

NEW MARULAS MARKET
VALENZUELA CITY JOINT VENTURE THROUGH PUBLIC-PRIVATE
PARTNERSHIP

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FOR: DIRECTOR MARIA LOURDES L. AGUSTIN, CESO IV
Regional Director
DILG-NCR

Submitted by

ALICIA M. EVANGELISTA
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DILG-NCR, Valenzuela City

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Date: November 11, 2016

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VI.II. SUMMARY

Valenzuela is located at 14°40'58"N 120°58'1"E and is about ~~14~~ Valenzuela ~~city is located~~ 14 kilometers (8.7 mi) north of Manila. Valenzuela city is ~~bordered~~ ~~bounded in to~~ the north by the town of Obando and the city of Meycauayan in Bulacan, the ~~c~~City of Navotas ~~in to~~ the west, Malabon City ~~in to~~ the south, and Quezon City and ~~the~~ northern portion of Caloocan City ~~in to~~ the east. Based on ~~the~~ 2015 census, Valenzuela City has a total population of 620,422, ~~making it~~ the ~~7th~~ ~~seventh~~ most populous in the National Capital Region and ~~the thirteenth~~ ~~13th~~ in the Philippines. ~~This is an increase~~ of 7.8 percent from ~~the~~ 575,356 people ~~recorded~~ in 2010. ~~At placing the~~ ~~an~~ annual growth rate ~~of at~~ 1.45% ~~percent~~. ~~The~~ ~~city~~ has a ~~total~~ land area of 4,464.15 hectares. ~~The city has, and~~ a total budget of ~~Php3~~ ~~PHP~~ 3,100,000.00 for FY 2016.

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Valenzuela ~~City~~ is composed of 33 barangays ~~and and is~~ divided into two congressional districts: ~~the~~ first district ~~contains has~~ 24 barangays ~~of in~~ the northern half of the city, while the second district ~~contains has~~ the remaining 9 barangays ~~of in~~ the southern portion of the city.

The 22-year old public market located at Pio Valenzuela St., ~~reet in~~ Barangay Marulas, ~~hasd gone in been in a~~ sorry state for years. ~~The~~ building was dilapidated, and its sewers clogged with ~~so much~~ trash that it ~~would~~ flooded inside the market when it rained. The ~~C~~ity Planning and Development Office records show that the market's finances were equally dismal. Unpaid rentals for store spaces, ~~and~~ water and electricity bills from 2004 through 2013 incurred total arrears of ~~Php8~~ ~~PHP~~ 8.9 million.

~~Thus~~, Mayor Rex Gatchalian thought of the possibility of entering into a joint venture with ~~a~~ private developer to improve the situation of the Marulas ~~M~~market.

~~Then, in~~ 2015, the city government ~~had entered a joint venture~~ agreement with ~~partnered with~~ private developer Megabuild JPG for the

construction of a new wet market along Pio Valenzuela Street in Marulas. Megabuild would solely finance the project, which cost ~~Php44~~PHP44.59 million.

In January 22, 2016, ~~after nine months of construction,~~ the new Marulas Public Market, ~~after nine months of construction,~~ opened to the public. It is now a far cry from its former condition: the place is spacious and clean, ~~and~~ easy to shop in, ~~for now that~~ the 500 stores ~~of the market~~ are arranged into sections.

VII.III. Project Description

The Sangguniang Panlungsod of Valenzuela City enacted on July 14, 2014, ~~the~~ Valenzuela City Ordinance ~~n~~No. 140, series of 2014, ~~entitled,~~ "An Governing Joint Ventures Between Valenzuela City and Private Sector Partners, ~~P~~providing for the Procedures for Identifying Joint Venture Projects and Selecting Joint Venture Partners, Instituting Accountability Mechanisms, and for ~~O~~ther Purposes of the Joint Venture Ordinance."

