

NEGOTIATED PROCUREMENT: LEASE OF REAL PROPERTY AND VENUE

Overview

For the lease of real property and venue for official use, it is preferred that government agencies lease publicly owned real property or venue from other government agencies. If there is an available publicly owned real property or venue that complies with the requirements of the Procuring Entity, it may enter into a contract of lease with the government agency owner. In the event that the Procuring Entity would resort to privately owned real property or venue, the End User or Implementing Unit shall justify that the same is more efficient and economical to the government.



For purposes of this type of negotiated procurement, the following terms are defined as:

- a) Real Property refers to land and buildings (office spaces or units) and constructions of all kinds attached to the land or ground.
- b) Venue refers to training centers, convention halls, hotels, and similar establishments catering to trainings, seminars, conferences, conventions, symposia and similar gatherings requiring the official participation of government officials and employees. This may include meals and accommodation depending on the requirements of the Procuring Entity.
- c) Lessee refers to any government agency temporarily occupying real property on the basis of a contract executed with the private individual, partnership, cooperative, association, or corporation having absolute ownership over or legal authority to lease out the subject real property or venue.
- d) Lessor refers to any government agency or private individual, partnership, cooperative, association, or corporation having absolute ownership over or legal authority to lease out the subject real property or venue.

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Conditions

Under this mode, the following conditions must be present:

- a) The location of the real property or venue to be leased should have been meticulously selected by the Procuring Entity after taking consideration, among others, the need for prudence and economy in government service and the suitability of the area in relation to the mandate of the office, and its accessibility to its stakeholders. For lease of venue, other factors, such as the nature of the event or the level of security in the proposed location, may also be taken into account.
- b) The ABC shall be supported by a canvass, based on either the average or the midpoint of the prevailing lease rates for real property or venue, from at least three (3) lessors within the vicinity of the selected location complying with the minimum criteria and technical requirements of the End-User or Implementing Unit. In no case shall the rental rates, including additional expenses, such as but not limited to association dues in the case of lease of real property, exceed the ABC.
- c) As a general rule, rental rates are considered reasonable when they represent or approximate the value of what the lessee gets in terms of accommodation, facility, amenities, and convenience from the leased real property or venue, and the lessor gets an equitable return of capital or investment.
- d) The technical requirements shall be prepared by the End User or Implementing Unit taking into consideration the rating factors to be issued by the GPPB.
- e) Pursuant to Annex “E” of COA Circular No. 2012-003 and subject to subsequent issuances, lease of expensive or luxury venues for meetings or seminars and other official functions shall not be allowed, unless for government sponsored international conventions, meetings and the like where holding of activities in a four (4) or five (5)-star hotel or venue should be supported by justifications.

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Process

Under this mode of procurement, the following procedure shall be observed:

For Real Property:

- i) The BAC shall invite at least three (3) prospective lessors to submit sealed price quotations or password-protected price quotations in compressed archive folders, in case of electronic submission of price quotations.
- ii) The deadline for the submission of quotations may be extended until the BAC or Procurement Unit determines that quotation/s received is/are compliant with the requirements of the project.
- iii) The price quotations shall be opened immediately after the deadline for submission of quotations to determine the Lowest Calculated Quotation (LCQ), Most Economically Advantageous Quotation (MEAQ) or Most Advantageous Quotation (MAQ). Receipt of at least one (1) quotation is sufficient to proceed with the evaluation thereof.
- iv) For electronic submission of price quotations, the passwords for accessing the same will be disclosed by the prospective Lessors on a specified date which may be done in person or face-to-face through videoconferencing, webcasting or similar technology.
- v) The real property being offered by the Lessor with the S/LCQ, MEAQ or MAQ shall be rated in accordance with the technical specifications, and the reasonableness of its price quotation shall be determined in accordance with the methodology prescribed in the Guidelines.
- vi) Upon determination of the responsiveness and reasonableness of the quotation, the BAC shall recommend to the HoPE the award of contract in favor of the lessor with the S/LCRQ, MEARQ or MARQ. The award of contract shall be made in accordance with Section 66 of the IRR of RA 12009.

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For Venue:

- i) The BAC shall send the RFQ to at least three (3) venues within the vicinity of the selected location. Receipt of at least one (1) quotation is sufficient to proceed with the evaluation thereof.
- ii) The deadline for the submission of quotations may be extended until the BAC or Procurement Unit determines that quotation/s received is/are compliant with the requirements of the project.
- iii) The venue being offered by the lessor with the LCQ shall then be rated in accordance with the technical specifications prepared pursuant to the Guidelines. Compliance rating with technical specifications may be conducted through ocular inspection, interviews, or other forms of due diligence.
- iv) Upon determination of the responsiveness of the quotation, the BAC shall recommend to the HoPE the award of contract in favor of the lessor with the S/LCRQ. The award of contract shall be made in accordance with Section 66 of this IRR.