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DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
OFFICE OF THE SECRETARY
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**Subject: GUIDELINES FOR THE ESTABLISHMENT
OF CONSTRUCTION MATERIALS PRICE
DATA, STANDARD LABOR AND
EQUIPMENT RENTAL RATES**

In line with the establishment of a standard database for the prices of construction materials and labor as well as equipment rental rates for use in the standard cost sheets for the pay items in the Transport Cost Estimation System (CES) in the preparation of Program of Work (POW), Approved Budget for the Contract (ABC) and Detailed Unit Price Analysis for infrastructure projects, all Regional/District Offices nationwide shall adopt the attached guidelines.

To ensure its proper implementation, all Regional and District Offices concerned are hereby directed to designate/redesignate members of the Regional/District Office Technical Working Group created under Special Order No. 52, series of CY 2007: re – Reactivation and Reconstitution of the Price Monitoring Committee. Each Office must submit to the Chairman, Central Office Price Monitoring Committee, the composition of the said committee.

This Order supersedes Ministry Order No. 9, series of 1982 and all the other subsequent issuances pertaining thereto and inconsistent herewith are hereby revoked/repealed accordingly.

This Order shall take effect immediately.

HERMOGENES E. EBDANE, JR.
Secretary



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GUIDELINES FOR THE ESTABLISHMENT OF CONSTRUCTION MATERIALS PRICE DATA, STANDARD LABOR AND EQUIPMENT RENTAL RATES

OVERALL OBJECTIVE

To establish/provide a standard database for Materials Price Data, Labor and Equipment Rental Rates information for use in the standard cost sheets for the pay items in the Trns*port CES in the preparation of the Program of Work (POW), Approved Budget for the Contract (ABC) and Unit Cost Analysis, including new items of work involved in Variation Order (V.O).

Part I – Standard Pricing of Construction Materials

1.1 Objectives

- 1.1.1 To provide a comprehensive and up-to-date information on the unit prices of materials that are locally supplied and/or materials of foreign origin for construction items of work/project activities, in accordance with a given specification including their variability from one region to another.
- 1.1.2 To establish a method of control/regulation, monitoring and validation for the unit prices of construction materials nationwide for all (standard/special pay) items of construction works/project activities.
- 1.1.3 To provide a quarterly updated publication of construction material prices and other pertinent cost data relevant to the construction industry with greater emphasis on the Department of Public Works and Highways' (DPWH) development, implementation and maintenance programs for infrastructure/s (roads, bridges, buildings, water supply, etc.).
- 1.1.4 To serve as take-off point for future construction database requirements/application, such as project networking, scheduling and control, evaluation of a project's program of works and other contract documents, cost estimating and engineering design.
- 1.1.5 To provide DPWH top management with relevant and up-to-date construction materials cost information to serve as database reference in the use of the proposed standard cost sheets for all pay items, and basis for policy decision-making in the areas of cost optimization and alternative design selection.

