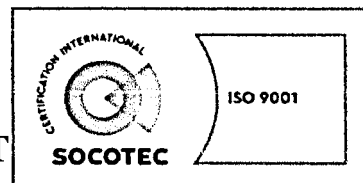




Republic of the Philippines
Department of Environment and Natural Resources
EMB- Region IV- B MIMAROPA

PROVINCIAL ENVIRONMENT MANAGEMENT UNIT
Province of Palawan



January 3, 2022

MEMORANDUM

FOR : **THE REGIONAL DIRECTOR**
Environmental Management Bureau
DENR-RIV-B, MIMAROPA
1515 L & S Bldg., Roxas Blvd., Ermita, Manila

FROM : **THE CHIEF, PEMU**
Puerto Princesa City, Palawan

SUBJECT : **LETTER OF GOVERNOR JOSE CH. ALVAREZ OF**
PROVINCIAL GOVERNMENT OF PALAWAN

Respectfully forwarded is the letter of Hon. Jose Ch. Alvarez, Governor of Provincial Government of Palawan regarding the operation of El Nido Sewage and Solid Waste Treatment Plant ("El Nido STP" for brevity) which is a joint project of the Provincial Government of Palawan and Municipal Government of El Nido which is governed by a Memorandum of Agreement (MOA) which is hereto attached.

For information and favorable consideration.


EDNA S. VELASCO

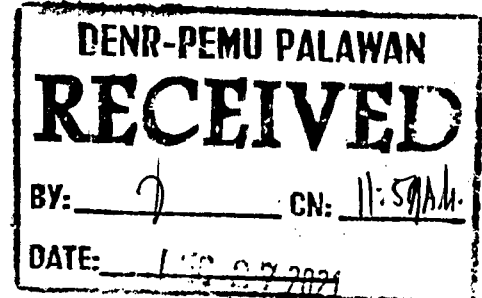
DENR-PENRO Compound
Sta. Monica, Puerto Princesa City, Palawan
Tel. No. (048) 434-1824
E-mail: pemupalawan@gmail.com



Republic of the Philippines
Provincial Government of Palawan
Office of the Government

December 15, 2021

Mr. JOE AMIL M. SALINO
Regional Director, EMB Region IV-MIMAROPA
6th Floor, DENR By the Bay Bldg.
Roxas Blvd., Ermita, Manila



Sir:

Greetings!

This has reference to the operation of the El Nido Sewage and Solid Waste Treatment Plant ("El Nido STP" for brevity) which is a joint project of the Provincial Government of Palawan and the Municipal Government of El Nido which is governed by a Memorandum of Agreement, the photocopy of which is hereto attached as Annex "A" and made an integral part hereof.

The El Nido STP which has a true cost of P695,972,504.00 is part of the rehabilitation program of the Municipality of El Nido to improve its water quality.

To be fully operational in the area of Bgy. Corongcorong, there is a need to lay the sewer pipeline to connect the sewer cluster collector tank to the commercial establishments and households. The sewer pipeline will traverse along the five (5) meters easement of the riverbank within the mangrove area. For your ready reference, the copy of the google map indicating the sewer pipeline is hereto attached as Annex "B" and made an integral part hereof.


The laying of the sewer pipeline is non-invasive as it will not involve the cutting of any mangrove. Necessary precautions in the laying of the sewer pipelines will be done so as not to cause damage to the environment.

Incidentally, the mangrove area is within an area which is embraced and covered by a Transfer Certificate of Title in the name of the Gorong Bay Corporation.

Considering that the Department of Environment and Natural Resources (DENR) has the primary jurisdiction over the management and disposition of the mangrove area, we are requesting your clearance for the laying of the sewer pipeline.

Anticipating for your immediate action on the request for clearance. Thank you and more power!

Very Truly Yours,


JOSE CH. ALVAREZ
Governor

MEMORANDUM OF AGREEMENT

(For the Management and Operation of the
El Nido Sewage and Solid Waste Treatment Plant)

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement of the management and operation of the El Nido Sewage and Solid Waste Management Plant is made and entered into this _____ by and between:

The **PROVINCIAL GOVERNMENT OF PALAWAN**, a local government unit created under the law of the Republic of the Philippines, with office address in Puerto Princesa City, Palawan, represented by its Governor, HON. JOSE CH. ALVAREZ (hereinafter referred to as the "PGP");

-and-

The **MUNICIPAL GOVERNMENT OF EL NIDO, PALAWAN**, a local government unit duly created under the laws of the Republic of the Philippines, with office address at Poblacion, El Nido, Palawan, represented by its Mayor, HON. EDNA G. LIM (hereinafter referred to as the "LGU-EL NIDO").

