



Republic of the Philippines
SAN FRANCISCO WATER DISTRICT
San Francisco, Agusan del Sur

Administrative, Finance Services and Commercial Division

2016 DIVISION HIGHLIGHTS

As the whole nation made history in 2016 National Election by electing the 16th President of the Philippines, it is also a year where SFWD writes its history by fully establishing 3 new reservoir sites thru the WSIP Project. Along with these achievements is a bigger challenge faced by SFWD in the payment of its loan amortization. The supposed implementation of water rates by July of the year was extended to January of 2017 because there was no appointed Board of Trustees by the new administration that has the authority to approve the implementation. The SFWD made a rigorous effort for an approval to the very least a provisional one which is effective only for 3 months. The SFWD were successful but then again, the Board cut the approved minimum fee for implementation by 3%, thus making the SFWD's budgetary needs more challenging to cope.

In 2016, we fall short of the expected New Service Connection due to the delay in the implementation of projects particularly at Bayugan 2 area which is expected to attract more concessionaires from the barangays of San Isidro and Bayugan 2 area. This has resulted in the underage in the expected revenues by 5.8 million to be generated from this barangay. On one hand, there are expansions being implemented which took place at the quarter end of the year. But these expansions which attracted connection only in the latter part of the year that SFWD do not incur immediate financial benefits from them. This will make SFWD's 2017 financial performance more challenging as it will start to pay principal payments of its DBP loan. Nonetheless, the District still recorded 3.9M net income for the year. We are also grateful that no incidents and calamities that damages our water facilities that only minimal repairs and damages were incurred only for the year. As a result of full loan release due in November 12, 2016, the total cash balance of the District is at 51,218,619.24.

Customer servicing maintained its efficient performance in handling of customer's complaints, accounts and ledger. It even improved by providing a queuing

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Republic of the Philippines
SAN FRANCISCO WATER DISTRICT
San Francisco, Agusan del Sur

machine that systematizes payment collections and complaints. We also made a rigorous effort in the implementation of proper accounts reclassification to manage water demand. For the year we surpass previous record of Collection Efficiency from 95.91% in 2015 to 96.74% in 2016.

There are no new policies formulated for the year that has significant and direct impact to the District's financial operation and administrative matters. The Commercial Practices System continued to be the accounting standards followed by the District pursuant to PD 198. The Water System Improvement Project increase the financial position of the District almost doubled in its entire project implementation into 209, 094,664.29 as at December 2016. Conflicts with other agencies that arose as a result of project implementation were readily ironed out between parties.

The District have continually implemented its Corporate Responsibility like "Handog Edukasyon" –pupils from selected schools were given school supplies, Blood Letting activity, Health and Hygiene – distribution of health and hygiene kits to selected residents in remote barangays. This year, we launch a new CSR program called "Libreng Gupit", this is a one day activity which offered free hair grooming to concessionaires. It has responded to the women's gender issue that financially burdened them in sending children for hair grooming before the school year started. It has positive turn-out because it caters 208 persons it its first launch with very minimal expenses for SFWD.

There are personnel who left for retirement as there are also new entrants. Employees are sent to training but because of unavailable vital trainings needed for the office. This made number of personnel sent to training become limited. The first tranche of Salary Standardization III was implemented on-time by the District since it was already allocated in the formulation of its 2016 Corporate Budget. The District was also fortunate that once again in its second year qualified for the release of its PBB benefits. This was upon the evaluation of over-all performance of the District and compliance to government's transparency seal.

Procurement unit of the District has not been complied, as required by DBM for all government agencies. Thus, procurement transactions rest on the designated BAC

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Republic of the Philippines
SAN FRANCISCO WATER DISTRICT
San Francisco, Agusan del Sur

Secretariat. Although it has become a distraction to their daily tasks due to the bulkiness of the transaction but SFWD has to live with the arrangement as we are also limited to staff productivity index per LWD-MaCRO. Thus, what we need is to increase number of connections and improve financial performance to have an upward recategorization.

Some of the highlights of the 2016 are as follows:

AUDIT

The auditors assigned in the District to conduct the 2015 financial transactions has a total of 14 Audit Observation Memorandums issued within 2016 and SFWD was prompt in complying the same.

PERSONNEL MANAGEMENT

As approved by DBM, we have a total of 42 plantilla position. Mr. Bienvenido Legaspi gracefully retires from service on its 65th birthday. The positions which were left unfilled as at December 2015 was filled up during 2016 with Ms. Ma. Quenee Angelic F. Paje and Mr. Roel Tubo as new entrants. The former is the new Secretary A and the latter is Water/Sewerage Maintenance C. There are 13 employees underwent training for the year.