As stated in ~~the Ordinance S~~ section 2, ~~(a) of the ordinance,~~ the City of advance the public good and general welfare and promote the interest of the community and the city within the framework of sustainable and integrated development and effective constructive engagement and meaningful people's participation in local governance. The ~~j~~oint ~~v~~venture shall be pursued by the city consistent with and in furtherance of ~~the-its~~ vision and mission, and physical framework plan.

Vision: We see Valenzuela as the leader of the industrial cities of the Philippines with developments anchored on the protection of ~~the~~ environment and economic prosperity ~~to- for~~ all its constituents under an efficient system good governance.

Mission: Our ~~m~~ission is to raise the bar on good in social services, ~~e~~mpower the poor, promote discipline and order, attract investments, embark on relevant climate change adaption programs, and in every respect, foster an environment conducive to human and institutional development.

~~The-For this purpose, the~~ Joint ~~v~~venture Regulatory Authority was ~~created,~~ composed of the ~~c~~City mayor as the chairperson, ~~r~~i the ~~v~~vice mayor as the vice ~~-~~chairperson, ~~-r~~i The chairman of the Bids and Awards Committee as

Executive Director; and the members were the City Legal Officer, City Accountant, and two representatives for the Sangguniang Panlungsod The Joint Venture – Regulatory Authority, on behalf of the city, was tasked with performing contract management functions, such as partnership management (i.e. corporate governance, communications and information sharing, and dispute resolution).

The Old Marulas Market's, a 22-year old public market located at Pio Valenzuela St., Barangay Marulas, has gone in sorry state for years, the building was dilapidated, and its sewers clogged with trash that it would flood inside the market when it rained. The location of the market is Because the market was near the Tullahan River, and it was affected by floods whenever there is was an increased in the water level in of the river. The city Planning and Development Office records show that the market finances were equally dismal. The market's finances were also in bad shape. Unpaid rentals for store spaces, water and electricity bills from 2004 through 2013 incurred total arrears of With debts totaling to Php8PHP8.9 million. The existing public enterprise operated at a loss. Revenue collection efficiency is was very low and operations were oftentimes subsidized by the local city budget.

Faced with these challenges, the city government, thru through the City Planning and Development Office, conducted the a project study for the identification of a joint venture project, and on in August 2014, the City Joint Venture Selection Committee- Administrator administrator, Atty. Alan a Memorandum to the City Planning and Development Office to conduct a feasibility study of on the identified Joint Venture Projects which may be to the City Mayor for consideration. Mayor Rex Gatchalian then issued Order nNo. 2014-056 dated August 26, 2014, addressed to the CPDO to a Feasibility Study on the Privatization of the Marulas Public Market. On September 2, 2014, the prepared feasibility study or Project Study was was referred to the Bids and Awards Committee/Joint Venture Selection Committee. On September 8, 2014, The Joint Venture Project study, together with the invitation to Pre-qualify, tender documents, and draft a joint Agreement, was submitted to the City Mayor. for consideration. The procedures were conducted by the City.

- September 12, 2014—Approval of the invitation to pre-qualify
- September 15–28, 2014—Publication of the Notice inviting all prospective bidders to pre-qualify and bid and posting requirements

- Sept-ember 29 to October 6, 2014— Issuance and submission of pre-qualification and tender documents
- October 9, 2014— Evaluation of submitted pre-qualification requirements, ~~Etetc.~~
- October 10, 2014— Issuance of nNotice of pPre-qualification
- October 11-16, 2016— Appeal by the pre-qualified bidder
- October—December 2014—
 - * Decision for the appeal, ~~i~~ issuance of tender documents to pre-bidders, ~~and~~ pre-bid conference. Submission, opening of bid documents, post-qualification evaluation of bids, recommendation of the award, ~~d~~ Decision of the city mayor to award, signing and issuance of award, submission of requirements indicated in the notice of awards, issuance of notice of compliance by BAC-SC, publication of the bidding results and posting requirements, signing and execution of ~~the~~ joint vVenture aAgreement, ~~and~~ suSubmission of ~~the~~ JVA to ~~the~~ Sangguniang Panlungsod
- January 2015-2015— Ratification by the Sangguniang Panlungsod of the vVenture aAgreement, and conduct of public consultation, ~~and n~~ Notice to commence implementation

