

Republika ng Pilipinas  
PAMBANSANG PANGASIWAAN NG PATUBIG  
(National Irrigation Administration)  
Lungsod ng Quezon

MC # 45, S. 1977

MEMORANDUM CIRCULAR

T O : ASSISTANT ADMINISTRATORS  
ALL REGIONAL IRRIGATION DIRECTORS;  
MANAGERS OF SPECIAL PROJECTS  
PROVINCIAL IRRIGATION ENGINEERS AND  
ALL OTHERS CONCERNED  
National Irrigation Administration

SUBJECT : Guideline on Warehousing, Appraisal,  
Reconditioning and Disposal of Pulled-  
Out Pump Units and Accessories

Attached is the guideline on warehousing, appraisal, reconditioning and disposal of pulled-out pump units and accessories, for strict observance by all Provincial Irrigation Engineers.

It is further directed that every Provincial Irrigation Engineer shall report to his respective Regional Irrigation Director or special Project Manager, as the case may be, the date when he has organized his team and submit regularly at the end of each month a report of implementation of this Memorandum Circular.

Strict compliance is hereby enjoined.

(SGD.) ALFREDO L. JUINIO  
Administrator

8-9-77

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GUIDELINE ON WAREHOUSING, APPRAISAL,  
RECONDITIONING, AND DISPOSAL OF PULLED  
OUT UNITS AND ACCESSORIES

The following guideline shall be adopted as a matter of NIA policy in connection with the pull out, warehousing, appraisal, repair and disposal of engine, pumps, electric motors and/or pump accessories which shall be pulled out for reason of non-payment of amortization and/or other causes.

I. PULL OUT OF PUMP UNIT, ETC.

1. Each Provincial Irrigation Office shall create a team to carry out the order in accordance with MC #16, 1976, Item b, to pull out the pump, engine motor and/or pump accessories as well as other related property (construction materials for pump house) from the project.
2. The team shall be composed of the Provincial Irrigation Engineer as team leader, Storekeeper/Property Officer and a pump mechanic.
3. The pump recipient shall be notified in writing (see attached form) 15 days in advance of the date of pull-out and shall be asked to be present during the inventory so that he can certify to the list of equipment and property removed from the site. In case the recipient is not available, the next of kin may be requested to witness the inventory. Otherwise, the Barrio Captain or other responsible barrio officials, who can witness and certify to the correctness of the inventory, may be called as a last resort.
4. The inventory shall be prepared and signed by the pull-out team and certified by the recipient as per attached form.

## II. WAREHOUSING

1. All pulled-out pump units, whether pump, diesel engine, electric motor and/or pipes and fittings, shall be hauled and stored for safekeeping in the warehouse of the Provincial Irrigation Office.

In case of non-availability of NIA warehouse, in the province, the Provincial Irrigation Engineer may arrange with the Regional Irrigation Director or Manager of Special Project for suitable warehousing.

2. Each pump, diesel engine or electric motor and the corresponding pipes, fittings and other materials coming from one project shall be given a common identifying mark, say a number (Project Number), preferably painted, so that they can easily be identified.

3. Storage of the pump, engine or motor and pipes shall be such that the same will not be exposed to the elements to avoid further deterioration.

4. These equipment shall be in storage for the duration of the appraisal, reconditioning and until such time that they are finally released to applicants.

## III. APPRAISAL

1. The pull-out team shall appraise pulled-out pump, engine, motor, pipes and other NIA property. Appraisal of the pump and engine set shall be separate from the steel pipes, fittings and accessories unless such accessories are included in the original cost of the pump set.

2. The appraisal of pump, diesel engine, electric motor, pump accessories such as pipes and fittings, etc. shall be based on the first cost or book value (B.V.) of such equipment or property. The book value or first cost shall be taken to mean as the cost of acquisition or landed cost, plus arrastre, compensating tax, administrative fee, and other incidental expenses incurred in delivering the equipment to the province.
3. For purposes of appraisal, the pump, engine or motor, steel pipes and fittings shall be given an economical life of 10 years with a salvage value (S.V.) equivalent to 10% of the Book Value (B.V.), while PVC pipes and fittings shall have a life of 5 years with no salvage value.
4. The depreciation (D) for the pump, engine and/or motor shall be computed on the basis of the percentage Trade-In Value at the end of any particular period as shown in the accompanying table below:

I T E M	YEARS EQUIPMENT USED (N)									
	1	2	3	4	5	6	7	8	9	10
Percent Trade-In Value	85	70	60	50	40	30	25	20	15	10
Percent Depreciation	15	30	40	50	60	70	75	80	85	90
Cummulative Depreciation (D <sub>t</sub> )										

5. The cummulative depreciation (D<sub>t</sub>) shall be determined by the number of years (N) that the equipment was used in the Project. However, if the period of use cannot be determined, N shall be the number of years from time of release or installation of the pump set

up to the last operation as gathered from the records of the project or from other available information.