1.2 Definition

- 1.2.1 For locally produced/supplied materials, the prevailing market price shall be the price of construction materials within the concerned District Engineering Office's (DEO's) area of responsibility, provided by the suppliers/distributors in current (the quarter being reported) dealing/business transaction with customers.
- 1.2.2 For locally produced/supplied materials, the unit price shall be the prevailing market price, delivered within the concerned DEO's area of responsibility, per unit of measure of construction materials, as provided by the suppliers/distributors.
- 1.2.3 For materials of foreign origin, unit price shall be the prevailing market price, per unit measure of construction materials, actually provided by the manufacturers/suppliers recommended and/or approved by the authorized officials of the DPWH or those that have supplied DPWH projects with the same materials, within the last three years, in current (the quarter being reported) dealing/business transaction with customers. The said unit price/s shall be the landed cost of the materials on site, which shall include sea freight charges, custom duties, hauling cost and other relevant charges.
- 1.2.4 The Construction Materials Price Surveyor/s (CMPS) of the DEO shall refer to the designated/authorized personnel by the concerned District Engineer, who shall conduct the actual field survey, collect all the accomplished survey forms within their jurisdiction and submit the same to the Technical Working Group of the concerned DEO.
- 1.2.5 The TWG of the concerned DEO shall refer to the designated/authorized personnel by the concerned District Engineer, whose duties and responsibilities are stipulated in Special Order No. 52, series of 2007.
- 1.2.6 The Technical Working Group – Regional Office Price Monitoring Committee (TWG-ROPNC) shall refer to the designated/authorized personnel by the concerned Regional Director, to assist the ROPNC in accordance with its duties and responsibilities as stipulated in Special Order No. 52, series of 2007.
- 1.2.7 The Technical Working Group – Central Office Price Monitoring Committee (TWG-COPMC) shall refer to the designated/authorized representative/s by the concerned Director, to assist the COPMC in accordance with its duties and responsibilities as stipulated in Special Order No. 52, series of 2007.
- 1.2.8 The Regional Office Price Monitoring Committee (ROPNC) shall refer to the designated/authorized personnel of the concerned Regional Director whose responsibilities were stipulated in Special Order No. 52, series of 2007.

- 1.2.9 The Central Office Price Monitoring Committee (COPMC) shall refer to the designated/authorized officials of the DPWH whose responsibilities were stipulated in Special Order No. 52, series of 2007.
- 1.2.10 Suppliers/distributors shall refer to wholesalers/retailers engaged in the sale of all or specific construction material/s that conform to the DPWH Standard Specifications (Blue Book) who have complied with the criteria for their selection (refer to item no. 1.5.3).

1.3 Area of Sampling

- 1.3.1 The suppliers/distributors, for locally produced/supplied materials, who have complied with the criteria stipulated in item no. 1.5.3, shall be the sampling source of the construction materials unit price survey.
- 1.3.2 For the above-stated materials, the area of sampling shall be well represented within the DEO's area of responsibility to ensure a balanced price data/information gathering.
- 1.3.3 In cases wherein the required materials will be of foreign origin, only those manufacturers/suppliers recommended and/or approved by the authorized officials of the DPWH or those who have previously supplied DPWH projects with the same materials, within the last three (3) years, will be considered as sampling source for the said materials.
- 1.3.4 In cases wherein materials are not available at the concerned DEO, the sampling source shall be the suppliers/distributors of the nearest District/Regional Office.

1.4 Sample Size

For each DEO, three (3) sets of survey forms shall be accomplished. For each set, the prevailing unit price/s of the materials shall be obtained from one or more supplier/distributor.

1.5 Methodology

1.5.1 Survey Forms

The construction materials unit price survey form/s shall be accomplished by the suppliers/distributors or the CMPS may accomplish the same upon receipt of the materials price lists or quotations from them. The said forms shall be the basis of the recommended unit price/s of the construction materials and shall be pre-numbered consistent with the Blue

Book for control purposes. Please refer to Annex A – DPWH Transport Standard Materials List.

1.5.2 Survey

- 1.5.2.1 The construction materials unit price survey form/s shall be distributed to the concerned District Engineer, who shall in turn be responsible in his area of jurisdiction and shall thereby;
- a. Determine and validate three (3) qualified suppliers/distributors of construction materials based on the criteria stipulated in item no. 1.5.3. In cases wherein the required materials are of foreign origin, only those manufacturers/distributors recommended and/or approved by the authorized officials of the DPWH or those that have supplied DPWH projects with the same materials, within the last three (3) years, will be considered as sampling source for said materials. The concerned Regional Director/District Engineer may directly contact / request quotation/s with these manufacturers / suppliers.
 - b. Organize and designate from his office personnel,
 - b.1 three (3) Construction Materials Price Surveyors (CMPS) who shall conduct the actual field survey, collect the accomplished survey forms and submit the same to the TWG of the concerned DEO.
 - b.2 the members of the TWG, who shall in turn consolidate, ensure the accuracy and completeness of the accomplished survey forms, evaluate/recommend the most reasonable unit price/s of the construction materials and generate the DEO's price indices upon the concurrence of the concerned District Engineer.
 - c. Check, concur and submit the TWG's recommended price indices to their respective Regional Directors, on or before the date specified under "Submission of Accomplished Survey Forms".
- 1.5.2.2 In cases wherein the materials are not available within the jurisdiction of a DEO, the concerned CMPS shall source out the required information from the suppliers/distributors of the other DEOs of their Regional Office. Additional hauling costs and other relevant charges, from the source of the materials to the concerned DEO, shall be added to the price of the materials.

