

# Questionnaire Buildings

Stand 04.06.2010

## I. Planning Phase

### 1. General Information on the building project:

➤ Please provide information on:

- the project

The EACI informs the Budgetary Authority of its intention to proceed with the signature of a usufruct contract for office space located at Covent Garden building, Place Rogier 16 at 1210 Brussels

- the need assessment/justification

In order to regroup Agency staff into one single building and to avoid operational inefficiencies, the EACI launched a building tendering procedure.

- any relevant background information

The EACI is currently located in two buildings: since 2006 the Agency is located on the 4th floor of the Madou Tower, through a rent contract with OIB. In order to lodge the additional staff required to manage the extended tasks, the Agency has been renting since early 2008 additional office space in a building located Square Frère-Orban 10. To this end and in view of a planned move of the EACI at the time, the Agency signed a short term rent contract with the Fortis Real Estate Group Asset Management. This rent contract for ORBAN was extended several times, and the Agency recently signed a final contract extension to 30 November 2010.

Currently about 65 staff members are hosted in Madou and about 90 staff are in the ORBAN building. In order to regroup Agency staff into one single building and to avoid operational inefficiencies, the EACI launched the building tendering procedure: "API 2009 / S 105-151518" in mid 2009.

- the current state of play/project schedule

- The property prospection notice was published in the OJ on 4 June 2009.
- Deadline for the submission of proposals = 13 July 2009
- Evaluation Report sent to Real Estate Committee = 6 October 2009
- Favourable opinion of the Real Estate Committee on the evaluation report = 26 October 2009
- Award decision by the Director to start financial and technical negotiations with two pre-selected building owners = 4 November 2009
- Presentation of the results of the negotiations to the Real Estate Committee = 29 April 2010
- Favourable opinion of the Real Estate Committee = 21 May 2010
- Information note sent to the Budgetary Authority = 25 May 2010

As soon as the contract is signed (end of June), the fitting-out works of the building and getting it ready for use by the Agency will be done (three to four months plus one month for the holiday period) in order to ensure a move in November 2010.

## **2. Medium / long-term building strategy:**

- Are there any other forthcoming building projects ?  
No.

## **3. Description of the current situation:**

➤ Please provide information on:

### Condition of the building(s):

- the age of the building(s)

MADO: 65 staff: building constructed in 1965, and completely renovated in 2002-06

ORBAN: 90 staff: old building, owned by Fortis Real Estate Group Asset Management, exact age not known

- the current state of the building(s)

It is noteworthy to mention that the owner of the ORBAN building, in which currently about 60% of the Agency's staff is located, intends to demolish the building following the departure of the Agency. A new building will be developed by mid 2013.

### In the case of a rent/lease contract:

- the duration of the rent/lease contract

ORBAN: rent contract terminates in November 2010

MADO: annual rent contract with the Commission

- is there any possibility for renewal/prolongation of the rent/lease contract?

ORBAN: rent contract was extended in May 2010 to November 2010, no further extension possible

MADO: yes, extension possible

### Building surface:

- the current surface (m<sup>2</sup>) available

ORBAN: 2 772 m<sup>2</sup>

MADO: 1 482 m<sup>2</sup>

- The detailed use of the surface e.g. office space, archives, parking, conference rooms, meeting rooms, sanitary areas, etc.

The current rented space is mainly used for offices. The agency has one meeting room for +/- 30 persons at MADO and several meeting rooms at ORBAN. In fact, the latter building disposes of 4 meeting rooms (ranging from 10 up to 40 persons) which are shared with another executive agency.

### Staff situation:

- the actual staff number

Currently the agency has about 65 staff hosted at MADO and 90 at ORBAN

- the foreseen development in the staff number

In accordance with the financial statement, the EACI intends to accommodate 159 staff members. On top of this, the Agency hires twice a year 6 blue book trainees and hosts about 10 to 15 in-house consultants. These IT consultants represent the development team working

for one for the projects managed by the Agency, the Enterprise Europe Network IT Tools of the CIP-Entrepreneurship and Innovation Programme.

Cost/Price situation:

- the price/rent/leasing per m<sup>2</sup>

MADO – 4th floor : 1 482 m<sup>2</sup> @ 247 €/m<sup>2</sup>

ORBAN : 2 772 m<sup>2</sup> @ 150 €/m<sup>2</sup>

- the maintenance costs per m<sup>2</sup>

Not exactly known as the agency pays a flat rate percentage for the rent charges at MADO

- the permanent operating costs per m<sup>2</sup>

The annual operating cost for the space occupied at MADO is about 111 €/m<sup>2</sup>

As for ORBAN, the operating costs are about 136 €/m<sup>2</sup> (based upon the 2009 invoices).

