

TERMS OF REFERENCE

CONSULTANCY SERVICES FOR THE CONDUCT OF HIGHEST AND BEST USE (HABU) STUDY WITH VALUATION OF DEVELOPMENT AND USUFRUCTUARY RIGHTS (DUR) AND CRAFTING OF TERMS OF REFERENCE (TOR) FOR THE DEVELOPMENT OF THE SSS PRIME INVESTMENT PROPERTIES (IPs)

I. PURPOSE AND COVERAGE

The terms of reference (TOR) shall be used to procure through public bidding the services of consultancy firms for the highest and best use (HABU) study for each of the two (2) SSS prime properties located in different areas of Metro Manila. The Consultant/s shall submit, for approval by the Social Security System (SSS) management, their recommendation on the best development option for each of the property based on the outcome of the HABU studies and formulate the TORs necessary for the bidding-out of the proposed development on said properties.

The proposed development projects will require work that needs extensive knowledge in technical, financial, economic and marketing aspects of real estate development which is beyond the in-house expertise of the procuring entity concerned, hence, the need to engage the services of an external Consultant.

The output of the study is expected to provide SSS with the best option to develop its prime properties into a more profitable and efficient utilization that will provide support to the SSS mandate of providing sustained benefits to its members.

II. OBJECTIVE

The objective of the project is to come up with a comprehensive HABU study on or each of the two (2) SSS prime properties that will recommend the best development option that will yield the optimum return to SSS investments, taking into consideration valuation of Development and Usufructuary Rights (DUR) and key specifications such as but not limited to the technical, financial and legal parameters of real estate development.

The fair market value of the DUR will be used as basis in determining the baseline value of the re-development of the properties and the eventual disposition of the developed property therein under a JV Leasehold model.

The TOR to be crafted is for the recommended development option based on the parameters used in the HABU study for each property which shall serve as a guide to potential strategic partners in making sound decisions for their technical and financial bid proposals for consideration of SSS.

III. BASIC INFORMATION ON THE PROPOSED HIRING OF CONSULTANCY FIRM

1. Total Approved Budget for the Contract (ABC): **Php 8,350,000.00**

Lot	Property	Amount (inclusive of Value Added Tax)
1	East Triangle property	Php 4,150,000.00
2	FCA 5-ha property	4,200,000.00
Total		Php 8,350,000.00

2. Description of SSS Properties Subject of Study

A. East Triangle Property

- Composed of two (2) parcels of lot with a combined area of 44,529.14 square meters.
- Commercial lot located in EDSA corner East Avenue, Quezon City
- Irregular in shape with improvements
- FAR value of 12.

B. FCA 5 Property

- A 5-hectares commercial lot
- Lot located along the northeast side of D. Macapagal Blvd. extending northeast ward to Roxas Boulevard within Bay City, Barangay 76, Pasay City.
- With a 44,000-square meter improvement for commercial/warehouse use
- FAR value of 6.

3. **Bidder may Bid for the Two (2) Lots.** A single Contract may be executed if a prospective Consultant wins the bidding for the two (2) Lots.

IV. PROCUREMENT OF SERVICES

The SSS shall engage the services of a Consultant with the following qualifications:

- a) With at least five (5) years of experience in consultancy and advisory services or other technical services or special studies, specifically, real property development and all aspects of property marketing, management, development, investment and occupation;
- b) Completed at least one (1) HABU study on real property development and at least one (1) valuation of DUR at any Central Business Districts (CBDs) nationwide within the past ten (10) years prior to the submission of eligibility documents. Failure to have completed at least one (1) HABU study and one (1) DUR valuation shall be a ground for the disqualification of prospective bidder/consultant.

While experience in crafting Terms of Reference (TOR) is not a mandatory requirement, it shall be given points during the evaluation.

- c) Real Estate Consultancy firm licensed to do business in the Philippines; and

d) Should have a permanent business office in the Philippines with regular staff.

