

EXCERPT FROM THE MINUTES OF THE REGULAR SESSION OF THE
FIFTEENTH SANGGUNIANG PANLUNGSOD NG ORMOC HELD
AT THE SANGGUNIANG PANLUNGSOD SESSION HALL
ON SEPTEMBER 03, 2019

PRESENT:

Leo Carmelo L. Locsin, Jr.
Benjamin S. Pongos, Jr.,
Tomas R. Serafica,
Nolito M. Quilang,
Eusebio Gerardo S. Penserga,
Jasper M. Lucero,
Peter M. Rodriguez,
Vincent L. Rama,
Gregorio G. Yrastorza III,
Esteban V. Laurente,

City Vice Mayor & Presiding Officer
SP Member, Majority Floor Leader
SP Member, Presiding Officer "Pro-Tempore"
SP Member
SP Member
SP Member
SP Member
SP Member
SP Member
Ex-Officio SP Member, Chapter President,
Liga ng mga Barangay ng Ormoc
Ex-Officio SP Member, Chapter President,
Panlungsod na Pederasyon ng mga Sangguniang Kabataan ng Ormoc

ON OFFICIAL BUSINESS:

Roiland H. Villasencio,

Lalaine A. Marcos,

(O.B. - Naga City),
SP Member, Asst. Majority Floor Leader
(O.B. - Naga City), SP Member

PREFATORY STATEMENT

One of the most important functions of the Sangguniang Panlungsod ng Ormoc as provided for by Republic Act No. 7160, otherwise known as the "Local Government Code of 1991", is the establishment of policies and guidelines that shall govern the management and operations of City-owned properties. And verily, one of those most cherished possessions of the City is the former Executive Building (the 'Building') which is located along Iñaki Larrazabal Avenue and J. Navarro and Burgos Streets.

Strategically and ideally located in proximity to the City's Public Plaza, Bus Terminal, Old City Hall and even the Superdome, to recall the former Executive Building was declared as PATRIMONIAL PROPERTIES by virtue of *SP Resolution No. 2011-078* dated April 14, 2011. This eventually paved the way for the commercial leases of the properties to winning bidders by the authority granted by this Sanggunian thru *City Ordinance No. 169* entitled "AN ORDINANCE ESTABLISHING THE POLICIES AND GUIDELINES FOR THE LEASE OF THE FORMER EXECUTIVE AND LEGISLATIVE BUILDINGS OF THE CITY GOVERNMENT OF ORMOC."

However, lessees Indiana Aerospace University and VMB Foods of the former Executive and Legislative Buildings, respectively, in the course of their leases were determined by the City Government to have incurred several violations of their respective leases. These were eventually resolved amicably by the parties to the leases thru a separate Memorandum of Agreements (MOAs) that they duly entered into and thereby executed as authorized by *SP Resolutions Nos. 2018-216* and *2018-218* both dated August 16, 2018.

In the execution of the MOAs consequently, the former Executive Building was left vacant and idle, and in order to make the property productive, the City Mayor went through a meticulous study on the optimum use of the premises. The study's results were then submitted to this Sanggunian. The tasked Committees on Public Properties and Laws and Ordinances, with the assistance of City technical and financial experts, examined the results thoroughly and effected on the submitted documents, including the layout plans, changes which, to the their determination, further improved the best use of the property. Hence, this Ordinance, which basically aims to grant the City Government the authority to both lease the former Executive Building to the most qualified interested investors and to further put in place mechanisms to best protect the interests of the City.

WHEREFORE, FOREGOING PREMISES CONSIDERED, on joint motion of SP Member Benjamin S. Pongos, Jr., Chairman, Committee on Laws & Ordinances and SP Member Roiland H. Villasencio, Chairman of the Committee on Public Properties severally seconded by SP Members Tomas R. Serafica, Vincent L. Rama and Peter M. Rodriguez; be it

RESOLVED, AS IT IS HEREBY RESOLVED, to enact:

**ORDINANCE NO. 001
(Series of 2019)**

AN ORDINANCE ESTABLISHING THE POLICIES AND GUIDELINES FOR THE LEASE OF THE COMMERCIAL SPACES IN THE FORMER EXECUTIVE BUILDING OF THE CITY GOVERNMENT OF ORMOC AND THEREBY, AMENDING ORDINANCE NO. 169.