- the total cost for the current building(s)

The total rent cost for the office space in the two current buildings is 781 850 € per year.

When operating costs are added, the yearly building costs of the EACI amount to 1.430.000 € (based upon 2009 invoices).

➤ Please answer the following questions:

Contamination/Pollution:

- Is there any contamination/pollution?

(e.g. existence of asbestos, radioactivity or other harmful substances on the grounds, in the building(s), in the soil)

MADO building: The building was completely renovated in 2002-06. OIB confirmed that, when the Commission bought the building in 2006, it was already a standard procedure to obtain certification on the absence of asbestos in the building.

As for the ORBAN building, no information could be obtained from owner Fortis Real Estate. The EACI has been informed that the building is due to be demolished after the departure of the Agency.

- Is there any proof of absence of contamination/pollution?

Not checked.

**If applicable please specify:**

- the measures and the kind of measures taken to remove harmful substances/pollution

N/A

Third Parties:

- Is/are there any subtenant(s) / third party (ies)? N/A

**If the answer is yes please specify:**

Security:

- Are there any specific security requirements or security related issues ? N/A

**II. Public Procurement and Project Phase for the new building:**

#### **4. Public Procurement Process**

- Is/Was there a public procurement procedure applied?

Yes

**If the answer is no, please answer the following question**

- What is the reasons for the absence of public procurement? N/A
- Please name the legal basis. N/A

**If the answer is yes, please answer the following questions and provide information on the announcement in the European Union Official Journal:**

The tender was published on 4 June 2009 with reference: API 2009 / S 105-151518

- What is subject of the public procurement procedure?

The content of the publication can be summarized as follows:

The Executive Agency for Competitiveness and Innovation is searching for office space between 5 500 and 7 000 m<sup>2</sup> to accommodate between 180 and 200 staff. The surface area shall include 4 meeting rooms (2 for 20 staff and 2 for 40 staff) and offer the necessary archives area (at least 150 m<sup>2</sup>). The surface area must be available in a single building; safety installations should comply with the European Commission's security rules. In addition, synergies (e.g. security costs, facilities, maintenance) with other occupants of a shared building are encouraged.

- What kind of public procurement procedure is applied?

Negotiated procedure without prior publication of a contract notice, following prospection of the local market.

- Is the tender open EU-wide? (Are there any obstacles for supplier(s) /company (ies) from other EU countries?)

Yes, no obstacles

- Is the tender restricted in any way?

No

**If the answer is yes, please answer the following questions:**

- In which sense is the procedure restricted? N/A
- What is the reason for the restricted procedure? N/A
- Please name the legal basis. N/A

#### **5. Results of the public Procurement Procedure:**

- What is the result of the public procurement procedure?

The procedure follows the methodology for prospecting and negotiating for buildings, defined by the European Commission in its document C(2008)2299 of 3 June 2008. Throughout this procedure, the Agency has been assisted by technical and administrative representatives of OIB, and other Commission services (DIGIT, HR, HR.DS) whenever considered appropriate.

In order to find new premises to host all staff members in one building, the Agency published a property prospection notice API 2009 / S 105-151518 in the Official Journal of the European Union on 4 June 2009, with a deadline for the submission of proposals of 13 July 2009. A total of 26 proposals were received and subject to evaluation by an Evaluation Committee appointed by the Director of the Agency. The Evaluation Committee examined the price per m<sup>2</sup> office space as well as the following quality criteria mentioned in the prospection notice: accessibility of the building by public transport, interconnections with the other Commission buildings, energy performance of the building, efficiency of the surface areas proposed and compliance with the building standards manual before fitting out.

Based upon the report prepared by the Evaluation Committee, the EACI presented the evaluation results to the Real Estate Committee. This report concluded that only the proposals for the Zenith and the Covent Garden building matched all the award criteria. Therefore they were pre-selected for entering into financial and technical negotiations.

On 26 October 2009, the Real Estate Committee gave a favourable opinion to the evaluation report. As a result, on 4 November 2009 the Director of the EACI took the decision to start the technical and financial negotiations with the respective owners of the Zenith and the Covent Garden building.

In accordance with the European Commission's methodology mentioned above, the selection of the final building took account of the overall cost of the projects and was based upon:

- the negotiated price quoted for the contract, i.e. a 15 year usufruct contract with the possibility to unilaterally break the contract at 31 December 2015 (see point 6 below)
- the estimate of costs necessary for compliance with the MIT (technical standards specifications from the Commission) as well as any costs for specific fitting-out works
- the time schedule for making the building available
- an analysis of tax implications
- an assessment of the operational costs (in particular security costs, facilities, maintenance).

