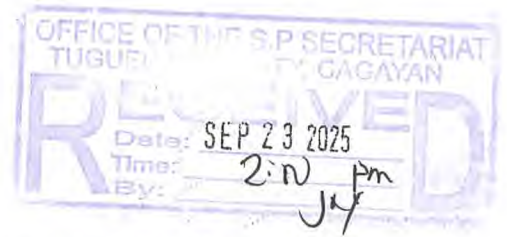




Republic of the Philippines  
Province of Cagayan  
TUGUEGARAO CITY

Phone number: 0953-588-3721 | email address: [cmotuguegaraocity@gmail.com](mailto:cmotuguegaraocity@gmail.com)



**OFFICE OF THE CITY MAYOR**

23 September 2025

**THE HONORABLE MEMBERS**

Sangguniang Panlungsod  
This City

**Thru: HON. ROSAURO RODRIGO G. RESUELLO**  
Vice Mayor and Presiding Officer

Dear *Honorable Members of the Sanggunian*:

Herewith is the proposed schedule of rental fees for the newly constructed Tuguegarao City Public Market (Don Domingo) as recommended by the General Services Office, for your information and appropriate action.

Thank you!

In the name of public service,

**MAILA ROSARIO S. TING-QUE**  
City Mayor

*Copy furnished:*

- GSO
- City Legal Office





Republic of the Philippines  
Province of Cagayan  
Tuguegarao City

## CITY GENERAL SERVICES OFFICE

September 12, 2025

**HON. MAILA ROSARIO S. TING-QUE**

City Mayor  
Tuguegarao City, Cagayan

Dear Mayor,

Greetings of peace and prosperity!

Respectfully forwarding to your office the proposed schedule of rental fees for the newly constructed Tuguegarao City Public Market (Don Domingo). This schedule was formulated based on a comprehensive assessment of the facility's operational needs and market viability.

Under article 20, Section 490 number 3 of the Local Government Code, the new rental rates aim to ensure a fair, sustainable, and efficient use of the public market, while also promoting local commerce and livelihood. The fees have been designed to balance affordability for small-scale entrepreneurs and the need to generate adequate revenue to maintain and improve market operations.

Attached herewith are the following documents for your consideration:

- Proposed Schedule of Rental Fees
- Financial Projections and Analyses

I'm optimistic that the timely implementation of these rental rates will facilitate the successful launching and full operationalization of the Public Market, bringing tangible benefits to our constituents and the local economy.

Thank you and more power!

Respectfully yours,

**ENGR. KENDRICK S. CALUBAQUIB**  
General Services Officer

OFFICE OF THE CITY MAYOR  
**RECEIVED**

Date: SEP 12 2025  
Time: 3:15 PM  
By: [Signature]

**NEW  
RENTAL RATES  
FOR THE  
NEWLY  
CONSTRUCTED  
TUGUEGARAO  
CITY PUBLIC  
MARKET  
(DON DOMINGO)**



Financial Projections and Analyses

1. Assumed Sources of Revenue

The following are the assumed sources of revenue for the proposed Don Domingo Public Market

A. Goodwill Money (Lease Rights)- This shall be borne from payments from new lessees with the following projected rates:

AREA	LEASABLE AREA	# OF UNITS	GOODWILL MONEY
Commercial Space Outside	839.77	6 sqm	80,000.00
Commercial Space Market	1588.31	16 sqm	80,000.00
Wet Market	192	192 sqm	
Special Products 1	72	8 sqm	30,000.00
Special Products 2	171	19 sqm	25,000.00
Rice Dealers	72	17 sqm	25,000.00
Fruit Dealers	198	22 sqm	25,000.00
Kiosks	106.13	11 sqm	20,000.00
Food Stalls	288	32 sqm	30,000.00
Ambulant Vendor	174	174 sqm	
TOTAL	3701.21	497	

Dry Market	804	134 sqm	10,000.00
CP Stalls	120	10 sqm	20,000.00
Gadget Stalls	804	72 sqm	25,000.00
Wall Kiosk	40	10 sqm	25,000.00
Commercial Space	633	3 sqm	80,000.00
TOTAL	2401	229	

Breakdown of Available Spaces for Lease:

AREA	# OF UNITS	# OF EXISTING TENANTS	NEW TENANTS
Commercial Space Outside	6		6
Commercial Space Market	14		16
Wet Market	192	100	92
Special Products 1	8		8
Special Products 2	19		19
Rice Dealers	17		17
Fruit Dealers	22		22
Kiosks	11		11
Food Stalls	32		32
Ambulant Vendor	174		174
TOTAL	497		497