WITNESSETH:

WHEREAS, Section 2 of Republic Act No. 9003, otherwise known as the "*Ecological Solid Waste Management Act of 2000*", provides that it shall be the policy of the State to adopt a systematic, comprehensive, and ecological solid waste management program which shall, among others, "*ensure the protection of public health and environment*" and "*ensure the proper segregation, collection, transport, storage, treatment and disposal of solid waste through the formulation and adoption of the best environmental practice in ecological waste management xxx*";

WHEREAS, in relation thereto, Section 10 of Republic Act No. 9003 mandates local government units to act as the primary government agency responsible for the implementation and enforcement of the provisions of the Ecological Solid Waste Management Act;

WHEREAS, Section 7 of Republic Act No. 9275, otherwise known as "*Philippine Clean Water Act of 2004*", provides that

"each LGU shall appropriate the necessary land, including the required rights-of-way/road access to the land for the construction of the sewage and/or septage treatment facilities. Each LGU may raise funds to subsidize necessary expenses for the operation and maintenance of sewerage treatment or septage facility servicing their area of jurisdiction through local property taxes and enforcement of a service fee system";

WHEREAS, Section 33 of R.A. 7160, otherwise known as the Local Government Code of 1991, expressly authorizes local government units to *"group themselves, consolidate, or coordinate their efforts, services, and resources for purposes commonly beneficial to them"* and for such purpose, they may *"contribute funds, real estate, equipment, and other kinds of property and appoint or assign personnel under such terms and conditions as may be agreed upon by the participating local units through Memoranda of Agreement"*;

WHEREAS, based on the recent study of the Department of Environment and Natural Resources (DENR), the water quality in the Municipality of El Nido, Palawan had been steadily declining so much so that it was placed under a rehabilitation program;

WHEREAS, based on the aforementioned provisions of the law, and on the current predicament of the Municipality of El Nido regarding its water quality, the PGP and LGU-EL NIDO have entered into a cooperative undertaking for the establishment of the *El Nido Sewage and Solid Waste Treatment Plant* (hereinafter referred to as **"EL NIDO-STP"**);

WHEREAS, the LGU-EL NIDO has obtained a loan from the Development Bank of the Philippines (DBP) to finance the Phase I of the project while the PGP conducted the feasibility study, provided the detailed engineering design, use of heavy equipment and technical assistance;

WHEREAS, to complete the second and final phase of the project, the PGP has secured a loan from the Land Bank of the Philippines (LBP);

WHEREAS, the PGP has contributed a total amount of PHP 470,562,530.00, which comprises 67.61% of the project's cost while the LGU-EL NIDO's share consists 32.39% of the project's cost, which is equivalent to PHP 225,409,974.00;

WHEREAS, their respective contributions are broken down as follows:

Capital Investment and Non-Cash Contribution for the Construction of El Nido STP Project		Provincial Government of Palawan	Municipal of El Nido
Loaned/ Cash Capital Contribution			
a.	Sewerage System	34,007,504.00	52,198,373.00
b.	Cluster Collector Tank	83,263,944.00	21,662,116.00
c.	Solid and Sewerage Treatment Plant	46,312,377.00	60,281,218.00
d.	Solar and Electro-Mechanical System	66,397,955.00	56,840,472.00
e.	Process and Instrumentation System	66,894,080.00	
f.	Laboratory Equipment	1,824,384.00	
g.	Heavy Equipment		
	5 CBM Sewer Suction 6-Wheeler Truck w/ Aircon (12/2020)		5,420,962.00
	5 CBM Sewer Suction 6-Wheeler Truck w/ Aircon (12/2020)		5,420,962.00
h.	Building & Other Structures		19,585,871.00
i.	Land Acquisition	9,489,140.00	4,000,000.00
	Subtotal	308,189,384.00	225,409,974.00
Non Cash Capital Contribution			
j.	Overhead Engineering Supervision	32,786,885.00	
k.	Equipment Utilization	81,967,213.00	
l.	Design and Engineering	23,809,524.00	
m.	Feasibility Study	23,809,524.00	
	Subtotal	162,373,146.00	
	Total	470,562,530.00	225,409,974.00
	Project True Cost	695,972,504.00	
	Percentage Contribution (A/Bx%)	67.61%	32.39%

