



Republic of the Philippines
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
OFFICE OF THE SECRETARY
Manila

099.13 DPWH

10-08-2012

OCT 05 2012

DEPARTMENT ORDER)

71)

No.)

Series of 2012)

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

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 for the pay items in the preparation of Program of Work (POW), Approved Budget for the Contract (ABC) and Detailed Unit Price Analysis for infrastructure projects, the Bureau of Construction and all Regional/District Offices nationwide shall adopt the attached guidelines.

To ensure its continuous and proper implementation, a Central Office Price Monitoring Committee is established composed of the following:

CENTRAL OFFICE PRICE MONITORING COMMITTEE (COPMC)

- | | | |
|------------|---|---|
| Chairman | - | Assistant Secretary for Technical Services |
| Vice Chair | - | Director, Bureau of Construction |
| Members | - | Director, Bureau of Design |
| | | Director, Bureau of Maintenance |
| | | Director, Bureau of Equipment |
| | | Director, Bureau of Research and Standards |
| | | Director, Monitoring and Information Service |
| | | Director, Planning Service |
| | | Regional Director, Cordillera Administrative Region (CAR) |
| | | (Representative of Highland Regions) |
| | | Regional Director, Region IV-B |
| | | (Representative of Island Regions) |
| | | Regional Director, Region VI |
| | | (Representative of Lowland Regions) |
| | | Regional Director, Region X |
| | | (Representative of Mindanao Regions) |

The Bureau of Construction (BOC) headed by a Division/Section Chief shall serve as the Technical Working Group (TWG) to assist the COPMC.

REGIONAL OFFICE PRICE MONITORING COMMITTEE (ROPMC)

- | | | |
|---------|---|---|
| Head | - | Assistant Regional Director |
| Members | - | Chief, Construction Division |
| | - | Chief, Planning and Design Division |
| | | Chief, Maintenance Division |
| | | Chief, Materials Quality Control and Hydrology Division |
| | | Chief, Equipment Maintenance Division |

The Construction Division headed by the Division Chief shall serve as the TWG to assist the ROPMC.

**DISTRICT ENGINEERING OFFICE PRICE MONITORING COMMITTEE
(DEOPMC)**

Head	-	Assistant District Engineer
Members	-	Chief, Construction Section
	-	Chief, Planning and Design Section
		Chief, Maintenance Section
		Chief, Materials Quality Control Section
		Representative, Area Equipment Service

The Construction Section headed by the Section Chief shall serve as the TWG to assist the DEOPMC.

The Guidelines for the Establishment of Construction Materials Price Data, Standard Labor and Equipment Rental Rates is attached as Annex A and the Procedural Flow for Generating Construction Materials Price Data as Annex B of this issuance.

Any designated Regional and/or District Office Committee and TWG member not complying with the guidelines and deadlines shall be sanctioned pursuant to the expressed provisions of Section 22 c), Rule XIV, Book V of Executive Order No. 292, series of 1987, the corresponding penalties for violation of reasonable office rules and regulations are as follows:

1 st Offense	Reprimand
2 nd Offense	Suspension from one (1) to thirty (30) days
3 rd Offense	Dismissal

This Order takes effect immediately and supersedes the following:

1. S.O. No. 135, Series of 2011, Designation of Assistant secretary Eugenio R. Pipo, Jr. as Chairman of the DPWH Price Monitoring Committee
2. S.O. No. 275, Series of 2010, Designation of Undersecretary Raul C. Asis as Chairman of the DPWH Price Monitoring Committee
3. S.O. No. 246, Series of 2010, Reconstitution of the DPWH Central Office Price Monitoring Committee
4. Special Order No. 52, Series of 2007, Reactivation and Reconstitution of the Price Monitoring Committees
5. D.O. No. 40, Series of 2009, Guidelines for the Establishment of Construction Materials Price Data, Standard Labor and Equipment Rental Rates
6. D.O. No. 152, Series of 1997, Guidelines for the Establishment of Construction Materials, Civil Work Items and Highway Maintenance Activities
7. D.O. No. 80, Series of 1997, Creation of the Price Monitoring Committee
8. D.O. No. 147, Series of 1990, Clarification on Department Order No. 35, Series of 1987 re Creation of the Price Monitoring Committee
9. D.O. No. 115, Series of 1988, Amendment to Department Order No. 35, Series of 1987 re Creation of the Price Monitoring Committee