The Agency presented the results of the negotiations to the Real Estate Committee on 29 April 2010, concluding that the Covent Garden building represented the best offer. The Real Estate Committee gave a favourable opinion on 21 May 2010.

- How many offers have been obtained?

26

- Which supplier(s) /company (ies) has / have been selected?

The Covent Garden building, owned by the Immobilière du Royal Rogier S.C.S.

- Is/Are the selected supplier(s) / company (ies) independent from the body in charge of the building project?

Yes.

- Which assessment criteria have been applied?

At the stage of evaluation (pre-selection of max. 3 buildings, in casu 2 buildings):

- price per m<sup>2</sup> office space
- following 5 quality criteria mentioned in the prospection notice: accessibility of the building by public transport, interconnections with the other Commission buildings, energy performance of the building, efficiency of the surface areas proposed and compliance with the building standards manual before fitting out

At the stage of financial and technical negotiations (final selection of 1 building):

- the negotiated price quoted for the contract, i.e. a 15 year usufruct contract with the possibility to unilaterally break the contract at 31 December 2015 (see point 6 below)
- the estimate of costs necessary for compliance with the MIT (technical standards specifications from the Commission) as well as any costs for specific fitting-out works
- the time schedule for making the building available
- an analysis of tax implications
- an assessment of the operational costs (in particular security costs, facilities, maintenance).

- What does the selected (final) offer include?

The offer includes 6 499 m<sup>2</sup> office space, 150 m<sup>2</sup> archives and 41 parking places in building B of the Covent Garden complex, comprising in fact two buildings: building A is a 10-floor building of 13 000 m<sup>2</sup>, building B is a 27-floor tower totalling 56 000 m<sup>2</sup>.

- Is the most economic offer selected?

Yes.

**If the answer is no, please answer the following question:**

- What is the reason? N/A

## **6. Description of the future situation:**

➤ Please provide information on the:

### Future Building situation:

- the age of the building(s)

The building was recently constructed; the provisional reception of the building was done in February 2008.

- the state of the selected building(s)

The quality of the Covent Garden building is very high, in particular in accordance with the Commission's standards as defined in the MIT. The building has been constructed only a few years ago and conforms to the highest standards in the fields of water management and energy efficiency (E-value of +/- 100).

The floors that will be occupied by the EACI are new and unoccupied.

### Future Building surface:

- the surface (m<sup>2</sup>) available

The Covent Garden building consists of 2 buildings, Building A (13 000 m<sup>2</sup>) is occupied by the European Commission. The EACI will be located in the tower building, known as building B. The building B totals 56 000 m<sup>2</sup> out of which the Research Executive Agency ("REA") and the European Research Council Executive Agency ("ERCEA") currently occupy about 30 000 m<sup>2</sup>, the rest being unoccupied.

The EACI would occupy 6 499 m<sup>2</sup> office space, 150 m<sup>2</sup> archives and 41 parking places. When the EACI would move to the Covent Garden complex, 36 000 out of the 56 000 m<sup>2</sup> office space available or 64% of the B building would be occupied.

Please note that thanks to the presence of the European Commission services and the two executive agencies, the building is already equipped with safety installations according to the

European Commission's security rules. Moreover, the core IT hard-and software equipment is present and can be shared with the EACI. A cafeteria was recently installed.

- the detailed purpose of the surface e.g. office space, archives, parking, conference rooms, meeting rooms, sanitary areas, etc.

To present a detailed overview, the following surfaces would be occupied in the Covent Garden building:

Office space			6 499 m <sup>2</sup>
	Level +10	2 075 m <sup>2</sup>	
	Level +11	2 075 m <sup>2</sup>	
	Level +12	2 075 m <sup>2</sup>	
	Ground floor	242 m <sup>2</sup>	
	Common space	32 m <sup>2</sup>	
ARCHIVES			150 m <sup>2</sup>
	Level – 2	150 m <sup>2</sup>	
PARKING PLACES			41
	Level – 1 (for disabled persons)	2	
	Level – 2	39	

Please note that the 6.499 m<sup>2</sup> office space contains two meeting rooms for 20 people and 2 meeting rooms for 40 people. Sanitary areas will be foreseen at two places on each of the three floors.

Future Cost/Price situation:

- the price/rent/leasing per m<sup>2</sup>

The price of the office space is 160 €/m<sup>2</sup>.

