



**Department of Budget and Management
Department of Public Works and Highways**



Joint Circular No. 1
October 20, 2016

TO : ALL HEADS OF DEPARTMENTS, AGENCIES, BUREAUS, OFFICES, COMMISSIONS, STATE UNIVERSITIES AND COLLEGES, OTHER INSTRUMENTALITIES OF THE NATIONAL GOVERNMENT AND ALL OTHERS CONCERNED

SUBJECT : GUIDELINES ON THE REHABILITATION OR CONSTRUCTION OF GOVERNMENT BUILDINGS/OFFICE SPACE AND THE ACQUISITION OR OUTRIGHT PURCHASE OF LOT AND BUILDING

1.0 Purpose

Consistent with the government's thrust to utilize public resources in the most effective, efficient, economical and ethical way, the rehabilitation, construction and acquisition of government buildings to be used as permanent offices by National Government Agencies (NGAs), Government-Owned and/or -Controlled Corporations (GOCCs) and Government Financial Institutions (GFIs) shall be rationalized to ensure that spaces therein are distributed or allocated in the most economical, functional and practical manner to attain the occupants' maximum work efficiency.

Specifically, this Department of Budget and Management (DBM)–Department of Public Works and Highways (DPWH) Joint Circular is being issued to:

- 1.1 Provide guidelines on the following activities:
 - 1.1.1 Acquisition/outright purchase of lot;
 - 1.1.2 Acquisition/outright purchase of building;
 - 1.1.3 Acquisition/outright purchase of lot and building;
 - 1.1.4 Rehabilitation of an existing government building;
 - 1.1.5 Construction of a new building;
- 1.2 Establish the standard allocation of space within office buildings; and
- 1.3 Prescribe the various schemes to be adopted in financing the aforementioned activities.

2.0 Definition of Terms

- 2.1 ***Build-and-Transfer (BT)***¹ – A contractual arrangement whereby the project proponent undertakes the financing and construction of a given infrastructure or development facility and, after its completion, turns it over to the government entity concerned, the latter of which shall pay the proponent on an agreed schedule its total investments expended on the project, plus a reasonable rate of return thereon. This arrangement may be employed in the construction of any infrastructure or development project, including critical facilities which, for security or strategic reasons, must be operated directly by the Government.
- 2.2 ***Build-Lease-and-Transfer (BLT)***¹ – A contractual arrangement whereby a project proponent is authorized to finance and construct an infrastructure or development facility and upon its completion turns it over to the government agency or local government unit concerned on a lease arrangement for a fixed period after which ownership of the facility is automatically transferred to the government agency or local government unit concerned.
- 2.3 ***Build-Operate-and-Transfer (BOT)***¹ – A contractual arrangement whereby the project proponent undertakes the construction, including financing, of a given infrastructure facility, and the operation and maintenance thereof. The project proponent operates the facility over a fixed term during which it is allowed to charge facility users appropriate tolls, fees, rentals, and charges not exceeding those proposed in its bid, or as negotiated and incorporated in the contract, to enable the project proponent to recover its investment and operating and maintenance expenses in the project. The project proponent transfers the facility to the government entity concerned at the end of the fixed term which shall not exceed fifty (50) years.
- 2.4 ***Multi-Year Obligational Authority (MYOA)*** – A document issued by the DBM either for locally-funded projects or foreign-assisted projects implemented by agencies in order to authorize the latter to enter into multi-year contracts for the full project cost, which contain an annual breakdown of the full project cost, and requires agencies to include in their budget proposal for the ensuing years the amount programmed for said year(s).

¹ Definition culled from ***Republic Act (RA) No. 7718*** (*An Act Amending Certain Sections of RA No. 6957 Entitled, "An Act Authorizing the Financing, Construction, Operation and Maintenance of Infrastructure Projects by the Private Sector, and for Other Purposes"*) dated May 4, 1998

3.0 General Policy Guidelines

3.1 To rationalize the allocation of funds for the rehabilitation, construction or acquisition of government offices, the NGAs, GOCCs and GFIs concerned which fall under the following circumstances shall be prioritized in the provision of funds for the purpose:

- 3.1.1 Those which are renting office space or building;
- 3.1.2 Those which own office space or building having structural defect;
- 3.1.3 Those forced to vacate their current office location;
- 3.1.4 Those which do not have adequate space to accommodate their existing personnel, while either renting or owning the building;
- 3.1.5 Those providing frontline services; or
- 3.1.6 Those which experience or encounter other situations or factors which necessitate the rehabilitation of the existing office space/building, the construction of a new one, or the acquisition of office space/building.

