



SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

14 AUG 11 P1:36

SENATE

P. S. RES. NO. 826

RECEIVED BY: *JW*

Introduced by Senator Antonio "Sonny" F. Trillanes IV

RESOLUTION

DIRECTING THE COMMITTEE ON ACCOUNTABILITY OF PUBLIC OFFICIALS AND INVESTIGATIONS OF THE SENATE OF THE PHILIPPINES TO INVESTIGATE, IN AID OF LEGISLATION, THE ALLEGED P 1.601 BILLION OVERPRICING OF THE 11-STOREY NEW MAKATI CITY HALL II PARKING BUILDING, THE REPORTED OVERPRICING OF THE 22-STOREY MAKATI CITY HALL BUILDING AT THE AVERAGE COST OF P240,000.00 PER SQUARE METER AND RELATED ANOMALIESPURPORTEDLY COMMITTED BY FORMER AND CURRENT LOCAL GOVERNMENT OFFICIALS AND FOR OTHER RELATED PURPOSES

WHEREAS, the transparent and accountable use of public funds is the hallmark of true graft and corruption reform in the country;

WHEREAS, Article II, Section 27 of the 1987 Philippine Constitution provides that *"the State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption"*;

WHEREAS, Article XI, Section 1 of the 1987 Constitution of the Philippines provides that a public office is a public trust and mandates that public officers and employees, who are servants of the people, must at all times be accountable to the latter, serve them with utmost responsibility, integrity, loyalty and efficiency, act with patriotism and justice, and lead modest lives;

WHEREAS, Section 1 of Republic Act No. 3019, otherwise known as the Anti-Graft and Corrupt Practices Act states: *"It is the policy of the Philippine Government, in line with the principle that a public office is a public trust, to repress certain acts of public officers and private persons alike which constitute graft or corrupt practices or which may lead thereto,"* and Section 3(e) includes among the acts defined as the prohibited corrupt practices of public officers: *"Causing any undue injury to any party, including the Government, or giving any private party any unwarranted benefits, advantage or preference in the discharge of his official administrative or judicial functions through manifest partiality, evident bad faith or gross inexcusable negligence"*;

WHEREAS, the New Makati City Hall II Building, located along F. Zobel Street in Barangay Poblacion, Makati City, is a *"parking building"* and is officially designated by its contractor, Hillmarc's Construction Corporation, as such (i.e., Makati City Hall Parking Building) because the majority of its floors are intended for parking purposes. It is described as a 11-storey Building with Roof Deck with 1 Level Basement and 5 Floors Parking Area with a total area of 31,928 square meters¹.

WHEREAS, based on published reports, subject building is purportedly so overpriced such that the final contract price for the building was pegged at **P1.56 Billion**, while the actual cost of the

¹ Please see: Hillmarc's Construction Corporation Webpage; Information retrieved on 09 August 2014 from: http://www.hcc.com.ph/index.php?option=com_content&view=article&id=129:parking-mch&catid=46:on-going&Itemid=172

building according to data from the National Statistics Office (NSO) is estimated to be only **P245.56 Million**;

WHEREAS, based on present construction standards for high-end commercial buildings from NSO data, the current acceptable construction cost per square meter for buildings is only **P25,000.00 per square meter**, thus, the reasonable cost of construction for the whole building even at today's costs should only be at **P798,200,000.00²**;

WHEREAS, per the COA Report of 17 February 2014, the actual payments for the subject building as of 31 December 2013 already amounts to a total of **P2,367,679,633.95³**, with the construction contract split into five (5) contracts in violation of the existing procurement law but which were all miraculously won by one and the same contractor. Hence, the City of Makati actually spent around **P 2.4 Billion** for the said building, thus, placing the actual cost at around **P75,000.00 per square meter**, with the total overpriced sum in the amount of **P 1.601 Billion⁴**;

WHEREAS, the 11-storey New Makati City Hall II Parking Building costing P2.4 Billion appears three or four times more expensive on a per square meter basis when compared with high-end commercial and residential skyscrapers in Makati, to wit: (1) the 46-storey Shang Grand Tower, the 19th tallest building in the country which was completed in 2005 at the cost of P2 billion only; and (2) the 57-storey The Residences at Greenbelt - San Lorenzo Tower, the 11th tallest building in the country which was completed in 2009 cost P2.8 Billion;

WHEREAS, official data from the National Statistics Office (NSO) shows that in 2007, when construction began on the New Makati City Hall II Parking Building, the average cost of construction for commercial and institutional buildings was only **P7,691 per square meter** for the parking building, but the project cost was jacked up to around **P75,000.00 per square meter** when it was completed in 2013.⁵ This translates to a staggering overprice equivalent to **875 %**;

WHEREAS, in order to highlight the gravity of this apparent anomaly, if the perceived overpriced amount of almost **P 1.601 Billion** was instead utilized to build classrooms for our school children, more than **3,000 classrooms [inclusive of toilets and furniture]** could have been built using the money⁶;

WHEREAS, there are published reports that the cost of the 22-storey Makati City Hall building constructed by the City of Makati in the 1990's is even more scandalous, with critics pegging the cost at P260,000.00 per square meters and defenders of the local executives involved claiming that the cost was only P220,000.00 per square meters⁷. In any case, whether it is the critics or defenders of the local executives who are right, the **average cost of P240,000.00 per square meter** for a building built in the 1990's is clearly shocking, outrageous and unconscionable, especially given the information that the responsible local officials were somehow able to "*dodge the bullet*" and escape responsibility for said anomaly;

² *Plunder rap filed vs VP Binay, 21 others*, ABS-CBN News.Com; Information posted and last updated on 22 July 2014 at 8:14 p.m. retrieved on 09 August 2014 from <http://www.abs-cbnnews.com/nation/07/22/14/plunder-raps-filed-vs-vp-binay-21-others>

³ Report dated 17 February 2014 of COA Supervising Auditor Cecilia E. Caga-anan to Dir. Carmelita O. Antasuda, COA National Capital Region - Local Government Sector

⁴ Using the estimated cost of P25,000.00 per square meter as basis.