10. D.O. No. 38, Series of 1988, Reconstitution of the Membership of the Central Price Monitoring Committee, DPWH
11. D.O. No. 3, Series of 1988, Adoption of the Unit Price Ceiling Of civil Works Pay Items Established by the Price Monitoring Committee
12. D.O. no. 53-A, Series of 1987, Additional Member to the Central Price Monitoring Committee
13. D.O. No. 53, Series of 1987, Reconstitution of the Membership of the Central Price Monitoring Committee
14. D.O. No. 35, Series of 1987, Creation of Price Monitoring Committee


ROGELIO L. SINGSON
Secretary



WIN2101894

ANNEX 'A' - GUIDELINES FOR THE ESTABLISHMENT OF CONSTRUCTION MATERIALS PRICE, STANDARD LABOR AND EQUIPMENT RENTAL RATES DATA BASE

OVERALL OBJECTIVE

To establish/provide a standard database for Materials Price Equipment Rental Rates information for use for the pay items 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 comprehensive and up-to-date information on the unit prices of materials that are locally supplied 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, and monitoring 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 (TWG) of the concerned DEO.
- 1.2.5 The TWG of the concerned DEO shall be the designated/authorized personnel of the Construction Section and shall be headed by the Chief of the Construction Section.
- 1.2.6 The TWG of the concerned Regional Office shall be the designated/authorized personnel of the Construction Division and shall be headed by a Division/Section Chief.
- 1.2.7 The TWG to assist the Central Office Price Monitoring Committee (TWG-COPMC) shall be the designated/authorized staff of the Bureau of Construction (BOC) and shall be headed by a Division/Section Chief.
- 1.2.8 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 where in 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 printed from the Construction Cost Information System (CCIS) and shall be accomplished by the suppliers/distributors or the CMPS shall 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 prices of the construction materials and shall be pre-numbered consistent with the Blue Book for control purposes.

1.5.2 Responsibilities

1.5.2.1 The District Engineer shall:

- a. Organize and designate CMPS.
- b. Determine and validate three (3) qualified suppliers/distributors of construction materials based on the criteria stipulated in item no. 1.5.3. In cases where in 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.
- c. Sign generated report from CCIS and submit to the RO not later than the end of the first month of every quarter.

1.5.2.2 The DEO-CMPS shall:

- a. Conduct the survey from the three qualified suppliers.
- b. Submit the accomplished survey form to the TWG.
- c. Provide a copy of supplier's registration with G-EPS and price lists/quotations for the quarter being reported to the TWG.

1.5.2.3 The DEO-TWG shall:

- a. Collect accomplished Construction Material Unit Price Survey Form (CMUPSF) and submit to DEO Price Monitoring Committee (DEOPMC). Review for reasonableness and completeness of submitted data.
- b. Encode data in CCIS.
- c. Generate District Report that represents the most reasonable price/s of the construction materials within the District.
- d. Submit approved report and e-copy to Regional Office on or before the end of the first month of the quarter being reported. If a validation has been performed, include a detailed report including all the necessary documentation/s.

1.5.2.4 The DEO Price Monitoring Committee shall:

- a. Check as to completeness and reasonableness of Materials Unit Price Data (MUPD).
- b. Obtain information from other Suppliers within the District or adjacent DEO or within the Region if necessary.

1.5.2.5 The Regional Director shall:

- a. Sign generated report from the CCIS and submit to CO not later than the 15th day of the second month of every quarter.

