

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY:

Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: June 18, 2018

SUBJECT: Award - RFP 18-083 - Leased Accommodations – Human Resources

ORIGIN

This report originates with the recently approved HRM Corporate Accommodations Plan. The Plan provides a set of recommendations for the accommodation of staff in HRM's core administration facilities to be implemented over a 5-year timeframe. The sequence of projects within the plan recommend the relocation and consolidation of the Human Resource Services and Diversity & Inclusion (HR) teams in new leased space. An RFP for the provision of new Leased Accommodations was issued to procure the required space.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter

Section 61(5)(a) states: "The Municipality may (a) acquire property, including property outside of the Municipality, which the Municipality requires for its purposes or for the use of the public."

Section 111(5) states: The Municipality may enter into a lease, lease -purchase or other commitment to pay money over a period extending beyond the end of the current fiscal year if, where the total commitment exceeds five hundred thousand dollars, the proposed commitment has been approved by the Minister."

Procurement Administrative Order

Section 34: The contract that Council is recommended to award complies with all pre-requisites for awarding contracts as set out in section 34.

Section 36(2)(d) provides that the approval authorities for awards of leases are as set out in the Transaction Policy.

Transaction Policy

Table 2B of the Transaction Policy shows that for property leases where the Municipality is a tenant, the term of the lease is greater than five (5) years, and the annual gross lease payment is over \$200,000, the approval of the award can be made by Council and the Mayor and Municipal Clerk are the signing officers.

RECOMMENDATION ON PAGE 2

RECOMMENDATION

It is recommended that Halifax Regional Council award RFP 18-083, HR Leased Accommodations, to the highest scoring proponent, GWL Realty Advisors Inc., and authorize the Mayor and Clerk to enter into a lease agreement as outlined in Table 1 and the Financial Implications section of the Private and Confidential Information Report dated June 18, 2018, subject to approval by the Minister of Municipal Affairs.

BACKGROUND

The Halifax Regional Municipality is committed to providing cost effective, high quality services to its residents. Inherent in this goal is the provision of appropriate and economical accommodations for staff. The Municipality intends to consolidate several Human Resource offices located within the metro area to a more centralized alternate location to enhance its current service delivery.

Human Resource Services currently occupies roughly 19,000 square feet of office and training space across three separate locations – Alderney Gate – 4,800 sf owned space; Duke Tower – 12,000 sf leased space, expiring Feb 28, 2021; and 7071 Bayers Rd – 2,500 sf leased space, expiring Aug 31, 2020. The division of business unit staff across these locations has resulted in operational inefficiencies, communication challenges and a disconnect between teams. The location and layout of these spaces no longer meets business unit operational requirements. It was determined that the optimal solution would be to co-locate the entire business unit in one new location with the vacated leased space used to address accommodation pressures for other HRM business units.

Following review of HR's space requirements, and a consultative process with the HR management team, it was determined that their space requirements under HRM's new corporate design standards could be reduced by approximately 26% or 5,000 square feet to approximately 14,000 usable square feet. The space reduction was primarily achieved by reducing the number of private enclosed offices, and applying the new corporate standard for workstations of 42 sf vs. the current average workstation size of 84 sf. The reduction in the amount of dedicated personal workspace allowed us to include more open collaborative spaces, meeting rooms and flex spaces such as focus rooms, a training room and an employee café. Each of the flex spaces can be used for multiple purposes, increasing their utility. Focus rooms for example, in addition to being quiet, private workspaces can also be used as prayer rooms, lactation rooms, or for participating in conference calls and webinars.

DISCUSSION

To ensure continuing high levels of service delivery, optimal value for money, and building performance, HRM issued an RFP for leased office accommodation to consolidate several HR offices. The objective of the RFP was to identify the best lease accommodations to provide these services.

The scope for the RFP included the following key requirements:

- Approximately 14,000 square feet, fully accessible, separately demised and able to be ready for occupancy no later than December 1, 2018. Landlord is required to complete all necessary fit-up prior to occupancy.
- Space to be located on either one contiguous floor plate or on two consecutive floors. Preference is for a single floor.
- Premises must be in either downtown Halifax or Dartmouth, within approximately 500m radius of either the Halifax Ferry Terminal or the Dartmouth (Alderney) Ferry Terminal; or in West End Halifax – see Appendix B – Location maps.
- Premises must be within a maximum of 250m walking distance of a Halifax Transit stop. Preference

is for a location with strong connectivity to the Halifax Transit network.

- Premises must either have sufficient onsite or adjacent parking available to accommodate a minimum of 30 HRM staff plus visitors and/or be connected to the downtown Halifax Link (pedway). Preference is for locations with sufficient parking to accommodate up to 60 HRM staff plus visitors.