GENDER AND DEVELOPMENT

The SFWD is one in celebrating Women's month by providing freebies to women concessionaires as a way of recognizing their rights. 2016 is also a significant year for SFWD for finally launching its Breastfeeding and Child-minding room to comply with GAD plan and development programs for SFWD.

FINANCIAL POSITION AND OPERATION

SFWD's total current asset is 64,785,731.11 while their current liability is at 6,031,929.98. The total net investment and fund account of the District is 3,792,631.74.

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SAN FRANCISCO WATER DISTRICT
San Francisco, Agusan del Sur

Because of the WSIP implementation, its Utility Plant In-service amounts to 140,516,301.44 making also its long term debts of 152,153,953.15. The total cash receipt of the District is 123,738,393.19 while their total disbursement is 41,964,419.76. In its financial operation, the District has total operating revenue of 58,000,953.80 while its total operating and maintenance expense is 35,205,644.93. That already includes administrative salaries and general expenses, basic operating expenses like communication, fuel, and oil. It also includes repair and maintenance of water facilities and general plant. Aside from operating revenue, the District has non-utility operating revenue from its water testing laboratory, property rental, and others which amounts to 2,039,158.90. While there are operating and maintenance expense, we also have other expenses which comprises Interest on Loan payments, Tax expenses and other non-cash expenses like depreciation resulting 3,942,391.68 of our net income for the year 2016.

CUSTOMER ACCOUNTS AND SERVICING

We continued to offer our discounts to Senior Citizens and rebates of 5% to on-time payors. This has improved the concessionaires in arrears for the last 2 years. A significant decrease of 10% from previous year on the number of concessionaires being penalized for being delinquent. There is also significant decrease in the number of High Billing Complaints compared to previous year.

The Water Billing and Collection System continued to be a great contributor in the maintenance of correct and accurate ledger of customer's account, billings and complaints lodge to the Districts. It remains to be the most reliable system in collection, aside from efficient personnel in the Commercial Section, which is evident in the highest collection efficiency recorded of 96.74%.

WSIP FINANCIAL STATUS

As of December 31, 2016, the total approved budget (program of works) for Water System Improvement Project is 105,577,056.39. Out of this 105.5M, the District has incurred 82,127,801.75. Thus, there are still 23,127,801.75 remaining that is yet to

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SAN FRANCISCO WATER DISTRICT
San Francisco, Agusan del Sur

be spent to complete the project. It is expected that by first quarter the whole project will be finished given no circumstances that may hinder beyond the control of the District.

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Water Facility Construction Maintenance & Quality Water Production Division

2016 ANNUAL REPORT

The output and major accomplishments for year 2016 of the two sections of the Water Facility Construction Maintenance and Quality Water Production Division are highlighted in this annual report.

QUALITY WATER PRODUCTION SECTION

A. Water Supply and Production

A.1 Source of Supply (Water Yield from sources)

The source of supply data is based on the volumetric method measured at the water sources twice in a week by the watershed monitoring officers of the division. A total of thirteen (13) water sources were utilized for the year 2016 with a total estimated yield of 3,893,841 from January to December. An average of 324,486 cubic meters is estimated water yield per month with the highest in the month of January (457,114 cubic meters) and lowest in November (198,029).

A.2 Water Produced

The production data is based on the actual reading of the flow meter installed in every reservoir which is being downloaded monthly by the water production and treatment personnel of the division. The water production recorded in 2014 is 1,735,371 cu.m and 1,990,453 cu.m in 2015. For 2016, a total of 2,030,524 cu.m water production is recorded. From an increase of about 15% from 2014 to 2015, only 2% increase is noted from 2015 to 2016. The average monthly water production is 169,210 cu.m. The highest water production is recorded in the month of January (188,809 cu.m.) and the lowest is on the month of May (155,277). For the four (4) interconnected subsystems namely, Sumugbong, Alegria, Lapag and Karaos, Sumugbong and Alegria subsystems are observed to have the highest water production recorded of almost equally 29% of the total water production. Only 18% and 14% is recorded for Lapag and Karaos, respectively. Ormaca and Mate which are independent subsystems yield the lowest of 9% and 1%, respectively.

A.3 None-Revenue Water

From a total water production of 2,030,524 cu.m., only 1,615,260 cu.m. are billed. A difference of 415,264 cu.m is non-revenue water which is equivalent to 20.45% NRW. It has exceeded by 2.25% from the LWUA standard of 20%. This excess can be attributed to the water loss due to damages on water pipelines by the contractors and some portion due to pipe interconnections as part of the expansion program for this year.