V. DOCUMENTARY REQUIREMENTS

1. Legal Documents

- 1.1 PhilGEPS Certificate of Registration and Membership in accordance with Section 8.5.2 of the IRR. For procurement to be performed overseas, it shall be subject to the Guidelines to be issued by the GPPB.
- 1.2 Bid Security (2% of the ABC for Cash or Manager's/Cashier's Check payable to SSS or Bank Draft of the ABC, 5% of the ABC for Surety Bond or Bid Securing Declaration – form supplied)
- 1.3 Omnibus Sworn Statement (form supplied in the Bidding Documents)

2. Technical Documents

- 2.1 Statement of the prospective bidder of all its ongoing and completed government and private contracts, inclusive of contracts involving similar/related studies, of which there should be at least one (1) completed HABU study and at least one (1) completed Valuation of DUR, including contracts awarded but not yet started, if any, within the period of ten (10) years (*refer to attached form*). **The statement shall include, for each contract, ALL the following mandatory details:**

- i. the name and location of the contract;
- ii. date of award of the contract;
- iii. type and brief description of consulting services;
- iv. consultant's role (whether main consultant, subconsultant, or partner in a JV)
- v. amount of contract;
- vi. project construction cost;
- vii. contract duration;
- viii. contact person and contact number of client;
- ix. **For on-going contracts, submission of copy of Contract of Engagement /certification from client stating ALL of the following details of on-going government and/or private contracts:**
 - the name and location of the contract;
 - date of award of the contract;
 - type and brief description of consulting services;
 - consultant's role (whether main consultant, subconsultant, or partner in a JV)
- x. **For completed contracts, submission of a certificate of satisfactory completion/acceptance or equivalent document issued by the listed contracting client(s) of the prospective bidder, in the case of a completed contract involving at least one HABU study and at least one Valuation of DUR.**

The certificate(s) of satisfactory completion/acceptance must certify completion and/or acceptance of the listed project/contract **and must have ALL of the following details:**

- the name and location of the contract;

- date of award of the contract;
- type and brief description of consulting services;
- consultant's role (whether main consultant, subconsultant, or partner in a JV)

The details of the certificate(s) submitted **must correspond** to the details indicated by the prospective bidder to its Statement of completed government and private contracts.

The certificate(s) of satisfactory completion/acceptance submitted must pertain to at least one completed HABU study and one completed Valuation of DUR.

A prospective bidder that fails to submit the required certificate(s) of satisfactory completion/acceptance, as described above, shall be deemed **INELIGIBLE**.

However, the prospective bidder may submit a **Certificate of Full Payment** as the only acceptable equivalent document for completed government and private contracts in lieu of the of the certificate of satisfactory completion/acceptance. The certificate of full payment must pertain to at least one completed HABU study and one completed Valuation of DUR, the details of which must correspond to the Statement of Completed Contracts and contain all of the following details:

- the name and location of the contract;
- date of award of the contract;
- type and brief description of consulting services;
- consultant's role (whether main consultant, subconsultant, or partner in a JV)

Otherwise, the same shall not be deemed as equivalent of the certificate of completion/acceptance issued by the listed contracting client(s), and the prospective bidder shall be deemed **INELIGIBLE**.

xi. For similar/related studies, submission of copy of Contract of Engagement /certification from client stating ALL of the following details of similar/related studies:

- the name and location of the contract;
- date of award of the contract;
- type and brief description of consulting services;
- consultant's role (whether main consultant, subconsultant, or partner in a JV)

2.2 Statement of the consultant specifying its nationality and confirming that those who will actually perform the service are qualified professionals.

The bidder shall submit the list of key personnel to be assigned to the following identified positions, however, only one (1) assigned personnel per position shall be rated for evaluation purposes. The winning bidder may assign additional personnel to complete the study without additional cost to SSS.

Key Personnel	Relevant Educational Attainment	Functions
Senior Officer		<ul style="list-style-type: none"> • Act as the team leader / manager of the project; • Serve as the point person of the Consulting Firm; • Shall be the one to present to the SSS / SSC concerned units the result of the firm's study and recommended investment / development options
Financial Analyst or equivalent position	For Officers: <ul style="list-style-type: none"> • Management • Accountancy • Business and Finance • Law • Economics • Marketing • Math • Statistics • Engineering • Architecture 	<ul style="list-style-type: none"> • Be responsible for the preparation, analysis and finalization of financial projections and/or financial assumptions necessary for the computation and evaluation of the Internal Rate of Return (IRR), Net Present Value (NPV), Return on Investment (ROI), business valuation, and other necessary and/or relevant assumptions and financial components concerning the project and the different options of investment / development of the subject SSS properties
Technical Analyst or equivalent position		<ul style="list-style-type: none"> • Be responsible to conduct / prepare market analysis on the location of the properties including similar adjacent locations for comparative / supportive data, for the different options of investment / development of the subject SSS properties
Researcher or equivalent position	For Researcher: Graduate of any 4-year course	<ul style="list-style-type: none"> • Be responsible to collect, collate and coordinate the data obtained necessary for the completion of the project

Key Personnel shall perform other necessary and/or incidental functions for the completion of the project

The consultant must also submit the respective curriculum vitae of the key personnel indicating their respective positions in the performance of the project.