BE IT ORDAINED BY THE 15th Sangguniang Panlungsod ng Ormoc, in session assembled that –

SECTION 1. This ORDINANCE shall be hereafter known and cited as the "ORDINANCE GOVERNING THE LEASES OF THE FORMER EXECUTIVE BUILDING OF THE CITY GOVERNMENT OF ORMOC".

SECTION 2. The areas to be leased are three (3) commercial spaces on the recently vacated EXECUTIVE BUILDING of the City Government of Ormoc located adjacent to the waterfront facing Ormoc Bay, bounded by Iñaki Larrazabal Avenue, J. Navarro Street, and Burgos Street denominated in this ORDINANCE as the EXECUTIVE BUILDING.

SECTION 3. The parties to the CONTRACT OF LEASE that will be executed and implemented in accordance with this ORDINANCE shall be the City Government of Ormoc, which shall be designated as the LESSOR, and the qualified and successful bidder/s for the lease of the subject commercial spaces of the building, who shall be designated as the LESSEE/S.

SECTION 4. The two-storey EXECUTIVE BUILDING has a total leasable area of more or less SEVEN HUNDRED SIXTY-SEVEN & 97/100 (767.97) Square Meters. The EXECUTIVE BUILDING is divided into THREE (3) COMMERCIAL SPACES that shall be denominated as COMMERCIAL SPACES "A", "B" and "C" that shall be leased separately and shall have leasable areas in SQUARE METERS as follows:

Commercial Space	Ground Floor Area	Outdoor Area	Second Floor Area	Total Area
A	170.1250	64.0764	150	384.2014
B	117.6250	20.87	150	288.495
C	52.50	42.7702	XX	95.2702

For better illustration and guidance, a copy of the key plan showing the aforementioned COMMERCIAL SPACES in the Executive Building is hereto attached as Annex "A" of this ORDINANCE and made an integral part hereof.

In addition, there are also parking spaces within the premises which, while not included in the leased area and for the use of the general public, may be utilized by the eventual lessee/s and their customers and clients.

The TERRACE located at the second floor portion of the EXECUTIVE BUILDING shall not be included as leasable spaces and should therefore be excluded from the lessee/s' business operations. The BRIDGE connecting the EXECUTIVE and LEGISLATIVE BUILDINGS shall also be excluded as leasable spaces and lessee/s are prohibited from using the same for its business operations. Thus, the aforementioned areas shall only be open for public use for the purposes for which the same were intended.

SECTION 5. The subject COMMERCIAL SPACES shall be offered for lease through COMPETITIVE PUBLIC BIDDING with the paramount consideration being accorded to the highest competitive and qualifying bid. Furthermore, the acceptability of the bid shall be evaluated not only based on compliance with all the documentary requirements and financial security guarantees set forth in applicable laws and issuances but also in consideration of the over-all benefits that will accrue to the City Government of Ormoc in accordance with its plans and programs during the period or duration of the lease.

As far as may be applicable, the operational procedures outlined in Republic Act No. 9184, otherwise known as the GOVERNMENT PROCUREMENT REFORM ACT, for the conduct of public bidding may be adopted. The adoption of such procedures or processes, or the resort to alternative processes, shall be subject to the paramount authority granted to the Head of Agency in accordance with Section 7 of Executive Order No. 301, Series of 1987.

A. General Terms and Conditions of the Bid - Any interested bidder, which may be a natural or juridical person, shall submit a compliant and qualified bid for the lease of the COMMERCIAL SPACES of the EXECUTIVE BUILDING, subject to the following terms and conditions, to wit:

- i. The initial period of the CONTRACT OF LEASE shall not exceed a period of TEN (10) YEARS. Upon the expiration of the CONTRACT OF LEASE, the leased premises shall be subject to competitive bidding; provided that, however, the immediately preceding LESSEE who participates in the bidding process shall be given a period not exceeding FIFTEEN (15) days from the time the highest bidder is duly known to indicate in writing his/ her willingness to lease the property at the highest bid price subject to the same terms and conditions and in such instance, the lease shall be awarded to said preceding LESSEE. During the period of the CONTRACT OF LEASE, the LESSOR shall have the right to conduct a PERIODIC review of the compliance by the LESSEE of its terms and conditions.