WHEREAS, in order to allow the LGU-EL NIDO to realize a higher income from the operation of the El Nido-STP, and in consideration of the general welfare of the people of the Municipality of El Nido, it has been agreed that the sharing of income from the project operation shall be 60% for PGP and 40% to LGU-El Nido;

WHEREAS, Section 22 of the Local Government Code grants local government units full autonomy in the exercise of their proprietary functions and in the management of their economic enterprise;

WHEREAS, in relation thereto, Section 313 of the Code provides that *"profits or income derived from the operation of public utilities and other economic enterprises, after deduction for the cost of improvement, repair and other related expenses of the public utility or economic enterprise concerned, shall first be applied for the return of the advances or loans made therefor. Any excess shall form part of the general fund of the local government unit concerned"*;

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants, stipulations and agreements, the parties have agreed, as they do hereby agree, and contracted as follows:

ARTICLE I
MANAGEMENT AND OPERATION OF THE EL NIDO
SEWAGE AND SOLID WASTE TREATMENT PLANT

Section 1. The PGP shall, for the duration of the effectivity of this Agreement, manage and supervise the operation of the El Nido Sewage and Solid Waste Treatment Plant. For this purpose, the PGP shall:

- a. Create a special unit under the Provincial Economic Enterprises and Development Office (PEEDO) that will operate and manage the El Nido Sewage and Solid Waste Treatment Plant;
- b. Determine and formulate the staffing requirement for the management and operation of the El Nido Sewage and Solid Waste Treatment Plant to ensure that it will be managed and operated effectively and efficiently;
- c. Ensure that the management and operational staff of the El Nido Sewage and Solid Waste Treatment Plant possesses the required technical knowledge.

Section 2. The PGP shall exclusively formulate and prepare the guidelines, rules, and regulations for the operation and management of the El Nido-STP. The LGU-EL NIDO and all of its personnel shall strictly comply therewith.

Section 3. The PGP and the LGU-EL NIDO shall enact and update the necessary ordinances, resolutions, and other issuances, to ensure that the provisions of this Agreement will be fully implemented (*i.e. solid waste management ordinances, sewage treatment ordinance, etc.*). Relative thereto, the PGP shall enact the appropriate ordinance fixing the rates, fees and charges for the services of the EL Nido-STP, as well as the ordinance establishing the policies pertaining to its operation and management.

Section 4. The PGP and LGU-El Nido shall have the joint responsibility in determining the propriety of the privatization of the El Nido-STP. Accordingly, consultation, conferences, and meetings with interested parties shall be done jointly by the PGP and LGU-El Nido. In the event that there is an interested party in the privatization of the EL NIDO-STP, the terms and reference therefor shall be jointly formulated by the PGP and the LGU-EL NIDO with each party receiving the appropriate payment for their respective equity sharing. The joint approval of their respective Sanggunian shall also be required.

Section 5. The LGU-El Nido shall turnover to the PGP the desludging operation, a component of El Nido Water and Sanitation System (ENWSS), which includes its existing STP and all of its equipment as its equity to the El Nido-STP.

Section 6. The LGU El Nido may detail a number of regular employees of ENWSS currently assigned to the desludging operation as may be necessary for its effective and efficient operation, subject to the existing civil service rules pertaining to non-diminution of salaries, benefits, and security of tenure.

Section 7. It shall be the joint responsibility of the PGP and the LGU-EL NIDO to promote the services of the EL NIDO-STP to its intended customers/clients in order to boost its operation and attain its projected goals and objectives.

ARTICLE II

ADMINISTRATION AND MANAGEMENT OF THE FUNDS OF THE EL NIDO SEWAGE AND SOLID WASTE TREATMENT PLANT

Section 1. A special account shall be maintained by the PGP for the revenue derived from the operation of the El Nido-STP.

Section 2. The Provincial Economic Enterprise Development Office (PEEDO) shall be responsible for the collection of the charges and fees relative to the services of the El Nido-STP for wastewater treatment, sewerage connection, and desludging.

For this purpose, the PEEDO shall:

- a. Create a special unit that will operate and manage the El Nido-STP;
- b. Maintain a separate account for the collection of charges and fees derived from the operation of the El Nido-STP; and
- c. Prepare a monthly report indicating the collection made from the operation of the El Nido-STP.