- 1.5.2.3 In cases wherein the materials are available only in Metro Manila or other far flung areas that would require other means of transport such as ships, barges, etc. or in cases wherein the concerned DEO is located in an island, the concerned CMPS shall source out the required information from the suppliers/distributors of the DPWH-NCR-DEOs or other Regional Offices. Additional costs for sea freight, hauling and other relevant charges, from the source of the materials to the concerned DEO, shall be added to the price of the materials.
- 1.5.2.4 The concerned CMPS shall also provide the necessary price data for the materials which are not available within their area of responsibility.
- 1.5.2.5 For the selection of the recommended unit price of any material, the following shall apply with respect to the evaluation of the accomplished materials survey forms submitted by the suppliers/distributors:
- a. If three (3) suppliers/distributors quoted for a specific material, the median unit price data shall be used; However, in cases wherein the discrepancy of the quotations are doubtful or that two (2) of the quotations were found to be unusually higher than the lowest, the CMPS shall:
 - a.1 Check from each of the suppliers, the source and location of the required material. If no information is obtained, source out the information of said material from the nearest DEO or other DEOs of their Regional Office. Additional hauling costs and other relevant charges, from the source of the materials to the concerned DEO, shall be added to this material;
 - a.2 If information was obtained, validate the correctness of the submitted quotation by comparing it with others submitted by the manufacturer of the said material (ex-plant) plus the additional cost of hauling and other relevant charges, from the source of the materials to the concerned DEO; and
 - a.3 Compare the unit price of the material (items a.1 and a.2) from the previously submitted ones. If the value of the said material is nearer to the lowest quotation, then the lowest quotation shall be the recommended unit price of the materials, however, if the value of the said material is nearer to the two (2) highest quotations, the second lower quotation shall be the recommended unit price of the required material.

- b. If only two (2) suppliers/distributors quoted for a specific material, the average unit price data shall be used;
- c. If only one (1) supplier/distributor quoted for a specific material, the CMPS shall compare the same with those submitted quotations from the nearest DEO plus the additional hauling cost and other relevant charges. Items a or b shall govern; and
- d. In cases wherein no supplier/distributor quoted for a specific material, the CMPS shall source out the information from the suppliers/distributors of the nearest DEO or any DEOs of their Regional Office or from any DEO nationwide, incorporating additional hauling cost and other relevant charges to these materials. Items a or b shall govern.

1.5.3 Criteria for the Selection of Distributors/Suppliers

1.5.3.1 The selection of suppliers/distributors for locally produced construction materials, shall be based on the following criteria:

- a. Must be registered with the Government – Electronic Procurement System and validated by the concerned District Engineer.
- b. Greater volume of sales or turnover.
- c. Consistency/completeness of stocks that conform with the DPWH Standard Specifications (Blue Book).
- d. Types of customers served (refer to private customers as one group and the government as another group of customers).
- e. Willingness to cooperate and provide the prevailing construction material unit prices.

1.5.4 Frequency of Survey

The survey for construction material prices shall be conducted quarterly. All quarterly surveys shall be conducted during the 1st month of the quarter being reported.