VIII-IV. IMPLEMENTATION AND PROCEDURE

The Notice of Award for Joint Venture Project Reference nNo. 2, entitled “Selection of Joint Venture Partner for the Design, ~~C~~onstruction, and Operation of ~~of~~ the New Marulas Public Market Joint Venture Project,” was awarded to ~~to~~ Megabuild JPG Development Inc. through MEGABUILD JPG DEVELOPMENT, INC. thru its president, Mr. Gerry A. Lim, ~~President~~ with an estimated project cost of ~~Forty Four Million Five Hundred Ninety Thousand Pesos (Php44PHP44,590,000.00)~~ and the following terms:

Proposed construction cost	Php44PHP44,590,000.00
Proposed annual payment of rent	Php—PHP1,000,000.00— or Php25PHP25,000,000.00/25 years
Proposed increased in rent	Ten (10) percent (10%) increased in every 3 three years (-on the 8th eighth year or after moratorium) or Php7PHP7,461,513.00— rental increase/25 years

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Total proposed rental payments	Php-PHP 32,461,513.00/25 years
Moratorium	7 years
Additional	<ol style="list-style-type: none"> 2Two sets of advertisement spaces worth php240PHP240,000.00 Free use of twice a month of the open space for city's functions twice a month worth an estimated at Php480PHP480,000.00 a year On the 10thtenth year of operation of the public market, Megabuild JPG Development Inc. will donate PH1,000,000.00 cash to the LGU's chosen NGO.

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The ~~j~~oint ~~v~~enture ~~contract~~Agreement was signed by ~~the both~~ parties, ~~with the c~~City ~~g~~overnment of Valenzuela represented by Mayor Rexlon T. Gatchalian, and ~~Megabuild JPG Development Inc. MEGABUILD JPG DEVELOPMENT, INC.,~~ represented by Mr. ~~G~~Jerry ~~A.~~ Lim, on March 4, 2015, with the following agreements:

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Private Sector Proponent

- Provide full financing for the project
- Shoulder operating cost
- Undertake the implementation of the project
- Perform the obligations and functions of the PSP

City Government

- Allow the use of ~~the~~ 1,272--square--meter property located in Marulas, Valenzuela City, for the design, construction, and operation of the New Marulas, Public Market.

- Grant ~~an the~~ exclusive right and authority to the PSP to operate the New Marulas Public Market for a period of 25 years, which may be renewed or extended as provided in item VII of the agreement.
- Grant the necessary permits and approvals for the implementation of the project.
- Perform the obligations and functions of the city as listed, ~~which are below hereof and these~~ also constitute as contributions of the city.

The city is not expected to contribute money/capital in the project. No direct or indirect government guarantee is needed or sought from the city by the PSP.

The Marulas Public Market is managed by a seven-member ~~g~~Governing ~~b~~Board, which serves as its policymaking body. Five members come from the private sector proponent, while two come from the city government. The Governing Board then appoints a project manager who oversees the market's day-to-day operations.

The New Marulas Public Market was inaugurated on January 25, 2016. It was attended by ~~the City~~ Mayor Rex Gatchalian, officials of the city government, and executives of Megabuild Development, Inc. The 1,272-square-meter facility is the first public market in ~~V~~Valenzuela ~~City~~ to be built as a joint venture project. It is a property of the city government that will be managed by Megabuild JPG ~~for 25 years~~. ~~The 400-500 stores here in the market~~ offer a wide range of commodities, such as fish and meat, vegetables, fruits, coconuts, eggs, ~~and~~ groceries, among others.