B. Water Quality

B.1 Bacteriological Testing

The monthly target for the bacteriological testing of samples from household for the year is 100 samples. The actual samples tested for year 2016 has reached to an average of 110 per month. A total of 1,321 samples were tested for the whole year. From the standards set by the PNSDW and LWUA of only 7 to 8 samples in a month based on the population served, the District has exceeded by 1571% against the minimum requirement of PNSDW. Of the 1,321 samples tested, only 6 samples failed the test during the months of May, June and November.



Water Facility Construction Maintenance & Quality Water Production Division

As to samples catered from outside clients, a total of 1,237 samples were analysed which surpassed the projected sample of 840 samples for the year.

B.2 Physical and Chemical Testing

The monitoring of the physical and chemical parameters is done quarterly for water sources, reservoirs and including the households. A total of 224 samples were collected and tested, 124 from sources and reservoirs and 100 from household connections. During the third quarter of the year, the levels of heavy metals such as Arsenic and Boron in Karaos springs were found beyond the acceptable values. Close monitoring from household connections were done monthly and various actions were taken to reduce the level according to the standards.

Some of these initiatives include dilution whereby the Lapag Spring was injected to the distribution line of Karaos in order to reduce the concentration of arsenic in water coming from Karaos springs. Another was injecting Lapag Spring directly into Karaos reservoir in order to provide thorough mixing of water. Since it was found out that dilution of Lapag Spring to Karaos reservoir did not completely reduce the levels of Arsenic, the Uog Spring source was negotiated with the Lademora family who used the said source of the District without permit. While working on Uog Spring, another parallel move was initiated by the District. The household connections which tapping points are in the Karaos transmission lines or before the Lapag-Karaos interconnection were transferred to Lapag lines and after Lapag-Karaos interconnection. This was done in order to avoid direct supply from Karaos lines. Since there are still connections that yield higher levels of Arsenic after monitoring, experiments on removal of naturally-occurring minerals using Katalox-Light filter media and reverse osmosis were undertaken. Continuing research was done in order to address the quality problem in Karaos spring sources.

With regards to the outside clients who availed of the services of the District's laboratory, from the target of 180 samples, a total of 292 samples were catered at year's end exceeding by 61% from the target.

B.3 Monitoring of Chlorine Residual

The result of efficient disinfection is manifested in the chlorine residual monitoring done monthly. A total of 186 samples from water sources and reservoirs were tested for the year. Out of 186 samples 96% passed the chlorine free level testing. The eight (8) samples (4%) that failed in the test are raw water samples taken directly from sources. As to the samples randomly taken from the household connections, out of 1,367 samples 93% passed the standard. Only 7% failed in the chlorine free level. This means to say that the District has surpassed the standard of LWUA and DOH of at least 80% passing rate.

A total of 4,325.20 kilos of gas chlorine (around 63 cylinder tanks) were consumed for the year. Around 55.55% increase from last year was recorded. For chlorine granules which are used at Ormaca and Mate water systems, a total of 162.60 kilos (3.6 drums of 45kls/drum). Since the chlorine dosage or setting is based on the water level, the consumption also varies depending on the water supply.

C. Watershed Management and Protection

The continuing protection efforts and monitoring of the Mt. Magdiwata Watershed was done by the Quality Water Production Personnel. For the year, a total of seven (7) illegal activities were apprehended, three (3) incidents of gold flushing and four (4) illegal cutting. A total of 60% of the 1,658 hectares watershed area were monitored by the watershed monitoring personnel. For the protection maintenance activities, a total of 184.23 has. were maintained. For waived land rights, a total of 6 hectares was waived by two (2) registered



Water Facility Construction Maintenance & Quality Water Production Division

occupants to the District which has a financial equivalent of Php 199,843.00. Another protection program advocated by the District is the "Imong Yuta Ugmara Kay Bayaran Ka Program". For the year, a total of 14 beneficiaries benefitted the program. A total of seven (7) hectares was financially supported by the District of around PhP 42,442.20.

WATER FACILITY CONSTRUCTION AND MAINTENANCE SECTION

Out of the 4,594 executed service and maintenance requests, the bulk of the works of the WFCM personnel is on the execution of Re-open requests (29%), repair of leaking (26%), Change meter (10%), and Installation of New Service Connection and Re-Open Assumption (8%).