- ii. For purposes of determining the highest competitive and qualifying bid and the MONTHLY RENTAL RATE, the Minimum Competitive Bidding Rate (MCBR) per SQUARE METER shall be as follows:

Commercial Space	Ground Floor Area	Outdoor Area	Second Floor Area
A	PHP650.00	PHP325.00	PHP350.00
B	PHP500.00	PHP250.00	PHP350.00
C	PHP550.00	PHP275.00	xx

- iii. The LESSEE shall not assign, encumber, sublease or in any other manner transfer the CONTRACT OF LEASE, or any portion thereof, or any rights or obligations arising therefrom.
- iv. The LESSEE shall use the subject properties for the conduct and performance of business operations related only to FOOD, COFFEE AND BEVERAGES (both NON-ALCOHOLIC and ALCOHOLIC). It shall not be used for the purpose of operating, in whole or in part, permanently or temporarily, directly or indirectly, lodging houses, pension houses, motels, massage parlors, day and nightclubs, drinking bars, Karaoke and/or KTV Bars, and other related establishments.
- v. The LESSEE shall, at its own expense, repair and maintain the leased premises in a clean, safe and sanitary condition, free from obnoxious odors, disturbing noises, bugs, vermin insects and other household pests, or other nuisances.
- vi. Charges for the water, telephone, electric and other bills shall be for the account of the LESSEE.

SECTION 6. The LESSEE expressly undertakes that it is the SOLE PARTY contractually liable for payment of the lease, and for the payment or settlement of all taxes, fees, and charges due. In view thereof, the LESSEE is precluded from evading any of its obligations specified herein as well as in the CONTRACT OF LEASE. The LESSEE further undertakes to secure the requisite BUSINESS PERMIT/S prior to its operation and every year thereafter, as well all other city and national permits and licenses as may now or hereafter be required by law or subsequently deemed necessary and indispensable in accordance with the nature of lessee's business establishment.

SECTION 7. All LESSEES shall be subject to the payment of the corresponding Value Added Tax (VAT) on their sales and transactions, subject to the following:

SECTION 7.1. The LESSEE shall pay the corresponding Real Property Tax (RPT) as the beneficial user of the areas leased and the land upon which the structure is located and shall not invoke any exemption from the payment of the RPT as may be provided by law, regulation, or court declaration/decision.

SECTION 7.2. The LESSEE shall likewise assume the payment of the Value Added Tax (VAT) which may be assessed against or collected from the LESSOR as a consequence of the CONTRACT OF LEASE.

SECTION 8. The CONTRACT OF LEASE shall be subject to an escalation on the NET RENTAL RATE of SEVEN PERCENT (7%) per ANNUM which escalation shall begin on the SIXTH (6TH) YEAR of the CONTRACT OF LEASE until the same is terminated. In event that a new CONTRACT OF LEASE is executed with the same LESSEE, their escalation clause shall continue to be applicable unless otherwise agreed upon in writing by the PARTIES.

SECTION 9. Upon the signing of the CONTRACT OF LEASE, the LESSEE shall pay TWO (2) MONTHS ADVANCE RENTAL AND TWO (2) MONTHS SECURITY DEPOSIT; the advance rental shall be applied on the first two (2) months of the lease period while the security deposit shall answer for whatever liability the LESSEE may incur during the period of the CONTRACT OF LEASE. Any remaining balance at the time of the expiration or termination of the CONTRACT OF LEASE shall be returned to the LESSEE.

The LESSEE shall be given a SIXTY (60) day rent-free period from the signing of the contract to construct or make the necessary renovations on the COMMERCIAL SPACES being leased which shall not be counted in the period of lease.

SECTION 10. The LESSEE shall pay the monthly rental within the first five (5) days of the month for which it is applicable at the Office of the City Treasurer of Ormoc without need of any demand. In the event of non-payment of the rentals when due, the LESSEE shall be liable to pay a surcharge of TWENTY-FIVE PERCENT (25%) of the amount due and interest of TWO PERCENT (2%) PER MONTH of the unpaid rentals of including the applicable surcharges, if any, until the rental is fully paid but in no case shall the total interest on the unpaid rentals or portion thereof exceed THIRTY SIX (36) MONTHS.