1.5.5 Submission of Accomplished Survey Forms

The recommended construction materials unit price data shall be submitted by the District Engineer to their respective DPWH Regional Director on or before the end of the first month of the quarter being

reported. The ROPMC shall consolidate and certify all the recommended unit price data by the DEOs and submit the same to the Chairman of the COPMC on the 15th day of the second month of the quarter being reported, thru their Regional Director, in hard and electronic copies of the reports, copy furnished the BOC. The COPMC shall review the accuracy and completeness of the recommended construction materials prices and endorse the same to the Honorable Secretary for approval.

1.5.6 Field Survey Validation

The field survey validation shall be jointly undertaken by the TWG of the concerned DEO, representative/s of the ROPMC, the District Engineer, and by the TWG-COPMC in cases wherein the COPMC finds the recommended unit prices doubtful or any unusual trending in prices, in any of the Regional/District Offices or as the need arises. The validation procedures are as follows:

- 1.5.6.1 The Chairman of the COPMC will inform the concerned Regional and District Office/s where and when the TWG-COPMC shall conduct the validation of their recommended unit prices for construction materials.
- 1.5.6.2 The CMPS of the DEO shall provide the TWG-COPMC a copy of the accomplished construction materials survey forms including other back-up documents, i.e. supplier's registration with G-EPS and price lists/quotations (for the quarter being reported), etc.
- 1.5.6.3 The TWG-COPMC shall be responsible for the following:
 - a. Review and verify the correctness of the recommended unit prices and conduct inspection of the supplier's store/s and/or warehouse/s.
 - b. Conduct a separate survey for construction materials prices from other qualified suppliers, not necessarily selected by the Regional Office/DEO, within the area of jurisdiction of the concerned DEO or from the nearest DEO. The surveyed data shall be compared with the recommended unit prices for construction materials by the TWG of the concerned DEO.
 - c. Prepare a separate unit price calculation for construction materials based on the manufacturer's production cost (ex-plant) plus the additional handling/hauling costs to the concerned DEO, the result of which to be compared with the recommended unit prices for construction materials by

the TWG of the concerned DEO.

- d. Compare the recommended unit prices for construction materials by the TWG of the concerned DEO, with the prevailing market prices set by the Department of Trade and Industry (DTI) within the area, if any.
- e. Coordinate/discuss with the TWG of the concerned DEO, representatives of the ROPMC and the District Engineer, the results of their validation. Any discrepancy between the recommended unit prices for construction materials and the validated unit price/s shall be adjusted within the limitations agreed upon by the TWG-COPMC, the TWG of the concerned DEO, representative of the ROPMC and the District Engineer, however, subject to the concurrence of the COPMC and approval of the Honorable Secretary.
- f. Prepare a detailed report including all the necessary documentation/s and submit the same to the Chairman of the COPMC.

1.5.7 Data Processing

1.5.7.1 The Bureau of Construction (BOC) shall consolidate and generate materials cost data for the different DEOs, Regional Offices and National Figures.

1.5.7.2 The Monitoring and Information Service (MIS) shall provide technical support for the CES and Construction Cost Inventory System (CCIS).

1.5.8 Flow Chart for Generating Materials Price Data

Refer to Annex B.

Part II – Standard Labor Rates

.1 Objectives

- 1.1.1 To establish / provide an updated information on standard labor rates to each District Engineering Office (DEO) and Regional Office nationwide based on the existing laws and other pertinent rules and regulations that pertain to the concerns, welfare and benefits of the labor sector.

