OFFICE OF THE SANGGUNIANG PANLUNGSOD
CITY ORDINANCE NO. CO 7-2017

A CITY CODE PURSUING A PUBLIC-PRIVATE PARTNERSHIP (PPP) APPROACH TOWARDS DEVELOPMENT, PROVIDING FOR THE PROCEDURE FOR SELECTING THE PRIVATE SECTOR PROPONENT, ADOPTING MANAGEMENT FRAMEWORK, PROVIDING APPROPRIATIONS AND INCENTIVES THEREFOR AND FOR OTHER PURPOSES AND KNOWN AS "PPP CODE OF BACOOR".

Authored by Honorable Reynaldo D. Palabrica

WHEREAS, under Section 20 of Article II of the 1987 Constitution, "the State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments".

WHEREAS, the City of Bacoor, pursuant to Sections 1, 2 and 5, of Article X of the 1987 Constitution is a territorial and political subdivision which enjoys local and fiscal autonomy.

WHEREAS, under Section 3, Article X of the 1987 Constitution, local autonomy means a more responsive and accountable local government structure instituted through a system of decentralization. Fiscal Autonomy means that local governments have the power to create their own sources of revenue in addition to their equitable share in the national taxes released by the national government, as well as the power to allocate resources in accordance with their own priorities".

WHEREAS, the local government unit exists and operates in its governmental and proprietary capacities thereby making the local government unit an agent of and is therefore accountable to the State and its community".

WHEREAS, the local government unit must develop into a self-reliant community and as such, is in a better position to address and resolve matters that are local in scope".

WHEREAS, the private sector participates in infrastructure, development and social service related projects of the State and
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local government units (LGU), through what is popularly known as Public-Private Partnership (PPPs).

WHEREAS, in Sections 34, 35 and 36 of Republic Act 7160 otherwise known as the Local Government Code, the LGU in the exercise of its power may enter into joint ventures and such other cooperative arrangements with people’s and non-governmental organizations to engage in the delivery of certain basic services, capability-building and livelihood projects, and to develop local enterprises designed to improve productivity and income, diversify agriculture, spur rural industrialization, promote ecological balance, and enhance the economic and social well-being of the people; provide financial assistance, or otherwise, to such people’s and non-governmental organizations for economic, socially-oriented, environmental, or cultural projects to be implemented within its territorial jurisdiction, provide funding for local projects, provide incentives and tax exemptions to private companies.

WHEREAS, the Department of Interior and Local Government (DILG) Legal Opinion No. 8, S. 2014 declared that “there is no specific statute on PPP nor Guidelines on Joint Ventures for local government units” and “a duly enacted local legislation (PPP Code) must be (adopted and) complied with in undertaking (its) PPP Projects.”

WHEREAS, according to the Department of Justice (DOJ) Opinion No. 18, S. 2012, “xxx local governments may enact their own Public-Private Partnership (PPP) Code or Omnibus Ordinance outlining, among others, all applicable modalities, xxx. A local government, through an enabling ordinance, is free to act to address local concerns, even without an enabling ordinance, provided no statute will be infringed”.

WHEREAS, in Legal Opinion No. 10, S. 2014, the DILG affirmed the above-quoted DOJ Opinion and further said that, “the LGU’s discretion x x x is consistent with the State Policy of Local Autonomy and is in line with the operative principle of decentralization and the national goal of propelling social and economic growth and development through the active participation of the private sector”.

WHEREAS, in furtherance of and consistent with Local Autonomy, Fiscal Autonomy, the Principle of Subsidiarity, Public Good and Welfare, General Welfare, and Full Autonomy over Proprietary Powers, the City is free, provided no statute or law is violated, to adopt its definition of a PPP undertaking and

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prescribe the requirements, procedures and conditions for the City PPP’s and incorporate these in an operative framework; and

WHEREAS, having therefore this Ordinance will ensure and facilitate consistency, integrity, reliability, sustainability, accountability and transparency, and enforceability.

NOW THEREFORE, be it ORDAINED as it is hereby ORDAINED by the CITY COUNCIL OF BACOOR in a session duly assembled that:

CHAPTER 1. BASIC PRINCIPLES and DEFINITIONS

SECTION 1. Short Title. - This Ordinance shall be known as the City of Bacoor PPP Code.

SECTION 2. Declaration of Policy. – It is hereby declared as a policy that the City of Bacoor shall advance the general welfare and promote the interest of the community and the city within the framework of sustainable and integrated development; and shall ensure the participation of the private sector in local governance through effective and viable Public-Private Partnerships.

SECTION 3. Operative Principles. – The following shall be guiding principles to accomplish the stated policy:

(i) The City exists and operates in its governmental and proprietary capacities thereby making the City an agent and is therefore accountable to the State and its community. The role of the City both as a regulator of a business and as implementer of a proprietary undertaking must be clearly delineated.

(ii) The City must develop into a self-reliant community, and as such, is in a better position to address and resolve matters that are local in scope.

(iii) Under Section 18 of the Local Government Code of 1991, the City may acquire, develop, lease, encumber, alienate, or otherwise dispose of real or personal property held by them in their proprietary capacity and to apply their resources and assets for productive, developmental or welfare purposes.

(iv) Under Section 22 (d) of RA No. 7160 (LGC of 1991), the City enjoys full autonomy in the exercise of its proprietary functions and shall exercise the powers expressly granted, those necessary implied therefrom, as well as powers necessary, appropriate, or incidental for its
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efficient and effective governance, those not otherwise prohibited by law and those which are essential to the promotion of the general welfare

(v) Under Sections 16, 17, 19 and 129 of RA No. 7160 (LGC of 1991) and other statutes, and under the Charter of the City, the City has been given the responsibility and mandate to exercise devolved and delegated powers.

(vi) Under Section 3 (l) of RA No. 7160 (LGC of 1991), the City is duty-bound to ensure the active participation of the private sector in local governance.

(a) Pursuant to Sections 1, 2, and 5 Article X of the 1987 Constitution, the City is a territorial and political subdivision, which enjoys local autonomy¹ and fiscal autonomy². Thus, local governments have the power to create their own sources of revenue in addition to their equitable share in the national taxes, as well as the power to allocate their resources in accordance with their priorities.

(b) Under the Implementing Rules and Regulations (“IRR”) of the BOT Law, local government units may formulate additional guidelines/procedures not in conflict with the BOT Law, the IRR the pertinent provisions of the Local Government Code of 1991 and its corresponding IRR.

(c) Further, under Section 302 of the Local Government Code of 1991 and Section 3 of the BOT Law, local government units are authorized to enter into a contract with any duly pre-qualified private enterprise for the financing, construction, operation and maintenance of financially viable infrastructure or development facility through any of the contractual arrangements enumerated in the BOT Law.

(d) Under Sections 34, 35 and 36 of RA No. 7160 (LGC of 1991) and in the exercise of its powers, the City may enter into joint ventures and such other cooperative arrangements with people’s and non-governmental organizations to engage in the delivery of certain basic services, capability-building and livelihood projects, and to develop local enterprises designed to improve productivity and income, diversify agriculture, spur rural industrialization, promote ecological balance, and enhance the economic and social well-being

¹ Local Autonomy means a more responsive and accountable local government structure instituted through a system of decentralization.

² Fiscal Autonomy refers to the local government units’ power to create their own sources or revenues in addition to their equitable share in the national taxes released by the national government, as well as the power to allocate their resources in accordance with their own priorities.

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of the people; provide financial assistance or otherwise, to such people’s and non-governmental organizations for economic, socially-oriented, environmental, or cultural projects to be implemented within its territorial jurisdiction.

(e) Under Section 25 (b) of RA No. 7160 (LGC of 1991), the City may collaborate or cooperate with other local governments, national government agencies, government-owned and controlled corporations, government instrumentalities and government corporate entities for the implementation of local projects.

(f) Under Section 106 of RA No. 7160 (LGC of 1991), the City is mandated to draw up and implement a comprehensive multi-sectoral development plan. PPP’s shall be pursued by the City consistent with its infrastructure, development, investment, environmental and governance framework embodied in relevant policies, plans, ordinances and codes.

(g) The general welfare and the public good shall always be promoted and that transparency, public accountability and social accountability mechanism and approaches shall be integrated in PPP’s from inception to implementation.

(h) The City, as a partner in a PPP arrangement, may provide equity, subsidy or guarantee and use of local funds; and the usage thereof for a PPP project shall be considered or public use and purpose.

(i) Under Section 22 (c) of RA No. 7160 (LGC of 1991), no contract may be entered into by the City Mayor on behalf of the City without the prior authorization by the Sangguniang Panlungsod. The participation of the Sangguniang Panlungsod is, thus, indispensable in the adoption and implementation of a PPP arrangement.

(j) The right of the people to information on matters of public concern is guaranteed under Section 7, Article III of the 1987 Constitution. Furthermore, it is the policy of the State to allow full public disclosure of all its transactions involving public interest such as the PPPs under Section 28, Article II of the 1987 Constitution.