Dry Market	134	67	67
CP Stalls	10		10
Gadget Stalls	72		72
Wall Kiosk	10		10
Commercial Space	3		3
TOTAL	229		229

\*Only the new tenants will be charged of Goodwill Money

B. Monthly Rental Rates

Rental rates vary per type of area being leased. There may be possible increase in rates during the tenor of the loan. Projected Monthly rental rates by 2021 are projected as follows which were based on current rental rates:

GROUND FLOOR	AREA/NO. OF UNITS	MONTHLY RENTAL FEE
Commercial Space Outside	839.77 sqm	350 per sqm
Commercial Space Market	1,588.31 sqm	300 per sqm
Wet Market	192 sqm	2,000 per sqm
Special Products 1	72 sqm	300 per sqm
Special Products 2	171 sqm	300 per sqm
Rice Dealers	72 sqm	300 per sqm
Fruit Dealers	198 sqm	300 per sqm
Kiosks	106.13 sqm	300 per sqm
Food Stalls	288 sqm	300 per sqm
Ambulant Vendor	174 sqm	600 per sqm

SECOND FLOOR	AREA/NO. OF UNITS	MONTHLY RENTAL FEE
Dry Market	804 sqm	300 per sqm
CP Stalls	120 sqm	300 per sqm
Gadget Stalls	804 sqm	300 per sqm
Wall Kiosk	40 sqm	300 per sqm
Commercial Space	633 sqm	300 per sqm

C. Pay Parking Terminal

The proposed Don Domingo Public Market will be able to accommodate cars and motorcycles in its dedicated parking area. Number of units the parking lot can accommodate and parking fee are as follows:

Parking Space

Motorcycle	48 slots	P 20/day per unit
Car	179 slots	P 30/day per unit

It is assumed that the occupancy rate per day is at 80%

- D. Billboard/Advertising Facilities- It is projected that at least 5 billboards will be displayed at a time, with a rental fee of P20,000/month.

2. Other Assumptions/Considerations

The following assumptions to be considered in the projected income state of the following:

- A. Construction Period- The project is assumed to be completed in 730 days or 2 years. Construction will be done by phase.
- B. No income will be recognized on the first year of construction. It is however expected that the 1<sup>st</sup> floor will be completed after the first year. The market will then be able to house tenants for the 1<sup>st</sup> floor.
- C. The public market is estimated to have a 100% occupancy rate.
- D. Interest expense for the loan is fixed at 4% per annum. There will be a grace period for the principal for three (3) years. Assumed drawdown schedule for the P400,000,000.00 loan is as follows:

DATE	AMOUNT
7/20/2019	60,000,000.00
10/20/2019	80,000,000.00
4/20/2020	100,000,000.00
10/20/20220	120,000,000.00
1/20/2021	40,000,000.00
TOTAL	400,000,000.00

E. Loan Repayment is plotted for 15 years.

### 3. Expenses

- A. Light, Water and Communication - combined usage for these utilities is projected at P300,000.00/month or annually at P 9,000,000.00 annually. It is expected to increase by 2% annually.
- B. Supplies and Materials - pegged at P10,000.00/month and assumed to increase by 10% per year.
- C. Maintenance - expected to be at P 200,000.00 per year starting on the 5th year of operations or by 2026.
- D. Insurance - for purposes of this study, the insurance is pegged at P 2,000,000.00 per year to start on the 3<sup>rd</sup> year of operations or upon the completion of the building.
- E. Depreciation - the building is expected to depreciate in fifty (50) years. Annual depreciation is at P9,000,000.00

### 4. Projected Income Statement

Note: Projected amounts were conservatively done, the LGU may opt to higher the rates if the LGU finds it just and acceptable.

Table 1 represents the projected income statement for the project. At the end of the term of the loan, the establishment is projected to generate an accumulated net income of P 118M. It will be able to cover the total interest expense of the City Government, however, the City Government still needs to tap other sources of income to cover the principal payment for the period of the loan. Nevertheless, the City Government will fully realize the income of the public market once the loan with the bank is fully paid.

### 5. Projected Cash Flow Statement

Table 2 represents the Projected Cash Flow for the project. Throughout the life of the loan, the stand-alone performance of the project will incur negative cash flows of P(323M). This is after considering the payments for the principal and interest of the loan. Deficits on the cash flows will be expected during the construction phase of the project and from the start of principal repayment (Year 3) until Year 14 considering the peak of the high interest payments. It is however observed that the deficits will gradually decrease until cash flows will start to show positive figures by Year 15.