1.5.2.6 The Regional Office TWG shall:

- a. Load the Construction Material Price Data (CMPD) to the CCIS.
- b. Generate the Regional Report that represents the most reasonable price/s of the construction materials within the Region.
- c. Submit report to Regional Office Price Monitoring Committee (ROPMC).
- d. Encode validated data by the ROPMC to CCIS.
- e. Generate Region-wide CMPD from CCIS and submit to RD.

1.5.2.7 The Regional Office PMC shall:

- a. Check completeness and reasonableness of CMPD Report from the DEO.

b. Validate if necessary and shall:

- Conduct inspection of the supplier's store/s and/or warehouse/s if necessary.
- 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.
- 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 submitted unit prices for construction materials by the CMPS.
- Compare the recommended unit prices for construction materials with the prevailing market prices set by the Department of Trade and Industry (DTI) within the area, if any.
- Coordinate/discuss with the DOPMC of the concerned DEO, 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 of the concerned DEO, representative of the ROPMC and the District Engineer, however, subject to the concurrence of the ROPMC and approval of the RD.

c. Submit validated data to ROTWG for encoding in CCIS.

1.5.2.8 The COTWG shall:

- a. Load CMPD Reports in the CCIS from the ROs.
- b. Check for completeness and reasonableness of CMPD Reports and submit findings to COPMC.
- c. Prepare memo for concerned RO to call attention on incomplete/incorrect data. Submit memo and findings to COPMC.
- d. Upon the directive of the COPMC, validate questionable data in the field. .
- e. Load validated data from the field in the CCIS.

- f. Generate Nationwide Report from CCIS.
- g. Present Nationwide CMPD Report to Chairman, COPMC not later than the 15th day of the 3rd month of every quarter.

1.5.2.9 The Chairman, COPMC shall:

- a. Sign the memo for concerned RO to call attention on incorrect data or if it warrants, sign the directive of COTWG to validate/correct data from the field.
- b. Approve the CMPD Report.

1.5.2.10 The MIS shall:

- a. Post submitted quarterly report on the DPWH website.
- b. Provide technical support for the CCIS.

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 to 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 most reasonable construction materials unit price data shall be submitted by the District Engineer to their respective Regional Director on or before the end of the first month of the quarter being reported. The RO-PMC shall consolidate and certify all the reasonable unit price data by the DEOs and submit the same to PAD II, BOC which acts as the TWG of the CO-PMC on the 15th day of the second month of the quarter being reported, thru their Regional Director, in hard and electronic copies. PAD II, BOC shall review the accuracy and completeness of the reasonable construction materials prices and submit findings to the Chairman, CO-PMC. The Chairman, CO-PMC shall send COTWG to the field for verification/validation if findings are questionable. The validated report shall be submitted to the Secretary and electronic copy shall be sent to MIS for web posting.

1.5.6 Data Processing using the CCIS

1.5.6.1 The most reasonable construction materials unit price data are done in the District level only.

1.5.6.2 The most reasonable price is computed by:

- a. its mean if data is taken from three (3) suppliers
- b. its average if data is taken from only two (2) suppliers

1.5.7 Flow Chart for the Establishment of Construction Materials Price Data

Refer to Annex B.

Part II - Standard Labor Rates

1.1 Objectives

1.1.1 To establish / provide updated information on standard labor rates to each DEO and RO nationwide based on the existing laws and other pertinent rules and regulations that pertain to the concerns, welfare and benefits of the labor sector.

1.2. 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: PO 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 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 TWGCOPMC 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.

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 TWGCOPMC 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 latest ACEL Equipment Guidebook.
- 1.1.2 To adopt the most reasonable rental rates of available equipment with same specification out from the several makes, models and capacities of equipment listed in the latest ACEL Equipment Guidebook.