- the average price/rent/leasing per m<sup>2</sup> for other comparable buildings in this area

According to the CBRE study published in February 2010 and presenting the real estate market in Belgium in December 2009, the average price for office space in the North region of Brussels is 195 €/m<sup>2</sup>.

- the maintenance costs per m<sup>2</sup>

No specific data are available on the maintenance costs of the building. It is worth to mention that it is quite a new building and hence the maintenance costs should be lower than in an old building such as the ORBAN building.

- the permanent operating costs per m<sup>2</sup> (Are there any expected savings compared to the current situation e.g. energy, heating etc. ?)

The EACI will sign a 15 year usufruct contract which will enable it to realise annual operational cost savings, namely real estate tax and regional tax savings. These two taxes amount to about 38 €/m<sup>2</sup> office space leading to annual savings estimated at 246 962 €.

As mentioned above, the Covent Garden building conforms to the highest standards in the fields of water management and energy efficiency (E-value of +/- 100). The charges per m<sup>2</sup> are estimated at 38 €/m<sup>2</sup>/year. No VAT is due.

As a result, the m<sup>2</sup> operating costs are expected to be lower than in the currently occupied premises.

- the total costs for the project

Below is presented an overview of the costs of the project :

	Usufruct contract till 31 December 2015 (A)	15 y usufruct contract (B)	Annual Amount (C) = (B)/12
1. Usufruct contract	5 116 558 € <sup>1</sup>	16 186 930 €	1 079 129 €
2. Fitting-out works	2 535 090 €	2 535 090 €	169 006 €
3. Charges	1 255 390 €	3 704 430 €	246 962 €
<b>TOTAL cost for EACI</b>	<b>8 907 038 €</b>	<b>22 426 450 €</b>	<b>1 495 097 €</b>
4. Operational cost savings for EU budget	- 1 613 847 €	- 4 567 090 €	- 304 473 €

The total cost over the 15 year period is 22.4 million €, or about 1.5 million € per year.

However, the EU budget will benefit operational cost savings from a selection of the Covent Garden building; In fact, several operational costs for the agency such as security costs, IT maintenance costs of about 300 000 € per year will not have to be disbursed by the EU budget as these costs are already incurred by other European Commission services and executive agencies. The fact that the EACI will occupy additional office space in a building that is already partly and solely occupied by other Commission services clearly offers financial and operational synergies with current (and possible future) EU-related tenants.

Replacement/abandonment/demolished of building(s): N/A

**If applicable please specify:**

- the building(s) and the use of the buildings to be replaced/abandoned/demolished

N/A

- What are the costs involved (e.g. demolition costs for each building)

N/A

Contamination/Pollution of the future building:

- Is there any contamination/pollution?  
(e.g. existence of asbestos, radioactivity or other harmful substances on the grounds, in the

<sup>1</sup> In case of ending of the contract at 31 December 2015, VAT will be due. The exact amount is to be calculated by the owner.



building(s), in the soil)

No.

- Is there any proof of absence of contamination/pollution?

Yes, the agency received a certificate from the landlord of the Covent Garden building certifying the absence of any asbestos.

The usufruct contract to be signed between the EACI and the landlord contains an annexe with the declaration by the "Institut Bruxellois pour la Gestion de l'Environnement" of 30 March 2004 assuring that the Covent Garden site is free from soil pollution.

**If applicable please specify:**

- the measures and the kind of measures to be taken to remove harmful substances/pollution from the selected building(s)

N/A

Accessibility:

- Are the premises accessible for handicapped persons?

Yes. Specific measures (a.o. parking, access, sanitary areas, ...) have been taken to ensure that handicapped persons can access and work in the Covent Garden building.

- Are public transport facilities given ?

The Covent Garden building is easily accessible by means of public transport. It is situated in 5 minutes walking distance from the railway station Brussels North and the Rogier Metro station, several bus lines connect the North station with other parts of Brussels. It is within 3 km distance of the Berlaymont though outside of the European Quarter. Although difficult to financially quantify, it is clear that being able to interconnect with European Commission buildings within 15-20 minutes offers substantial efficiency gains when e.g. EACI's staff attend meetings with Commission services and/or one of the four parent DGs.

Third Parties:

- Is/are there any subtenant(s) / third party (ies)? N/A

**If the answer is yes please specify:**

Security:

- Are there any specific security requirements or security related issues ?

The fact that the EACI will occupy additional office space in a building that is already partly and solely occupied by other Commission services clearly offers synergies: the security management costs currently borne by the residing Commission services and executive agencies will in future be shared with the EACI.