Section 3. After the deduction of the operational expenses, maintenance, repair, and other related expenses, and after payment of the applicable taxes, if any (e.g. Value-Added Tax), LGU-EL NIDO shall share in the net income of the El Nido-STP based on the profit sharing stated above which shall first be applied to the payment of their respective bank loans. The actual determination of their respective shares in the net income is hereby attached as "*Annex A*" and made an integral part of this agreement.

The amount equivalent to the computed depreciation of the facilities shall also be set aside, and shall remain in the account of El Nido-STP, to be utilized for its operation, maintenance, and for the upkeep of the facilities in line with the feasibility studies, before any division of the net income.

Section 4. The PGP shall first apply its share from the net income to the payment of its loan obtained from the LBP to finance the establishment of the El Nido-STP. Any excess shall accrue to the fund of the PGP. It shall be the responsibility of the PGP to include in its annual budget such amount necessary to pay the above loan should the income of the El Nido-STP be insufficient to cover the same.

Section 5. The LGU-EL NIDO shall first apply its share from the net income to the payment of its loan obtained from the Development Bank of the Philippines (DBP). Any excess shall accrue to the fund of the Municipality of El Nido. It shall be the responsibility of the LGU-EL NIDO to cause the payment of its loan, subject to the applicable accounting and auditing laws, rules, and regulations. Accordingly, the LGU-EL NIDO shall

include in its annual budget such amount necessary to pay the above loan should the income of the El Nido-STP be insufficient to cover the same.

Section 6. The distribution of the share from the net income shall be made every end of the calendar year.

ARTICLE III FINAL PROVISIONS

Section 1. The PGP shall allot funds to cover the operational expenses of the El Nido-STP for the first five (5) years of its operation, which shall include, but is not limited, to the following:

1. Purchase of goods and services for the conduct of its regular operation;
2. Repair and maintenance expenses;
3. Office supplies expenses;
4. Security services;
5. Water, electricity, telephone, and fuel expenses;
6. Extraordinary and miscellaneous expenses; and
7. Other related expenses (e.g., capital expenses, expansion, etc.).

After the payment of the bank loans mentioned above, the amount spent for the operational expenses for the first five (5) years shall be paid back to the PGP. Capital investments, expansion of service lines, and other related expenses incurred by the El Nido-STP at the cost of the PGP during the first five (5) years of the plant's operation shall likewise be paid back to the PGP, provided that said expenses are funded under the general fund of the PGP.

Section 2. The LGU-El Nido, when the need arises, may provide subsidy upon consent of the PGP, to cover operational expenses when necessary for the first five (5) years of the plant's operation or until the El Nido-STP has become viable and self-sustaining.

Section 3. This agreement shall take effect upon the signing of the parties herein and shall remain binding until the PGP shall have fully paid its loan obligations with the LBP, including its advances in cash and in kind. After the lapse of fifteen (15) years from the effectivity of this MOA, there shall be an evaluation if LGU-El Nido possesses the sufficient technical capability and overall competency in operating the El Nido-STP based on the criteria hereto attached as Annex "B".

Should the evaluation show that LGU-El Nido is fully capable of independently and sustainably operating the treatment facilities, the PGP shall formally turn over the El Nido-STP to LGU-EL NIDO. Otherwise, the management of El Nido STP by the PGP shall be extended for such period of time as may be mutually agreed upon by the parties.

Section 4. In view of the respective loan obligations of the parties as mentioned above, the LGU-EL NIDO shall, after the execution of this Agreement, immediately issue an ordinance that shall establish the El Nido-STP to be the exclusive and only operating treatment plant in the Municipality of El Nido.

Section 5. In the event that the parties hereto have mutually agreed to terminate this Agreement for just cause resulting to the dissolution of their cooperative undertaking, or in case of cessation of the El Nido-STP's operation, the PGP and the LGU-EL NIDO shall divide the assets of the El Nido-STP in proportion to their respective capital contributions thereto, after settling the accounts due to each other, if there is any. The PGP or LGU-El Nido shall have the right of first refusal in case either of the parties decides to sell their respective equity in the El Nido-STP. In the event that neither of the parties agree to purchase the equity of the other, only then can they look for third party buyers for the sale thereof. Provided, however, that such sale shall be joint considering that El Nido-STP, or the operation thereof, is indivisible in nature.