6. The cost of major parts and accessories of the pump, engine or motor which are missing from the pulled out unit or are badly damaged such that they would need replacement in order to put the unit back in operating condition, shall be taken into account in the determination of the appraised value.
7. The Appraised Value (A.V.) shall be the book value (B.V.) minus (a) the cumulative depreciation ( $D_t$ ) and (b) the cost of major parts and accessories which are missing, badly damaged or unserviceable.

#### EXAMPLE I

A pump set with an acquisition cost of ₱6,000.00 was released to a recipient on February 14, 1973 and was pulled out on February 10, 1976. Determine the appraised value if the pump set was pulled out complete with accessories. The pump set is 4"Ø x 35' TDH centrifugal pump driven by a 7.2 HP BUKH diesel engine.

#### SOLUTION

Acquisition Cost - - - - - ₱ 6,000.00

Add:

Administrative Fee-5%-₱300.00

Incidental Expenses (assumed)-₱200.00 - - 500.00

BOOK VALUE (B.V.) - - - ₱ 6,500.00

I T E M	YEARS EQUIPMENT USED (N)									
	1	2	3	4	5	6	7	8	9	10
Percent Trade-In Value	85	70	60	50	40	30	25	20	15	10
Percent Depreciation	15	30	40	50	60	70	75	80	85	90
Cumulative Depreciation ( $D_t$ )	₱975	₱1,950	₱2,600	₱3,250	-	-	-	-	-	-

N = 3 years

Cummulative Depreciation = ₱ 2,600.00

Appraised Value (A.V.) = ₱ 6,500.00 - ₱ 2,600.00  
= ₱ 3,900.00

EXAMPLE II

Assuming that the same pulled out pump set had a missing injection pump and baseplate, the total of which is estimated to cost ₱700.00, then

APPRAISED VALUE = ₱ 6,500.00 - ₱ 2,600.00 - ₱700.00  
= ₱ 3,200.00

8. Depreciation for steel pipes and fittings and PVC

pipes and fittings shall be on a straight-line method

using the formula:

Annual Depreciation (D) = 
$$\frac{\text{Book Value (B.V.)} - \text{Salvage Value (S.V.)}}{L}$$

Total Depreciation = Annual Depreciation x N

Appraised Value = B. V. - D<sub>t</sub>

EXAMPLE III

If the cost of the steel pipes and fittings pulled out from the project is ₱2,000.00 and the incidental expenses including transportation to the province from C.O. is ₱100.00, determine the Appraised Value.

SOLUTION

Acquisition Cost - - - - - ₱ 2,000.00

Add: Adm. Fee (5%) - ₱100.00  
Incidental Exp. (assumed) - 100.00      200.00  
BOOK VALUE (B.V.) - - - - - ₱ 2,200.00

Annual Depreciation (D) = 
$$\frac{₱ 2,200 - 220}{10} = ₱198.00$$

Total Depreciation (D<sub>t</sub>) = ₱ 198.00 x 3 = ₱594.00

Appraised Value = ₱ 2,200 - ₱ 594.00 = ₱1,606.00

10. The Appraisal Report shall be submitted by the pull out team to the Regional Director for review and approval.

#### IV. REPAIR AND RECONDITIONING

1. Repair and reconditioning of pulled-out pump units shall be undertaken by the pump mechanics in each Regional/Provincial Office/Special Project as the case may be. However, repair including spare parts and labor may be contracted to private parties, should this be more economical.
2. Requisition for spare parts needed shall be prepared for approval by the Regional Irrigation Director/Manager of Special Project the same to be procured in the province when available. If spare parts are not available in the province, approval and procurement shall be indorsed to the Central Office.
3. The repaired pump, engine or motor shall be tested upon completion of repair for its performance.
4. The tested equipment shall be repainted with the same original color as the brand-new.
5. Pipes and fittings shall be cleaned of rust and repainted with coal tar to prevent deterioration.

