



PGLU LEASE SELECTION COMMITTEE

TERMS OF REFERENCE

**For the Lease of Office/Commercial Spaces
at the La Union Provincial Administrative and Commercial Building (LUPACB)**

I. GENERAL PROVISION:

- a. The La Union Provincial Administrative and Commercial Building (LUPACB) which is a five-storey building with the total area of 1,087.40 sq.m. located at the Central Business District of the City of San Fernando was built to attract businesses, entrepreneurs, and other tenants who can contribute to the economic development of the area and to generate additional revenue for the province by leasing out its spaces;
- b. The selection of the lessee shall be undertaken by the PGLU Lease Selection Committee (PGLU-LSC) created through OPG Executive Order No. 21 S. 2024 dated April 26, 2024 together with its duties and functions;
- c. By its nature, the lease for office or commercial spaces is not considered "procurement", thus, is **not covered by the Republic Act no. 9184 or the Government Procurement Reform Act**. Consequently, the prospective lessees shall be invited to submit a letter of intent, its proposal and requirements for the lease of available office or commercial spaces through notice/invitation to be posted in the PGLU website, conspicuous places, and/or other means, as proposed by the PGLU-LSC. In addition, this Terms of Reference (TOR) shall also be posted together with the notice/invitation as basis and guidance in the preparation of proposals by the prospective lessee, and;
- d. The lease shall be binded by a contract between the PGLU and the lessee together with these Terms of Reference to form as an integral part of the Lease Contract.

II. REQUIREMENTS:

Prospective lessees must meet the following requirements to be eligible to participate in the selection process for the lease of office or commercial spaces:

a. Documents:

1. For Government Agencies:

- Letter of intent addressed to the Governor;

Terms of Reference for the Lease of Office/Commercial Spaces, Page 1 of 11



PGLU LEASE SELECTION COMMITTEE

- Resolution authorizing the lease transaction as well as the authorized signatory to enter/sign/execute the Contract of Lease;
- Certificate of Fund Availability;
- Photocopy of valid government issued ID, and;
- Other pertinent documents that may be required by PGLU-LSC.

2. For Non-Government Organization/Civil Society Organization:

- Letter of Intent addressed to the Governor;
- Resolution authorizing the lease transaction;
- Resolution authorized signatory to enter/sign/execute the Contract of Lease;
- Valid Mayor's Permit;
- BIR Certificate of Registration (COR);
- SEC Registration;
- Articles of Incorporation and By-Laws;
- Latest Audited Financial Statement;
- Photocopy of valid government issued ID, and;
- Other pertinent documents that may be required by PGLU-LSC.

3. For Businesses:

- Letter of Intent addressed to the Governor;
- Valid Business and Mayor's Permit;
- BIR Certificate of Registration (COR);
- Articles of Incorporation and By-Laws, if applicable;
- Latest Audited Financial Statement;
- Latest Income Tax Return (ITR);
- Tax Clearance;
- DTI/SEC/CDA Registration;
- Business Plan;
- Affidavit of No Relation to the Local Chief Executive and/or the members of the PGLU-LSC;
- Photocopy of valid government issued ID, and;
- Other pertinent documents that may be required by PGLU-LSC.

4. For Individuals:

- Letter of Intent addressed to the Governor;
- Certificate of Employment and Compensation (CEC) or Certification under oath of source of Income and funding source;
- Latest Income Tax Return (ITR), if applicable;

Terms of Reference for the Lease of Office/Commercial Spaces, Page 2 of 11



PGLU LEASE SELECTION COMMITTEE

- Bank Statements under prospective lessee's name to ascertain ability to pay monthly lease fee;
- Business Plan;
- Affidavit of No Relation to the Local Chief Executive and/or the members of the PGLU-LSC;
- Photocopy of Two (2) valid government issued ID, and;
- Other pertinent documents that may be required by PGLU-LSC.

b. **Lease Rate:** Shall be equivalent to the minimum rate per square meter of the vacant area as indicated in Article 21, Section 139 of Provincial Ordinance no. 398-2022. Details are as follows:

Table 1. Rates for the Use of the Five (5)- Storey Provincial Administrative and Commercial Building

FLOOR LEVEL	AREA (sq.m.)			USER CHARGES	COST		
	NORTH	SOUTH	TOTAL	RATES/ SQ. M.	NORTH	SOUTH	TOTAL
1 st Floor	66.35	58.65	125.00	500.00	33,175.00	29,325.00	62,500.00
2 nd Floor	115.15	125.45	240.60	400.00	46,060.00	50,180.00	96,240.00
3 rd Floor	115.15	125.45	240.60	300.00	34,545.00	37,635.00	72,180.00
4 th Floor	115.15	125.45	240.60	240.60	27,705.09	30,183.27	57,888.36
5 th Floor	115.15	125.45	240.60	250.00	28,787.50	31,362.50	60,150.00
Total	526.95	560.45	1,087.40		170,272.59	178,685.77	348,958.36

