

Republic of the Philippines
Department of science and Technology
PHILIPPINE TETILE RESEARCH INSTITUTE

**CONTRACT OF WORKS FOR THE
1 LOT EXPANSION OF THE LONG STAPLE PROCESSING PILOT PLANT AREA, PHASE II**

KNOW ALL MEN BY THESE PRESENTS:

This Contract made and entered into at Bicutan, Taguig City, Philippines, this 20 JUL 2018 day of July 2018 by and between:

The **PHILIPPINE TEXTILE RESEARCH INSTITUTE - DOST (PTRI-DOST)**, a government institution with principal address at General Santos Avenue, Bicutan, Taguig City, duly represented by its Director, **CELIA B. ELUMBA**, hereinafter referred to as the "**PTRI**";

- and -

The **Red Diamond Construction**, a sole proprietorship, duly organized under the laws of the Philippines with principal address at 3943 Dahlia St., Sto. Niño, Parañaque City, duly represented by its Proprietor, **RALPH V. SANTIAGO**, hereinafter referred to as the "**Contractor**".

WITNESSETH:

Whereas, the **PTRI** requires the Contractor to execute the 1 Lot Expansion of the Long Staple Processing Pilot Plant Area, Phase II, hereinafter referred to as "**The Project**",

Whereas, after a public bidding undertaken last May 30, 2018 the **PTRI** has accepted the bid of the **Contractor**, having the Single Calculated and Responsive Bid for the execution and completion of "**The Project**" pursuant to the PTRI Notice of Award dated 20 June 2018, and duly accepted by the **Contractor** on 04 July 2018;

WHEREFORE, for and in consideration of the above premises, the following covenants are mutually agreed upon:

I. General Provisions:

- 1.1 This Contract is for the **One (1) Lot Expansion of the Long Staple Processing Pilot Plant Area, Phase II**, hereinafter referred to as "**The Project**" involving all the works as contained in the Scope of Work as approved by the **PTRI**;
- 1.2 This **Contract** shall be governed by the rules and procedures as set forth under the relevant provisions of Republic Act No. 9184 and its revised IRR. As such, the following documents shall form an integral part of this Contract:
 - a. All bid documents including the technical, financial bids, Instructions to Bidders (ITB), General Conditions of Contract (GCC), Special Conditions of Contract (SCC), Bid Data Sheet (BDS) and additional documents submitted by the **Contractor**, subject of the bidding for the Contract; (Annex "A")
 - b. All bid tender documents; (Annex "B")
 - c. **Contractor's** Scope of Works and cost estimates duly approved by the **PTRI**; (Annex "C")
 - d. Project Schedule & S-Curve (Annex "D")

- e. Manpower Schedule (Annex "E")
- f. Construction Method (Annex "F")
- g. Equipment Utilization Schedule (Annex "G")
- h. PERT-CPM (Annex "H")
- i. Construction Safety and Health Program from the **Contractor** as approved by the Department of Labor and Employment; (Annex "I")
- j. Cash flow projection from the **Contractor** covering the whole Contract period; (Annex "J")
- k. Performance Security from the **Contractor**; (Annex "K")
- l. Notice of Award of Contract issued by the **PTRI** indicating the **Contractor's** conforme thereto and date received; (Annex "L") and
- m. Other contract documents that may be required by the **PTRI** and/or required under RA 9184, its revised IRR and relevant existing laws;

1.3 The **PTRI** hereby assigns **Ms. Corazon I. Tapulgo** as the PTRI Official Representative who shall oversee the completion of "**The Project**". The PTRI also hereby assigns **Engr. Henry R. Listano**, as PTRI Monitoring Officer for the "**The Project**". The Monitoring Officer shall coordinate and monitor the **Contractor's** progress of work and report the same to the PTRI Official Representative;

1.4 The **Contractor** hereby appoints **Mr. Ralph V. Santiago**, as its duly authorized and designated representative, granted with full power and authority to do, execute and perform any and all acts necessary and/or to represent the **Contractor** for the project as fully and effectively as the **Contractor** might do if personally present.

1.5 The **PTRI**, with the Contractor's Authorized Representative, the PTRI Official Representative, the PTRI Project Monitoring Officer (PMO) and the PTRI End-users shall have weekly coordination meetings to monitor the progress of work accomplishment and to settle any issues or problems that may arise during the implementation of the project. The weekly meetings shall be held every Wednesday at 1:00 p.m. at the PTRI Training Room, 3rd Floor, PTRI Main Building, or as the need arises.

II. Scope of Work and Responsibilities of the Contractor:

2.1 The Scope of Work, S-Curve and PERT-CPM as appended in this Contract shall be reviewed by the **PTRI** not later than seven (7) calendar days from approval of this Contract. Revisions on the same, if any, shall be agreed upon with the Contractor. The **PTRI**-approved Scope of Work, S-curve and PERT-CPM shall be duly signed by the **Contractor** signifying his conforme to all works as comprising the project, prior to commencing works on the same.

