



MEMORANDUM for the BIDS AND AWARDS COMMITTEE

THRU : THE BIDS AND AWARDS COMMITTEE SECRETARIAT

FROM : Assistant Chief Operating Officer, Assets Management Sector

DATE : 23 July 2020

RE : EXTENSION OF SECURITY SERVICES CONTRACT OF GRAND MERITUS SECURITY AGENCY INC. FOR NON-OPERATING ASSETS IN LUZON

May we respectfully request the Bids and Awards Committee's appropriate and favourable action on the above-stated matter based on the discussions below:

Background:

- TIEZA invited Bids for the Procurement of Security Services for its Non-operating Assets in Luzon, for a One-Year Contract, with an approved budget of Five Million One Hundred Eighty-Two Thousand Two Hundred Twenty-One Pesos and 24/100 (Php5,182,221.24)
- TIEZA accepted the bid of Grand Meritus Security Agency Inc. for the sum of Five Million Ninety Five Thousand Eight Hundred Twenty Pesos and 52/100 (Php 5,095,820.52).¹
- A Contract was entered into last 15 July 2019 between TIEZA and Grand Meritus Security Agency Inc. (Contract Agreement 2019-023)²
- Grand Meritus Security Agency Inc. commenced their services on August 1, 2019 thus contract period is from August 1, 2019 – July 31, 2020.³
- The Contract of Security Services with Grand Meritus Security Agency Inc., for the following Non-operating Assets will expire on 31 July 2020.
 1. Mt. Data Hotel in Sinto, Bauko, Mt. Province (Cordillera Administrative Region)
 2. Marcos Park in Pugo, La Union and Tuba, Benguet (Region I/ Cordillera Administrative Region)
 3. Properties in Paoay, Ilocos Norte and Laoag City (Region I)
 4. Agoo Playa Hotel in San Fernando, La Union (Region I)
 5. Pagsanjan Garden Resort in Pagsanjan, Laguna (Region IV-A)
 6. Properties in Matabungkay, Lian, Batangas (Region IV-A)
 7. Properties in Talisay, Batangas (Region IV-A)
- Before the Enhanced Community Quarantine (ECQ) had been implemented, a request⁴ for updated rates from the Philippine Association of Detective and Protective Agency Operators, Inc. (PADPAO) was made. PADPAO rates are issued and prescribed by the PADPAO, an organization of private security agencies, in order to ensure that its member security agencies pay uniform rates for the service of its security guards based on rates indicated in Wage

¹ Notice of Award dated 13 June 2019 and signed by Grand Meritus Security Agency, Inc. on 25 June 2019

² Contract Agreement 2019-023 dated 15 July 2019

³ Notice to Proceed dated 19 July 2019 and signed by Grand Meritus Security Agency, Inc. on 31 July 2019

⁴ E-mail addressed to PADPAO from Business Research and Development Division dated 10 January 2019



Orders that are issued by the Regional Tripartite Wages and Productivity Board. Follow-ups on the requests were also made through phone. No response was received during the ECQ.

- After the ECQ was lifted and Metro Manila transitioned to General Community Quarantine, follow-ups on the requests were made to PADPAO last June 9⁵ and June 16⁶, but the rates received were not complete, thus another request was made. Another set of rates were sent by PADPAO last 22 June 2020.

Issue:

With the end of the Contract for security services for TIEZA'S non-operating assets and the pending request for procurement of security services, **an extension of the current Contract with Grand Meritus Security Agency, Inc. is required** to protect TIEZA's properties from trespassing, encroachment and theft.

Recommendation:

The Assets Management Sector is recommending the extension of the current Contract with Grand Meritus Security Agency, Inc. for five (5) months, from 1 August 2020 to 31 December 2020, to give sufficient time for posting, publications and the bidding process up to the Notice to Proceed, for the procurement of new security services for TIEZA's Non-operating Assets in Luzon. It is also prudent to note that the procurement of security services covers not just one area, but several areas across Luzon, which may limit the number of interested bidders or which may lengthen the timeline for bidding.