(k) The people’s right to effective and reasonable participation and public trust provision under Section 16, Article XIII and Section 1, Article XI, respectively, of the 1987 Constitution guarantee and empower civil society groups to have effective and meaningful participation in the regulation and management of PPP projects.
Section 4. Rationale for PPP – PPPs shall be promoted to provide more, better, affordable and timely services to the community. In pursuing PPPs, the City shall be guided by the following reasons and drivers:

(a) The implementation of PPP projects must comply with existing laws, rules and regulations of both the national and local governments.

(b) Procurement of PPP Projects must be competitive and must be undertaken through open competitive bidding. Competition must be legitimate, fair and honest. In the field of government contract law, competition requires, not only bidding upon a common standard, a common basis, upon the same thing, the same subject matter, the same undertaking, but also that it be legitimate, fair and honest; and not designed to injure or defraud the government. Where competitive bidding cannot be applied, a competitive process ensuring both transparency and economically efficient outcome must be employed.

(c) PPP Projects must encourage the entry of private capital and managerial expertise for the effective and efficient delivery of infrastructure and services to the public. By encouraging performance-based management of the delivery of public services applying commercial principles and incentives whenever possible, by introducing competition in and for the market, and by invoking users and stakeholders in the decision-making process, infrastructure and regulatory reform shall be achieved.

(d) Public interest, which includes the provision of employment opportunities and revenues to the people of Bacoor City, shall be the overriding factor in considering all PPP projects. PPP Projects must provide economic and social benefits and should be evaluated on this basis rather than on purely financial considerations. The City remains responsible for services provided to the public, without necessarily being responsible for corresponding investment.

(e) In implementing PPP projects, adequate safeguards to protect the environment and to ensure the participation of and benefit to the disadvantaged sectors of the community should be in place.

(f) PPP projects must have strategic objectives that are in line with national and local development goals of alleviating poverty and improving competitiveness;
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(g) PPPs shall be undertaken in furtherance of the City development and physical framework plan.

(h) PPPs should be adopted to address a pressing and urgent or critical public need. Under the principle of "Additionality," the increased economic benefits to consumer welfare of having needed public services and infrastructure accessible because of the PPP, rather than having to wait until the City could provide the public services much later. PPP would also encourage the accelerated implementation of local projects.

(i) PPPs can be adopted to avoid costs and public borrowing. By contracting with the private sector to undertake a new infrastructure project, scarce City capital budget can be directed to other priority sectors such as social services, education, and health care.

(j) PPPs allow for technology transfer, and improved efficiency and quality of service. These could be valuable contribution of the private sector in local governance.

(k) PPPs should be feasible and affordable, demonstrating the need for the project, broad level project costs estimation, and indicative commercial viability. The assessment of affordability shall be the cornerstone for all PPP projects, both to the City and the general public.

(l) PPP projects should be bankable. High participation costs, unreasonable risk transfer or lengthy and complex contract negotiations must be avoided. A cost recovery pricing policy attractive to the private sector must be in place; provided that the same will not be disadvantageous to government and public interest.

(m) PPP Projects should provide value-for-money and good economic value as far as practicable, including allocation of risks to the party best able to control, manage, mitigate or insure these risks, and maximization of the benefits of private sector efficiency, expertise, flexibility and innovation.

(n) PPP Projects must give consideration to the empowerment of Filipino citizens as a strategy for economic growth and sustainability and must thus provide for the participation of local investors to the furthest extent practicable given the nature of the projects. The City shall also ensure the hiring and employment of local labor in the PPP venture.

(o) The regulation of the PPP shall be pursuant to the PPP contract and exercised by the appropriate regulatory authority. A duly executed PPP Contract shall be respected.

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and not impaired, and shall be binding on the successor administration pursuant to the provision on corporate succession.

(p) To provide efficient public service, the City must ensure, through stronger performance management and guidance, proper implementation of PPP contracts that will result in value for money, on-time delivery of quality services to the public, achievement of government policy goals, all within sustainable and integrated development.

Section 5. Scope of Application – This Code shall apply to all Public-Private Partnership ("PPP") Contracts entered into by the City with private sector entities to the extent provided for herein. To the extent not inconsistent with the Constitution and the applicable laws, this Code shall govern the adoption and the implementation of the various types ("Modalities") of PPPs and supplemented by the following:

(a) In pursuing BOT transactions and its variants, the City shall comply with Republic Act No. 6957 as amended by RA No. 7718 (the "BOT Law") and its IRR.

(b) In entering into Management and Service Contracts, the City shall comply with Republic Act No. 9184 or the Government Procurement and Reform Act ("GPRA") and its IRR.

(c) For dispositions, Commission On Audit ("COA") Circular No. 89-296 (January 27, 1989) shall govern.

(d) For corporatization, the incorporation of the corporation must be done in accordance with Batas Pambansa Bilang 68 (otherwise known as the "Corporation Code of the Philippines").

(e) For joint Ventures, Leases and Afferramages, the Law on Partnerships and Law on Leases under Republic Act No. 386 (otherwise known as the "Civil Code of the Philippines") may be applicable. The provisions of R.A. No. 7718 and the Revised NEDA Guidelines on Joint Venture Agreements ("JVAs") shall apply suppletorily.
Section 6. Definition of Terms - As used in this Code, the following terms shall mean:

(a) **Build-Operate-Transfer Law Scheme** - Under Republic Act No. 6957 as amended by RA No. 7718, the following are the BOT variants:

(i) **Build-and-Transfer (BT)** - A contractual arrangement whereby the Private Sector Proponent ("PSP") undertakes the financing and construction of a given infrastructure or development facility, and after its completion, turns it over to the City, which shall pay the PSP, on an agreed schedule, its total investment expended on the project, plus a Reasonable Rate of Return thereon.

(ii) **Build-Lease-and-Transfer (BLT)** - A contractual arrangement whereby a PSP is authorized to finance and construct an infrastructure or development facility and upon its completion, turns it over to the City on a lease arrangement for a fixed period, after which ownership of the facility is automatically transferred to the City.

(iii) **Build-Operate-and-Transfer (BOT)** - A contractual arrangement whereby the PSP undertakes the construction, including financing, of a given infrastructure facility, and the operation and maintenance thereof. The PSP operates the facility over a fixed term, during which it is allowed to charge facility users appropriate tolls, fees, rentals, and charges not exceeding those proposed in its bid, or as negotiated and incorporated in the contract, to enable the PSP to recover its investment, and its operating and maintenance expenses in the project. The PSP transfers the facility to the City at the end of the fixed term which shall not exceed fifty (50) years. This build, operate and transfer contractual arrangement shall include a supply-and-operate scheme, which is a contractual arrangement whereby the supplier of equipment and machinery for a given infrastructure facility, if the interest of the City so requires, operates the facility, providing, in the process, technology transfer and training to Filipino nationals.
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(iv) Build-Own-and-Operate (BOO) — A contractual arrangement whereby a PSP is authorized to finance, construct, own, operate and maintain an infrastructure or development facility from which the PSP is allowed to recover its total investment, operating and maintenance costs plus reasonable returns thereon by collecting tolls, fees, rentals or other charges from facility users. Under this project, the proponent who owns the assets of the facility may assign its operation and maintenance to a facility operator. The divestiture or disposition of the asset or facility shall be subject to relevant rules of the Commission on Audit (COA).

(v) Build-Transfer-and-Operate (BTO) — A contractual arrangement whereby the City contracts out the construction of an infrastructure facility to a PSP such that the contractor builds the facility on a turnkey basis, assuming cost overruns, delays, and specified performance risks. Once the facility is commissioned satisfactorily, title is transferred to the City. The PSP, however, operates the facility on behalf of the City under an agreement.

(vi) Contract-Add-and-Operate (CAO) — A contractual arrangement whereby the PSP adds to an existing infrastructure facility which it is renting from the City and operates the expanded project over an agreed franchise period. There may or may not be a transfer arrangement with regard to the added facility provided by the PSP.

(vii) Develop-Operate-and-Transfer (DOT) — A contractual arrangement whereby favorable conditions external to a new infrastructure project to be built by a PSP are integrated into the arrangement by giving that entity the right to develop adjoining property, and thus, enjoy some of the benefits the investment creates, such as higher property or rent values.

(viii) Rehabilitate-Operate-and-Transfer (ROT) — A contractual arrangement whereby an existing facility is turned over to the PSP to refurbish, operate and maintain for a franchise period, at the expiry of which the legal title to the facility is turned over to the City.

(ix) Rehabilitate-Own-and-Operate (ROO) — A contractual arrangement whereby an existing facility is turned over to the PSP to refurbish and operate, with no time limitation imposed on ownership. As long as the operator
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is not in violation of its franchise, it can continue to operate the facility in perpetuity.

(b) **City** – refers to the City Government of Bacoor.

(c) **Competitive Challenge or Swiss Challenge** – An alternative selection process wherein third parties or challengers shall be invited to submit comparative proposals to an unsolicited proposal. Accordingly, the PSP who submitted the unsolicited proposal, or the original proponent, is accorded the right to match any superior offers given by a comparative PSP.