2.2 Prior to commencing works on the Project, the **Contractor** shall submit to the **PTRI** through its official representative for its approval, all materials as prescribed in the Contract documents. The PTRI PMO shall inspect the materials, attest to its acceptability and endorse the same for approval of the **PTRI**.

2.3 Pursuant to Clause 37.4 of the Revised IRR of RA 9184 (Notice to Proceed), the **Contractor** shall commence work not later than seven (7) calendar days from the issuance of the Notice to Proceed, and will continue the works without delay until completion of "**The Project**."

2.4 Before proceeding to the successive phases of the works in accordance with the PTRI approved PERT-CPM, the **Contractor** shall request for an inspection of each completed work and await instructions from the **PTRI** through its authorized representative prior to proceeding to the next phases.

2.5 In cases where a **variation order** is necessitated as recommended by the PTRI Project Monitoring Officer and concurred by the PTRI Official Representative, the **Contractor** shall prepare and submit to the **PTRI** the full and detailed particulars of the proposed variation order. The **PTRI**, thru its Official Representative and Project Monitoring Officer shall, within a period not to exceed twenty (20) calendar days, review the proposed variation order vis-à-vis estimated quantities and prices, verify the need for the same and submit its recommendations, for action/approval of the **PTRI Director**.

The **Contractor** shall commence work on the proposed variation order only upon approval by the **PTRI Director**.

2.6 As to variation orders, time is of the essence in this Contract and any delay not due to *force majeure* will result in delays in the **PTRI's** targets. In view of which it is hereby stipulated that, in the completion of the work, the **Contractor** shall be liable to the **PTRI**.

2.7 From the time project construction commenced up to final acceptance, the **Contractor** shall assume full responsibility of the following:

- a. Any damage or destruction of the works except those occasioned by *force majeure*;
- b. Any damage or destruction of the Entity's properties as a result of the Contractor's action whether inadvertent or voluntary inflicted, and as such, the damage shall be assessed jointly by the PTRI and the Contractor, the agreed cost of which shall be deducted from any amount due to the Contractor; and
- c. Safety, protection, security and convenience of the **Contractor's** personnel, third parties, and the public at large, as well as the works, equipment, installation and the like to be affected by his construction work.

2.8 Before final acceptance, all areas occupied by the **Contractor** in connection with his work shall be cleaned of all rubbish, excess materials, temporary structures and equipment and all parts of the work shall be left in a neat, presentable and acceptable manner.

2.9 Without prejudice to the PTRI's and the Contractor's recourse for Arbitration in the settlement of disputes in accordance with Section 59, Rule XVIII – Settlement of Disputes of the Revised IRR of RA 9184, the **Contractor** agrees that the **PTRI** shall terminate the **Contractor's** services at anytime under this Contract by reasons of;

- a. Non-compliance to the terms of this Contract;
- b. For reasons stated in Section III.A.2, B, C, & D of Annex "I" on the Guidelines for Termination of Contracts of the Revised IRR of RA 9184.

The **PTRI** shall, by written notice to the **Contractor**, state the grounds for the termination. Nothing contained in this Contract shall be construed to limit or affect the remedies which the **PTRI** may pursue as a result of a default or negligence by the **Contractor** and vice versa.

- 2.10 On liquidated damages, as provided in Sec. 8 (8.1), Annex "E" of RA 9184, in case the **Contractor** refuses or fails to satisfactorily complete the works stipulated herein within the specified contract time, the same already constituting a breach of Contract, the **Contractor** agrees to pay the **PTRI** for liquidated damages, and not by way of penalty, an amount equal to at least equal to 1/10 of 1% of the cost of the unperformed portion of the works for every day of delay.

III. Responsibilities of the PTRI

- 3.1 The **PTRI** shall disburse the necessary payments to the **Contractor** upon completion of the targeted outputs as indicated below and in accordance with existing government accounting and auditing rules and regulations.
- 3.2 The **PTRI** shall ensure appropriate and timely response to requests and clarifications which the **Contractor** may submit for the **PTRI's** action.

The **PTRI** shall, upon request by the **Contractor** for extension of contract time and within fifteen (15) calendar days from receipt of such request, act on the request pursuant to the provisions of Section 10 of Annex E of the Revised IRR of RA 9184 on Extension of Contract Time.

IV. Contract Duration

- 4.1 The Project in its entirety as itemized in the **PTRI**-approved Scope of Work and PERT-CPM shall be completed by the **Contractor** within **One Hundred Twenty (120) Calendar Days** reckoned from the Contract affectivity date which is not later than seven (7) calendar days from the issuance by the **PTRI** to the **Contractor** of the Notice to Proceed.