- 2.3 Description of the Methodology and Work Plan for Performing the Project (form supplied)
- 2.4 Team Composition and Task Projects including organizational chart indicating relationship amongst the Consultant (form supplied)
- 2.5 Curriculum Vitae of the Team Composition (form supplied)

3. Financial Document

- 3.1 Financial Proposal Submission Form

VI. GENERAL SCOPE OF SERVICES

- A. **Highest and Best Use (HABU) Study** defines as the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, and financially feasible and that results in the highest value.

The HABU study shall consider both the Corona Virus 2019 (COVID-19) and post COVID-19 state and must include but may not be limited to the following options/structures on the development of SSS properties:

1. JV Leasehold – a joint venture undertaking for the development of the SSS property into a mixed-use commercial/development, either a contractual agreement or incorporation, thru leasehold agreement over a period of time. Ownership of the property remains with SSS at the end of the term.
2. JV Freehold - a joint venture undertaking for the development of the SSS property into a mixed-use commercial/development, either a contractual JV or a corporate JV (JV Company), including the freehold rights of the property. A JV freehold may involve disposition of assets,
3. Straight Lease - a contractual arrangement whereby a prospective lessee shall be entitled to enjoy or use, for commercial and proprietary purposes, an SSS property for a fixed term and fee, which may include management services, infusion of capital, introduction of improvements to and/or demolition of an existing building or structure, and/or constructing and/or adding new buildings or structures. The rent may be in the forms of guaranteed lease on property or percentage share on revenue or a combination of the two.

B. Components of the HABU Study – The HABU study shall contain but should not be limited to the following information or its equivalent:

1. ***Site Analysis of Each Property***

- a. To determine the permissible use and configuration of the properties. It will also cover relevant laws/regulatory requirements, government zoning, building construction with regards to height restriction, setback requirement, floor area and open space ratio.
- b. Analysis and evaluation of all related information but not limited to geological, environmental, social, financial, economic and legal requirements.

2. ***Market Research Study and Valuation***

- a. Thorough assessment of the competitive environment that will significantly affect the sale and/or development of the properties.
- b. Analysis of the trend on current and future market demands for project development on a macro and micro levels.
- c. Conduct a survey on the valuation of comparable properties within the vicinity to determine the Fair Market and Fair Rental Values for each of the properties subject of this study.

3. ***Conceptual Development Plan***

Synthesis of the market findings and consultants' technical inputs for the preparation of the specific development parameters and specifications taking into account identified market niches and opportunities.

- a. Specific land/space uses and corresponding zoning allocations

- b. Quantitative concept, cost assumptions, project timeline and financial simulations
- c. Market positioning vis-a-vis other developments
- d. Target market selection and market size estimate
- e. Selling points and differentiating elements

Recommend the most advantageous development/investment strategy for the SSS Properties to realize maximum returns or income.

4. *Financial Analysis for the Various Development/Investment Options*

Provide a financial analysis for each of the development/investment options that will provide relevant information such as but not limited to the net present value (NPV), internal rate of return (IRR), return on investment (ROI) and payback period on investments of both the SSS and its developer/partner.

The comparative analysis will be in terms of the following:

- a. Projected Income Statement
- b. Projected Cash Flows
- c. Projected Returns
- d. Profitability Indicators

5. *Evaluation and Comparative Analysis of the Development/Investment Options*

Recommend the best development/investment option for each property supported by justifications base on the result of the extensive studies and comparative analysis.

6. *Selection Process and Relevant Criteria*

The recommendation on the best development/investment option must include the selection process (e.g., public bidding, competitive challenge, JV undertaking, et al.) and the relevant criteria by which prospective developers/partners shall be evaluated and selected in accordance with relevant and applicable Government Procurement Laws or SSS existing Lease Guidelines.

C. *Valuation of Development and Usufructuary Rights (DUR) under a JV Leasehold Option*

Regardless of the recommendation on the best development/investment option, a valuation of DUR under a JV Leasehold Option shall be provided indicating the following:

1. Market Value of the subject property on an “as-is, where-is” basis without considering the development to be introduced at a later date.
2. Market Value of the Development and Usufructuary Rights (DUR) of the subject properties - DUR is defined as the right to use and possess the land for re-development under a joint venture (JV) arrangement, either through a contractual agreement or a JV company (JVC) into a mixed-use commercial, excluding the naked ownership rights of the subject property.