**A comparison of the current situation to the future situation would be favourable especially for the cost situation and the surface (spread sheet)**

**7. Project Financing:**

➤ Please provide information on the project financing and answer the following questions:

- How is the project financed? (Please name the relevant budget lines and provide the financial plan)

The expenditure linked to the project will be covered by the EACI's operating (or administrative) budget.

The EACI 2010 budget and the 2011 draft budget appropriations already take into account the increase in agency staff and required increase of office space by renting the new building.

In the Commission budget, the subsidy to the EACI is paid from following budget lines:

- 02.01 04 30
- 06.01 04 30
- 06.01 04 32

• Are there any financial partners?

No

• Are there any follow-up costs (financial interest, cost for intermediate companies etc.) ?

No

• Is there a cost-benefit analysis?

The EACI is currently located in two buildings: since 2006 the Agency is located on the 4th floor of the Madou Tower. In order to lodge the additional staff required to manage the extended tasks, the Agency has been renting since early 2008 additional office space in the ORBAN building. In order to regroup Agency staff into one single building and to avoid operational inefficiencies, the EACI launched the building tendering procedure.

The EACI opts for a 15 year usufruct contract as this will enable it to realise annual operational cost savings, namely real estate tax and regional tax savings. These two taxes amount to about 38 €/m<sup>2</sup> office space leading to annual savings estimated at 246 962 € for the Covent Garden building.

The annual usufruct fee for the proposed Covent Garden building (1 079 129 €) is 38% higher than the annual rent currently paid for the two premises. However, the rented surface in Covent Garden is 53% larger because, in the near future, the Agency will have to increase its rented surface substantially, from 4 254 m<sup>2</sup> to 6 499 m<sup>2</sup>. The increased surface is necessary in order to adequately host up to 180 staff (see p. 2).

The price per m<sup>2</sup> office space in the Covent Garden building equals 160 €/m<sup>2</sup> which is substantially lower than the price of comparable office space occupied by Commission services in or outside the European Quarter (247 €/m<sup>2</sup>).

The quality of the Covent Garden building is very high, in particular in accordance with the Commission's standards as defined in the MIT.

There are further synergies to be had at Covent Garden in the form of operational efficiencies. Each year, the EACI carries out at least 3 major evaluations of proposals received following calls under the EU programmes which the Agency manages. These evaluations - involving some 330 Agency staff days and 160 external experts - take place in the specialised premises located at Covent Garden.

No additional appropriations are required to cover the increase in expenditure on the building; The 2010 budget and the 2011 draft budget have already taken into account the increase in agency staff and in the required increase of office space.

• Are revenues used for the financing?

No

**If revenues are used for the financing, please answer the following questions: N/A**

• What is the origin of the revenues and what are the revenues intended for? N/A

• What is the total amount of revenues received annually? N/A

• What is the total amount of revenues received so far? N/A

• Has information on the revenues been published in the budgetary procedures? N/A

## **8. Legal Situation**

- Who is currently the owner of the building(s) ?

The real estate complex "Covent Garden" is owned by the company "Immobilière du Royal Rogier S.C.S".

- Since when is/are the building(s) / premises / land property of the current owner?

The real estate complex "Covent Garden" is a new building; it is owned by the company "Immobilière du Royal Rogier S.C.S" since 2008.

- Has there been a **rent-** or **buy-**decision ?

No

- Please provide information on the legal situation/obligations

The 15 years usufruct contract will contain a possibility to unilaterally break the contract at 31 December 2015 (in the highly unlikely event that the agency's legal base is not extended beyond 31 December 2015).

### **If applicable please provide information on:**

Building construction/renovation projects: N/A

- When will the construction/renovation period start/end? N/A
- Do you expect any problems with the project time table? N/A
- Why is the renovation/construction considered to be the most favourable option? N/A
- Is/are there any other building(s) affected by the project? N/A

## **9. Contract**

➤ Please name:

- any specific contractual agreements and any discounts, fines, compensations, refunds, etc.

The 15 years usufruct contract will contain a possibility to unilaterally break the contract at 31 December 2015. In case the contract is broken, this will have an impact on the VAT exemption and VAT will be due. The exact amount is being calculated by the owner.

<b>III. Project Finalisation:</b>
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➤ Please provide information on the project outcome:

The EACI aims to sign the contract at end of June 2010. The owner needs 4 to 5 months (including holiday period) to carry out the fitting-out works and getting the building ready for use. The Agency plans to move to its new premises before the end of the rent contract at ORBAN, which was recently (and finally) extended to November 2010.

**Any other relevant information**

- Please provide any additional information you might consider as relevant

It is noteworthy to mention that the owner of the ORBAN building, in which currently about 60% of the Agency's staff is located, intends to demolish the building following the departure of the Agency.