



MEMORANDUM

TO : *Manager, Legal Department*

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**

We respectfully request for a Legal Opinion based on the discussion below:

Background:

- TIEZA solicited proposals for the Procurement of Security Services for its Non-operating Assets in Luzon, for a One (1)-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)

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



- 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 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 request 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.

Requested Action:

With the end of the Contract for security services for TIEZA'S non-operating entity 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.** The proposed five (5)-month extension also considers the limited mobility for both TIEZA and the bidders, review and approval processes, possible failure of biddings and rebidding /revision of TOR.

In view of the above, may we respectfully request the following:

1. Legal basis for the extension of the Contract for Security Services with Grand Meritus Security Agency Inc.
2. Is a six (6)-month contract extension allowed under Republic Act 9184 and its Implementing Rules and Regulations, and what are the requirements?
3. Will an extension of less than six (6) months warranty the same requirements for a six (6)-month contract extension?

If the legal opinion on the extension of the Contract allows contract extension, and if is for the best interest of the government, may we further request for the preparation of a Contract Extending the Security Services to be rendered by Grand Meritus Security Agency, Inc. for five (5) months commencing on 1 August 2020 and ending on 31 December 2020.

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

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



Please find attached documents for your reference:

1. Contract between TIEZA and Grand Meritus Security Agency Inc. dated 15 July 2019, for a contract period of one (1) year from 1 August 2019 to 31 July 2020)
2. Government Procurement Policy Board's Revised Guidelines on the Extension of Contract for General Support Services
3. Sample of Security Services Contract Extension of TIEZA Operating Properties
4. Notice of Award
5. Notice to Proceed
6. Printed e-mails addressed to PADPAO requesting for updated rates for security services.

We sincerely appreciate receiving your reply by 29 July 2020.

Thank you.


JETRO NICOLAS F. DOZADA