(d) **Competitive Selection or Bidding or Open Competition** – Refers to a method of selection or procurement initiated and solicited by the City, based on transparent criteria, which is open to participation by any interested party.

(e) **Concession** – A contractual arrangement whereby the financing and construction of a new facility and/or rehabilitation of an existing facility is undertaken by the PSP after turnover thereof to it, and includes operation, maintenance, management and improvement, if any, of the facility for a fixed term during which the PSP generally provides service directly to facility users and is allowed to charge and collect the approved tolls, fees, tariffs, rentals or charges from them. The City may receive a concession or franchise fee during the term of the contract and/or other consideration for the transfer, operation or use of any facility. There may be a transfer of ownership of the asset or facility after the concession period has ended subject to rules of the COA.

(f) **Corporatization** – Refers to transformation of a public entity or quasi-municipal corporation established by the City into one that has the structure and attributes of a private corporation, such as a board of directors, officers, and shareholders, and having it registered with the Securities and Exchange Commission as a stock corporation. The process involves the establishment of distinct legal identity for the company under which the City's role is clearly identified as owner; segregation of the company's assets, finances, and operations from other City operations; and development of a commercial orientation and managerial independence while remaining accountable to the government or electorate.

(g) **Cost Sharing** – an agreement whereby the City portion of capital expenses associated with the establishment of an
infrastructure development facility, such as the provision of access infrastructure, right-of-way, transfer of ownership, or usufruct, or possession of land, building or any other real or personal property for direct use in the project and/or and any partial financing of the project components thereof; Provided, that such shall not exceed fifty percent (50%) of the project cost, the balance of which is to be provided by the PSP. Such government share may be financed from direct government appropriations and/or from Official Development Assistance (ODA) of foreign governments or institutions.

(h) **Credit Enhancement** – This shall refer to direct and indirect support to a development facility by the PSP and/or City, the provision of which is contingent upon the occurrence of certain events and/or risks, as stipulated in the PPP contract.

Credit enhancements are allocated to the party that is best able to manage and assume the consequences of the risk involved. Credit enhancements may include but are or limited to government guarantees on the performance of the obligation of the City under its contract with the PSP, subject to existing laws on indirect guarantees. Indirect guarantees shall refer to an agreement whereby the City assumes full or partial responsibility for or assists in maintaining the financial standing of the PSP or project company in order that the PSP or project company avoids defaulting on the project loans, subject to fulfillment of the PSP or project company of its undertakings and obligations under the PPP contract.

(i) **Development Projects** – projects normally financed and operated by the City, but which will now be wholly or partly financed, constructed and operated by the PSP; projects that will advance and promote the general welfare; and other infrastructure and development projects as may be authorized by the City.

(j) **Direct City Equity** – refers to the subscription by the City of shares of stock or other securities convertible to shares of stock of the special purpose vehicle or single-purpose project company, whether such subscription will be paid by money or assets.

(k) **Direct City Guarantee** – refers to an agreement whereby the City guarantees to assume responsibility for the repayment of debt directly incurred by the PSP in implementing the project in case of a loan default.
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(l) Direct City Subsidy – refers to an agreement whereby the City shall: (a) defray, pay or shoulder a portion of the PPP project cost of the expenses and costs in operating and maintaining the project; (b) condone or postpone any payments due from the PSP; (c) contribute any property or assets to the project; (d) waive or grant special rates on real property taxes on the project during the term of the contractual arrangement; and/or (e) waive charges or fees relative to the business permits or licenses that are to be obtained for the construction of the project, all without receiving payment or value from the PSP or operator for such payment, contribution or support.

(m) Divestment or Disposition – refers to the manner or scheme of taking away, depriving, withdrawing of title to a property owned by the City and vesting ownership thereof to a PSP.

(n) Feasibility or Project Study (FS) – A study, full or pre-feasibility study or business case prepared by the City in a competitive selection or a PSP when submitting an unsolicited proposal, containing or indicating a needs analysis, affordability assessment, value for money assessment, preliminary risk assessment, stakeholder assessment, human resource assessment, bankability assessment, legal viability assessment, PPP mode selection, market testing if relevant, indicative transaction implementation plan and draft PPP contract. The study may be supported by the results of the appropriate “willingness-and-ability-to-pay” survey. The Project Study can be a feasibility study, pre-feasibility study or business case.

(o) Franchise – Refers to the right or privilege affected with public interest which is conferred upon a PSP, under such terms and conditions as the City may impose, in the interest of public welfare, security and safety.

(p) Government-to-Government Joint PPP Undertakings - means such mutual agreement entered into by the City with other local governments, national government agencies, government-owned and -controlled corporations, government instrumentalities and government corporate entities, for the implementation of PPP projects that will benefit the City and its community even if the project site is outside the City’s territory.

(q) Indirect Government Guarantees - an agreement whereby the City assumes full or partial responsibility for, or assists in, maintaining the financial standing of the PSP in order that the PSP/company avoids defaulting on the project’s loans.

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subject to fulfilment by the PSP of its undertakings and obligations under the PPP Contract.

Joint Venture (JV) – A contractual arrangement whereby a PSP or a group of private sector entities on one hand, and the City on the other hand, contribute money/capital, services, assets (including equipment, land, intellectual property or anything of value), or a combination of any or all of the foregoing. The City shall be a minority entity or shareholder while the PSP shall be a majority equity or shareholder. Each party shall be entitled to dividends, income and revenues and will bear the corresponding losses and obligations in proportion to its share. Parties to a JV share risks to jointly undertake an investment activity in order to accomplish a specific, limited or special goal or purpose with the end view of facilitating private sector initiative in a particular industry or sector, and eventually transferring ownership of the investment activity to the PSP under competitive market conditions, it involves a community or pooling of interests in the performance of the service, function, business or activity, with each party having a right to direct and govern the policy in connection therewith, and with a view of sharing both profits and losses, subject to agreement by the parties.

Lease or Aftermarg — A contractual arrangement providing for operation, maintenance, and management services by the PSP, including working capital and/or improvements to an existing infrastructure or development facility leased by the PSP from the City for a fixed term. Under a lease, the PSP retains revenue collected from customers and makes a specified lease payment to the City. Under an aftermarg, the parties share revenue from customers wherein the PSP pays the contracting authority an aftermarg fee, which varies according to demand and customer tariffs, and retains the remaining revenue. The City may provide a purchase option at the end of the lease period subject to rules of the COA.

Management Contract — A contractual arrangement involving the management or provision by the PSP of operation and maintenance or related services to an existing infrastructure or development facility owned or operated by the City. The project proponent may collect tolls/fees/rentals and charges which shall be turned over to the City and shall be compensated in the form of a fixed fee and/or performance-based management or service fee during the contract term.
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(u) **NEDA** – refers to the National Economic Development Authority.

(v) **NEDA-ICC** – refers to National Economic Development Authority-Investment Coordination Committee.

(w) **Negotiated Projects** – refer to instances where the desired project is the result of an unsolicited proposal from a PSP or, where the City has failed to identify an eligible private sector partner for a desired PPP activity when there is only one qualified bidder after subjecting the same to a competitive selection or bidding.

(x) **New Technology** – refers to having at least one of the following attributes:

(i) A recognized process, design, methodology or engineering concept which has demonstrated its ability to significantly reduce implementation of construction costs, accelerate project execution, improve safety, enhance project performance, extend economic life, reduce costs of facility maintenance and operations, or reduce negative environmental impact or social/economic disturbances or disruptions during either the project implementation/construction phase or the operation phase; or

(ii) A process for which the project proponent or any member of the proponent joint venture/consortium possesses exclusive rights, either world-wide or regionally; or

(iii) A design, methodology or engineering concept for which the proponent or a member of the proponent consortium or association possesses intellectual property rights.

(y) **Private Sector Proponent (PSP)** – Refers to the private sector entity which shall have contractual responsibility for the project and which shall have an adequate track record in the concerned industry, as well as technical capability and financial base consisting of equity and firm commitments from reputable financial institutions, to provide, upon award, sufficient credit lines to cover the total estimated cost of the project to implement the said project.

(z) **Public-Private Partnerships (PPP)** – PPP is a form of legally enforceable contract between the City and a PSP, requiring new investments from the PSP and transferring key risks to the

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PSP in which payments are made in exchange for performance, for the purpose of delivering a service provided or intended to be provided by the City. PPP shall also include disposition of an asset, facility, project owned, or entity created by the City to a PSP; procurement of a service; assumption by a PSP of a proprietary function of the City; grant of a concession or franchise to a PSP by the City; or usage by the PSP of public property owned or possessed by the City.

Alternatively, a PPP is a legally enforceable contract where each party assumes specified functions, bears certain risks, provides contribution or renders some obligation, and earns benefits and revenues from the PPP arrangement.

(aa) **PPP-CC** – refers to the City’s PPP Coordinating Center established under 16 of this Code.

(bb) **PPP-RA** – refers to the City’s PPP Regulatory Authority/Board established under Section 7 of this Code.