3.2 Agencies which intend to pursue the rehabilitation, construction, acquisition, or outright purchase of office building/space shall have the following options:

3.2.1 ***Agencies with existing lot and building:***

- ❖ Rehabilitation of its existing building only; or
- ❖ Complete demolition of the existing building and construction of a new building in its stead, provided said option is highly recommended by the DPWH considering factors such as degree of structural defect, building standards, and higher cost of rehabilitation, among others.

3.2.2 ***Agencies which already have a lot but without a building:***

- ❖ Construction of a new building.

3.2.3 ***Agencies without lot or building:***

- ❖ Acquisition of a lot with existing building;
- ❖ Acquisition of a lot without a building and the construction therein of a building; or
- ❖ Acquisition of office space in an existing building that is owned by another government agency or a private entity.

3.3 The rehabilitation or construction of government buildings/office space and the acquisition or outright purchase of lot, building, or lot and building/office space could be financed either through the following modes:

3.3.1 ***Public-Private Partnership or Private Financing²***, either through a BT, BLT, or BOT arrangement; or

² Per RA 7718

3.3.2 **Provision of funding support from the national government**
wherein the approved amount would be included by the DBM in the National Expenditure Program (NEP).

3.4 In summary, the following financing schemes shall govern the rehabilitation, construction, acquisition, or outright purchase of office building/space depending on the existence of the lot and building and the extent of the activity that would be undertaken by the Agency:

Particulars	Options	Possible Financing Schemes
a) Agencies with existing lot and building	a.1) Rehabilitation of the existing office building or space	❖ NEP funding
	a.2) Demolition of the old building and construction of a new building on the same lot, as applicable	❖ BT ❖ BLT ❖ BOT ❖ NEP funding
b) Agencies with lot but without building	b.1) Construction of a new building	❖ BT ❖ BLT ❖ BOT ❖ NEP funding
c) Agencies without lot or building	c.1) Acquisition of lot with existing building	❖ NEP funding
	c.2) Acquisition of lot and construction of new building	❖ BT ❖ BLT ❖ BOT ❖ NEP funding
	c.3) Acquisition of office space	❖ NEP funding

4.0 Specific Procedures in Undertaking the Activity

4.1 The NGAs and GOCCs/GFIs concerned shall first submit the proposed design of the agency's office building/space and the corresponding cost estimate to the DPWH's **Office of the Undersecretary for Technical Services** for review and recommendation.

This is necessary to ensure that the proposal would be in accordance with the **revised space allocation standards** for the rehabilitation, construction and acquisition of office building/space, attached as an **Annex** hereto, as well as the **National Building Code of the Philippines**³ and its referral codes, the **Accessibility Law**⁴, and other related rules and standards.

The appropriate space allocation in the building of an agency shall also be based on its number of authorized positions, nature of services provided (e.g., frontline or research and development), as well as the magnitude of clientele, if applicable.

Agencies which deliver frontline services (e.g., issuance of passport and birth certificate) are likewise required to include in their proposed design a covered path or walkway for the transacting public within the office premises, if feasible.

³ Presidential Decree No. 1096 dated February 19, 1977

⁴ Batas Pambansa Blg. 344 dated February 25, 1983

In the case of **intermediate-level agencies** which are **lower than a Department but higher than a Bureau**, the facilities that could be allowed would depend on the level of the Head and the principal subdivisions therein.

- 4.2 After the DPWH has ensured the consistency of the proposed design with pertinent standards and guidelines and has given its endorsement or recommendation on the matter, the NGAs and GOCCs/GFIs concerned may already request from the DBM the funding for the specific activity to be pursued (e.g., rehabilitation of an existing building, construction of a new building, acquisition of lot with building, and acquisition of a lot and construction of building).

