



Office of the President of the Philippines
GOVERNANCE COMMISSION
FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS
3/F, Citibank Center, 8741 Paseo De Roxas, Makati City, Philippines 1226



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30 JULY 2019

ATTY. MIGUEL E. UMALI
President and CEO
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION (PNCC)
Km. 15 East Service Road,
Bicutan Parañaque City

ACKNOWLEDGEMENT RECEIPT

LETTER 30 JULY 2019
DATE:

RE: **SUBMISSION OF PNCC'S PERFORMANCE EVALUATION SYSTEM (PES)
MONITORING REPORT FOR THE 2ND QUARTER OF THE CY 2019**

The said document was officially received by the Governance Commission on 30 July 2019 and has been forwarded to the responsible GCG Officer for appropriate action.

To follow-up for further action on the document, you may contact us through telephone numbers (02) 328-2030 or (02) 318-1000. Please cite the GCG Document Management System (DMS) Barcode Number: **0-0214-30-07-2019-011865**.

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**PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION**

30 July 2019

Ref. No.: OP-MEU-2019-059L

MR. SAMUEL G. DAGPIN, JR.

Chairman

MR. MICHAEL P. CLORIBEL

Commissioner

MS. MARITES C. DORAL

Commissioner

GOVERNANCE COMMISSION FOR GOCCs

3rd Floor Citibank Center, 8741 Paseo De Roxas,
Makati City, Philippines



Subject: PERFORMANCE EVALUATION SYSTEM (PES) FOR CY 2019

Gentlemen:

In compliance with your letter dated February 6, 2019 regarding the above-stated subject, we transmit herewith the Performance Evaluation System (PES) Monitoring Report for the second quarter of the Calendar Year 2019.

We trust that you will find the foregoing submission to be in order.

Thank you for your kind consideration.

Very truly yours,

MIGUEL E. UMALI

President and CEO



PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

CUSTOMERS/STAKEHOLDERS	OBJECTIVE / MEASURES		FORMULA	WEIGHT	RATING SCALE	2019			
						Target	2 ND QUARTER ACTUAL ACCOMPLISHMENT		
SM1	SO 1 Maximize Stakeholder Value								
	Construction and Development of Real Properties								
	Porac	Actual Accomplishment	4%	All or Nothing	Signed Lease Contract for Porac Property	Signed Lease Contract with Tokogawa Global Corp. on January 30, 2019	4%	4%	
	FCA	Actual Accomplishment	4%	All or Nothing	Signed Lease Contract for the 3 Areas in FCA Property	FCA 1 – 3 has. (PCPI) <ul style="list-style-type: none">In February 2019, PNCC contracted a third-party appraiser to conduct property appraisal.BAC with Business Development committee of the Board reviewed the Terms of Reference for FCA property lease.PCPI and PNCC executed a Certificate of Successful Negotiation and both parties will file individual Motion to Dismiss with the court.Tender Documents, Lease Contract and TOR was approved by the Board on 10 April 2019. The Board resolved further to publish the invitation to bid on the proposed PCPI lease. (Annex A-1 and A-2)The property was subjected to a competitive challenge (Swiss Challenge) process on 3 June 2019. No competing proposal was received.On 13 June 2019, the Board resolved to award the lease Contract to PCPI as winning proponent in the absence of a Swiss Challenger. (Annex A-3)Notice of award was issued to Pacific Concrete Products, Inc. on 25 June for 3-has of FCA. (Annex A-4)On-going finalization of lease contract for submission to OGCC. FCA 2 – 1 ha. and FCA 3 – 8.9 has. <ul style="list-style-type: none">The 1.0 ha. is now merged/included in the remaining 8.9 has. subject of open bidding. It is now 9.9 has.			

As of 30 April 2019

	Performance Indicators		Weight	Target	Actual Performance		Remarks	Weight	Remarks
	Indicator	Actual Accomplishment			Actual	Target			
INTERNAL PROCESS							<ul style="list-style-type: none"> The Board approved the TOR for open bidding of the combined 9.9 has. FCA property. (Annex B-1) Open bidding was put on hold as the company will first inform and notify the Office of the President (OP) of the planned open bidding for the lease and development of the subject property. Publication of Bid shall be made only after receiving clearance or approval from the OP. (Annex B-2) 		
	Bicutan	Actual Accomplishment	4%	All or Nothing	Disposition of Bicutan Property	Awaiting instruction from the Board			
	SM2	Percentage of Satisfied Customers	8%	Actual/Target x Weight 0% = If less than 80%	90%	Satisfaction Survey will be conducted at end of 2019. ISO Core Team is now crafting the Survey Form for its customers.			
	SUBTOTAL		20%					4%	4%
INTERNAL PROCESS	SO 2 Establish Sound Legal and Ethical Internal Investment Framework								
	SM 3	Expansion of Presidential Decree (P.D.) 1894	Actual Accomplishment	5%	All or Nothing	Bill for the Amendment of P.D. 1894	A bill was filed in Congress sponsored by Representative Xavier Jesus D. Romualdo but was overtaken by adjournment of congress session and national election.	5%	5%
	SO 3 Improve Internal Systems and Procedures								
INTERNAL PROCESS	SM 4	ISO Certification	Actual Accomplishment	6%	All or Nothing	ISO Certification 9001:2015	<ul style="list-style-type: none"> Quality policy was approved by the Board on 6 June 2019 (Annex C-1) ISO 9001:2015 Process Based Approach to Documentation training was held on May 15-16, 2019. (Annex C-2). Realty Process Map (Core Process) was crafted (Annex C-3) Document Control Procedure was approved and implemented (Annex C-4) Functional Table of Organization was crafted (Annex C-5) Context of PNCC and Relevant Interested Parties was identified (Annex C-6 and C-7) On-going review of other procedures by ISO Core Team 		