⁵ *Binays face plunder case for PH's priciest parking building at P1.56B*. Information retrieved on 09 August 2014 from: <http://newsinfo.inquirer.net/622431/binays-face-plunder-case-for-phs-priciest-parking-building-at-p1-56b>

⁶ Based on the Department of Education's (DepEd) cost for single and two-story classroom construction which takes into consideration efficiencies brought about by the use of new technologies in construction and economies of scale, the cost of a single-story classroom, inclusive of toilets and furniture amounts to P620,812.00 while a two-story classroom amounts to P1,062,890.00; Please see: *DepEd accepts bids to build 9,000 classrooms in 3 regions*; Information retrieved on 09 August 2014 from: <http://www.businessmirror.com.ph/index.php/en/features/education/5841-deped-accepts-bids-to-build-9000-classrooms-in-3-regions>

⁷ *Hidden Agenda: Overpricing Issues* by Mary Ann Ll. Reyes; The Philippine Star and PhilStar Online, 03 August 2014; Information retrieved on 09 August 2014 from: <http://www.philstar.com/business/2014/08/03/1353164/overpricing-issues>

WHEREAS, to put things in proper perspective, the reported average cost of P 240,000.00 per square meter of the Makati City Hall Building far exceeds by a whopping P100,000.00 per square meter the total cost of the two-storey housing units built by the National Housing Authority (NHA) for our soldiers and policemen under the AFP/PNP Housing Project initiated by Pres. Benigno S. Aquino III per Administrative Order No. 9 issued on 11 April 2011, the price of which is pegged at P140,000.00 per unit⁸.

WHEREAS, there are persistent reports of other anomalies purportedly committed by former and current officials of the City of Makati⁹, including reports of the use of local government funds for programs to boost the national campaign of a former local executive by funding his trips and hosting visiting local government executives¹⁰; a purported P230 Million infomercial campaign which started in 2009 using Makati funds; bogus projects and ghost employees¹¹; blatant and brazen overpricing and bid rigging¹²; among others, all of which constitute blatant misuse if not grave abuse and misappropriation of public funds;

WHEREAS, local chief executives hold ultimate responsibility for the proper and responsible use of funds belonging to local government units;

WHEREAS, the Filipino people have the right to demand truth and accountability about graft, corruption, and plunder at all levels of government;

WHEREAS, it is the duty of the Philippine legislature to ensure bidding and procurement policies and procedures are adequate to prevent the abuse and misuse of public funds for illicit personal gain, as well as to ensure that public funds are used to benefit the Filipino people;

NOW THEREFORE, BE IT RESOLVED, as it is hereby resolved by the Philippine Senate, to direct the Committee on Accountability of Public Officials and Investigations to investigate, in aid of legislation, the alleged *P1.601 billion overpricing* of the 11-storey New Makati City Hall II Parking Building, the reported overpricing of the 22-storey Makati City Hall Building at the average cost of *P240,000.00 per square meter* as well as related anomalies purportedly committed by former and current officials of the City of Makati and to recommend amendments to the appropriate bidding and procurement laws and policies to ensure the proper use of public funds;

RESOLVED, FURTHER, that the Committee shall recommend, in the interest of justice, the prosecution of any public officials who may be shown to have been involved in such anomalies, either directly or indirectly, through fraud, gross negligence or otherwise.

Adopted,


ANTONIO "SONNY" F. TRILLANES IV
Senator

⁸ 1,000 houses set for AFP, PNP members by Lydia C. Pendon, SunStar Iloilo, 14 June 2013; Information retrieved on 09 August 2014 from: <http://www.sunstar.com.ph/iloilo/local-news/2013/06/14/1000-houses-set-afp-pnp-members-287311>

⁹ Shooting Straight: Why VP Binay has a lot of explaining to do! by Bobit S. Avila, The Philippine Star and PhilStar.com, Information posted and updated on 09 August 2014 from: <http://www.philstar.com/opinion/2014/08/09/1355454/why-vp-binay-has-lot-explaining-do>

¹⁰ Most expensive city hall, Letter to the Editor by Alberto Brillantes of Makati City, Philippine Daily Inquirer and Inquirer.net, 05 July 2011; Information retrieved on 09 August 2014 from: <http://opinion.inquirer.net/7286/most-expensive-city-hall>

¹¹ The Aquino Presidency: 2010 to 2016 - Can our beloved Vice President Jejomar Binay come clean? Posted on 25 August 2013; Information retrieved on 09 August 2014 from: <http://the-aquino-presidency.blogspot.com/2013/08/can-our-beloved-vice-president-jejomar.html>

¹² Heidi Mendoza testifies in graft case vs Binay's wife, InterAksyon.com, 26 September 2012; Information retrieved on 09 August 2014 from: <http://www.interaksyon.com/article/44106/heidi-mendoza-testifies-in-graft-case-vs-binays-wife>