Section 6. If any provision of this agreement is declared unconstitutional, invalid, or unenforceable, the other provisions not affected thereby shall remain valid and subsisting.

Section 7. The parties shall, as often as possible, mutually consult with each other with respect to the performance of their respective obligations under this agreement. The parties shall exert their best efforts to properly resolve any differences or disagreements with respect to any dispute that may arise in connection with this agreement to help each other meet the goals and objectives of the feasibility studies previously conducted.

Section 8. In case of disputes or issues arising out of the interpretation/implementation of the provisions of this Agreement, the PGP and LGU-EL NIDO shall resolve the same exclusively through ARBITRATION with the Sangguniang Panlalawigan of Palawan acting as the sole and exclusive judge.


IN WITNESS WHEREOF, the party hereunto set her hand this 20th day of October, 2021 in El Nido, Palawan.


MUNICIPAL GOVERNMENT OF EL NIDO

Represented by:


EDNA G. LIM
Mayor

Signed in the presence of:


RAFFY G. CABATE
Barangay Villa Libertad
El Nido, Palawan


MANUEL P. REY
Barangay Maligaya
El Nido, Palawan

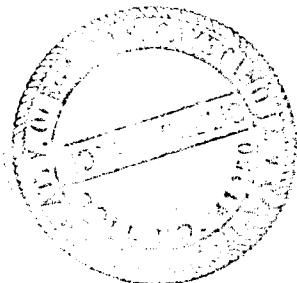
ACKNOWLEDGMENT

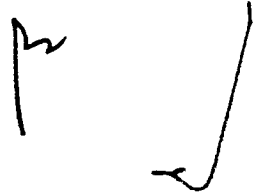
Republic of the Philippines)
Province of Palawan)S.S.
Municipality of El Nido

BEFORE ME, a Notary Public in the Province of Palawan, personally appeared EDNA GACOT LIM exhibiting to me her Tax Identification Number (TIN) Card with TIN No. 174-686-778, issued by the Bureau of Internal Revenue (BIR), on January 18, 2016, known to me to be the same person who executed the foregoing instrument consisting of nine (9) pages, including the page wherein this Acknowledgment is written, all pages signed by the party and the instrumental witnesses, and acknowledged to me that the same is their free and voluntary act and deed.

WITNESS MY HAND AND NOTARIAL SEAL, this 20th day of October, 2021 in El Nido, Palawan.

Doc. No. 2468
Page No. 75
Book No. 2021
Series of 2021




ATTY. CLEGARIO S. CAYETANO JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2021
PTR NO. 12345678901234567890, PALAWAN
ISP NO. 12345678901234567890, PALAWAN
ATTORNEY'S REG. NO. 123456
MCLE COMPLIANCE NO. 12345678901234567890


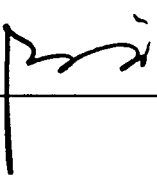
IN WITNESS WHEREOF, the party have hereunto set his hand this _____ in _____.

PROVINCIAL GOVERNMENT OF PALAWAN

Represented by:


JOSE CH. ALVAREZ
Governor

Signed in the presence of:

 _____
 _____

ACKNOWLEDGMENT

Republic of the Philippines)
City of Puerto Princesa)S.S.


BEFORE ME, a Notary Public in PUERTO PRINCESA CITY, personally appeared with his proof of identity.

Name	Proof of Identity
1. JOSE CH. ALVAREZ	<u>TM 113-295-245</u>

known to me to be the same persons who executed the foregoing instrument consisting of ten (10) pages, including the page wherein this Acknowledgment is written, all pages signed by the party and the instrumental witnesses, and acknowledged to me that the same is their free and voluntary act and deed.

WITNESS MY HAND AND NOTARIAL SEAL, this NOV 23 2021 in PUERTO PRINCESA CITY.

