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**MEMORANDUM for the Chief Operating Officer**

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

**FROM : JETRO NICOLAS F. LOZADA**  
*Assistant Chief Operating Officer, Assets Management Sector*

**DATE : 28 October 2020**

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

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May we respectfully request for the approval of the extension of the Security Services Contract with Grand Meritus Security Agency, Inc. for several of TIEZA's Non-operating Assets in Luzon, based on the following discussion:

**Background:**

- TIEZA solicited proposals 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).<sup>1</sup>
- A Contract was entered into last 15 July 2019 between TIEZA and Grand Meritus Security Agency Inc. (Contract Agreement 2019-023)<sup>2</sup>
- Grand Meritus Security Agency Inc. commenced their services on August 1, 2019 thus contract period is from August 1, 2019 – July 31, 2020.<sup>3</sup>
- 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)

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

<sup>2</sup> Contract Agreement 2019-023 dated 15 July 2019

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



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- Before the Enhanced Community Quarantine (ECQ) had been implemented, a request<sup>4</sup> 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-up 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, a follow-up on the request was made to PADPAO last June 9<sup>5</sup> and June 16<sup>6</sup>, but the rates received were not complete, thus another request was made. Another set of rates were sent by PADPAO last 22 June 2020.
- An Opinion was requested from Legal Department last 29 July 2020 on the legal basis for extension of the Contract with Grand Meritus Security Agency, Inc.<sup>7</sup>
- In a meeting with the Bids and Awards Committee in 26 October 2020, it was agreed that this memorandum to the Chief Operating Officer requesting for security services contract extension shall be submitted pending the issuance of the legal opinion requested in 29 July 2020.
- Recommendation on extension of the Contract with Grand Meritus Security Agency, Inc. was submitted to the Bids and Awards Committee<sup>8</sup>

### **RECOMMENDATION:**

**The Assets Management Sector is recommending the extension of the current Contract with Grand Meritus Security Agency, Inc. for six (6) months) from 1 August 2020 to 31 January 2021, to give sufficient time for posting, publications and the bidding process<sup>9</sup> up to the issuance of 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.**

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

<sup>5</sup> Email addressed to PADPAO from Business Research and Development Division dated 9 June 2020

<sup>6</sup> Email addressed to PADPAO from Business Research and Development Division dated 16 June 2020

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

<sup>8</sup> 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**

<sup>9</sup> Bidding Process: 1) Advertisement / Posting of Invitation to Bid / Request for Expression of Interest  
2) Eligibility 3) Issuance and availability of Bidding Documents 4) Pre-Bid Conference 5) Request for clarification Supplemental / Bid Bulletin 6) Submission and Receipt of Bids (includes opening of bids and eligibility check) 7) Submission of additional requirements 8) Bid Evaluation 9) Post-qualification 10) Approval of Resolution / Issuance of Notice of Award 10) Contract preparation 11) Signing of Contract 12) Issuance of Notice to Proceed



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This timeline also considers the limited mobility of both TIEZA and the bidders, review and approval processes, possible failure of biddings and rebidding /revision of TOR. There is also a timeline for transition in case of a new security service provider which would be difficult in case it falls on the second half of December.

Also, based on the Government Procurement Policy Board's (GPPB) Revised Guidelines on the Extension of Contracts for General Support Services<sup>10</sup>, TIEZA meets the conditions for contract extension, as indicated in the recommendation submitted to the Bids and Awards Committee:

ITEM NO.	GPPB Guidelines	TIEZA
1.	<b>2.0 PURPOSE</b> 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.	<b>3.0 SCOPE AND APPLICATION</b> These guidelines shall govern the extension of ongoing contracts of general support services which are essential, indispensable, or necessary to support the 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.	The Contract Extension requested is for security services, identified as one of the general support services which are essential, indispensable or necessary to support the operations of any of the procuring entities.
3.	<b>4.1</b> No contract extension shall exceed one (1) year.	The requested contract extension is for six (6) months only.  We are recommending six (6) 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.

<sup>10</sup> GPPB Resolution No. 23-2007 (Approving Revised Guidelines on Contract Extension) Annex A, dated 28 September 2007



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ITEM NO.	GPPB Guidelines	TIEZA
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).	<p>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.</p> <p>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.</p>
5.	4.3 The procuring entity concerned has substantially undertaken the procurement activities required prior to award of the new contract under R.A. 9184 and its IRR-A	The Assets Management Sector (AMS) has coordinated with PADPAO for updated rates, and 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 six (6)-month period is only temporary to ensure continuous safeguarding of the properties, acceptance of inquiries, bills and other concerns.





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ITEM NO.	GPPB Guidelines	TIEZA
		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 six (6)-month extension.

Trespassing, encroachment and theft are constant threats to TIEZA Properties. The absence of a security force in a non-operating asset increases these threats, and may lead to loss of ownership or possession, or to numerous court cases.

**Requested Action:**

It is in TIEZA's best interest to extend the Contract for security services with Grand Meritus Security Agency, Inc. until an issued Notice to Proceed has been effective, thus AMS reiterates its recommendation for a six (6)-month contract extension, and **requests approval for contract extension from 1 August 2020 to 31 January 2021.**

For the COO's consideration.

Thank you.

  
JETRO NICOLAS F. LOZADA

Approved by:

**POCHOLO D. PARAGAS**  
Chief Operating Officer



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