The yearly need for the settlement of obligations cannot be supported solely by the income generated from the public market. Revenues from other economic enterprise will be used to supplement payment of the loan such as that derived from the Mall of the Valley, especially now that the loan utilized in the Mall of the Valley is now fully paid. Furthermore, the City Government may also use portion of the 20% Development Fund to support the loan payments.

An illustration (Table 3) is shown on the sufficiency of the development fund assuming that it will fully cover loan obligations in relation to projects with loans availed with DBP. IRA used in the illustration was based on the latest IRA of the City Government. For conservatism purposes, IRA was assumed not to increase during the term of the loan. It is projected that the development fund will be able to cover the loan obligations all throughout for 15 years.

Illustration (Table 4) shows the augmentation of the negative cash flow generated through the allocating at least 30% of the Development Fund to buffer the net income derived from the Don Domingo Public Market. The combination of these two sources is projected to be able to cover the principal, interest and other charges related to the loan. The inclusion of the City IRA as part of the sources of loan repayment is anchored on the following:

1. There is a need for the LGU to put up an equity to cover the interest and other charges that will be incurred during the first two (2) years of the project (construction period) as the facility is assumed to have no income during these years.
2. Since this is one of the development projects of the LGU as approves in its Executive-Legislative Agenda for CY 2016-2019, the entire facility once completed, forms part of the assets of the LGU and becomes one of its economic enterprise ventures. Deriving a certain amount from the IRA therefore is justified. It is treated as one of the LGU's investments.

## **6. Tests of Viability**

The projected cash flows and income statement of this study is anchored on assumptions as to the projected income and expenditures it will incur from operations, vis-a-vis the repayment of the loan needed for its establishment. As economic theories will put it, assumptions are good only when all parameters and positive conditions are met. In such situation, the project becomes viable. However, when interventions and unforeseen circumstances that will have a significant effect on the project occurs, income projections become unachievable thereby rendering the project not feasible.

To prove the viability of the project, the assumptions were subjected to a sensitivity analysis. The test tries to determine whether the project will still be feasible if some of its assumptions as projected in the feasibility study.

Sensitivity analysis is the study of how the variation (uncertainty) in the output of a mathematical model can be apportioned, qualitatively or quantitatively, to different sources of variation in the input of a model. While uncertainty analysis studies the overall uncertainty in the conclusions of the study, sensitivity analysis tries to identify what source of uncertainty weighs more on the study's conclusions.

In more general terms, uncertainty and sensitivity analyses investigate the robustness of a study when the study includes some form of mathematical modelling.

The following are the scenarios considered in the sensitivity analysis:

Scenario 1: Rental Rates will decrease by 20%.

Scenario 2: Rental rates will decrease by 10% and the occupancy will only be 90%.

Scenario 3: Revenues will decrease by 10% and operating expenses will increase by 10%

As shown in the illustrations below, the pricing of the rental fee and the related expenses serves as major drivers of the income of the business. Under these three scenarios, the LGU needs to allocate at least 40% of its Development Fund in order to service its interest expenses and maturing Principal Obligations. The LGU must make sure that their pricing is sufficient to cover the finance costs.

## **7. Conclusion and Recommendation**

Per assessment of the viability of the proposed project, and under the most conservative pricing and costing of the related revenues and expenses, it can be concluded that the cumulative income and cash flows of the project will be sufficient to cover the interest expense until the loan is fully paid. However, it is recommended that the LGU must allocate at least 30% of its Development Fund based on the 2018 IRA to pay off the principal amortizations under the normal operations and at least 40% in cases where in revenues will be lower and costs are higher than projected. The Development Fund will be enough to cover maturing principal obligations even in the conservative assumption that it will not increase for the next years.

DON DOMINGO PUBLIC MARKET						
PROPOSED RATES LEFT WING EXTENSION						
1ST LEVEL VAN TERMINAL						
PARKING SPACE						
						MONTHLY RENTAL FEE(NO. OF UNITS X
	SLOT		UNITS	RATE PER DAY		
VAN TERMINAL				30.00		
TOTAL						
2ND LEVEL LEFT WING EXTENESION						
	STALL NO.		TOTAL UNITS	MONTHLY RATE PER SQ METER	TOTAL AREA	MONTHLY RENTAL FEE
	FROM	TO				
STALL	1	52	52	250.00	333.44	83,360.00
TOTAL						83,360.00
PROJECTED MONTHLY COLLECTIONS						