DOC NO: 226
PAGE NO: 05
BOOK NO: VIII
SERIES OF: 1071


ATTY. LISA MAE O. CADAL
COMMISSION NPL NO. 2021-011
NOTARY PUBLIC FOR THE CITY OF PTOPRIN
AND PALAWAN / SW. UNTIL DECEMBER 31/2021
ROLL OF ATTORNEYS NO. 725 P4
IIP NO. 133024/11-19-2020/PAL
PTR NO. 2333E31/1-4-2020/PAL

ANNEX A

$$\text{Net Income} = \text{GP} - \text{PS} - \text{MOOE} - \text{D} - \text{BD}$$

Where;

GP – Gross Profit

PS- Personal Services

MOOE – Maintenance and Other Operating Expenses

D – Depreciation

BD- Bad Debt

$$\text{Depreciation} = \frac{\text{Project Cost}}{\text{Economic Life}}$$

$$\text{LGU Profit} = \text{Net Income} \times 40\%$$

$$\text{PGP Profit} = \text{Net Income} \times 60\%$$

ANNEX B

QUALIFICATION, DUTIES AND RESPONSIBILITIES

1. He/She shall have completed the **Comprehensive Training on Sewage and Sewerage Management, Operations and Maintenance Course** conducted by the designer of the El Nido Sewage and Solid Waste Treatment Plant and Sewage System.

2. Educational Background and Work Experience

Job Description	Qualification
Unit Plant Manager - STP	Registered Chemical Technician with BS Petroleum Engineering or Registered Chemical Engineer or equivalent engineering field with at least five (5) years experience in sewage treatment design and operations
Process Technician Supervisor	Registered Chemical Technician with BS Petroleum Engineering or Registered Chemical Engineer or equivalent engineering field with at least five (5) years experience in sewage treatment design and operations
Electrical Maintenance Supervisor	Registered Electrical Engineer and Registered Master Electrician with at least (5) years experience in industrial plant and solar pumping system design and maintenance
Unit Maintenance Engineer - STP	Registered Civil Engineer and Sanitary Engineer with at least (5) years experience in the construction of sewage treatment plant and sewerage systems
Unit Maintenance Engineer- STP	Registered Mechanical Engineer and Registered Master Plumber or equivalent engineering field with at least five (5) years experience in sewage treatment operations design and construction
Unit Administrative Head STP	Registered Engineer with at least (5) years experience in sewage and sewerage system and administrative supervision

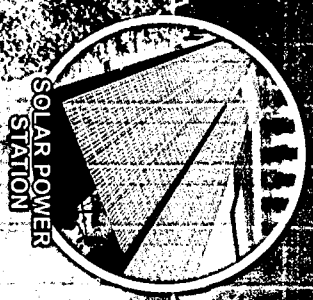
ANNEX B

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2. **Educational Background and Work Experience**

Job Description	Qualifications
Unit Plant Manager - STP	Registered Chemical Technologist with BS Petroleum Engineering Degree or Registered Chemical Engineer with at least five (5) years experience in sewage treatment design and operations
Process Technician Supervisor	Registered Chemical Technologist with BS Petroleum Engineering Degree or Registered Chemical Engineer with at least five (5) years experience in sewage treatment design and operations
Electrical Maintenance Supervisor	Registered Electrical Engineer and Registered Master Electrician with at least (5) years experience in industrial plant and solar pumping system design and maintenance
Unit Maintenance Engineer - STP	Registered Civil Engineer and Sanitary Engineer with at least (5) years experience in the construction of sewage treatment plant and sewerage systems
Unit Maintenance Engineer - STP	Registered Mechanical Engineer and Registered Master Plumber with at least (5) years experience in sewage treatment operations design and construction
Unit Administrative Head - STP	Registered Engineer with at least (5) years experience in sewage and sewerage system and administrative supervision

