

# Facilities Procurement Guide

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Office of Economic Development  
Procurement Branch

<http://www.gov.ns.ca/tenders>

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## INTRODUCTION

Through its Policy on Government Procurement, and the processes by which it is carried out, the Nova Scotia Government is committed to:

- ▶ ensuring that the government's requirements for goods, services, construction, and facilities are met through an open and fair process that provides the highest degree of competition and value to the Province
- ▶ ensuring that all bidders have reasonable notice and opportunity to tender
- ▶ fostering economic development by giving every capable Nova Scotia supplier the opportunity to do business with the government
- ▶ encouraging Nova Scotia businesses to be competitive and to sustain quality product development
- ▶ adhering to the Agreement on Internal Trade and the Atlantic Procurement Agreement, which create economic opportunities for Nova Scotians
- ▶ treating out of province bidders in the same way as their jurisdictions would treat bidders from Nova Scotia
- ▶ being accountable to the public for procurement decisions

This booklet is intended to provide government departments and the general public with information on the process and procedures that support the Policy on Government Procurement, particularly as it affects the acquisition of leased facilities, such as office accommodation.

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## **Definitions**

### **Building Leases**

Building leases (also referred to as facilities) include all building lease requirements covering the conveyance of the right to use tangible building property for a specified period of time in return for rent.

### **Gross Lease**

A gross lease includes all costs (except Business Occupancy Taxes) for all Tenant services, at a fixed rate per year for the lease term, with no adjustments throughout the term.

### **Net Lease**

A net lease identifies the base rent cost, property taxes (except Business Occupancy Taxes) and operating costs separately, and allows adjustments for increases or decreases in property taxes and operating costs.

### **Facilities Acquisition Process**

1. All requirements for leased accommodations for use by departments, boards, agencies and commissions of the Nova Scotia Government and administered by the Department of Transportation and Public Works are to be advertised on the Public Tender's Office electronic website. Requirements for leased accommodations of 2,500 usable square feet and over may also be advertised in a regular newspaper notice by the Public Tenders Office. The initial lease term shall be between five (5) and seven (7) years with a perpetual option for a further five (5) years or for a longer period with the approval of the Minister of Transportation & Public Works, if in the opinion of the Department of Transportation and Public Works, the longer term is to the benefit of the Province.
2. To exercise any option term, the renewal terms offered must be consistent with the conditions prevailing in the marketplace at that time, as determined by the Department of Transportation and Public Works. The Department may renew the lease for a further term of five (5) years by written notice to the landlord, at least six (6) months prior to the expiration term of the lease. If the landlord and the Department cannot agree on a rate within one month, then it shall be submitted to arbitration under the Nova Scotia Arbitration Act.
3. The geographic boundaries for a tender call shall be established to meet the operational requirements of the user department, but shall not be so limited so as to preclude or unnecessarily reduce the likelihood of receiving competitive bids. The geographic boundaries must be approved by the Department of Transportation and Public Works.
4. Tender bids shall be stated on a usable square foot basis.

5. For Net Leases, adjustments to property taxes and operating costs shall be allowed at the end of each year of the lease based on actual expenses incurred.

6. The preferred form of Tender Call shall be on a Turnkey basis, however, the Department of Transportation and Public Works may, at its discretion, use other forms if, in its opinion, such other form is appropriate under the market conditions prevailing at that time, and is in the best interest of the Province.

7. Any leasehold incentives, and/or free rental, offered by a bidder must be quoted separately in the tender response.

8. The evaluation of tender bids shall be on the basis of Net Present Value and shall take into consideration the total rent, any incentives offered, leasehold improvement costs, and all other tangible costs associated with acquiring the premises.

9. The following leasing arrangements may be obtained by other than the public tender process provided that the Deputy Minister of the Department of Transportation and Public Works has approved the process and the lease price obtained is, whenever quotes are not obtained, deemed to be fair and reasonable. All transactions in this category are reported to the Minister of Transportation & Public Works on an annual basis in accordance with the Government Procurement Policy:

- a) urgent or emergency space requirements;
- b) space requirements outside of the Province;
- c) space requirements on a month to month basis, up to a period of one year;
- d) space requirements for Courts and Court associated facilities, Judicial Tribunals, Royal Commissions;
- e) overholding under an existing lease;
- f) premises leased from Federal or Municipal Governments;
- g) premises leased from non-profit organizations or Crown Corporations;
- h) additions to existing leases;
- i) extensions of existing leases not exceeding one year.

10. The following lease requirements may be exempted from these procedures with the prior approval of the Minister of Transportation & Public Works, on a lease by lease basis:

- a) extensions of existing leases for more than one year;
- b) premises which, for operational reasons, must be adjacent to services provided by other levels of government or non-profit organizations;
- c) lease purchase agreements;
- d) development agreements where the Province retains residual title to the land;
- e) lease commitments pursuant to a federal/provincial or provincial/municipal agreement; and,
- f) lease arrangements in support of local/municipal development, or redevelopment projects.

## **Leasehold Improvements or Maintenance**

Public tendering is not required for leasehold improvements or maintenance work performed on or about a leased building, or portions thereof, that may be performed only by the landlord. These requirements are, however, approved and recorded as an alternative procurement practice in accordance with Government Procurement Policy (see Reporting).

## **Reporting**

The Department of Transportation and Public Works will maintain audit files for all facilities lease transactions and will provide the Procurement Branch with contract award information within 10 days of any award decision. The Government Procurement Policy also provides for annual reports to the Minister of Transportation & Public Works of Alternative Procurement Practices, sole source awards, unsolicited proposals, or awards to other than the lowest competent tender.

## **Audit**

Tenders and contracts for the leasing of facilities will comply with all procurement policies and directives. Tenders and contracts for the leasing of facilities are subject to audit by a department's internal auditors or by the Auditor General. Audits may take the form of a compliance audit or a quality value audit. All audit reports produced will be provided to the department concerned and to the Minister of Transportation & Public Works.