#### V. DISPOSAL

1. Reconditioned pump, engine and/or motor pipes, etc. will be resold to interested parties under the same conditions as the brand-new equipment except as to the amount of down payment and number of years to amortize the equipment.
2. Applications shall be evaluated to determine if applicant is qualified under existing NIA requirements for pump recipients.
3. The selling price of pulled-out pump units shall be computed as follows:

1. Appraised Value

Plus: (a) Cost of reconditioning

(b) Incidental Expenses,

if any

4. Reconditioned pump sets shall be repaid in equal installments. The number of installments shall be based on the balance of the original amortization period at the time of pull out of the pump set, but in no case shall be less than 5 years nor more than 10 years. A down payment shall be required which shall be equivalent to the selling price divided by the number of installment payments already determined, the balance payable annually at 6% interest.



\_\_\_\_\_  
Date

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Sir/Madam:

In connection with the pull-out order, copy attached, of pump unit/s and/or accessories under Project No. \_\_\_\_\_, \_\_\_\_\_, please be advised that an evaluation (Location) team is scheduled to undertake the said pull-out on \_\_\_\_\_, 19\_\_\_\_.

The team will prepare a detailed list of the equipment and/or materials to be removed from the project. This listing must be certified by you or, in your absence, by your authorized representative, preferably an immediate member of your family.

Very truly yours,

\_\_\_\_\_  
Provincial Irrigation Engineer

cc:

1. The Regional Irrigation Director  
NIA, Region \_\_\_\_\_
2. The Construction Management Director  
NIA, Central Office

PAF/LV/avo...

\_\_\_\_\_  
Date

TO WHOM IT MAY CONCERN:

I/We hereby acknowledge receipt of the Irrigation  
equipment, listed hereunder, from Project No. \_\_\_\_\_,  
\_\_\_\_\_, registered under \_\_\_\_\_  
(Location)

\_\_\_\_\_  
(Name of Recipient)

\_\_\_\_\_  
(Address)

A. DIESEL ENGINE/ELEC. MOTOR:

Brand/Model or type \_\_\_\_\_

HP rating/RPM \_\_\_\_\_

Serial No. \_\_\_\_\_

REMARKS:

(State briefly condition of engine/motor at time

of pull-out. Indicate missing accessories/attachments such

as injection pump, starter, generator, etc.)

B. PROPELLER/TURBINE/CENTRIFUGAL PUMP:

Brand/Model/Type \_\_\_\_\_

Size/Capacity/TDH \_\_\_\_\_

Serial No. \_\_\_\_\_

Pump Bowl \_\_\_\_\_

(Diameter and Length)

Pump Discharge Elbow \_\_\_\_\_

(Diameter and Length)

Pump Column \_\_\_\_\_

(Number, diameter and length)

Shaft tube and shafting \_\_\_\_\_

(Number, diameter and length)

Others \_\_\_\_\_

(Strainer, etc.)

REMARKS:

(State briefly condition of pump and indicate

missing parts, others).

C. ACCESSORIES:

(a.) Propeller/Turbine Pumps:

Gearhead \_\_\_\_\_  
(Brand/Model/HP/Serial Number)

Discharge Pipe \_\_\_\_\_

Propeller Shaft \_\_\_\_\_

Jackshaft \_\_\_\_\_

Pulley \_\_\_\_\_  
(Flat/V-pulley)

Belt \_\_\_\_\_  
(Flat/V-belt)

Others \_\_\_\_\_

(b.) Pipes and Fittings (For centrifugal Pumps):

Foot Valve \_\_\_\_\_  
(Diameter)

Gate Valve \_\_\_\_\_  
(Diameter)

Steel/PVC Nipples \_\_\_\_\_  
(Number, diameter, length)

Steel/PVC Nipples \_\_\_\_\_  
(Number, diameter, length)

Steel/PVC Elbows \_\_\_\_\_  
(Number, diameter, and degrees)

Jackshaft \_\_\_\_\_  
(Diameter, length, pulley, bearings)

Belt \_\_\_\_\_  
(Flat/V-belt)

D. TOOLS/MATERIALS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Received By:

\_\_\_\_\_  
(Team Leader)

\_\_\_\_\_  
(Designation)

CERTIFIED CORRECT:

\_\_\_\_\_  
(Recipient/Representative/  
Bo. Captain/Barangay Leader)