OBJECTIVE MEASURE		FORMULA	UNIT	SCOPE				
SO 4 Enhance Mobility of People and Commerce								
Construction and Development of Expressway								
SM 5	a. Pasig River Expressway Project (PAREX)	Actual Accomplishment	5%	All or Nothing	Approval of Joint Investment Proposal	<ul style="list-style-type: none">On August 22, 2018, San Miguel Holdings Corp. (SMHC) submitted its proposal to implement the PAREX Project through a joint venture company that will be jointly established and owned by PNCC and SMHC. (Annex D-1)The Board approved the Business and Joint Venture Agreement (BJVA) with attached Deed of Assignment of Usufruct on 13 June 2019. (Annex D-2)PNCC submitted to OGCC the draft BJVA with attached Deed of Assignment of Usufruct for its review and comment on 24 June 2019. (Annex D-3)On 8 July 2019, PNCC requested the Office of the President of the Philippines to approve the Assignment of Usufruct for the PAREX project to the joint venture company to be formed by PNCC and SMHC. (Annex D-4)		
SM 5	b. Lucena-Matnog Expressway / SLEX TR5	Actual Accomplishment	5%	All or Nothing	Joint Investment Proposal	<ul style="list-style-type: none">The JVA company for the project, South Luzon Toll Road 5 Expressway, Inc. (SLTR-5) was incorporated on 10 April 2019. (Annex E-1)Letter from OP dated October 31, 2018.The Deed of Assignment of the PNCC Franchise for the construction, operation and maintenance of the TR5 project was executed on 8 May 2019.Deed of Assignment of the PNCC Franchise and Certificate of Incorporation of SLTR5 was transmitted to TRB on 16 May 2019. (Annex E-2)PNCC submitted to the Office of the President of the Philippines the pertinent documents in regard the project for its information and reference. (Annex E-3)	5%	5%

		c. Bulacan-Tuguegarao Expressway (BUTEX)	Actual Accomplishment	5%	All or Nothing	Memorandum of Agreement (MOA) on BUTEX	The previously signed Memorandum of Understanding with China First Highway Engineering Company Limited (Intl.) is now expired. Awaiting further instruction from the PNCC Board.		
INTERNAL PROCESS		Increased Annual Daily Traffic							
	SM 6	a. Buendia-Plaza Dilao	Actual Accomplishment	a. i. 1% ii. 1% iii. 1% iv. 1% b. 5%	All or Nothing	Completion of Segmental Works: i. San Juan River ii. Section 3 iii. Section 4 iv. Balintawak	i. Section 1: Buendia to Plaza Dilao – 80.88% ii. Section 2 1) Section 2a: Plaza Dilao to T. Claudio – 11.24% 2) Section 2a1: T.Claudio to Old Sta. Mesa – 0% 3) Section 2b: T. Claudio to Aurora Blvd – 62.97% iii. Section 3: Aurora Blvd to Quezon Ave – 77.70% iv. Section 4: Quezon Ave to Balintawak – 67.13% v. Section 5: Balintawak to NLEX – 6.98%		
		b. FTI-Bicutan	Actual Accomplishment	5%	All or Nothing	5% of Segment 1 Completed	No update yet		
		Sub – total		40%				8%	8%
FINANCE	SO 5	Reinforce Collection System							
	SM 7	Percentage of Receivables Collected	Actual Accomplishment	5%	(Actual / Target) x Weight	Collection of at Least 10% of Judgement / Monetary Award	Collected P100,058,945.34 from Manila International Airport Authority (MIAA) on March 20, 2019. Collection corresponds to 100% of Judgement Award based on COA Decision dated June 14, 2016.	5%	5%
	SO 6	Improved Equity and Debt Management Service Strategies							
	SM 8	Revenues	Service Income + Rental Lease Income + Share in JVAs + Dividend Income + Interest Income	10%	(Actual / Target) x Weight	8% Increase from 2018 Revenues	1 st Q 2019 – P57,576,677.22 1 st Q 2018 – P86,542,163.56 Noted a decrease of P28,965,486.34 or - 33.47% due to the decrease on dividend share from CMMTC and rental income from FCA property		
	SM 9	Lease Income	Actual Amount	5%	(Actual / Target) x Weight	13% increase from 2018 Lease Income	1 st Q 2019 – P6,779,604.64 1 st Q 2018 – P30,497,500.17 Noted a decrease of P23,717,895.53 or - 77.77% due to decrease from rental income from FCA		

	OBJECTIVE / FEATURE		FORMULA						
	SM 10	Earnings before Interest, Tax, Depreciation, and Amortization (EBITDA)	Net Income (before Other Comprehensive Income/Loss, Gains and other Non-Operating Income) + Depreciation + Income Taxes + Interest Expense	10%	(Actual / Target) x Weight	Positive EBITDA	1 st Q 2019 - P33,334,790.08	10%	10%
	SM 11	Conversion of Debt-to-Equity	Actual Accomplishment	3%	All or Nothing	Negotiation of Terms of Debt Payment with PMO	Initial meeting with PMO representatives was held on June 07, 2019.		
		Sub – total		33%				15%	15%
LEARNING & GROWTH	SO 7	Development of Manpower							
	SM 12	Percentage of Employees Meeting Required Competencies	Actual Accomplishment	7%	All or Nothing	Board-approved Competency Framework	No update yet		
		Sub – total		7%					
		TOTAL		100%				27%	27%