A. Installation of New Service Connections (NSC) and Re-Open Assumption (ROA)

The total NSC installed for the year is 373 and Re-Open Assumption of 38 connections. From the projection of 500 NSC, a shortfall of 18% from the target is experienced because the big chunk of NSC is expected from the Bayugan-2 subsystem which was delayed due to the right of way problem on the reservoir site. The construction was only started on the month of September.

B. Execution of Service/Maintenance Requests

Maintenance requests include SR for Re-open, Transfer Tapping, Change meter, relocation of water meter, installation of gate valve, no water complaint, check outlet of water meter and other maintenance activities not defined in other SR.

The Re-open request which comprise 29% of the total executed SR was 100% executed at year's end without pending. For change meter and transfer tapping service requests, a total 458 (10%) and 165 (4%), respectively were executed. Service requests for relocation of water meter were also executed with a total accomplishment of 65 SR (4%).

Other service requests such as installation of gate valve of the consumers and compound valve, a total of 280 SR were executed. Most of the executed service requests are in Barangay 5 (19%), Barangay 1 (16%) and Barangay 2 (12%).

C. Execution of Repairs of Leaking

A total of 1,079 minor leaking were repaired for the whole year. These include consumer line leaking of 85 SR, meter stand leaking of 609 and 385 SR for service line leaking. For major leaking which include leaks in main distribution line and transmission lines, only leaks in distribution line of 102 SR were executed. There was no transmission leaking for the year. The highest repaired leak is on the meter stand (51%), followed by service line (33%), distribution (9%) and consumer's line (7%).

The Barangays where most of the repairs of leaking were conducted are in Barangay 5 (20%), Barangay 2 (13%) and Barangay 4 (12%). Most of the leaking in Barangay 5 is on the meter stand and service line. For the distribution line leaking, Barangays Hubang (20%), Brgy.5 (16%), Lapinigan (13%) and Pisaan (13%) were noted to have the highest incidents of leaks.

D. Rehabilitation and Standardization of Meter Stand (ReNAMS)

Execution of rehabilitation of meter stand according to approved design or ReNAMS is considered as regular program for the maintenance of meter stand. For year 2016, Barangay 5 is the target for ReNAMS. There are 120 meter stands identified for rehabilitation but only 35 were executed. This is because the said program was temporarily suspended due to financial constraint of the District. This item is one of the affected of the



Water Facility Construction Maintenance & Quality Water Production Division

belt tightening mechanism of the office because of its financial cost. In terms of service requests which falls under the rehabilitation or standardization of meter stand which includes elevate meter stand, repair of dilapidated cluster, partyline or single stand, a total of 178 SR were executed.

E. Exercise and Maintenance of Gate Valves, Blow-offs and Fire Hydrants

For a total of 65 units of gate valves, 40 units were identified to be functional and 25 need periodic exercise to attain the operational or standard revolution/turns. From the target of only 80% of the total units to be exercised, 100% were fully exercised and maintained. Six (6) units were identified to be due for replacement. These are located in Barangay 1 (2 units) near Dayondon Emission Test and near Old SSS Building; Barangay 2 (2 units) in front of Concave Outdoor Store and in front of Tourism Building and Barangay 4 (2 units) beside RHU, corner Quirino and in front of Summer Rain Store. With regards to maintenance of blow-offs and fire hydrants, these are 100% maintained by the production personnel.

D. Expansion Program


There were sixteen (16) locations identified for expansion and looping of lines for the whole year. Out of the sixteen (16), only two (2) areas which include looping of lines from Flores residence (swimming pool) to Casas residence, Barangay 3 and expansion from back of Davao Central Warehouse to Purok 6 of Barangay 5 were not implemented due to financial constraint and unresolved right of way problem. A total of 5.37 kilometers of pipeline of various sizes were laid at the end of the year.

F. Water Supply System Improvement Project (WSIP)

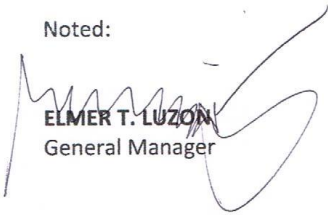
The physical accomplishment of the WSIP at the end of year 2016 is 91.46%. The filter machine for the Sumugbong subsystem was delivered on August. The construction of the Bayugan-2 reservoir has started on September 5, 2016 after the writ of execution from the Regional Trial Court was issued. The pipelaying for Bayugan-2 subsystem was completed on the last week of November with a total length of 15.65 kilometres.

The remaining major work items of the WSIP at year's end include the commissioning of the filter machine at Sumugbong, delivery, installation and commissioning of filter machine for Bayugan-2, construction of filter house and perimeter fence, electrical works, and painting works of the reservoir and gate.

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