(cc) **PPP-SC** – refers to the City’s PPP Selection Committee established under 17 of this Code.

(dd) **PPP-TWG** – refers to the City’s PPP Technical Working Group established under Section 11 of this Code.

(ee) **PPP Contract** – whenever appropriate, the PPP Contract shall contain the Preambulatory Clauses or Whereas Clauses, Party Clause, Rules of Interpretation, Nature of the PPP, Term of the project, Contract Objective, Performance Bonds, Key Performance Indicators, Risk Allocation, Rights, Payment to PSE or PSP, Tariff Scheme, Subsidy or Support Mechanism, Insurance Requirements, Delay Provisions, Force Majeure, Governmental Action, Government and Public Sector Entity (PSE) Warranties, PSP Warranties, Change in the Law, Regulatory Regime, Variations, Termination, Indemnification, Intellectual property, Claims, Financial Security, Dispute Resolution, Step-In Rights, Changes in the Composition of the PSP/Service Provider, Partnership Management, Compliance with all Laws, Personnel, Conditions Precedent, among others.

(ff) **Reasonable Rate of Return (RROR)** – Refers to the rate of return that a PSP shall be entitled to, as determined by the PPP Regulatory Authority taking into account, among others, the prevailing cost of capital (equity and borrowings) in the domestic and international markets, risks being assumed by
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the PSP and the level of City undertakings and contributions extended for the project.

(gg) **Service Contract** – A contractual arrangement whereby the PSP shall provide a particular service to the City involving the City’s proprietary authority or to entities or corporation created by the City. The PSP shall be entitled to be paid a fee per unit of work done during the term of the contract.

(hh) **Unsolicited Proposal** – Refers to project proposals submitted by a PSP to the City to undertake Development Projects without a formal solicitation issued by the City.

(ll) **Value for Money (VFM)** – refers to the concept that over the whole-life of a project finance-PPP project, government’s total expenditures (i.e., its payments to the private sector), adjusted for the risks that have been transferred to the private sector, will, on a Net Present Value (NPV) basis, be less than if the government will perform the services itself. VFM considers monetary and non-monetary factors such as: (i) risk transfer; (ii) reduced whole life costs; (iii) speed of implementation; and (iv) quality and reliability of service.

(jj) **Viability Gap Funding (VGF)** – refers to an explicit subsidy that is performance-driven (i.e., based on private party achieving measurable outputs) and targeted to socio-economically disadvantaged users or groups of users; or any financial support in the form of grants or assistance, one time or deferred, to infrastructure projects undertaken through PPPs with a view to make them commercially viable.

CHAPTER 3
CITY’S PPP REGULATORY AUTHORITY/BOARD

Section 7. The City’s Public-Private Partnership Regulatory Authority/Board. Pursuant to and consistent with the revised DILG Memorandum Circular No. 2011-016, there is hereby created a PPP-RA to implement the provisions of this Code.

Section 8. Composition of the PPP Regulatory Authority/Board.

(1) The PPP-RA/Board shall be composed of the following:

(a) Chairperson – City Mayor or City Administrator if so designated by the City Mayor;

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Section 9. PPP Regulatory Authority’s (PPP-RA) Mandate – The PPP Regulatory Authority (“PPP-RA”)’s primary functions shall be to: (1) formulate and establish a
favored and stable local policy on PPP consistent with the PPP program of the national government; and (2) include in the development program of the City those priority projects that may be financed, constructed, operated, and maintained by the private sector under the provisions of this Code. Accordingly, the PPP-RA/Board shall be vested with the following powers:

(a) To request the City Planning and Development Office ("CPDO"), the City Development Council ("CDC"), and other appropriate and concerned offices of the to develop a pipeline of PPP infrastructure projects for prioritization by the PPP-RA;

(b) To ensure that all PPP Contracts are entered into and implemented through an open, transparent, and competitive process;

(c) To review, evaluate, and approve Project Proposals/Feasibility studies and contracts for final endorsement to the Sangguniang Panlungsod;

(d) To promulgate, if needed, the rules and regulations for the effective and efficient implementation of this Code subject to final approval of the Sangguniang Panlungsod;

(e) To request necessary appropriations from the Sangguniang Panlungsod or to secure the pooling of additional funding from other sources to support the City’s PPP projects;

(f) To enlist the assistance of other government agencies and private sector organizations as it deems necessary for the effective implementation of this Code;

(g) To perform contract management functions such as partnership management, performance management, risk management, and contract administration for all the PPPs arrangements entered into by the City;

(h) To set and monitor the tariff and administer the subsidy pursuant to the PPP contract;

(i) To exercise such other functions as necessary and incidental to its mandate.

Section 10. Functions of the Chairperson of the PPP-RA - The Chairperson of the PPP-RA shall exercise the following functions:

(a) To sign in behalf of the PPP-RA special reports and
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recommendations as may be required;

(b) To preside over regular and special meetings of the PPA-RA;

(c) To render and sign annual reports to the Sangguniang Panlungsod and other special reports and recommendations as may be required;

(d) To recommend to the PPP-RA such policies, measures, and guidelines necessary to effectively carry out the provisions of the Code; and

(e) To exercise such other powers and functions as may be authorized by the General Santos City Council.

CHAPTER 4
CITY’S PPP TECHNICAL WORKING GROUP

Section 11. PPP Project Technical Working Group (TWG) – There is hereby established a project-based Technical Working Group for each PPP project which shall assist the PPP-RA/Board.

Section 12. Composition of the PPP Project TWG. The TWG shall be led by the Department Head of the appropriate City office based on sector category (e.g., tourism, health, trade, agriculture, fisheries, etc.) of the project or as designated and appointed by the PPP-RA/Board.

The PPP-RA/Board shall designate representatives from the following offices as members of the Project TWG to provide technical support:

(a) Office of the City Mayor;
(b) Sangguniang Panlungsod;
(c) City Legal Office;
(d) City Planning and Development Office (CPDO);
(e) City Budget Office (CBO);
(f) City Engineer’s Office (CEO);
(g) City Agriculture Office (CAO);
(h) City Economic Management and Cooperative Development Office (CEMCDO);
(i) City Environment and Natural Resources Office (CENRO);
(j) City Social Welfare and Development Office (CSWDO);
and
(k) From such other City Government offices determined to be necessary by the Board.

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Section 13. Mandate and Functions of the PPP Project TWG. The PPP Project TWG shall perform the following functions in every phase:

1. **Development Phase.** Prepare and conduct pre-investment activities such as pre-feasibility studies, business case, feasibility studies, among others.

2. **Approval Phase.** Prepare the necessary documents that may be required by the Sangguniang Panlungod for the needed resolution, ordinance, endorsement of the project.

3. **Competition Phase**
   - (a) Assist the PPP-SC in preparing the tender documents including pre-qualification and bidding documents and the draft contract;
   - (b) Assist the PPP-SC in the conduct of pre-qualification, bidding, evaluation of bids and recommendation for the award;
   - (c) Facilitate the compliance of all the requisite permits and approval prior to implementation.

4. **Cooperation Phase**
   - (a) Monitor and evaluate the implementation of PPP project;
   - (b) Prepare and submit reports to the PPP-RA on the implementation of the PPP projects;
   - (c) Submit the original signed copy of PPP contract and other project-related documents to the PPP-RA and the PPP Center within five (5) calendar days after signing thereof; and
   - (d) Prepare status and implementation reports of PPP Projects and submit the same to the PPP Center. The reports shall be in accordance with the format, contents, and other guidelines prescribed by the PPP Center.


(a) The City Legal Officer, City Treasurer and City Planning and Development Officer and one of the civil society representatives of the PPP-RA, acting as the PPP-RA Manual Committee (PPP-RA-MC), shall jointly prepare a contract management manual for each executed PPP
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Contract, which shall serve as a guide to the City and its personnel in ensuring a consistent, high quality contract monitoring process that is specific for such PPP contract.

(b) The contract management manual in (a) shall be submitted to the PPP-RA, for approval within thirty (30) days from the execution of a PPP contract, provided that, for outstanding PPP contracts concluded prior to the effectivity of this Code, the contract management manual shall be submitted to the PPP-RA within one hundred and twenty days (120) from the effectivity of this Code and the provisions of this Code shall apply mutatis mutandis.

(c) The PPP-RA may accept, reject, or order the revision of the contract management manual at any time during the life of the PPP project, provided that any revision subsequent to the first acceptance of the contract management manual at the inception of the PPP project shall require written notice to the PSP and opportunity to be heard.

(d) If the contract management manual has not been approved by the PPP-RA within seven (7) days from its submission as provided in paragraph (b), the same shall be deemed issued and approved by the PPP-RA for all purposes.

(e) The PPP-RA shall evaluate each contract management manual quarterly, which shall be amended as may be necessary. Any amendment to the contract management manual shall be effective upon the approval of the PPP-RA.

(f) The PPP-RA, all throughout the life of the PPP Contract, shall present, make available and explain, before and after any material action is taken, all relevant information regarding the implementation of the PPP Contract, the submissions of the PSP and actions taken by the PPP-RA, to the City Development Council.