V. Contract Cost

- 5.1 The Contract Price for the Project as approved by the **PTRI** and as accepted by the **Contractor** is **TWO MILLION EIGHT HUNDRED NINETY EIGHT THOUSAND TWO HUNDRED EIGHTY SEVEN PESOS & 84/100 ONLY (Php2,898,287.84).**
- 5.2 The **PTRI** shall pay the **Contractor** in the following manner:
- 1) 15% of the contract price as advance payment upon written request by the **Contractor** and its submission of a bank guarantee or surety bond, callable upon demand, issued by a surety or insurance company duly licensed by the Insurance Commission and confirmed by the insuring company, equivalent to the amount of the advance payment;
 - 2) 1st Progress payment which is equivalent to **at least** 20% of the work accomplished; and
 - 3) The succeeding progress payments shall be equivalent to at least 50%, 75% and 100% of the work accomplished.

The **Contractor** shall submit a progress billing, statement of work accomplished (with photographs) and a formal request for payment for work accomplished including all necessary documentations and pictures to support the billing. Such request for payment shall be verified and certified jointly by the **PTRI's** Inspection Team, the PTRI Official Representative and the Project Monitoring Officer. Materials and equipment delivered on site but not completely put in place shall not be included for payment.

Progress payments are subject to deduction of portion of the advance payment to be recouped from every billing, and subject to retention of ten percent (10%) as the Contractor's "warranty security" which 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 are completed, which shall be determined by the **PTRI**. If, after fifty percent (50%) completion, the work is satisfactorily done and on schedule, no additional retentions shall be made; otherwise the ten percent (10%) retention shall continue to be imposed.

The "Warranty Security" shall only be released to the Contractor one (1) year from final acceptance of the works. The Contractor agrees that the "Warranty Security" **cannot** be substituted with a Surety Bond upon completion of the **Project**.

All payments made by the **PTRI** to the **Contractor** shall be subject to the usual and existing accounting and auditing rules and regulations.

The **PTRI** shall, by written notice of suspension to the **Contractor**, suspend all payments to the **Contractor** if it fails to perform any of its obligations under this Contract due to its own fault.

VI. Warranties and Legal Instruments

- 6.1 The **Contractor** warrants that he has not given or promised to give any remuneration either by way of cash or gift to any employee of the Philippine Textile Research Institute (PTRI) to secure this Contract.
- 6.2 The parties in this Contract hereto agree to submit a future controversy arising out of this contract, to **voluntary arbitration** for settlement with the Construction Industry Arbitration Commission (CIAC). In the event of a legal action arising out from the execution of this Contract, the Parties hereto agree that the venue for the action shall be settled and/or litigated in the proper courts of the City of Taguig, Metro Manila, to the exclusion of all other courts of equal or competent jurisdiction

This Contract shall take effect immediately upon signing by the Parties to this Contract.

IN WITNESS WHEREOF, the parties hereto set their signatures on the day and year above written.

**PHILIPPINE TEXTILE
RESEARCH INSTITUTE**

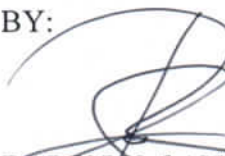
BY:



CELIA B. ELUMBA
Director

RED DIAMOND CONSTRUCTION

BY:



RALPH V. SANTIAGO
Proprietor

Signed in the presence of:

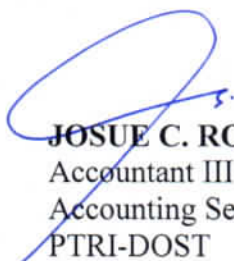


CORAZON I. TAPULGO
Chief, Finance & Administrative Division
PTRI-DOST



JOANNA TELLEZ A. LERAT
Authorized Representative
RED DIAMOND CONSTRUCTION

Certified Funds Available:



JOSUE C. ROSAL
Accountant III
Accounting Section
PTRI-DOST



REMEDIOS O. NOGUERA
Administrative Officer V
Budget & Treasury Section
PTRI-DOST

ACKNOWLEDGMENT

Republic of the Philippines }
City of Taguig } S.S.

BEFORE ME, on _____ 2018 personally appeared:

Name	Valid Gov't. Issued ID	Date of Issue	Place of Issue
CELIA B. ELUMBA	PTRI ID # 003	January 1, 2016	Bicutan, Taguig City
RALPH V. SANTIAGO	Drivers License # E03-98 010339	Oct. 13, 2016	Parañaque City

known to me to be the persons who executed the foregoing Contract of Works for the **1 Lot Expansion of the Long Staple Processing Pilot Plant Area, Phase II** and they acknowledged to me that it is their free and voluntary act and that of the principals they represent.

I further acknowledge that this instrument, including this page on which the acknowledgment is written, consists of seven (7) pages, all signed by the parties and their witnesses and sealed with my notarial seal.

Witness my hand and seal.

ATTY. RUDELL A. SANCHEZ
NOTARY PUBLIC - R. MASBATE
ROLI # 230 (LIFETIME)
PTR # BICUTAN CITY, JAN 1 2016
MCLE # 1969 (10-30-15)
NOTARY PUBLIC
APPROVED BY THE
MUNICIPALITY OF TAGUIG
CELIA B. ELUMBA
RALPH V. SANTIAGO
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