EL NIDO SEWAGE AND SOLID WASTE TREATMENT PLANT PROJECT

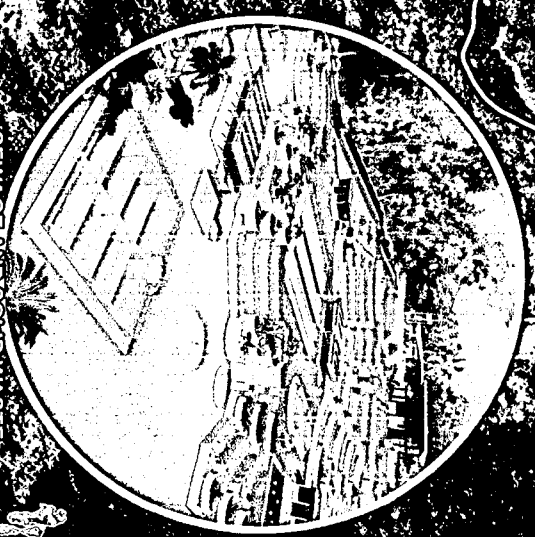


BUENASUERTE

MASAGANA

EL MALICAY

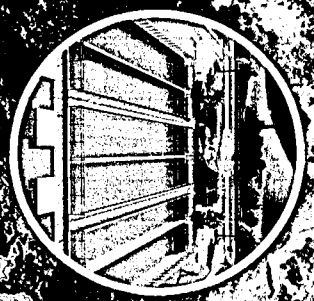
TRANSMISSION LINE



SEWAGE AND SOLID WASTE TREATMENT PLANT

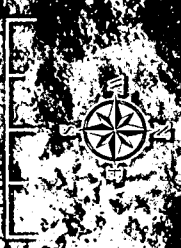
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LOCATION SITE: 8.7 KM. LIBERTAD, EL NIDO, PALAW

GORONG GORONG



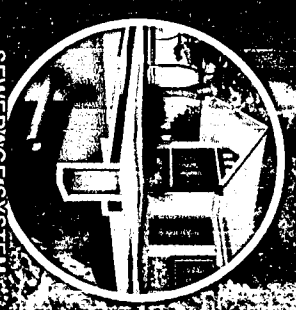
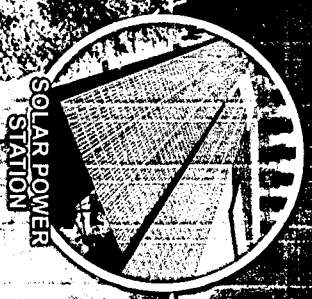
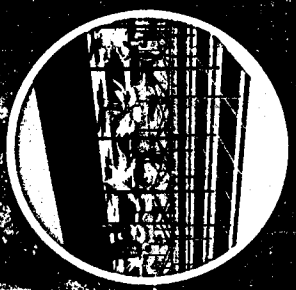
CLUSTER TANKS / PUMPING STATION

VICINITY-MAP



THIS SITE

EL NIDO SEWAGE AND SOLID WASTE TREATMENT PLANT PROJECT



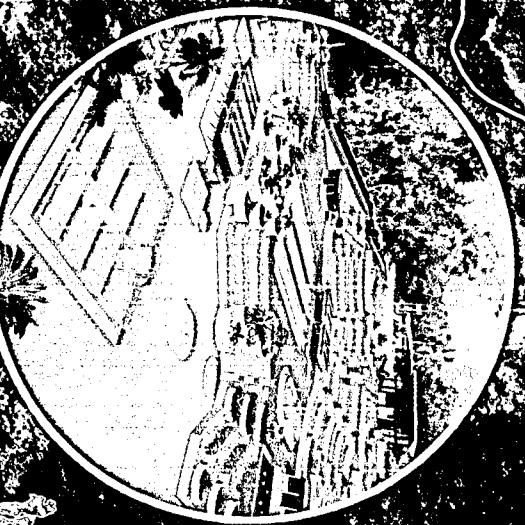
SEWERAGE SYSTEM

BUENASUERTE

MALICANA

MASAGANA

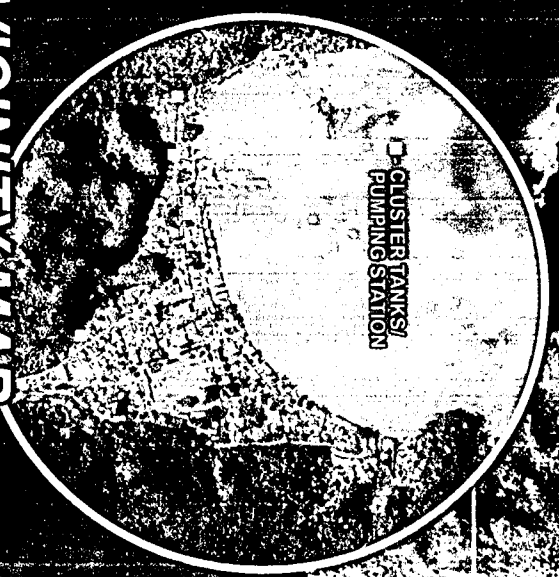
TRANSMISSION LINE



SEWAGE AND SOLID WASTE TREATMENT PLANT

COORDINATES: 13°15' 41"N 119°25' 12"E
LOCATION SITE: 8.99 Villa Libertad, El Nido, Palawan

GORONGGORONGI



CLUSTER TANKS/
PUMPING STATION

VICINITY MAP