SECTION 11. The LESSOR shall secure Comprehensive Insurance of the COMMERCIAL SPACES leased thru the Government Service Insurance system (GSIS) with the LGU-Ormoc as the designated beneficiary thereof in an amount to be determined by the GSIS and the LESSOR, which Comprehensive Insurance must be maintained and remain valid and effective during the entire period of the lease. The Comprehensive Insurance shall provide for full and comprehensive insurance protection of the leased properties from any and all damages, whether natural or man-made, including coverage against damages caused by Force Majeure and / or Acts of God. All payments, fees, and charges on the premium and documentation shall be assessed against the LESSEE by the LESSOR, in proportion to the area of the leased premises, and must be paid by the LESSEE to the LESSOR within FIVE (5) days from receipt of the notice of assessment made by the LESSOR.

It shall be optional on the part of the LESSEE to secure and maintain such other insurance or indemnity to cover its third-party liability which may accrue in the course of the conduct of its business. In the event that the LESSEE chooses to secure such insurance or indemnity coverage, the LESSEE shall submit copies thereof to the LESSOR.

SECTION 12. Renovations, improvements, and other constructions and civil works such as, but not limited to, installation of toilet fixtures, air conditioning, telephone, lights and other facilities at the leased properties, and any other kind of construction or renovation of the same or any portion thereof, shall be at the sole expense of the LESSEE but can only be undertaken after the engineering specifications and plans for the same have been submitted to the LESSOR and its agents and approved by the concerned offices.

Any and all such constructions and renovations which are permanent or fixed in nature or which cannot be removed without damaging the corresponding area or portion of the leased structures shall form part of the property of the City Government of Ormoc at the end of the lease without any obligation to reimburse the builder/s thereof for such acquisition.

In addition, the LESSEE must ensure that the landscape, common areas for public use such as walkways and concrete pavements and other appurtenances adjacent to their leased areas shall be preserved, enhanced, and maintained at their own cost. Any alterations, renovations, repairs, and improvements on the adjacent landscape, common areas and other appurtenances shall likewise be subject to the prior approval of the LESSOR.

SECTION 13. In relation to the foregoing section, the LESSEE shall secure within one (1) month from the date of the signing of the CONTRACT OF LEASE a Performance and Indemnity Bond in an amount determined by the LESSOR and the LESSEE with the Government Service Insurance System (GSIS), or with a reputable and established private assurance corporation approved by the LESSOR with the LGU-Ormoc as beneficiary which Performance and Indemnity Bond shall answer for any and all damages arising from any unauthorized or unapproved renovations, demolitions, and other analogous acts made on the subject properties.

SECTION 14. The City shall conduct periodic visits to the leased premises for regulatory purposes. In this regard, the LESSEE shall ensure continuing and duly-certified compliance with all the health, fire, safety, and sanitation requirements, as well as compliance with the requirements imposed by special laws such as, but not limited to, provisions for ramps and other safety features required for persons with disabilities (PWD) in accordance with Republic Act No. 7277 and other related laws and rules and regulations.

SECTION 15. The PARKING AREAS surrounding the EXECUTIVE BUILDING as reflected in Annex "A" shall retain their character as public areas for the use of the general public. These parking areas may be utilized by the LESSEE/S and their customers or clients for their motor vehicles on a first-come-first-serve basis.

SECTION 16. The LESSOR has the right to terminate the lease contract for failure or refusal of the lessee to pay the rentals within a period of TWO (2) MONTHS or for violation of any of the policies and guidelines as specified herein, as well as of the terms and conditions as provided in the CONTRACT OF LEASE without the need of any Court action. Upon such pre-termination or upon expiration of the lease, the LESSEE shall deliver the area and shall be liable for such consequential damages which the City Government of Ormoc may suffer for failure to surrender the same.

Furthermore, upon such termination, the Business Permit of the LESSEE and relative to their businesses conducted in the leased premises shall likewise be revoked.

SECTION 17. The LESSEE shall be granted the right to pre-terminate the lease contract at any time during the contract period for any valid reason whatsoever, including recurring losses arising from the operations of the business. Provided that, the LESSEE shall serve upon the LESSOR written notice of not less than sixty (60) days from the pre-termination date. Provided, further, that, the LESSEE shall pay to the LESSOR an amount equivalent to TWO (2) MONTHS current rental rate as liquidated damages.