Section 15. Contents of the Contract Management Manual – Each contract management manual shall include the following information:

(a) A description of the PPP project and its history

(b) A summary of the key terms of the PPP Contract

(c) Roles and responsibilities of each member of the PPP-RA, and other City personnel and contractors, as applicable, who are involved in the PPP project

(d) Roles and responsibilities of key personnel of the PSP

(e) Details of the post-award conference
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(f) Partnership management procedures  
(g) Performance or service delivery management  
(h) Contract administration; and  
(i) Project closeout procedures.

CHAPTER 5  
CITY'S PPP COORDINATING CENTER

Section 16. City PPP Coordinating Center (PPP-CC) - In support of the implementation of the PPP program of the City, there shall be created a PPP Coordinating Center which shall house the services and facilities to ensure implementation of the Code by harmonizing all national and local government efforts in collaboration with private stakeholders through the implementation of policies, programs, and activities.

1. Administrative Control and Staff Compliment - The City, through the City Information Office shall exercise administrative control and shall provide the necessary personnel for the operation of the City PPP-CC.

The City Mayor, in his/her concurrent capacity as local chief executive and/or as the City’s PPP-RA Chairperson, or as manifested by the PPP-RA through a resolution, may assign personnel/s from other departments of the City, or hire consultants, resource persons and, other competent personnel as the need arises.

2. Secretariat Services – The PPP-CC shall provide technical secretariat services to the PPP-RA by implementing its policies and guidelines, and shall specifically perform the following duties:

(a) Provide administrative support to the PPP-RA;  
(b) Establish and maintain network linkages with other offices and agencies;  
(c) Facilitate meetings of the PPP-RA, prepares agenda and minutes thereof, and submit for its consideration and approval the policies and actions to fulfill the provisions of the Code;  
(d) Prepare budgetary requirements for the operations of the PPP-RA;  
(e) Report to the PPP-RA matters affecting plans, programs as well as the performance of the PPP-CC;  

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(f) Keep all the records and decisions made by the PPP-RA and maintain a library of literature regarding PPP’s;

(g) Coordinate inter-related tasks and functions between and among the PPP-RA, PPP-SC, PPP Project TWG, and with such other necessary and appropriate offices and agencies; and

(h) Perform such other functions that are necessary and incidental for the effective implementation of the Code as directed by the Board.

CHAPTER 6
CITY’S PPP SELECTION COMMITTEE

Section 17. PPP Selection Committee (PPP-SC)

(1) There is hereby created a PPP Selection Committee (PPP-SC) for purposes of selecting a PSP for a specific PPP Project. The PPP-SC shall be composed of the following:

(a) Chairperson – at least a third ranking officer of the City

(b) Secretary – City Legal Officer

(c) The City Treasurer

(d) The City Planning and Development Officer

(e) One (1) representative from and selected by the Sangguniang Panglungsod

(f) Two (2) representatives chosen by the Mayor from the City accredited civil society groups, people’s and non-governmental organizations;

(g) One (1) technical officer knowledgeable with technical aspect or requirements of the project, duly designated and appointed by the City Mayor on a project to project basis as non-voting member;

(h) One (1) technical officer knowledgeable with aspect or requirements of the project from concerned regulatory body when applicable, to be designated and appointed by the City Mayor on a project to project basis as non-voting member;

(i) One (1) public officer knowledgeable in finance to be appointed by the City Mayor as non-voting member;

(j) One (1) public officer knowledgeable in the management/operation of the project to be appointed by the City Mayor as a non-voting member;
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(2) A quorum of the PPP-SC shall be composed of a simple majority of all voting members. The Chairperson shall vote only in case of a tie.

(3) The PPP-SC with the approval of the City Mayor may invite provisional non-voting members from the national government agencies, Commission on Audit, regulatory agencies, NEDA, DILG, and the private sector to observe in the proceedings of the PPP-SC; and form a support staff composed of employees and staff of the City. Observers will be notified or invited to join two (2) calendar days before the following stages: pre bid conference, opening of bids, contract award and special meetings of the Selection Committee. The absence of observers shall not nullify the PPP-SC proceedings, provided they have been duly invited in writing.

(4) The PPP-SC shall be responsible for all aspects of the pre-selection and selection process, including, among others, the preparation of the Feasibility or Project Study and selection/tender documents; determination of the minimum designs, performance standards/specifications, economic parameters and reasonable rate of return or tariff-setting mechanism appropriate to the PPP Modality; drafting or evaluation of the PPP Contract; publication of the invitation to apply for eligibility requirements, appropriate form and amount of proposal securities, and schedules of the selection and challenge processes; pre-qualification of prospective PSPs, bidders or challengers; conduct of pre-selection conferences and issuance of supplemental notices; interpretation of the rules regarding the selection process; conduct of the selection and challenge process; evaluation of the legal, financial and technical aspects of the proposals; resolution of disputes between PSPs and challengers; defining the appeals mechanisms; and recommendation for the acceptance of the proposal and/or for the award of the contract.

CHAPTER 7
PPP PROJECTS and PPP MODALITIES

Section 18. PPP Projects

(1) The City, through the appropriate and viable PPP mode, may undertake Development Projects, including but not limited to, energy or power plants, renewal energy, waste to energy, highways, ports, wharfs, airports, canals, causeway, hydro-power projects, desilting, dredging, water supply and
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or distribution, water conservation such as impoundment areas and rain water harvesting, sewerage, irrigation, telecommunications, railroad and railways, transport systems, intermodal and multi modal transport terminals, land reclamation projects, industrial estates or townships, industrial estates, convention centers, central business districts, hotels and resorts, low cost housing, settlement/resettlement and relocation facilities, public parks, pocket public parks, sport facilities, public libraries, Heritage Conservation, residential subdivision or housing, government buildings, tourism projects, ecotourism, agri/agro tourism, public markets, slaughterhouses, warehouses, cold storage, commercial buildings, solid waste management, sanitary landfills, information technology networks and database infrastructure, education and health facilities, social services, sewerage, drainage, dredging, mining, prisons, climate change adaptation, disaster risk reduction projects and hospitals. The City can also undertake PPPs for any of the devolved activities under Section 17 of the Local Government Code of 1991.

(2) The determination of the appropriateness and viability of the PPP mode shall be specified, explained and justified in the feasibility or project study weighing all the relevant value drivers and reasons for pursuing a PPP project.

(3) Parties to PPP arrangement shall undertake an activity in order to accomplish either an integrated or multi-use arrangement or specific goal or purpose with the end view of serving the public good or generating revenues.

Section 19. List of Priority Projects – The City shall identify specific priority projects that may be undertaken under any of the PPP Modalities defined under Section 20 hereof.

Section 20. PPP Modalities – In undertaking a specific PPP Project, this City may adopt and pursue any of the following Modalities and provide other modalities not inconsistent with law:

(a) Build-and-transfer (BT);
(b) Build-Lease-and-Transfer (BLT);
(c) Build-Operate-and-Transfer (BOT);
(d) Build-Own-and-Operate (BOO);
(e) Build-Transfer-and-Operate (BTO);
(f) Contract-Add-and-Operate (CAO);
(g) Develop-Operate-and-Transfer (DOT);
(h) Rehabilitate-Operate-and-Transfer (ROT);
(i) Rehabilitate-Own-and-Operate (ROO);
(j) Concession Agreement.
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(k) Joint Venture
(l) Lease or Affirmage
(m) Management Contract
(n) Service Contract
(o) Divestment or Disposition
(p) Corporatization; and
(q) Any other modality akin to the above or features thereof
which falls under the alternative definition of a PPP.

Section 21. General Requirements – These are the general
requirements for the City in entering into PPPs:

(a) Undertaking a PPP for a Development Project must be
premised on any or all of the reasons and drivers mentioned
in Section 4 hereof.

(b) Projects included in the List of Priority Projects shall not be
eligible for unsolicited proposals under any of the BOT
variants, unless involving a new concept or technology;
provided, that for any of the other PPP Modalities,
unsolicited proposals may be accepted even if the project is
included in the List of Priority Projects or whether the same
features a new concept or technology or not.

(c) The prohibition for extending Direct City Guarantee, Direct
City Subsidy and Direct City Equity only applies to unsolicited
proposals for BOT variants under the BOT Law and its IRR.

(d) For BOT variants that will be subjected to bidding,
Concession Agreements, Leases or Affirmage,
Management and Service Contracts, and Joint Ventures,
the City may provide Direct City Guarantee, Direct City
Subsidy, Direct City Equity, or Viability Gap Funding;
provided, that the City can use a portion of its general fund,
its development fund comprising 20% of its annual share in
the Internal Revenue Allotment, and/or its equitable share in
the proceeds of the utilization and development of the
national wealth found within the territory for this purpose;
provided further, that any amount used for subsidy or equity
for a PPP project shall be deemed for development
purposes and for the direct benefits of the inhabitants
pursuant to Sections 287 and 294 of the Local Government
Code of 1991, respectively.

