



# BAGUIO WATER DISTRICT

*"Serving Mankind is Serving God"*



## MEMORANDUM OF AGREEMENT

### KNOW ALL MEN BY THESE PRESENT:

This Memorandum of Agreement is made and executed in the City of Baguio by and between:

**BAGUIO WATER DISTRICT**, a government-owned and controlled corporation (GOCC) duly organized and existing under and by virtue of Presidential Decree No. 198, as amended, with principal office address at 003 Utility Road, Marcoville, Baguio City, represented by its General Manager, **ENGR. SALVADOR M. ROYECA**, hereinafter referred to as "**BWD**";

- and -

**BADIWAN SILVER SPRINGS CORPORATION**, a business duly registered and existing under the laws of the Republic of the Philippines, with principal business address in Sitio Badiwan, Poblacion, Tuba, Benguet, represented herein by its Chairman of the Board of Directors, **MR. LORENZO J. PALILEO**, hereinafter referred to as "**BADIWAN**";

### WITNESSETH THAT:

**WHEREAS**, **BWD** aims to purchase bulk water supply to partially bridge the gap between water demand and supply in fulfillment of its mandate to provide adequate and potable water at affordable rates to its customers;

**WHEREAS**, the Baguio Water District - Bids and Awards Committee (**BWD-BAC**) conducted a public bidding for the procurement of Bulk Water Supply under Solicitation Number 01-2025 (IH) in accordance to the provisions of Republic Act (RA) No. 9184 and its 2016 revised Implementing Rules and Regulations (IRR);

**WHEREAS**, in response to **BWD**'s Invitation to Bid, **BADIWAN** submitted its bid to implement the contract for the Bulk Water Supply;

**WHEREAS**, after the conduct of bid evaluation and post-qualification, the bid of **BADIWAN** was determined to be the lone calculated and responsive bid with bid price in the amount of Php45.00 per cubic meter, inclusive of all applicable government taxes;

**WHEREAS**, **BADIWAN** meets all the requirements outlined in the Terms of Reference;

**NOW THEREFORE**, for and in consideration of the foregoing premises and of the mutual covenants and stipulations hereinafter set forth, the parties hereto have agreed and do hereby agree, as follows:

### ARTICLE I. General Terms and Conditions

1. **Term of Agreement.** This Agreement shall be effective for a period of one (1) year, commencing from the date of initial delivery. **BWD** shall



grant extension/s for justifiable reason/s only upon written notice by **BADIWAN** of the reasons for the delay in the implementation of the Contract.

2. **Source of Water.** The source of water supply shall be located outside of Baguio City. **BADIWAN** shall not be allowed to drill or draw from existing deep wells within Baguio City or adjacent to or within the periphery of existing **BWD** deep wells.
3. **Water Treatment.** The modes of treatment include Hypochlorination (the minimum available chlorine shall be 65% Calcium Hypochlorite) or Gas Chlorination (99% purity gas chlorine).
4. **Delivery Point.** The bulk water supply shall be injected at KM 8 Reservoir located along Dontogan, Tuba, Benguet.
5. **Billing Procedures.** An electromagnetic water meter shall be installed at the delivery point before the water supply is infused in the reservoir. The said meter shall be subjected to calibration and efficiency testing as may be deemed necessary. **BADIWAN** shall bill **BWD** on a monthly basis. **BADIWAN** and **BWD** shall jointly read the meter on the last day of each month and **BWD** shall deliver its monthly payment to **BADIWAN** on or before the 5<sup>th</sup> day of the succeeding month. The monthly water consumption shall be computed by subtracting the previous month's reading from the current month's reading.
6. **Rates.** **BWD** agrees to pay **BADIWAN** for the water delivered at the rate of FORTY-FIVE PESOS (Php45.00) per cubic meter as reflected and read from the installed meter.

## ARTICLE II. Obligations of BADIWAN:

1. **Commencement of Delivery of Bulk Water.** Within five (5) calendar days from receipt of **BADIWAN** of the Notice to Proceed issued by **BWD**, **BADIWAN** shall commence its initial delivery of the bulk water supply. **BWD** shall be allowed to conduct random sampling or test within the said period to ensure compliance with mandated standards.
2. **Quality and Quantity of Water Supply.** During the term of this Agreement, **BADIWAN** shall ensure delivery of bulk water supply to **BWD** at the delivery point, in accordance to the 2017 Philippine National Standards for Drinking Water (PNSDW), at a minimum of 2,000 cubic meters per day. An excess volume up to 500 cubic meters will be allowed and paid for by **BWD**. **BADIWAN** may further deliver more than 25% of the required 2,000 cubic meters per day, subject to prior notice and approval by the **BWD**. In the absence thereof, any excess beyond the 25% allowance will not be paid.

**BADIWAN** must consistently maintain a chlorine residual level of 1.5ppm and a turbidity level of less than 5 NTU at the injection point.

3. **Operation and Maintenance of System.** **BADIWAN** shall efficiently and effectively operate and maintain its system and undertake the necessary repairs to ensure the delivery of the required quantity and quality bulk water within the period specified in this Agreement or approved delivery schedule.
4. **Metering.** For accuracy and standard purposes, **BADIWAN** shall install the said electromagnetic water meter at the delivery point before the



water supply is infused in the reservoir. The said meter shall be subjected to calibration and efficiency testing as the need arises.

**BADIWAN** must conduct daily meter readings and maintain a logbook of the same which should be readily available for validation by **BWD**.

5. **Right-of-Way from Source to Delivery Point.** **BADIWAN** shall be responsible in securing a right-of-way from its source to the delivery point. **BWD** may however assist **BADIWAN** in securing the same.