SECTION 18. All fixed improvements introduced by the LESSEE shall form part of the property of the City Government of Ormoc at the end of the lease without any obligation to reimburse the builder/s thereof for such acquisition. In the event that the leased building is abandoned by the LESSEE before the expiration of the lease without justifiable cause, the City Government of Ormoc reserves the right to enter and re-let the same, with the corresponding right to collect the rental corresponding to the unexpired portion of the lease as well as consequential damages which the City Government of Ormoc may suffer arising from such abandonment.

SECTION 19. In the event that the any or all of the leased area(s) is/ are partially or totally destroyed and/ or rendered wholly uninhabitable by fire, storm, earthquake, or other calamity, of for any other cause or reason not covered by the GSIS or any other insurance, this agreement shall terminate from such time except for the purpose of enforcing rights that may have then accrued hereunder. Within fifteen (15) days from notice to either party that the event is not compensable by insurance, the premises shall be repaired and restored to the same condition as it was prior to the damage, at complete cost to the LESSEE.

SECTION 20. LEAD OFFICE/AGENCY FOR IMPLEMENTATION - There shall be created and duly-constituted, in accordance with Section 7, of Executive Order No. 301, Series of 1987 as adopted in SECTION 5 of this ORDINANCE, a BIDS AND AWARDS COMMITTEE (BAC), to be chaired by the City Administrator, specifically for the purpose of conducting the COMPETITIVE PUBLIC BIDDING and screening process established in and by the provisions of this ORDINANCE.

In the exercise of its powers and performance of its duties, the BIDS AND AWARDS COMMITTEE (BAC) herein created shall be fully authorized and duly-empowered to implement the procedures and processes for the conduct of the COMPETITIVE PUBLIC BIDDING as may be formulated by the Head of Agency in accordance with the provisions of this ORDINANCE.

The BIDS AND AWARDS COMMITTEE (BAC) herein contemplated may also be constituted or created whenever there arises the necessity for the conduct of COMPETITIVE PUBLIC BIDDING for the leasing of the structures subject of this ORDINANCE.

SECTION 21. For purposes of maximizing the utilization and achieving the best use of the COMMERCIAL SPACES of the EXECUTIVE BUILDING in accordance with the intents of this Ordinance and thrusts of the City Government of Ormoc, the Local Chief Executive shall be authorized to issue guidelines and rules and regulations in the use, possession, design and occupation of the Executive Building.

SECTION 22. SEPARABILITY CLAUSE - In the event that any provision of this ORDINANCE, or any portion of such provision, declared or held by final judgement of the courts of law to be unconstitutional or invalid, the other provisions or portions hereof which are not affected by such declaration shall continue to be in force and effect.

SECTION 23. REPEALING CLAUSE - Except as otherwise provided herein, City Ordinance NO. 169 entitled "AN ORDINANCE GOVERNING THE LEASE OF THE FORMER EXECUTIVE AND LEGISLATIVE BUILDINGS OF THE CITY GOVERNMENT OF ORMOC" and all present and existing ordinances, rules, and regulations and other similar issuances of the City Government of Ormoc which are inconsistent herewith, are hereby repeated or modified accordingly.

SECTION 24. EFFECTIVITY - This ORDINANCE shall take effect immediately upon its approval after the required posting and publication has been complied with.

ENACTED, September 03, 2019.

RESOLVED FURTHER, to furnish copies of this ordinance one each to the City Mayor Richard I. Gomez, City Administrator, the City Legal Officer, OIC-City Treasurer, the City Auditor, the City Assessor, the City Planning & Development Coordinator, the BAC Office, the General Services Office, the Business Permits & Licensing Office, the City Local Government Operations Officers-DILG; and others concerned;

CARRIED UNANIMOUSLY.


I HEREBY CERTIFY to the correctness of the above ordinance.