1.2 Definition of Terms

Mode of Rental

- 1.2.1 **Bare Rental** - the Lessee shall shoulder all cost of maintenance such as repairs, spare parts, oil, lubricants and shall provide fuel, operator / driver.
- 1.2.2 **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.
- 1.2.3 **Fully-Operated Rental** - the Lessor shall shoulder all costs of maintenance, repair, spare parts, oil, lubricants including fuel and operator/driver.
- 1.2.4 **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 applicability, reasonableness as well as appropriateness to the project requirements. The TVVG-COPMC shall select a shortlist of construction and maintenance equipment and recommend the appropriate and reasonable rental rates based from the latest ACEL Equipment Guidebook.

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.

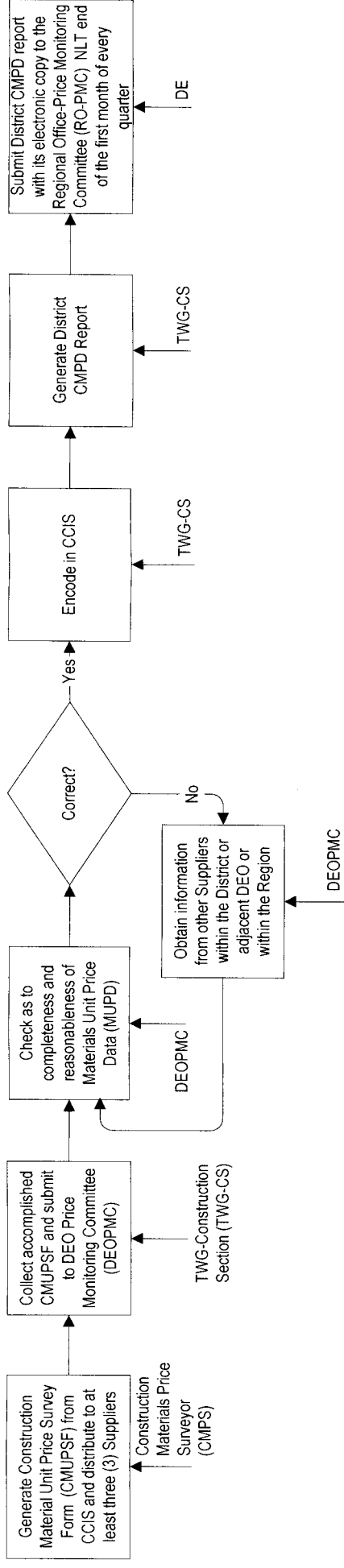
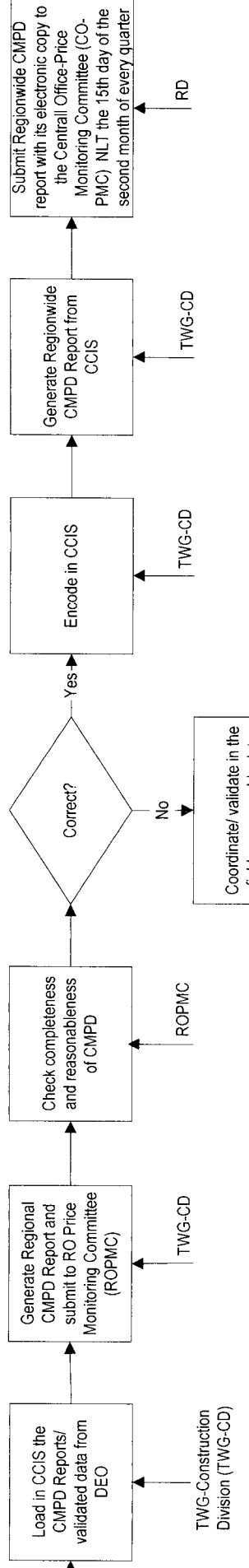
1.3.3.2 The Validation Team shall perform the following:

- a. Verify the mobilized equipment on site including its serial number, motor number, 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 the latest ACEL Equipment Guidebook, as submitted by the TWG-COPMC and submit the same to the Secretary.

Annex B - Procedural Flow for the Establishment of Construction Material Price Data (CMPD)

District
Engineering
OfficeRegional
OfficeCentral
Office