

OUR REFERENCE:

MC # 022 S. 1987MEMORANDUM CIRCULAR

TO: ALL REGIONAL IRRIGATION MANAGERS, OPERATION MANAGERS,
IRRIGATION SUPERINTENDENTS, PROVINCIAL IRRIGATION
ENGINEERS, AND ALL OTHERS CONCERNED

SUBJECT: Lease of Kokuyo Portable Rice Mills

In order to set a standard procedure and to effectively control the lease of Kokuyo KY-800 Portable Rice Mills, procured under the Japan Grant-in-Aid program, the following guidelines are hereby issued for the enforcement of all concerned:

1. As a general rule, lease of the above-mentioned equipment shall only be authorized to duly registered Irrigator's Associations as NIA's contribution to their development capability and viability.
2. Rental shall be subject to the applicable provisions of MC # 42, S. 1968, Rules and Regulations in the Use and/or Lease of NIA Construction Equipment and Motor Vehicles, and to include the following additional terms and conditions, to wit:
 - a) Rental shall be on a monthly basis at P1,300.00 per month, used or not..
 - b) Lessee shall shoulder the cost of maintenance and consummables; including rubber rollers, polishing screens, fuel and lubricants, etc.
 - c) Rental rate is subject to adjustment due to increase replacement parts, oil, lubricant and other owner's cost of equipment.

Strict compliance is hereby enjoined.


FEDERICO N. ALDAY, JR.
Administrator

Computation of Rental Rate for Portable Rice Mill
Kokuyo KY-800

$$R = \text{Sched. B} = D + M + I + B$$

Where: R = Rental Rate (Pesos/hr)

$$D = \text{Depreciation (Pesos/hr)} = \frac{C}{UN}$$

$$M = \text{Maintenance and Repair (Pesos/hr)} = 150\% \text{ Dep.} = \frac{1.5C}{UN}$$

$$I = \text{Insurance and Taxes (Pesos/hr)} = \frac{0.05C}{U}$$

$$U = \text{Average Utilization (hrs/yr)} = \frac{8 \text{ hrs}}{\text{day}} \times \frac{25 \text{ days}}{\text{month}} \times \frac{6 \text{ mos.}}{\text{yr.}} = 1,200$$

$$N = \text{Economic Life of the Equipment} = 10 \text{ years}$$

$$B = \text{Burden (Overhead Cost)} = 10\% (D + M + I)$$

$$C = \text{Replacement Cost or Acquisition Cost} + \% \text{ Escalation}$$

(Assuming average escalation of 10% per year)

$$= \text{P}28,202 (1.1)^4; \text{ where } (1.1)^4 = 1.46$$

$$= \text{P}41,175.00$$

$$R = \frac{C}{UN} + \frac{1.5C}{UN} + \frac{0.05C}{U} + 0.10 \left(\frac{C}{UN} + \frac{1.5C}{UN} + \frac{0.05C}{U} \right)$$

$$= \frac{C}{UN} (1 + 1.5 + 0.05N) + 0.10 \left(\frac{C}{UN} \right) (1 + 1.5 + 0.05N)$$

$$= 1.1 \left(\frac{C}{UN} \right) (2.5 + 0.05N)$$

$$= \frac{1.1 (41,175)}{1200(10)} (2.5 + 0.05 (10))$$

$$R = \text{P}11.32/\text{hr}; (\text{Sched. B})$$

$$\text{Sched. C} = R + 15\% R$$

$$= \text{P}11.32 \times 1.15$$

$$= \text{P}13.00$$

$$\text{Rental Rate/mo.} = \frac{\text{P}13.00 \times 1200}{12}$$

$$= \text{P}1,300.00$$

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Approved/Disapproved:

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