MARIA ANTONIETA G. CO HAT
(OIC - SP Secretary)
Supervising Administrative Officer

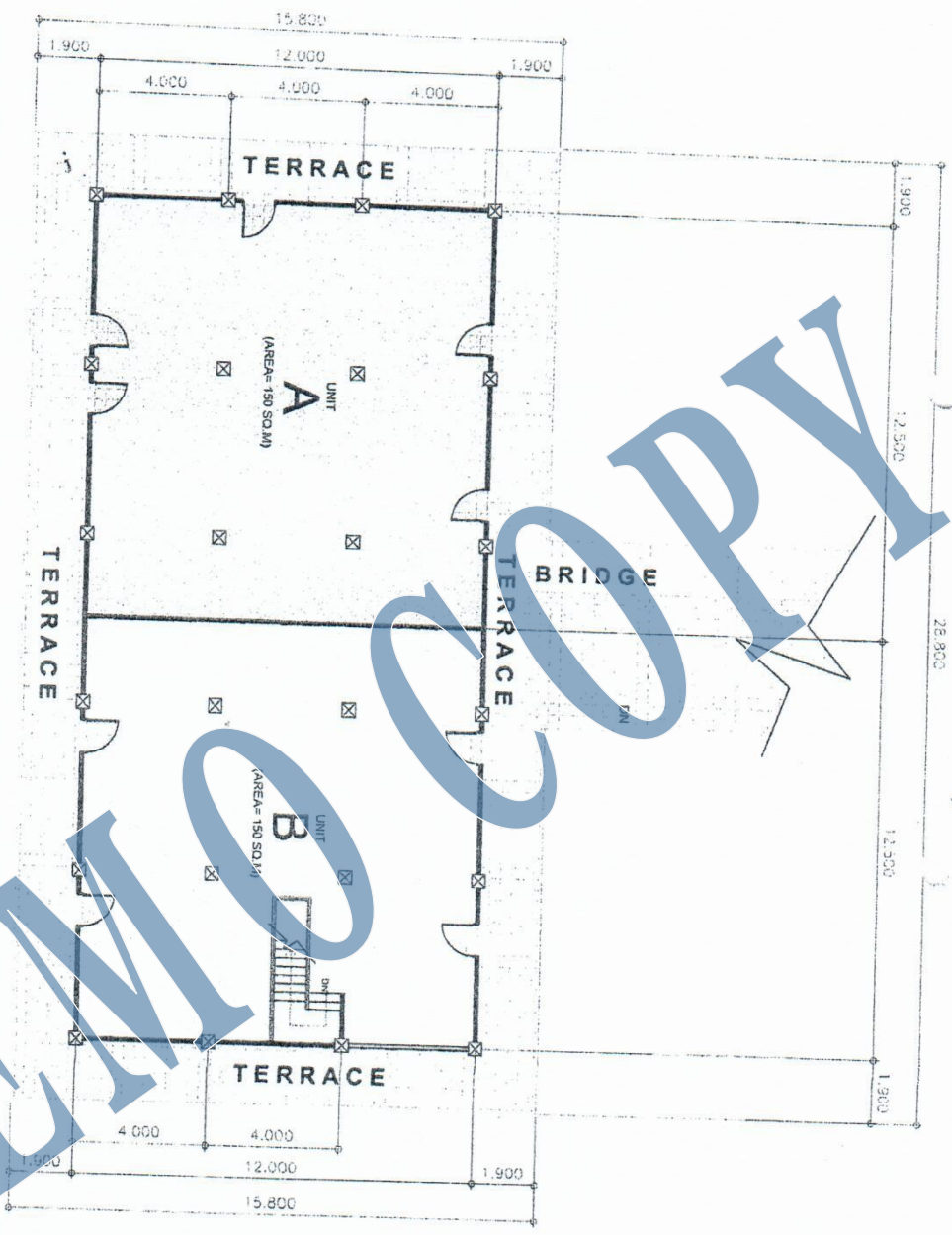
ATTESTED:


LEO CARMELO L. LOCSIN, JR.
City Vice Mayor & Presiding Officer

APPROVED:


RICHARD I. GOMEZ
City Mayor

SEP 03 2019



SCHEME 2 (WITHOUT STAIRS)
SECOND FLOOR PLAN
SCALE

REPUBLIC OF THE PHILIPPINES CITY PLANNING AND DEVELOPMENT OFFICE ORMOG CITY		Project Name & Location:		Checked by:		Submitted by:		Approved by:		SHEET NO.	
EXECUTIVE & LEGISLATIVE BUILDING				PAULITA MARIBETH T. ERICAS ZONING OFFICER III		RAOUL E. CAM		RICHARD I. GOMEZ			