The RFP was issued for a leased footprint of approximately 14,000 square feet of turnkey office space located within 500m of either the Halifax or Alderney Ferry Terminals, or in West End Halifax. The RFP was publicly advertised on May 7, 2018 on the Nova Scotia Public Tenders website and closed on May 29, 2018, with proposals received from seven proponents representing eight properties, as follows:

- Universal Realty Group
- Starfish Properties
- Armco Capital Inc.
- Compass Commercial Realty
- Crombie REIT
- GWL Realty Advisors Inc.
- Dartmouth Oceanview Hotel Ltd. / Banc Properties Ltd.

The technical proposals for all eight properties were reviewed by the evaluation committee, comprised of staff from Corporate Real Estate and Human Resources and facilitated by Procurement. Two properties were eliminated prior to site visits for not meeting the mandatory technical requirements. Site visits were conducted at each of the remaining six properties. Technical evaluations were completed following the site visits with three properties scoring over minimum technical score and advancing to the next step.

The financial proposals of the three properties were reviewed and the two highest scoring proponents were each provided with a list of follow up questions and asked to provide best and final pricing along with their responses. The responses and final financial proposals of the two proponents were evaluated. The successful proponent, GWL Realty Advisors Inc. – Purdy’s Wharf, Tower II, was the highest scoring of the final three properties.

The final proposals from the remaining proponents were evaluated and scored as follows:

Proponent	Address	Score
GWL Realty Advisors Inc.*	1969 Upper Water Street	95.12
Compass Commercial Realty	1791 Barrington Street	87.08
Universal Properties	1601 Lower Water Street	80.06

***Recommended Award**

FINANCIAL IMPLICATIONS

See Private and Confidential Information Report dated June 18, 2018.

RISK CONSIDERATION

The only risk identified is to operating cost increases, however the awarded proponent has demonstrated relatively consistent and stable building operating costs over the past five years. Risk is rated as low.

COMMUNITY ENGAGEMENT

N/A

ENVIRONMENTAL IMPLICATIONS

There are no known negative environmental implications. As this new space is already an empty shell there will be limited construction waste sent to landfill because of our leasehold improvements. The property is LEED Gold certified and BOMA BEST Gold certified. Purdy's Wharf also has a unique, energy-efficient building cooling system that uses sea water to chill the building's cooling water, which is then circulated through the buildings.

ALTERNATIVES

Regional Council could require that HR remain in their current premises. This is not recommended as the existing premises no longer meet operational requirements.

ATTACHMENTS

A – Evaluation Criteria/Score Sheet

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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902-293-6545

18-083

31/5/2018

Minimum technical score of 56.25 required to open cost

ATTACHMENT A

Criteria	Summary (considerations may include but are not limited to the following)	Score	5640 Spring Garden Road - Universal Properties	1601 Lower Water Street - Universal Properties	1791 Barrington Street - Compass	1969 Upper Water Street - GWL	65 King Street - Dartmouth Oceanview Hotel Ltd.
		Max Available	Average	Average	Average	Average	Average
Mandatory Requirements		Y/N	Y	Y	Y	Y	Y
Communication Skills	<ul style="list-style-type: none"> Clarity and readability of written proposal 	5	2.83	2.83	4.75	4.67	3.58
Team composition and experience	Sector specific experience of the Proponent Firm. Balance of level of effort vs. team roles (project mgmt., technical, etc.)	5	4.17	4.17	4.67	4.83	3.58
Understanding of HRM needs	Understanding of the requiremetn for space. Value added propositions and recommendations. Attention to relevant challenges that the committee may not have considered.	20	14.00	15.67	16.50	19.00	14.50
Business/Technical Solution	Solution addresses all anticipated aspects of the project as identified in the RFP	20	13.17	15.67	16.67	19.17	15.50
Project Management Methodology		10	5.00	6.00	7.67	9.17	5.67
Site visit	To evaluate the suitability of the premises for the intended use of recreation and community porgramming, location, condition, etc.	15	6.17	12.00	11.83	14.83	6.83
Subtotal (Tech.Proposal)	52.5 required to pass technical	75	45.33	56.33	62.08	71.67	49.67
Cost over 10 year lease net HST included				\$ 5,922,012.84	\$ 5,635,936.64	\$ 5,984,232.57	
		25		23.73	25.00	23.46	
Administrative and Legal Requirements	<ul style="list-style-type: none"> Based on level of risk identified in Stage 2 technical evaluation. 	0 POINTS MAY BE DEDUCTED					
Total		100	45.33	80.06	87.08	95.12	49.67