(e) For all PPP Modalities, the City may provide Credit
Enhancements and Cost-Sharing schemes.

(f) Official Development Assistance (ODA) as defined in RA
8182, otherwise known as the ODA Act of 1996, as amended

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by RA 8555, may be availed of for PPP projects where there is difficulty in sourcing funds; provided, that ODA financing shall not exceed fifty percent (50%) of the project cost, with the balance to be provided by the PSP.

(g) Any subsidy to the constituents that will be extended by the City must be targeted, transparent and efficiently administered.

(h) Each PPP Modality adopted for a specific PPP project must specifically provide and adopt a tariff-mechanism such as but not limited to cash-needs, price cap, revenue cap, rate of return, hybrid of the foregoing, or any other appropriate scheme.

(i) For negotiated contracts for BOT variants for public utility projects which are monopolies, the rate of return on rate basis shall be determined by existing laws, which in no case shall exceed twelve per centum (12%).

(j) In case of a project requiring a franchise or license to operate, the winning PSP shall automatically be granted by the City the franchise or license to permit and operate and maintain the facility, including the collection of tolls, fees, rentals, and other charges in accordance with the schedules stipulated in the approved PPP contract. The original franchise period as stipulated in the contract agreement may be extended, as may be authorized by the City, provided that the total franchise period shall not exceed fifty (50) years.

(k) The City shall have the option to form or allow the formation of special purpose vehicle or single-purpose project company to implement the PPP project as may be appropriate under the chosen PPP Modality.

(l) In participating in PPPs, the City may, subject to Sections 16, 17, 18, 19 and 20 of the Local Government Code of 1991, exercise police power, perform devolved powers, power to apply and generate resources, expropriate and reclassify and enact or integrate zoning ordinances.

(m) The City shall prescribe and impose Procurement Ethics to be followed by the City and all bidders based on the principles of honesty, integrity, probity, diligence, fairness, trust, respect and consistency for all PSPs and bidders.

(n) In a JV or appropriate modality, the co-ventures or parties to a JV shall contribute money, capital, services, personnel,
assets including equipment, land, intellectual property or anything of value, or a combination of any or all of the foregoing to the JV arrangement. The contribution of the City shall be subject to third party independent valuation. Further:

(i) The City may allocate a portion of its internal Revenue Allotment, real property tax, development fund, regular funds, proceeds from the utilization and development of its national wealth, Special Education Fund when the JV project is education-related, Calamity Fund when the JV project is calamity- or reconstruction-related, and special funds, if appropriate, as its contribution or share in the JV activity. These may be the actual or current funds, or future or monetized value of these funds of the City.

(ii) The City may contract a loan, avail of Official Development Assistance, secure grants, issue bonds, debentures, securities, collaterals, and notes the proceeds of which can be earmarked for the JV activity.

(iii) On the part of the City, in addition to the foregoing contributions, it may extend goodwill, free carry, grant franchise, concession, usufruct, right-of-way, equity, subsidy, or guarantee, provide cost-sharing and credit enhancement mechanisms, exercise police power, give tax incentives or tax holidays, perform devoted powers, expropriate and reclassify and enact or integrate zoning ordinances.

(iv) The City shall be a minority equity or shareholder while the PSP shall be majority equity or shareholder, except in the case where fifty percent (50%) of the outstanding capital stock or contribution is owned or made by the City. A reasonable percentage of the equity to be provided by the PSP should come from its own resources and not borrowed.

(v) Any cost avoidance or substantial savings that will be made by the City because of and directly attributable to the JV activity may be factored in the computation of the respective shares of the City and the PSP.

(vi) For the utilization and development of natural resources located within its jurisdiction, the City shall be entitled to an equitable share which may come in the form of a portion of the benefits, revenues and profits thereof.
The share of each JV party shall be set as fixed or determinable percentages or values either based on an overall or across-the-board assignment of contributions and functions to each JV party, provided that, the agreed percentage share is maintained and that joint governance is ensured where the City shall have representation in the governing structure based on in proportionate share at the minimum.

Subject to the terms of the competitive selection process and agreement of the parties, the City may be entitled to a share greater than its contribution or equity.

Each party shall be entitled to dividends, profits, income and revenues and will bear the corresponding risks, losses and obligations in proportion to its share, either based on gross or net revenues or income, unless the parties agree that the City will have a greater share in the dividends, profits, income and revenues and/or bear lower risk and percentage loss than what it contributes to the JV arrangement.

For as long as the City is involved in the JV undertaking, the PSP shall not sell/transfer its interest in the JV Company without the express written consent of the City.

The share or equity of the City in the JV arrangement may be advanced, in full or in part, by the PSP where the PSP shall be paid from the future revenues due the City either by set-off or actual payment.

The JV activity may, subject to the terms of the competitive selection process, include the divestment, disposition or transfer of ownership of the JV activity, equity, asset or project to the PSP or JV partner. The divestment or disposition may take place at the end of the JV period or before the term ends.

Procurement made by the City using public funds shall be subject to the GPRA and its Revised Implementing Rules and Regulations. Procurement made by the PSP using private funds shall not be covered by said statute.

The revenues, funds, expenditures and contributions of the City shall be subject to the audit examination by the COA. Revenues, funds, expenditures and contributions of the PSP shall be subject to audit by a private auditing firm.
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(q) Any subsidy, guarantee, equity or contingent liability assumed or given by the City must be reflected, disclosed and recognized in the annual appropriations of the City.

Section 22. Government-to-Government Joint PPP Undertakings – The City, by mutual agreement, in a Government-to-Government arrangement with other local governments, national government agencies, government-owned and controlled corporations, government instrumentalities and government corporate entities, may implement PPP projects for projects located within the City’s territory or those projects that will benefit the City and its community even if the project site is outside the City’s territory; provided, that the collaborating or partner government entity jointly undertakes with the City the selection of the PSP using the appropriate PPP Modality.

CHAPTER 8  
PPP PROCEDURES and PPP CONTRACT

Section 23. PPP Procedures – The following procedures shall apply:

(a) For BOT variants, the City must comply with the procedure set forth under the BOT Law and its IRR.

(b) For Management and Service Contracts, the City shall comply with the BOT Law and its IRR.

(c) For Concessions, Joint Ventures, and Leases or Affermage, the procedures specified herein shall govern. The provisions of the NEDA Guidelines shall apply supplementarily.

(d) For Divestment or Disposition of a property, COA Circular No. 89-296 (January 27, 1989) shall be applicable  
(e) For the Divestiture of a subsidiary or corporation incorporated by the City under Corporation, the sale may be pursued via a public offering or through a public auction or other relevant schemes under COA Circular No. 89-296 (January 27, 1989).

(f) If the City opts to select a PSP using either Competitive Selection or Competitive Challenge, the City in the Competitive Selection and the PSP in the Competitive Challenge approach must prepare and submit a Feasibility or Project Study. The costs of preparing the Feasibility or Project Study may be reimbursed by the winning PSP to the City under the Competitive Selection mode.

(g) All recommendations of the PPP Selections Committee shall be submitted to the PPP-RA for consideration and approval.
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(h) All PPP contracts must be signed by the City Mayor with prior authorization by the Sangguniang Panlungsod.

(i) During the consideration of the PPP Contract by the Sangguniang Panlungsod, a public consultation shall be conducted explaining the PPP Project, PPP Contract, accountability mechanisms built into the PPP arrangement, the benefits and costs of the PPP Project, among other relevant matters.

(j) After the signing of the PPP contract by the City Mayor, the PPP-SC shall issue the Notice of Award to the PSP.

(k) While the PPP Contract is already valid, perfected and enforceable, it may be submitted for judicial, executive or administrative confirmation from the courts or appropriate government institutions.

Section 24. Prioritization and Approval of PPP Projects - The PPP-RRRA/Board shall include in the development and investment program of the City those priority projects that may be financed, constructed, operated, and maintained by the private sector under the provisions of this Code. It shall be the duty of the PPP-RRRA/Board to give wide publicity to all projects eligible for financing under this Code, including publication in the following:

1. A national newspaper of general circulation once every six (6) months; and/or
2. The website of City, if available.

Section 25. Public Bidding of PPP Projects. Upon approval of the projects mentioned in the preceding Section, the City shall forthwith cause to be published, once every week for three (3) consecutive weeks, at least two (2) newspapers of general circulation and in at least one (1) local newspaper which is circulated in the region, province, city or municipality in which the project is to be constructed, a notice inviting all prospective infrastructure or development project proponents to participate in a competitive public bidding for the projects so approved.

In the case of a Build-Operate-and-Transfer (BOT) arrangement, the contract shall be awarded to the bidder who, having satisfied the minimum financial, technical, organizational and legal standards as stipulated in the IRR of the BOT Law, has submitted the lowest bid and most favorable terms for the project, based on the present value of its proposed tolls, fees, rentals and charges over a fixed term for the facility to be constructed, rehabilitated, operated and maintained according to the prescribed minimum design and performance standards, plans and specifications. For
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this purpose, the winning project proponent shall be automatically
granted by the City Government the franchise to operate and
maintain the facility, including the collection of tolls, fees, rentals,
and charges.

