



Republic of the Philippines  
Province of Laguna  
**MUNICIPALITY OF LOS BAÑOS**  
*The Special Science and Nature City*

**BIDS AND AWARDS COMMITTEE**

Municipal Hall, National Highway, Brgy. Timugan, Los Baños, Laguna 4030  
Tel. Nos. (049) 530-2818 local 106 or 306 • 530-2586

**RESOLUTION NO. 2022-057**

**RESOLUTION ESTABLISHING GUIDELINES ON WARRANTY SECURITY FOR  
INFRASTRUCTURE PROJECTS OF THE MUNICIPALITY OF LOS BAÑOS, LAGUNA**

**WHEREAS**, Section 62.2 of the Revised Implementing Rules and Regulations of Republic Act No. 9184, otherwise known as the Government Procurement Reform Act provides guidelines on the warranty of Infrastructure Projects, to wit:

62.2 For the procurement of Infrastructure Projects, the following warranties shall be made:

62.2.1 From the time project construction commenced up to final acceptance, the contractor shall assume full responsibility for the following:

- a) Any damage or destruction of the works except those occasioned by force majeure; and
- b) Safety, protection, security, and convenience of his personnel, third parties, and the public at large, as well as the works, equipment, installation and the like to be affected by his construction work.

62.2.2 One (1) year from project completion up to final acceptance or the defects liability period.

62.2.2.1 The contractor shall undertake the repair works, at his own expense, of any damage to the infrastructure on account of the use of materials of inferior quality, within ninety (90) days from the time the HoPE has issued an order to undertake repair. In case of failure or refusal to comply with this mandate, the Procuring Entity shall undertake such repair works and shall be entitled to full reimbursement of expenses incurred therein upon demand.

62.2.2.2 The defects liability period shall be covered by the Performance Security of the contractor required in Section 39.1 of this IRR, which shall guarantee that the contractor performs his responsibilities stated in the immediately preceding Section. If the contractor fails to comply with its obligations under Section 62.2.2.1 of this IRR, the Procuring Entity shall forfeit its performance security, subject its property(ies) to attachment or garnishment proceedings, and perpetually disqualify it from participating in any competitive bidding. All payables of the GoP in his favor shall be offset to recover the costs.

62.2.3 From final acceptance of the project up to the period prescribed in Section 62.2.3.2 of this IRR.

62.2.3.1 The following shall be held responsible for "Structural Defects," i.e., major faults/flaws/deficiencies in one or more key structural elements of the project which may lead to structural failure of the completed elements or structure, or "Structural Failures," i.e., where one or more key structural elements in an infrastructure facility fails or collapses, thereby rendering the facility or part thereof incapable of withstanding the design loads, and/or endangering the safety of the users or the general public:

- a) Contractor – Where Structural Defects/Failures arise due to faults attributable to improper construction, use of inferior quality/substandard materials, and any violation of the contract plans and specifications, the contractor shall be held liable;
- b) Consultants – Where Structural Defects/Failures arise due to faulty and/or inadequate design and specifications as well as construction supervision, then the consultant who prepared the design or undertook construction supervision for the project shall be held liable;
- c) Procuring Entity's Representatives / Project Manager / Construction Managers and Supervisors – The project owner's representative(s), project manager, construction manager, and supervisor(s) shall be held liable in cases where the

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Structural Defects/Failures are due to his/their willful intervention in altering the designs and other specifications; negligence or omission in not approving or acting on proposed changes to noted defects or deficiencies in the design and/or specifications; and the use of substandard construction materials in the project;

- d) Third Parties - Third Parties shall be held liable in cases where Structural Defects/Failures are caused by work undertaken by them such as leaking pipes, diggings or excavations, underground cables and electrical wires, underground tunnel, mining shaft and the like, in which case the applicable warranty to such structure should be levied to third parties for their construction or restoration works.
- e) Users - In cases where Structural Defects/Failures are due to abuse/misuse by the end-user or implementing unit of the constructed facility and/or non-compliance by a user with the technical design limits and/or intended purpose of the same, then the user concerned shall be held liable.