The DUR is intended to be the contribution of the SSS to the JV, either a JVC or contractual agreement, for the development/re-development of the subject property/ies.

3. Full narrative of the valuation methodology to be used.

D. Crafting of TOR for the Recommended Development/Investment Option

1. **Formulate the terms and conditions** for the recommended development/investment option in accordance with the applicable SSS Guidelines or other government laws, rules and regulations. The TOR shall be based on the parameters used in determining the best development option for each of the two (2) SSS prime properties.

In like manner, the Consultant shall formulate and/or revise the terms and conditions it prepared based on the development option chosen by the Social Security Commission which may not be the same option it recommended as best.

2. **The scope of the TOR shall include at least the following:**

- a. Site Analysis
- b. Land Data
- c. Terms and Conditions
- d. Rights and Responsibilities of the parties
- e. Legal Parameters
- f. Bidding Process
- g. Timetable of Activities

E. Presentation of the HABU study and TOR to the SSS Management (Risk Management and Investment Committee/Social Security Commission) for approval;

F. Provide assistance to SSS in the conduct of the selection/bidding process for the SSC approved development/investment option for the SSS prime properties in the following manner:

1. Represent SSS in the presentation of the project during the pre-bid conference.
2. Answer to queries of prospective bidders.
3. Attend to SSS meetings if there are issues about the project that need to be clarified.
4. Assist in the evaluation and ranking of bids.

G. Limiting Conditions

The Consultant shall not render any advice to any real property company/consultant/contractor/investor, or any firm pertaining to any matter relevant to the development of SSS properties.

The Consultant shall not participate in the selection process for the development of any of the SSS properties, in whatever capacity, other than as herein provided and/or incidental thereto.

VII. STAFFING AND QUALIFICATION REQUIREMENTS

The Consultant shall provide a team composing of competent professionals with relevant skills and experiences. List of key personnel to be assigned to the Project shall be:

1. One (1) Senior Officer;
2. One (1) Financial Analyst or its equivalent;
3. One (1) Technical Analyst or its equivalent; and
4. One (1) Researcher or its equivalent

VIII. SERVICES AND FACILITIES PROVIDED BY SSS

1. The SSS shall provide the Consultant and its personnel with pertinent documents such as the copy of the property titles, maps and location plans necessary to enable them to perform the services.
2. The SSS through its Investment Property Department shall be responsible in providing access, permit, gate pass and authorization to SSS subject properties.
3. The SSS shall provide the Consultant with a copy of the SSS applicable guidelines.

IX. DELIVERABLES AND CONSULTANCY FEE

<i>Deliverables or Pre-requisite</i>	<i>Period/Milestone</i>	<i>Consultancy Fee (VAT inclusive)</i>
<p>1. <i>Submission of initial HABU study with DUR valuation and TOR for the recommended development / investment option for each property, for review and acceptance by the Head, Lending and Asset Management Group (LAMG)</i></p> <p>- <i>One (1) set for each property</i></p>	<p><i>Within 60 calendar days upon receipt of the Notice to Proceed (NTP) for the two (2) IPs and upon acceptance by the Head, LAMG of the initial HABU study with DUR valuation and TOR</i></p>	<p><i>Php _____</i> <i>or</i> <i>50%</i> <i>of the Contract Price</i></p>
<p><i>Revised HABU study with DUR valuation and TOR for review and acceptance by the Head, LAMG</i></p> <p>- <i>One (1) set for each property</i></p>	<p><i>Within 15 calendar days upon receipt of the Notice to Revise in any of the two (2) IPs , if any, and upon acceptance by the Head, LAMG of the revised HABU study with DUR valuation and TOR</i></p>	
<p>2. <i>Presentation of the Final HABU study/DUR valuation and TOR to the RMIC for its approval.</i></p>	<p><i>Within 15 calendar days from the initial presentation with the RMIC, submission of the final HABU study/DUR valuation and final TOR, incorporated therein the comment, if any, of the RMIC. as certified by the Head, LAMG</i></p>	<p><i>Php _____</i> <i>or</i> <i>40%</i> <i>of the Contract Price</i></p>