IX.V. Project Results /Impact

The New Marulas Public Market ~~is operating less than a year has been operating~~ since January 2016. ~~A huge difference in the It can be observed the difference on the~~ maintenance of the facilities ~~before and the new market now and then can be observed~~. Electricity and water ~~systems~~ are well-maintained. ~~There are clean s~~Separate ~~clean~~ comfort rooms for men and -women. ~~No~~There are no more worries ~~on about~~ clogging of drainages and flood~~ing~~, since the structure ~~was elevation elevated~~was increased.

~~Besides generating revenue for the city government~~, PDO head Josefina Acurantes said she expects the Marulas Public Market, ~~besides generating~~

revenue for the city government, will to also become a hub for the whole its vicinity.

Mr. Gil de Gula, Market Division Officer, said the joint venture has solved the public market's financial woes.

Some-However, some of the current stall owners who are-were also stall owners renters of the old market have some problems with the spaces allocated for them. They said that they that stalls on-in the old market are-were bigger in space than- than the new stalls with a higher cost ones, which also cost more. Others also said that there are more buyers before than now-compared now, which may be because of the presence of the SAVEMORE a Savemore Supermarket just a few meters away from the public market.

X.VI. Analysis/Lessons Learned

Executive Order nNo.8 dated September 9, 2010 issued by President Benigno S. Aquino titled, "Reorganization and Renaming the Build-Operate and Transfer (BOT) Center to Public-Private Partnership (PPP) Center of the Philippines and Transferring its attachment Attachment from the Department of Trade and Industry to the National Economic and Development Authority and for Other Purposes," was issued by President Benigno S. Aquino III on September 9, 2010.

The Department of the Interior and Local Government Memorandum Circular nNo. 2011-16 dated January 31, 2011, was issued by DILG Secretary Jesse M. Robredo entitled "Establishment of Private-Public Partnership (PPP) Local Development Councils (LDCs) of LGUs was issued by DILG Secretary Jesse M. Robredo. The mMemorandum states the-that= In order to localiza-localize the functions of the PPP center, all local chief executives are-are hereby enjoined to pPublic-pPrivate pPartnership (PPP) sub-committee in the Local Development Councils to assist the LGUs in setting the-economic and social development and coordinate with the-development efforts as provided by section 106 of the Local Government Code or-of 1991.

The PPP was institutionalized thru-through the enactment of City Ordinance nNo. 140. The oOrdinance specifies modes of participation by the city government in joint ventures with the private sectors. The city's initial joint project showed that it is possible to implement projects with the participation of

~~the~~ private sectors. In the ~~o~~Ordinance, it is also mentioned that the city may enter into joint venture agreements for power plants, highways, ports, airports, canals, dams, hydropower projects, water supply, sewerage, irrigation, telecommunication, railroads and railways, transport systems, sewerage, irrigation, land reclamation projects, industrial estates or townships, housing, buildings, tourism projects, markets, slaughterhouses, warehouses, solid waste management, information technology, networks and database infrastructure, education and school facilities, drainage, dredging, prisons, and hospitals and health services, memorial parks and services, parking structures and traffic management, material testing, zoos, parks and plazas, sports, leisure gaming and recreational facilities, cockpits, and theaters, among other projects and business purposes. The city can also undertake joint ventures for any of the devolved activities under section 17 of the 1991 LGC.

Valenzuela City is a highly urbanized city and is very competitive in terms of commercial and industrialization. ~~With the present problem of poverty and unemployment, education, these would not be a problem. With PPPs, a~~ very broad range of opportunities is just waiting to be implemented. The guidelines and policies are already existing and it is up for the LGUs to adopt them and put them into practice and so as to be replicated by other LGUs.

XI.VII. ACKNOWLEDGEMENT

Valenzuela City Legal Office
Valenzuela City Administrator Atty. Alan Rouлло Yap
Valenzuela City Planning and Development Office

References: www.valenzuela.gov.ph
Liezal Fulgencio and Rafael Carpio Cañete
www.dilg.gov.ph
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Inauguration of the New Marulas Public Market attended by Mayor Rex Gatchalian, City Officials, city functionaries and other guests.