In the case of the NGAs, they may also request the DBM for the issuance of a **MYOA** for the purpose, as necessary.

For GOCCs/GFIs concerned, they are required to submit to the DBM a Board Resolution or any similar document certifying that the financing of the project concerned has been included in its current budget proposal and will form part of the succeeding years' budget, as necessary.

In addition, funds for the same should also be included in the annual Corporate Operating Budget of the GOCC/GFI.

- 4.3 Consistent with **DBM Circular Letter No. 2015-7⁵** dated June 3, 2015, the evaluation of agency proposals on the matter would be handled by either of the following:

Responsible Entity	Proposed Funding Level
❖ National Economic and Development Authority Board and/or any of its interagency committees , as applicable	For projects costing P1 billion and above ; either locally funded or foreign assisted, including PPP projects
❖ Development Budget Coordination Committee's Sub-Committee on Program/Project Appraisal	For projects costing P300 million to less than P1 billion
❖ DBM	For projects costing less than P300 million

To facilitate the evaluation of the prioritization on the provision of funds, the agency request should indicate the justifications for undertaking the activity concerned and the supporting documents for the purpose, such as the following:

- ❖ **Cost-benefit analysis** to validate the best option that would be pursued;
- ❖ **Proposed financing scheme** provided under Section 3.5 of this Joint Circular; and

⁵ Updated Guidelines for Issuance of Multi-Year Obligational Authority (MYOA)

- ❖ **Other documentary requirements** as provided under pertinent provisions of the annual General Appropriations Act in relation to the implementation of infrastructure projects and the annual Budget Call with respect to the proposed allotments for Buildings and Other Structures Outlay, DBM Circular Letter No. 2015-7 on the issuance of the MYOA, as well as other pertinent guidelines for Capital Outlays.

These documentary requirements shall also include, but are not limited to, the **geo-hazard certification** issued by the **Department of Environment and Natural Resources**.

- 4.4 In addition, the following shall be taken into consideration by the agencies concerned in the preparation of the aforementioned cost-benefit analysis indicated under Section 4.3:

- ❖ The parametric construction cost of an office building is about **P 30,000-35,000 per square meter**.

However, exception is being made if the construction area/site is reclaimed or has "soft soil" (e.g., *Bay City* within the Cities of Manila, Pasay and Parañaque and other areas of similar soil condition) and those areas near fault lines wherein the parametric construction cost is pegged higher at around **P 40,000-50,000 per square meter**.

Said ballpark figures are already inclusive of the overhead, contingencies and miscellaneous expenses, as well as the contractor's profit and value added tax.

- ❖ The standard cost of the preliminary and detailed engineering design (or building design) is equivalent to **three to six percent (3-6%)** of the projected total cost of the office building.

- 4.5 The endorsed cost estimate of the DPWH shall be taken into consideration by the DBM in the amount to be approved for the purpose and to be indicated in the MYOA, as applicable, and subsequently in the annual requirement of the activity to be included in the proposed NEP, subject to existing DBM rules and regulations, and Congressional approval.

5.0 Responsibility Clause

It shall be the responsibility of the Department Secretary or the Head of the Agency, GOCC or GFI to strictly enforce the provisions of this Joint Circular.

6.0 Repealing Clause

Pertinent portions of the DBM and DPWH issuances that are inconsistent with this Joint Circular are hereby repealed, amended or modified accordingly.

7.0 Saving Clause

Cases not covered by the provisions of this Joint Circular shall be submitted to the DBM and the DPWH for resolution.

8.0 Effectivity

This Joint Circular shall take effect immediately.


