



MEMORANDUM for the Chief Operating Officer

THRU : MICHELLE MAE V. VIVO
Head Technical Assistant, Office of the Chief Operating Officer

FROM : Assistant Chief Operating Officer, Assets Management Sector

DATE : 23 July 2020

RE : PROCUREMENT OF SECURITY SERVICES FOR NON-OPERATING ASSETS in LUZON

BACKGROUND:

- A Contract was entered into last 15 July 2019 between TIEZA and Grand Meritus Security Agency Inc. (Contract Agreement 2019-023)¹ to render security services for TIEZA'S Non-operating Assets, namely,
 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)
- Grand Meritus Security Agency Inc. commenced its services for TIEZA's Non-operating Assets in Luzon last 1 August 2019 and shall end by 31 July 2020.
- The Contract for Security Services with Grand Meritus Security Agency Inc., for the above Non-operating Assets expired on 31 July 2020
- Prior to the expiration of the Contract and before the Enhanced Community Quarantine (ECQ) had been implemented, a request² 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 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.

¹ Contract Agreement 2019-023 dated 15 July 2019

² E-mail addressed to PADPAO from Business Research and Development Division dated 10 January 2019



TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY

6th & 7th Floors, Tower 1
Double Dragon Plaza
Double Dragon Meridian Park
Macapagal Avenue corner
Edsa Extension Bay Area
Pasay City 1302

 (+632) 8249-5900 to 79
 Local 733 / 735
 brdd.tieza@gmail.com
 www.tieza.gov.ph

- After the ECQ was lifted and Metro Manila transitioned to General Community Quarantine, follow-ups on the requests were made to PADPAO last June 9³ and June 16⁴, but the rates received were not complete, thus another request was made. Another set of rates was sent by PADPAO last 22 June 2020.
- A request for extension of Contract for five months (1 August 2020 to 31 December 2020) was submitted to the Bids and Awards Committee (BAC)⁵ based on the Government Procurement Policy Board's (GPPB) Revised Guidelines on the Extension of Contract for General Support Services⁶. A legal opinion⁷ was also requested from the Legal Department on the legal basis for extending the Contract for Security Services with Grand Meritus pending ongoing efforts to procure security services over the same properties above.

ACTION REQUESTED:

These Non-operating Assets are more vulnerable to encroachment, trespass and fraud, compared to our Operating Entities. The lack of activities/ developments is taken advantage by encroachers and fraudsters who settles or constructs on, or sells portions of the Asset. Some of these Assets have already instances of encroachment and claims of ownership.

It is to TIEZA's best interest to have these Assets guarded and monitored.

It can prevent lengthy court cases and unwarranted claims that can prevent development or disposition of these Assets. These Assets can eventually contribute to a stable and long-term revenue source for TIEZA when developed by TIEZA or through a private sector partner, and therefore, measures should be taken to safeguard TIEZA's ownership and possession.

Having security over these Assets can also decrease chances of having TIEZA liable for accidents within our premises.

Considering this, **AMS respectfully recommends the following:**

1. **Approval of the Purchase Request for the Procurement of Security Services** for the seven Non-operating Assets mentioned above *for one (1) year* (1 January 2020 to 31 December 2021), and the
2. **Approval of the Terms of References for the Procurement of Security Services** for the seven Non-operating Assets included in the Purchase Request.

The Certificate of Availability of Funds is not part of this memo's attachments, because it will be requested by the General Services Division from the Budget Division once there is an approved and signed Purchase Request. Coordination has been made instead with the Budget Division which

³ E-mail addressed to PADPAO from Business Research and Development Division dated 9 June 2020

⁴ E-mail addressed to PADPAO from Business Research and Development Division dated 16 June 2020

⁵ Memorandum from Assets Management Sector to the BAC thru the BAC Secretariat dated 23 July 2020 with subject: **EXTENSION OF SECURITY SERVICES CONTRACT OF GRAND MERITUS SECURITY AGENCY INC. FOR NON-OPERATING ASSETS IN LUZON**

⁶ GPPB Revised Guidelines on the Extension of Contracts for General Support Services

⁷ Memorandum from Assets Management Sector to the Legal Department dated 23 July 2020 with subject: **EXTENSION OF SECURITY SERVICES CONTRACT OF GRAND MERITUS SECURITY AGENCY INC. FOR NON-OPERATING ASSETS IN LUZON**



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informed us that the security services for these Non-operating Assets for 2021 has funding for the computed budget contract.

The following are additional documents attached herewith, for your reference:

1. Purchase Request for the procurement of security services for the seven (7) Non-operating Assets with a Budget Contract of Six Million Ninety-Three Thousand Nine Hundred Sixty One Pesos and Sixty Eight Centavos (Php 6,093,961.68).
2. Project Procurement Management Plan
3. Terms of Reference (TOR) for Procurement of Security Services for TIEZA's Non-operating Assets in Luzon
4. PADPAO Rates per Region where the Non-operating Assets are located, and which served as basis for the budget (per guard/per month/ per property)
5. Cost Breakdown (per guard/per month/ per property)
6. Summary of Cost Breakdown (per guard/per month/ per property)

For the COO's consideration.

Thank you.






JETRO NICOLAS F. LOZADA

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COMPLETE LIST OF ATTACHMENTS:

1. **Contract Agreement 2019-023 1(15 July 2019)**
2. **E-mail to PADPAO from BRDD (10 January 2019)**
3. **E-mail to PADPAO from BRDD (9 June 2020)**
4. **E-mail to PADPAO from BRDD (16 June 2020)**
5. **Memo from AMS to the BAC thru the BAC Secretariat (23 July 2020)**
6. **GPPB Revised Guidelines on the Extension of Contracts for General Support Services**
7. **Memo from AMS to Legal Dept. (23 July 2020)**
8. **Purchase Request**
9. **Project Procurement Management Plan**
10. **TOR**
11. **PADPAO Rates per Region**
12. **Cost Breakdown**
13. **Summary of Cost Breakdown**