2 Definition

- 1.2.1 **Minimum Wage Rate** – the basic wage plus the emergency cost of living allowance (ecola) based on a normal eight (8) hour work per day as determined by the Regional Tripartite Wages and Productivity Board (RTWPB), National Wages and Productivity Commission (NWPC) and the Department of Labor and Employment (DOLE). The Minimum Wage Rate for each Region, Province or City is based on the latest minimum wage rates approved by the NWPC.
- 1.2.2 **Workers' Statutory Monetary Benefits** – the monetary benefits of workers, regardless of employment status e.g. probationary, regular, contractual, project basis, as mandated by law, are Service Incentive Leave, Paternity/ Parental Leave, Thirteenth Month Pay, Philhealth, Social Security Benefits and other Benefits specified under the Employees Compensation Program.
 - 1.2.2.1 **Service Incentive Leave** – a minimum of five (5) days a year for every employee who has rendered at least one (1) year of service. Ref: Art. 95 of the Labor Code of the Philippines.
 - 1.2.2.2 **Paternity Leave** – a minimum of seven (7) calendar days a year for every married male employee, regardless of employment status. Ref: RA 8187.
 - 1.2.2.3 **Parental Leave for Solo Parents** – a minimum of seven (7) days a year for every solo parent employee who has rendered at least one (1) year of service regardless of employment status. Ref: RA 8972.
 - 1.2.2.4 **Thirteenth Month Pay** – monetary benefits for employees provided they have worked for at least one (1) month in a calendar year. Ref: PD 851.

- 1.2.2.5 **Philhealth** – formerly known as Medicare, is a health insurance program for SSS/GSIS members including their dependents. Ref: RA 7875 as amended by RA 9241.
- 1.2.2.6 **Social Security Benefits** – a package of benefits in the event of death, disability, sickness, maternity and old age for private sector employees, regardless of employment status. Ref: RA 1661 as amended by RA 8282.
- 1.2.2.7 **Benefits Under the Employees Compensation Program** – a package of benefits for public and private sector employees including their dependents in the event of work related contingencies such as sickness, injury, disability or death. Ref: PD 626.
- 1.2.2.8 **PAG-IBIG (Pagtutulungan sa Kinabukasan: Ikaw, Bangko, Industriya at Gobyerno)** – conceptualized to address two (2) of the country's basic concerns: generation of savings and provision of shelter for workers. It is also a mandatory membership for all SSS and GSIS members earning P 4,000.00 and above in monthly compensation. Ref: PD 1530 as amended by PD 1752 and RA 7742.
- 1.2.3 **Labor Cost Factor** – means the percentage increment from the lowest labor rate (unskilled labor) to the highest category level of workers. It is also the comparative percentage ratio of each of the labor force with the lowest labor force category (unskilled worker).
- 1.2.4 **Labor Category** – the designation of any manpower workforce in the construction industry, such as, but not limited to, Foreman, Leadman, Heavy Equipment Operator, Highly Skilled Labor, Light Equipment Operator, Driver, Skilled Labor, Semi-Skilled Labor and Unskilled Labor.

1.3 Composition of Labor Rates

The composition of labor rates shall include the Minimum Wage Rate, Workers Statutory Monetary Benefits and others in accordance with existing laws and government regulations.

1.4 Methodology

- 1.4.1 **Collection of Information** – The TWG-COPMC shall collect data on prevailing labor rates, labor categories and labor costs factor from various government agencies/offices such as the DPWH' District/Regional Offices nationwide, Construction/Design Consultants, Department of Budget and Management (DBM), etc.