### ARTICLE III. Default, Performance Security, and Indemnification

1. **Default.** Default refers to **BADIWAN**'s failure to deliver the required quantity and quality of bulk water within the period specified in this Agreement/Purchase Order/approved delivery schedule or failure to perform any other obligation under this Agreement. **BADIWAN** shall be liable for liquidated damages to **BWD** for each day of delay. The applicable liquidated damages is at least one-tenth (1/10) of a percent of the cost of the delayed bulk water scheduled for delivery for every day of delay until finally delivered to and accepted by **BWD**. The total amount of liquidated damages shall not exceed ten percent (10%) of total contract price. **BWD** may deduct liquidated damages from payments due or which may be due to **BADIWAN**. Once the cumulative amount of liquidated damages reaches ten percent (10%) of the total contract price, **BWD** shall rescind or terminate this Agreement, without prejudice to other courses of action and remedies available under the circumstances.
2. **Performance Security.** To guarantee the faithful performance of **BADIWAN** of its obligations under this Agreement, **BADIWAN** shall post, in favor of **BWD**, the required amount of the performance security in any of the acceptable forms prior to the signing of this Agreement. The performance security shall remain valid until the issuance by **BWD** of the Certificate of Final Acceptance. In the event that **BADIWAN** fails, refuses, or is unable to submit the documents required under Section 37.1 of the IRR of RA 9184, enter into an Agreement with **BWD**, and/or post the required performance security, the effects as provided by Section 40 of the IRR of RA 9184 would apply.
3. **Indemnification.** **BADIWAN** agrees and binds itself to indemnify **BWD** for whatever injuries and/or damages the latter may suffer by reason of the failure, negligence, and/or delay on the part of the **BADIWAN** to deliver the required quantity and quality of bulk water within the period specified in this Agreement/Purchase Order/approved delivery schedule or failure to perform any other obligation under this Agreement. **BWD** shall be free from any liability for whatever injuries and/or damages suffered by any party due to the fault or negligence of **BADIWAN**.

### ARTICLE IV. Miscellaneous Provisions

1. **Assignment.** This Agreement shall be binding upon the parties, their assigns or successors-in-interest, unless earlier terminated and/or by herein original parties.



**BADIWAN** shall not assign to any third party its rights and obligations provided in this Agreement unless a prior written notice is served to **BWD** and the latter's written consent is obtained.

2. **Confidentiality.** All confidential information provided by a party shall be used by any other parties hereto solely for the purposes of rendering services pursuant to this Agreement and, except as may be required in carrying out the terms of this Agreement, shall not be disclosed to any third party without the prior consent of such providing party.
3. **Governing Laws.** The Agreement shall be governed by and construed in accordance with the provisions of RA No. 9184 and its Implementing Rules and Regulations, PD No. 198, as amended, and all other general and other special laws of the Republic of the Philippines applicable to this Agreement. The parties must comply with all existing laws, executive and administrative orders, rules and regulations issued or to be issued by competent authorities.
4. **Dispute Resolution.** Any dispute arising from the execution of or in connection with this Agreement shall be resolved through *ad hoc* arbitration, which shall be administered by one (1) arbitrator. The sole arbitrator shall be identified by raffle from a list of three (3) arbitrators that shall be submitted by each party.

The parties hereby agree that in case of litigation for the enforcement of the provisions of this Agreement, the venue of all actions arising from this Agreement shall be brought exclusively to the jurisdiction of the appropriate courts of Baguio City, Philippines.

5. **Separability.** If, for any reason, any provision of this Agreement is declared unconstitutional or contrary to law, the other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.
6. **Amendment.** No amendment, modification, or alteration of this Agreement shall be valid or binding on either party unless the same is made in writing and executed with the same formalities observed in this Agreement.

IN WITNESS WHEREOF, the parties have hereunto set their hands this  
APR 28 2025 in the City of Baguio, Philippines.

**BAGUIO WATER DISTRICT**

Represented by:

ENGR. :

ROYECA  
ger

**BADIWAN SILVER SPRINGS  
CORPORATION**

Represented by:

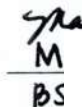
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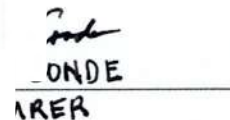
PALILEO  
of Directors

Signed in the presence of:

  
ENGR.  
Produced  
Division

  
L. PALILEO  
Distribution

  
M  
BS

  
ONDE  
IRER

## ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES )  
City of Baguio ) S.S.

BEFORE ME, a Notary Public for and in the City of Baguio, Philippines, this  
APR 28 2025, personally appeared the following:

Name	ID No.
1. ENGR. SALVADOR M. ROYECA	
2. MR. LORENZO J. PALILEO	

known to me to be the same persons who executed the **MEMORANDUM OF AGREEMENT FOR THE PROCUREMENT OF BULK WATER SUPPLY** and they acknowledged to me that the same is their own free act and voluntary deed and of the entities they represent.

This document consists of five (5) pages including this page wherein this Acknowledgment is written and signed on each and every page hereof by the concerned parties and their instrumental witnesses.

WITNESS MY HAND AND NOTARIAL SEAL this APR 28 2025 in Baguio City, Philippines.

Doc No. 215;  
Page No. 56;  
Book No. 1;  
Series of 2025.

  
FRANCES  
Notary Public for  
until  
Notarial Appointment No. NC-52-NEW-24  
PTR No. 7741518/ 01.08.2025/ Baguio City  
IBP No. 498069/ 01.04.2025/ Baguio City  
Suite 3/F Tan Building, 37A Session Road  
francesgener@gmail.com/+639531805802  
Roll of Attorneys No. 80998