<p>3. <i>Presentation of the Final HABU study/DUR valuation and TOR to the SSC for its approval.</i></p> <ul style="list-style-type: none"> - <i>Three (3) sets hard copy of the final HABU study and TOR for each property</i> - <i>Soft copy (USB storage device) of the written report</i> 	<p><i>Within 10 calendar days from presentation with the SSC, submission of revised final HABU study/DUR valuation and TOR, incorporated therein the comment, if any, of the SSC.</i></p> <p><i>Receipt of the IPD of the SSC Resolution approving the HABU study with DUR valuation and the final TOR or upon receipt of the final and correctly revised documents if the SSC approval was made subject to incorporations of final comments / instructions.</i></p>	
<p>4. <i>Provide assistance to SSS in the conduct of the selection process for the approved development/investment option for the SSS prime properties in the following manner:</i></p> <ul style="list-style-type: none"> a) <i>Represent SSS in the presentation of the project during the pre-bid conference;</i> b) <i>Answer to queries of prospective bidders;</i> c) <i>Attend to SSS meetings if there are issues about the project that need to be clarified; and</i> d) <i>Assist in the evaluation and ranking of bids.</i> 	<p><i>Not included in the 100 calendar days term of engagement.</i></p> <p><i>The period for the required assistance shall commence from but not to exceed eight (8) months from the issuance of the SSC Resolution approving the HABU study / DUR valuation and TOR or upon receipt of the final and correctly revised documents if the SSC approval was made subject to incorporations of final comments / instructions up to award of the dev't. project to the winning bidder.</i></p>	<p><i>Php _____</i> <i>or</i> <i>10%</i> <i>of the Contract Price</i></p>
<p>TOTAL CONTRACT PRICE</p>		<p><i>Php _____</i></p>

Note: Subject to Part X, the final 10% of contract price shall be paid to the Consultant after the end of the eight (8) months period from the issuance of the SSC Resolution approving the final HABU study/DUR valuation and TOR or upon receipt of the final and correctly revised documents if the SSC approval was made subject to incorporations of final comments/instructions, in case of the following circumstances:

- a. SSS failed to pursue the selection process for the SSC selected/approved development project for whatever reason;

- b. Failure of selection process based on the SSC approved development option; and
- c. Project not awarded within the eight (8) months period from the issuance of the SSC Resolution approving the HABU study / DUR valuation and TOR or upon receipt and approval of the final and correctly revised documents if the SSC approval was made subject to incorporations of final comments/instructions.

X. TERM OF ENGAGEMENT

The term of engagement shall be for a period of one hundred (100) calendar days to take effect upon receipt of Notice to Proceed from SSS, in addition to the actual periods as required to fulfill the applicable deliverables under Part IX, No. 4 of this TOR and excludes the period of review/evaluation and approval in between stages of work

Notwithstanding the aforementioned period, either party reserves the right to pre-terminate this contract in accordance with the policies and procedures relating to the whole or partial termination of government procurement contracts as enumerated in Annex I of the 2016 Revised Implementing Rules and Regulations (IRR) of RA 9184.

In case of delays not attributable to the Consultant, such as extended management review/approval, force majeure, lockdowns/quarantines and enactment of law that may directly affect the services of the Consultant, the SSS may issue a Notice of Delay, Suspension and/or Extension to freeze the Consultant's engagement period, or SSS may issue an instruction to the Consultant to proceed with other activities or deliverables of subsequent stages in accordance with the Terms of Reference.

In case the SSS failed to implement the selection process for the selected/approved development/investment option within eight (8) months from the approval of the SSC, the Consultant shall no longer be obligated to render the assistance as provided under Section V, Item F of this TOR.

If the Consultant's recommended development option or any of the available options in its study was not approved by the SSC, the Consultant may revise the HABU study and/or TOR in accordance with the SSS requirements within the period prescribed in Part VIII No. 3. Otherwise, refusal to revise its study shall be a ground for SSS to pre-terminate the Contract and withhold the payment of the last 50% consultancy fee.

XI. FINAL ACCEPTANCE CRITERIA

1. Before payment of the final billing, the Consultant must submit and present a service termination report to the SSS. This report will be reviewed and accepted by the IPD based on full compliance with the following requirements:
 - a) Completion of applicable deliverables specified in the Bid Documents/TOR
 - b) Submission and/or completion of all deliverables on agreed schedule
2. When the termination report is deemed acceptable, SSS shall issue a written certificate of acceptance and shall authorize payment subject to the usual auditing and accounting rules and regulations.