BENJAMIN E. DIOKNO

Secretary

Department of Budget and Management

Department of Budget
and Management



0SEC-2016-000354


MARK A. VILLAR

Secretary

Department of Public Works and Highways

Department of Public Works and Highways
Office of the Secretary



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SPACE ALLOCATION STANDARDS

Gross Floor Area

PARTICULARS	MAXIMUM SPACE REQUIREMENTS (in sq. m.)
A. OFFICE OF THE SECRETARY OR ITS EQUIVALENT SG-31 POSITION	
▪ <i>Secretary</i>	72.00
▪ <i>Staff</i>	4.00-6.00/pax ¹
▪ <i>Conference Room</i>	60.00
▪ <i>Reception Room</i>	30.00
▪ <i>Toilet/Bathroom</i>	6.00
▪ <i>Pantry</i>	10.00
▪ <i>Storage Area</i> ²	10.00
B. OFFICE OF THE UNDERSECRETARY OR ITS EQUIVALENT SG-30 POSITION	
▪ <i>Undersecretary</i>	63.00
▪ <i>Staff</i>	4.00-6.00/pax ¹
▪ <i>Conference Room</i>	40.00
▪ <i>Reception Room</i>	20.00
▪ <i>Toilet/Bathroom</i>	6.00
▪ <i>Pantry</i>	10.00
▪ <i>Storage Area</i> ²	10.00
C. OFFICE OF THE ASSISTANT SECRETARY OR ITS EQUIVALENT SG-29 POSITION	
▪ <i>Assistant Secretary</i>	56.00
▪ <i>Staff</i>	4.00-6.00/pax ¹
▪ <i>Conference Room</i>	30.00
▪ <i>Reception Room</i>	20.00
▪ <i>Toilet/Bathroom</i>	6.00
▪ <i>Pantry</i>	10.00
▪ <i>Storage Area</i> ²	10.00
D. OFFICE OF THE DIRECTOR OR ITS EQUIVALENT SG-28 POSITION	
▪ <i>Director IV</i>	36.00
▪ <i>Staff</i>	4.00-6.00/pax ¹
▪ <i>Reception Room</i>	10.00
▪ <i>Toilet/Bathroom</i>	4.00
▪ <i>Storage Area</i> ²	6.00
E. OFFICE OF THE ASSISTANT DIRECTOR OR ITS EQUIVALENT SG-27 POSITION	
▪ <i>Director III</i>	24.00
▪ <i>Staff</i>	4.00-6.00/pax ¹
▪ <i>Reception Room</i> ³	10.00
▪ <i>Toilet/Bathroom</i>	4.00
▪ <i>Storage Area</i> ^{2, 3}	6.00
F. DIVISION-LEVEL UNIT	
▪ <i>Division Chief</i>	12.00
▪ <i>Staff</i>	4.00-6.00/pax ¹

¹ Includes circulatory area

² For storage of supplies, equipment, records/files and other materials

³ To be provided only for SG-27 Officials who are the authorized head of either the agency or the office within the agency

SPACE ALLOCATION STANDARDS

Gross Floor Area

PARTICULARS	MAXIMUM SPACE REQUIREMENTS (in sq. m.)
G. BUREAU/SERVICE/OFFICE/AGENCY-LEVEL FACILITIES	
▪ <i>Conference Room</i>	30.00
▪ <i>Storage Area</i> ⁴	15.00
▪ <i>Pantry</i>	10.00
H. MAIN LOBBY	0.25/pax; minimum for lobby as waiting/standing room is 0.28
I. TRAINING ROOM	2.40/pax including aisles and service area such as storage, production room and toilet for the staff
J. QUARTERS	
▪ <i>Single Bed Room</i>	4.00
▪ <i>Twin-Sharing Bed Room</i>	8.00
▪ <i>Toilet/Bathroom</i>	4.00
▪ <i>Pantry</i>	10.00
▪ <i>Lobby/Lounge</i>	0.25/pax
K. TOILET FACILITIES ⁵	1.50 per one water closet (WC) enclosure
▪ <i>For Agencies providing frontline services (for public use)</i>	<ul style="list-style-type: none"> ➤ 1 WC/1-100 for female ➤ 1 WC/1-200 for male ➤ 1 urinal/1-100 for male ➤ 1 lavatory/2 WC
▪ <i>For Agencies with no clientele (for employees' use)</i>	<ul style="list-style-type: none"> ➤ 1 WC/1-15, 2 WC/16-35, 3 WC/36-55 for male and female ➤ 1 lavatory/40 for male and female; or 1 lavatory/2 WC

⁴ For storage of supplies, equipment, records/files and other materials

⁵ Based on the Revised National Plumbing Code of the Philippines (Republic Act No. 1378)