereto hereby adopt and incorporate herein by reference, Letter of Instruction No. 767 dated 16 November 1978 issued by the Office of the President, as implemented by the Letter Circular dated 7 December 1978 of the Department of Budget and Management.

**ARTICLE XXII**

***EFFECTIVITY***

21.01 This Contract shall become effective after the same shall have been signed by the parties hereof.

IN WITNESS WHEREOF, the Parties have hereunto signed this Contract on the date and place first herein above written.

**PHILIPPINE PORTS AUTHORITY**

**LVRO CONSTRUCTION AND SUPPLY**

By:



**FROILAN U. CATURLA**  
Acting Port Manager

By:




**VON RONALD M. OCENAR**  
Proprietor/General Manager

**WITNESSES:**



**FLORIAN E. VALDEZ**  
OIC-Finance Division



RECOMMENDING APPROVAL:



**ATTY. ROLDAN G. CALEJESAN**  
BAC Chairman

APPROVED BY:



**FROILAN U. CATURLA**  
Acting Port Manager

## ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES )  
 CITY OF \_\_\_\_\_ ) S.S.

BEFORE ME, a Notary Public for and in the City of \_\_\_\_\_, Philippines, personally appeared the following persons with their respective Community Tax Certificates, to wit:


| NAME                        | CTC NO.  | DATE/PLACE ISSUED      | TIN NO.     |
|-----------------------------|----------|------------------------|-------------|
| <b>FROILAN U. CATURLA</b>   | 08333544 | 03/04/19, Surigao City | 149-343-214 |
| <b>VON RONALD M. OCENAR</b> | 29275186 | 01/07/19, Surigao City | 168-408-575 |

Who are known to me to be the same persons who executed and signed the foregoing instrument and who acknowledged to me that the same is their true and voluntary acts and deeds, and that of the entity, which they respectively represents.

This instrument is a Contract/Agreement for the **NRP-SUR-06-19, REPAIR OF DILAPIDATED ROOFING AND CEILING AT ADMINISTRATIVE BUILDING, PORT OF SURIGAO, SURIGAO CITY**, consisting of Nineteen (19) pages, including this page where the new form is written. Pages 1 to 17 are signed on the left margin thereof and page 18 is signed at the corresponding spaces provided therefore by the Parties and their instrumental witnesses.

WITNESS MY HAND AND SEAL this 8<sup>th</sup> day of November, 2019 at \_\_\_\_\_, Philippines.

Doc. No. 430;  
 Page No. 35;  
 Book No. 12;  
 Series of 2019

  
**ATTY. JUANILLO M. PULLOS**  
 NOTARY PUBLIC  
 UNTIL DECEMBER 31/2019  
 ROLL NO. 16200  
 TR NO. 0806300/ISSUED-01-03-2019/51  
 IRP NO. 063560/ISSUED-01-05-2019/51  
 MCL. RES. JUDGE EXEMTED  
 NO. III- 002372, ISSUED 11/28/2015  
 (31) MEENLIEB 4L06, BODE 3, RIZAL COR, VASQUIL  
 007 WASHINGTON SURIGAO CITY