- 1.4.2 **Analysis of Information** – The collected data shall be analyzed for applicability, reasonableness, appropriateness and compliance to existing labor laws. A matrix of labor rates, categories and cost factor shall be prepared for comparative analysis and easier reference. The TWG-COPMC shall derive/recommend the appropriate and reasonable cost factor based on available information data collected.
- 1.4.3 **Calculation of Total Labor Rates** – Labor rates shall include all component costs such as basic wage plus emergency cost of living allowance (ecola) and worker's statutory monetary benefits and others in accordance with existing laws and government regulations.
- 1.4.3.1 The computation for the standard labor rates shall be based on the sum of the minimum wage rates as approved by the NWPC, DOLE plus the workers statutory monetary benefits including others in accordance with existing laws and government regulations. Please refer to Annex C.
- 1.4.3.2 The computation of the Estimated Equivalent Monthly Rate (EEMR) for Daily Paid Employees shall be based on the computed ordinary working days of twenty-five (25) days a month or a total of three hundred (300) working days a year.
- 1.4.4 **Updating the Computed Labor Rates** – The TWG-COPMC shall monitor and update the computed labor rates based on the latest approved issuance/s for new minimum wages by the NWPC/DOLE and/or any amendments to the monetary benefits of the workers.
- 1.4.5 **Validation** – The minimum labor rate data shall be compared to the prevailing minimum wage rate as approved by the National Wage Productivity Commission (NWPC), the Department of Labor and Employment (DOLE) while the cost data for statutory benefits, etc. shall be validated based on the required monthly contributions. The TWG-COPMC shall prepare a comparative report every six (6) months or as the need arises, and submit the same to the Chairman of the COPMC.
- 1.4.6 **Approval** – The COPMC shall review the recommended labor rates submitted by the TWG-COPMC and endorse the same to the Honorable Secretary for approval.

Part III – Standard Equipment Rental Rates

1.1 Objectives

- 1.1.1 To determine the basic and most commonly used construction and maintenance equipment with corresponding specifications, out from the list of Equipments in the ACEL Equipment Guidebook, 22nd Edition, series of 2003.
- 1.1.2 To adopt the most reasonable rental rates of available equipment with the same specification out from the several makes, models and capacities of equipment listed in the ACEL Equipment Guidebook, 22nd Edition, series of 2003.

1.2 Definition of Terms

Mode of Rental

- a. **Bare Rental** – the Lessee shall shoulder all cost of maintenance such as repairs, spare parts, oil, lubricants and shall provide fuel, operator / driver.
- b. **Fully-Maintained Rental** – the Lessor shall be fully responsible for the maintenance of the leased equipment including repairs and spare parts, oil, lubricants and tires excluding fuel and operator driver.
- c. **Fully-Operated Rental** – the Lessor shall shoulder all costs of maintenance, repair, spare parts, oil, lubricants including fuel and operator/driver.
- d. **Operated Dry Rental** – the Lessor shall provide the equipment, operator and maintenance crew, while the Lessee supplies the fuel and lubricants at the worksite for the account of the latter.

1.3 Methodology

- 1.3.1 **Collection of Information** – The TWG-COPMC shall collect the data from various DEOs and DPWH contractors/equipment suppliers regarding the list, make, model and capacity of equipments commonly used by their firm in the implementation of infra projects. The TWG-COPMC shall also collect data from previous DPWH contracts.
- 1.3.2 **Analysis of Information** – The collected data shall be analyzed for its applicability, reasonableness as well as appropriateness to the project requirements. The TWG-COPMC shall select a shortlist of construction and maintenance equipments (refer to Annex D) and

recommend the appropriate and reasonable rental rates based from the ACEL Equipment Guidebook, 22nd Edition, series of 2003.

1.3.3 Validation of the Accuracy / Applicability of Equipment Rental Rates

1.3.3.1 Upon the directive/s of the Chairman of the COPMC, the TWG-COPMC members, in coordination with the concerned Regional/District Office/s shall conduct an inspection of the mobilized equipments at the project site/s.

1.3.3.2 The Validation Team shall perform the following:

- a. Verify the mobilized equipment on site including its serial number, motor no., and other specifications necessary for establishing the correct identification of the property to ensure appropriate rental rates.
- b. Establish proof of ownership/purchase invoice as well as other relevant documents for computation of rental rates.
- c. Determine the actual performance of the equipment relative to its desired output during operation.
- d. Prepare validation report and submit the same to the Chairman of the COPMC.

1.3.4 Approval of the Equipment Rental Rates

The COPMC shall review the recommended shortlist of Construction and Maintenance Equipment with corresponding rental rates based from ACEL Guidebook, 22nd Edition, series of 2003 as submitted by the TWG-COPMC and endorse the same to the Secretary for approval.