In the case of Build-and-Transfer (BT) or Build-Lease-and-Transfer
(BLT) arrangement, the contract shall be awarded to the lowest
complying bidder based on the present value of its proposed
schedule of amortization payments for the facility to be
constructed according to the prescribed minimum design and
performance standards, plans, and specifications; Provided,
however, that a Filipino contractor who submits an equally
advantageous bid with exactly the same price and technical
specifications as those of a foreign contractor shall be given
preference.

In all cases, a consortium that participates in a bid must present
proof that the members of the consortium have bound themselves
jointly and severally to assume responsibility for any project. The
withdrawal of any member of the consortium prior to the
implementation of the project could be a ground for the
cancellation of the contract.

The public bidding must be conducted under a two-
envelope/two-stage system: the first envelope to contain the
technical proposal and the second envelope to contain the
financial proposal. The detailed procedures outlined in the
Implementing Rules and Regulations of the BOT Law shall apply. A
copy of each contract involving a project entered into under this
Code shall forthwith be submitted to Congress for its information.

Sections 24 and 25 shall apply in all PPP Modalities as provided
hereunder.

Section 26. Competitive Selection

(a) The Competitive Selection procedure shall consist of the
following steps: advertisement, issuance of instructions and
tender documents, conduct of pre-bid conferences, eligibility
screening of prospective bidders, receipt and
opening of bids, posting of proposal securities, evaluation of
bids, post-qualification, and award of contract.

(b) The PPP-RA shall approve the tender documents and the
draft PPP Contract before they are issued to the prospective
PSPs/bidders.

Section 27. Limited Negotiations – Where the City fails to identify an
eligible PSP for a desired PPP activity when there is only one

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qualified bidder after subjecting the same to a competitive selection or bidding or where the desired PPP project is the subject of an unsolicited proposal and financial aspects of the PPP project or activity; provided, that the minimum designs, performance standards/specifications and economic parameters stated in the Feasibility or Project Study and Terms of Reference for the Competitive Selection are complied with. The PPP-RA shall approve the terms of the Limited Negotiations prior to the award of the Contract to the PSP.

Section 28. Competitive Challenge – The Competitive Challenge process shall be divided into three (3) stages, described as follows:

Stage One/Unsolicited Proposal – The steps are:

(i) A PSP submits an unsolicited proposal accompanied by a Feasibility or Project Study to the City for a projected PPP Project.

(ii) The PSP-SC shall make an initial evaluation of the proposal and determination of the eligibility of the PSP.

(iii) Upon completion of the initial evaluation, the PPP-RA, upon recommendation of the PPP-SC, shall either issue a certificate of acceptance or non-acceptance of the proposal for purposes of detailed negotiations.

(iv) If there is more than one unsolicited proposal submitted for the same PPP Project, the PPP-RA, upon recommendation of the PPP-SC, may reject all proposals and pursue competitive selection, or accept the unsolicited proposal that is complete and provides the greater advantage and benefits to the community and revenues to the City.

Stage Two/Detailed Negotiations – The steps are:

(i) The parties shall negotiate and agree on the terms and conditions of the PPP Project concerning its technical and financial aspects.

(ii) Once negotiations are successful, the Parties shall issue joint certification stating that an agreement has been reached and specifying the eligibility of the PSP and the technical and financial aspects of the PPP Project as agreed upon.

(iii) The issuance of the certification commences the activities for the solicitation for comparative proposals.
However, should negotiations not result to an agreement acceptable to both parties, the City shall have the option to reject the proposal by informing the PSP in writing stating the grounds for rejection and thereafter may accept a new proposal from other PSPs, decide to pursue the proposed activity through other PPP Modalities or subject the PPP Project to a Competitive Selection.

Stage Three/Competitive or Swiss Challenge Proper – The steps are:

(i) The PPP-SC shall prepare the tender documents. The eligibility criteria used in determining the eligibility of the private sector entity shall be the same as those stated in the tender documents. Proprietary information shall, however, be respected and protected, and treated with confidentiality. As such, it shall not form part of the tender and related documents.

(ii) The PPP-RA shall approve all tender documents including the draft contract before the publication of the invitation for comparative proposals.

(iii) The PPP-SC shall publish the invitation for comparative proposals.

(iv) The PSP or Original Proponent shall post the proposal security at the date of the first day of the publication of the invitation for comparative proposals in the amount and form stated in the tender documents.

(v) In the evaluation of proposals, the best offer shall be determined to include the original proposal of the PSP. If the City determines that an offer made by a comparative PSP or challenger other than the negotiated terms with original proponent is superior or more advantageous to the City than the Original Proposal, the PSP who submitted the original proposal shall be given the right to match superior or more advantageous offer. Should no matching offer be received within the stated period, the PPP Project shall be awarded to the comparative PSP submitting the most advantageous proposal. If a matching offer is received within the prescribed period, the PPP Project shall be awarded to the original proponent. If no comparative proposal is received by the City, the PPP Project shall be immediately awarded to the original proponent.
Section 29. Schedules and Timelines – The City shall have the authority to adopt and prescribe the appropriate schedules and timelines for each PSP selection process; provided, that the periods are reasonable and will not undermine free competition, transparency and accountability.

Section 30. PPP Contract

(a) The PPP Contract shall be signed by the City Mayor on behalf the City with the prior authorization by the Sangguniang Panlungsod, and the duly authorized representative of the PSP.

(b) The direct and ultimate beneficiary of any PPP Contract shall be the constituents of the City.

(c) The principal PPP Contract shall describe the PPP Project, the rights, functions, obligations and responsibilities of and risks assumed by each of the contracting party, dispute mechanisms and all other provisions enumerated hereunder.

(d) The other ancillary contracts may include insurance contracts; loan agreements; bonds; guarantee arrangements; equity arrangements; operations and maintenance contracts; and engineering, procurement and construction (EPC) contracts.

Section 31. Post-Award Conference

(a) Immediately after the PPP contract is awarded, the PPP-RA Chairperson shall call a post-award conference to ensure that the City and PSP have a clear and mutual understanding of the terms and conditions of the PPP Contract, and to determine the responsibilities of parties. Notice of the post-award conference shall be sent by the PPP-RA Chairperson at least five (5) working days before the scheduled date thereof.
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(b) The post-award conference shall be attended by the members of the PPP-RA, such employees and contractors of the City that will be involved in the management of the PPP contract, and key personnel of the PSP.

(c) The PPP-RA Chairperson shall preside at the post-award conference, and shall appoint a secretary of the conference from the City personnel present.

(d) The Minutes of the conference shall be sent to each participant within five (5) days of the adjournment of the conference by the PPP-CC.

Section 32. Personnel and Training Requirements

(a) The contract management manual shall identify the City personnel involved in contract management, the specific roles and responsibilities of each, and the skills and technical knowledge required to perform their duties.

(b) Independent contractors may be engaged in the absence of the qualified City personnel provided that contractors may only be engaged for a period not exceeding three (3) years from the effective date of the PPP contract. Such contractor shall:

(i) Have at least two (2) understudies; and

(ii) Provide a training program for City personnel in his field of specialization, with such training being done regularly during office hours.

(c) During the contract life, the City personnel shall undergo such continuous training on contract monitoring to ensure that the City is equipped to monitor reliably the PSPs performance over the entire life of the PPP contract.

Section 33. Partnership Management – Each contract management manual shall identify processes to ensure accountability and manage the relationship between the City and the PSP, and shall describe:

(a) Each party's governance structure, including the overall system of institutional structures, operating rules, compliance mechanisms and accountability procedures;

(b) Guidelines on communication and information sharing between the City and the PSP, including reporting requirements, frequency and purpose of regular meetings.
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record-keeping of all exchanges, and the acceptable modes of correspondence between them; and

(a) The process for resolving disputes between the parties, identifying, among others, the different levels of dispute resolution, offices and officials involved, timetable for resolving such disputes, and possible actions to compel a party to adequately comply with contractual terms.

Section 34. Performance or Service Delivery. – The contract management manual shall identify measures to ensure that the services or goods provided by the PSP are in accordance with the standards and prices agreed in the PPP contract. Such measure shall include:

(a) An identification of risks under the PPP contract, the timetable for resolving such risks when they arise, contingency plans that ensure immediate resumption of services in the event of an interruption of service delivery by the PSP, and penalties for failing or refusing to resolve them, provided that a separate risk mitigation plan shall be developed and periodically reviewed and updated throughout the life of the contract for contracts with significant risks;

(b) Clear and demonstrable key performance indicators that demonstrate evidence of poor, satisfactory or non-performance by the PSP, taking into consideration the cost and value obtained, performance and customer satisfaction, delivery improvement, delivery capability, benefits realized and relationship strength and responsiveness.