62.2.3.2 The warranty against Structural Defects and Failures shall cover the following periods from final acceptance, except those occasioned by force majeure:

- a) Permanent Structures: Fifteen (15) years

Buildings of types 4 and 5 as classified under the National Building Code of the Philippines and other structures made of steel, iron, or concrete which comply with relevant structural codes (e.g., DPWH Standard Specifications), such as, but not limited to, steel/concrete bridges, flyovers, aircraft movement areas, ports, dams, tunnels, filtration and treatment plants, sewerage systems, power plants, transmission and communication towers, railway system, and other similar permanent structures;

- b) Semi-Permanent Structures: Five (5) years

Buildings of types 1, 2, and 3 as classified under the National Building Code of the Philippines, concrete/asphalt roads, concrete river control, drainage, irrigation lined canals, river landing, deep wells, rock causeway, pedestrian overpass, and other similar semi-permanent structures; and

- c) Other Structures: Two (2) years

Bailey and wooden bridges, shallow wells, spring developments, and other similar structures.

62.2.3.3 To guarantee that the contractor shall perform his responsibilities as prescribed in Section 62.2.3.1(a) of this IRR, it shall be required to post a warranty security in accordance with the following schedule:

Form of Warranty Security	Amount of Warranty Security (Not less than the required percentage of the Total Contract Price)
a) Cash or Letter of Credit issued by a Universal or Commercial Bank: Provided, however, That the Letter of Credit shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank. For biddings conducted by LGUs, the Letter of Credit may be issued by other banks certified by the BSP as authorized to issue such financial instrument.	Five percent (5%)
b) Bank guarantee confirmed by a Universal or Commercial Bank. For biddings conducted by LGUs, the bank draft/guarantee may be issued by other banks certified by the BSP as authorized to issue such financial instrument.	Ten percent (10%)
c) Surety bond callable upon demand issued by GSIS or a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.	Thirty percent (30%)

62.2.3.4 The warranty security shall be denominated in Philippine Pesos, remain effective for one (1) year from the date of issuance of the Certificate of Final Acceptance by the Procuring Entity, and returned only after the lapse of the said one (1) year period.

*[Handwritten signatures and initials]*

62.2.4 In case of Structural Defects/Failure occurring during the applicable warranty period provided in Section 62.2.3.2 hereof, the Procuring Entity shall undertake the necessary restoration or reconstruction works and shall be entitled to full reimbursement by the parties found to be liable for expenses incurred therein upon demand, without prejudice to the filing of appropriate administrative, civil, and/or criminal charges against the responsible persons as well as the forfeiture of warranty securities posted in favor of the Procuring Entity.

**WHEREAS**, as per NPM 033-2014 dated October 8, 2014, warranty security posted by the contractor shall be retained by the procuring entity for the duration of the warranty security period, i.e. one (1) year from the issuance of the certificate of final acceptance and returned thereafter regardless of the type of the infrastructure facility involved. However it should be pointed out that even after the lapse of the warranty security period, the contractor continues to be responsible/liable for any structural defect/failure that will occur on the infrastructure facility due to its fault for the duration of the applicable warranty period, i.e., two (2), five (5), or fifteen (15) for other structures, semi-permanent structures, or permanent structures, respectively;

**WHEREAS**, the Certificate of Acceptance shall be issued by Head of the Implementing Office after the one-year defects liability period, after all defects/deficiencies, if any, shall have been repaired by the Contractor to the satisfaction of the Inspection Team and upon submission of the Warranty Certificate by the Contractor in accordance with the provisions of Section 62.2.3.3 and 62.2.3.4;

**WHEREAS**, the Bids and Awards Committee of Los Baños, Laguna agreed that no payment shall be processed or made without the submission of warranty security;


**NOW, THEREFORE**, for and in consideration of the foregoing, we, members of the Bids and Awards Committee, hereby **RESOLVE AS IT IS HEREBY RESOLVED**, a Resolution Establishing the Guidelines on Warranty Security for Infrastructure Projects of the Municipality of Los Baños, Laguna


**RESOLVED**, this 30<sup>th</sup> day of May 2022 at the Municipal Hall, Los Baños, Laguna.

  
**ENGR. RICKY R. ESTOPACE**  
Municipal Engineer/ BAC Vice Chairperson

  
**TWILA J. TORRES**  
MPDC/BAC Chairperson

  
**ATTY. KATRINA D. GALANG-BACANI**  
Municipal Administrator/BAC Member

  
**DR. ALVIN A. ISIDORO**  
Municipal Health Officer/BAC Member

  
**GENOVEVA B. POYAOAN**  
Municipal Budget Officer/BAC Member