Based on the Government Procurement Policy Board's (GPPB) Revised Guidelines on the Extension of Contracts for General Support Services⁷, the following conditions for contract extension are as follows:

ITEM NO.	GPPB Guidelines	TIEZA
1.	2.0 PURPOSE These guidelines are formulated to identify the conditions for the allowance of contract extension and to prescribe the rules and procedures governing the same, for the purpose of averting hiatus in support services essential, indispensable, or necessary in the operations of a procuring entity.	The Security Services for the Non-operating Assets is necessary to prevent trespassing, encroachment and theft.
2.	3.0 SCOPE AND APPLICATION These guidelines shall govern the extension of ongoing contracts of general support services which are essential, indispensable, or necessary to support the	The Contract Extension requested is for security services, identified as one of the general support services

⁵ E-mail addressed to PADPAO from Business Research and Development Division dated 9 June 2020

⁶ E-mail addressed to PADPAO from Business Research and Development Division dated 16 June 2020

⁷ GPPB Resolution No. 23-2007 (Approving Revised Guidelines on Contract Extension) Annex A, dated 28 September 2007



ITEM NO.	GPPB Guidelines	TIEZA
	operations of any of the procuring entities or for the enhancement of the welfare of its personnel to include, but shall not be limited to, non-personal or contractual services such as maintenance of equipment and furniture, janitorial and security services. However, these guidelines shall not apply to contracts with water, electricity, telecommunications, and internet service providers, which shall be governed by the Guidelines on Procurement of Water, Electricity, Telecommunications and Internet Service Providers issued by the Government Procurement Policy Board under Resolution No. 19-2006, dated 6 December 2006.	which are essential, indispensable or necessary to support the operations of any of the procuring entities.
3.	4.1 No contract extension shall exceed one (1) year.	The requested contract extension is for five (5) months only. We are recommending five (5) months as we considered limited mobility for both TIEZA and the bidders, review and approval processes, possible failure of biddings and rebidding /revision of TOR.
4.	4.2 The original contract subject of the extension was awarded in accordance with the provisions of Republic Act 9184 (R.A. 9184) and its Implementing Rules and Regulations Part A (IRR-A).	TIEZA has accepted the bid of Grand Meritus Security Agency, Inc., found to be the Single Calculated and Responsive Bid for the execution and completion of security services with corresponding guarantees, warranties pursuant to R.A. 9184, its IRR and other applicable laws. The Notice of Award dated 13 June 2019 was signed by Grand Meritus Security Agency, Inc. on 25 June 2019 and the Notice to Proceed dated 19 July 2019 was signed by Grand Meritus Security Agency, Inc. on 31 July 2019.
5.	4.3 The procuring entity concerned has substantially undertaken the procurement activities required prior to	The Assets Management Sector (AMS) has coordinated with PADPAO for updated rates, and



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	award of the new contract under R.A. 9184 and its IRR-A	has drafted its Purchase Request and Terms of Reference for the procurement of security services.
6.	4.4 The aforesaid contract extension is undertaken due to circumstances beyond its control and the procuring entity concerned cannot award a new contract within a month after the expiration of the term of the original contract.	Coordination has been made since first quarter of 2020 for the PADPAO rates which will serve as basis for the Approved Budget Contract. The ECQ imposed on Metro Manila due to the Covid-19 Pandemic has stalled the coordination with PADPAO due to restricted movements and work arrangements, not only for TIEZA but also for PADPAO.
7.	4.5 The contemplated extension is merely an emergency measure to maintain status quo in the operations of the Procuring Entity and to avoid interruption of service.	The five (5) month period is only temporary to ensure continuous safeguarding of the properties, acceptance of inquiries, bills and other concerns. During the ECQ, several reports of attempted encroachment have already been received by the Project Officers of AMS. The absence of security personnel can make the properties more vulnerable to trespassing, encroachment and theft.
8.	4.6 The current service provider has not violated any of the provisions of the original contract.	Grand Meritus has complied with the provisions of the original contract.
9.	4.7 The terms and conditions of the original contract shall not be changed or modified, except when changes or modifications will redound to the advantage of the government at no additional cost to the Procuring Entity.	The terms and conditions of the original contract shall apply for the requested five (5)-month extension.



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Requested Action:

Considering the date of termination of the Contract with Grand Meritus Security Agency, Inc., **may we respectfully request the BAC's timely recommendation for a five (5)-month contract extension of security services rendered by Grand Meritus Security Agency, Inc. from 1 August 2020 to 31 December 2021, to the Chief Operating Officer.**

Thank you.


JETRO NICOLAS F. LOZADA 

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