(c) A performance management plan and performance monitoring system that will be used by the City to monitor affordability, service delivery, value for money, quality, and performance improvement, which shall in all cases include:

(i) A timetable and start and end date for each performance component, including milestones with accompanying timeframes, dependencies, required or desired outcomes, and acceptable performance levels;

(ii) Requirements and standards to be used to monitor PSP performance;

(iii) Procedures and guidelines for measuring customer satisfaction and mechanisms to solicit end user feedback.

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(iv) Submission of regular, accurate, and timely reports by the PSP, City personnel or the contract manager, as applicable, to the PPP-RA detailing performance monitoring efforts and the types of information that should be included in such reports;

(v) City access to PSP records to allow City personnel to verify the information that the PSP reports to them and to ensure that funds are expended properly;

(vi) Random inspections of PSP records and on-site monitoring visits; and

(vii) Regular meetings with the PSP to review progress, discuss problems and consider necessary changes.

(d) A performance review and corrective actions system that apply to non-compliance or breach of contract, and penalties for non-performance and bonuses for good performance.

Section 35. Contract Administration – The contract management manual shall lay down a contract administration system, which shall include:

(a) Systems and procedures for variation management, the roles and responsibilities of City personnel, and reportorial requirements for each event of proposed or successful contract variation;

(b) A system for contract maintenance, identifying key contract deliverables and schedules, as well as trigger events; and

(c) Systems and procedure for financial administration, including an estimate of the resources that the City will devote thereto, systems and procedures to make and receive financial payments, and rules for keeping records of financial transactions in accordance with the requirements of the contract.

Section 36. Closeout Procedures – Formal, written closeout procedures shall be included in contract management plan to ensure that all goods and services have been delivered satisfactorily, all properties are disposed accordingly, all City properties are returned, and all amounts due under the PPP contract have been paid.

Section 37. Post-Contract Review – A post-contract review shall be conducted at the end of a contract period, which shall include a post-contract analysis, evaluation and reporting of the PPP
project, the PSPs performance, and the City’s contract
management system. The post-contract review shall likewise
include financial audit of the entire PPP project and determination
of lessons learned. City policies and procedures shall be updated
where required. Notwithstanding the requirement herein, if the PPP
contract is subject to renewal or extension, the post-contract
review shall be conducted within a reasonable time before the
deadline for such renewal or extension.

Section 38. Document Control – The PPP-RA, with the assistance of
the PPP-CC shall act as the administrator of documents and
correspondence relating to the PPP contract. The contract
management manual shall:

(a) Identify the documents and correspondences that must be
retained by the PPP-RA;

(b) Require that all such documents be kept in both electronic
and paper format during contract life of such period as may
be required under applicable law; and

(c) Lay down the protocol for document storage, logging,
accountability, disclosure and access by the parties and the
public.

CHAPTER 9
ACCOUNTABILITY, INFORMATION, EDUCATION AND MONITORING

Section 39. Code of Conduct – Before commencing their functions,
each member of the PPP-SC and PPP-RA and the contract
manager shall sign a Code of Conduct, which shall guide each
member in the performance of their duties as such.

Such Code of Conduct shall require each member to, among
others:

(a) Act at all times in accordance with relevant legislation and
regulations;

(b) Act at all times with fidelity, honesty, integrity and in the best
interests of the City and its constituents;

(c) Recognize the public’s right to access to information in
accordance with law;

(d) Not misuse his or her position and privileges of a member of
the PPP-SC, PPP-TWD, PPP-CC and PPP-RA, whether or not
such will prejudice the interest of the public, the PSP, or any third person:

(e) To take the utmost care in ensuring reasonable protection of the records of each PPP project, and to not disclose any confidential and proprietary information to persons without a need I know such information, or in violation of any non-disclosure requirements under law or contract;

(f) Carry out his or her duties with the skill and care expected from a person of knowledge and experience, and to exercise prudent judgment;

(g) Forthwith report to the appropriate authorities any act of negligence, fraud, corruption, misuse of government funds, failure or refusal to perform duties, or any other act which may constitute a crime or offense, or which is prejudicial to the public interest, in the selection of the PSP ad implementation of a PPP contract;

(h) Forthwith declare any personal or business interest that he or she, or any of his or her relatives within the fourth degree of affinity or consanguinity, may have in any business of a PSP, in which case, the official or representative shall no longer be a member of the PPP-SC, PPP-TWD, PPP-CC and PPP-RA;

(i) Not vote or act in a particular way on any matter in consideration of any offer, promise, gift or present, from member of the public, government, a political party, social group or non-governmental organization, or any stakeholder or potential stakeholder;

(j) Not receive any gift or anything else of value which is or may be viewed as aimed at influencing or directing his or her vote or actions; and

(k) To disclose immediately to the PPP-SC, PPP-TWD, PPP-CC or PPP-RA as the case may be, any attempted inducement that may be construed as aimed at influencing or directing his or her acts as a member of the PPP-SC, PPP-TWD, PPP-CC and PPP-RA.

Section 40. Disciplinary Action – Violation of this Code and the Code of Conduct insofar as City elective officials are concerned shall constitute a ground for disciplinary action or amount to loss of confidence under the Local Government Code of 1991 and relevant laws, and with regards local appointive officials, such violation shall render them administratively liable. Officials may also rendered criminally liable under applicable laws and ordinances. Representatives of the PSP shall be held liable for
Section 41. Liability – The City and its officials, in undertaking a PPP project, selecting a PSP and implementing a PPP Contract, shall not be exempt from liability for death or injury to person or damages to property.

Section 42. Social Accountability – The City shall ensure, promote and eliminate all obstacles to social accountability and allow and enhance constructive engagement between citizens’ groups, academe, consumers, rate-payers, general public, City, national government agencies, regulatory agencies, and PSP.

Section 43. Transparency and Right to Information – The PPP Contract, bidding documents, term of references, results of PSP Selection Process and other relevant documents shall be posted in conspicuous place of the City and uploaded in a dedicated website of the City which can be freely accessed by the public. The City shall also implement and maintain a strategic communication and media plan addressed to all stakeholders.

Section 44. Capability-Building Program

(a) The City shall design and implement a continuing education and capacity-building program on PPP’s for its officials, and the members of the PPP-SC, PPP-TWD, PPP-CC and PPP-RA;

(b) The City shall also undertake a comprehensive and sustained education and governance campaign aimed at informing all stakeholders and civil society organizations about PPPs ventures of the City and allowing them to participate in the overall PPP Program of the City.

(c) The City may tap consultants to assist them in implementing PPPs and in building capability for PPPs.

Section 45. Monitoring and Governance Audit Program – The City, in order to ensure transparency and accountability, shall encourage civil society organizations, peoples and non-governmental organizations and civic groups to establish a PPP monitoring, evaluation and governance audit body functionally and fiscally independent from the City and other government institutions.

Section 46. Technical and Financial Assistance – The DILG, Department of Finance, Department of Budget and Management, NEDA and the PPP Center shall extend technical
and financial assistance to the City and such assistance shall be embodied in a memorandum of understanding or agreement.

CHAPTER 10
FINAL PROVISIONS

Section 47. Appropriations – To carry out the provisions of the Code and for the continuous implantation of this Code a certain amount shall be included in the annual budget of the City.

Section 48. Alternative Dispute Resolutions – All PPP contracts of the City shall include a provision on the use of Alternative Dispute Resolution (ADR) mechanism in resolving disputes arising from the PPP contract. All controversies in connection with PPP undertaking and projects of the City shall likewise be addressed using ADR.

Section 49. Implementing Rules – While this Code and the provisions hereof are already operative upon the Code’s effectivity, the PPP-RA may issue appropriate and relevant rules and regulations for the implementation of the Code or its provisions, including the issuance of relevant mechanism to insure competition, manuals, guidelines, sample contracts and bid documents, PPP indexes and comparators, and performance scorecards.

Section 50. Application of Other PPP Laws and Regulations – Whenever appropriate and in the absence of a specific provisions to the contrary, upon recommendation of the PPP-SC and PPP-RA as the case may be, the BOT Law, the GPRA, Executive Order No. 301 (26 July 1987), COA Circular No. 89-296 (January 27, 1889), and their applicable rules and regulations, and the JV guidelines adopted by the NEDA, shall apply in supplementary matter.

Section 51. Separability Clause – If, for any reason, any section or provision of this Code or any part thereof, or the application of such section, provision or portion is declared invalid or unconstitutional, the remainder thereof shall not be affected by such declaration.

Section 52. Repealing Clause – All ordinances and resolutions or parts thereof inconsistent with the provisions of this Code are hereby repealed or modified accordingly.

Section 53. Effectivity – This Code shall take effect immediately.
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OFFICE OF THE SANGGUNIANG PANLUNGSOD

Enacted this 30th day of January 2017 during the 5th Regular Session of the 3rd Sangguniang Panlungsod of Bacoor, Province of Cavite.

I hereby certify to the truth and correctness of the above-quoted Ordinance.

Certified by:

HON. CATHERINE S. EVARISTO
City Vice Mayor

Attested by:

ATTY. KHALID A. ATEGA, JR.
Sangguniang Panlungsod Secretary

Approved by:

HON. LANI MERCADO-REVILLA
City Mayor

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