■ Vacant

■ Occupied

(Source: Article 21 section 139 of Provincial Ordinance no. 398-2022)

Terms of Reference for the Lease of Office/Commercial Spaces, Page 3 of 11



PGLU LEASE SELECTION COMMITTEE

- c. **Business viability/sustainability:** Businesses/Individuals who intend to start a business or are already running a business must submit a business plan to demonstrate their potential for success and sustainability;
- d. **Purpose of Lease:** Shall be indicated in the letter of intent to determine the intended use of the space be it commercial or administrative and should only be for legal activities or official government functions;
- e. **Facilities:** Must have its own equipment, furniture and fixtures essential for the business or office operations;
- f. **Ownership:** The lease for office or commercial spaces is restricted to Filipino citizens/ sole proprietorships, partnerships, or organizations with at least 60% interest or outstanding capital stock belonging to citizens of the Philippines, and;
- g. **Relationship:** Prospective lessee must not be related to the Local Chief Executive and/or the members of the PGLU-LSC within the third degree of consanguinity or affinity. This affidavit is necessary only if the leased space is intended for revenue-generating purposes.

III. PROCESS:

- a. Prospective lessees may obtain a copy of the Terms of Reference (TOR) at the Office of the Provincial General Services Officer during office hours from 8:00 am to 5:00 pm, Mondays to Fridays or they may refer to the notices posted in the PGLU website and other conspicuous places;
- b. All proposals may be submitted subsequent to the issuance of the notice/invitation and shall be duly received by the PGLU-LSC Secretariat through manual submission at the Office of the Provincial General Services Officer;
- c. The PGLU-LSC shall be given fourteen (14) working days after receipt of the proposal to assess and evaluate the Lease Proposal on a "first come, first served basis" following the requirements in the TOR set by the committee;
- d. The PGLU-LSC shall conduct the opening of proposals and selection process using a non-discretionary "pass/fail" criterion at the time and place determined by the committee provided that it falls within the fourteen (14) working days allowable assessment and evaluation period;



PGLU LEASE SELECTION COMMITTEE

- e. The PGLU-LSC shall provide its recommendations to the Governor fifteen (15) working days after the receipt of the proposal and shall be given seven (7) working days after receipt of the LSC recommendation for review and approval;
- f. The PGLU-LSC shall notify all prospective lessee/s about the result within five (5) working days upon the approval and/or issuance of the notice of award by the Governor;
- g. The Lease Contract shall commence on the day of the signing of the contract between the PGLU and the winning lessee, and;
- h. The decision of the PGLU is final and can no longer be subject to appeal.

IV. CONTRACT AND CONTRACT DURATION:

- a. A Lease Contract between the PGLU and the lessee together with the Terms of Reference shall be entered into by and between the PGLU, represented by the Provincial Governor, and the authorized representative of the winning lessee;
- b. The duration of the contract shall be for a period of three (3) years. The contract may be renewed on such terms and conditions mutually acceptable to both parties by giving written notice at least sixty (60) days prior to the expiration of the Contract of Lease;
- c. Either of the parties may pre-terminate this Contract of Lease with sixty (60) days prior notice to the other party. If PGLU pre-terminate this Contract of Lease due to the need to use the space for its own operations, it will conduct pre-inspection before returning to the Lessee the security deposit and all unused advance monthly payments within thirty (30) days after the date of pre-termination. If the Lessee pre-terminate this Contract of Lease without just cause, it shall be liable to PGLU for reasonable damages or an amount equivalent to one (1) month lease fee, whichever is higher;
- d. At least two (2) months prior contract expiration, the PGLU-LSC shall commence the invitation and selection to process for new lessee in the event that the former lessee opts not to renew the contract;
- e. In the event that there is no new Lessee selected, the current Lessee and the PGLU may agree to continue the operation and shall be subject still with the terms and conditions set forth in the Contract of Lease including the payment of monthly lease fee to the PGLU until such time that the

Terms of Reference for the Lease of Office/Commercial Spaces, Page 5 of 11



PGLU LEASE SELECTION COMMITTEE

Committee has awarded the office or commercial spaces to a new Lessee, and;

- f. After three (3) consecutive months of delinquent payments, the Provincial Treasurer, with the recommendation of the Committee, shall send a notice of termination of contract to the Lessee duly approved by the Honorable Governor.

V. LEASE FEE:

- a. That the lessee shall pay a monthly lease fee to the PGLU through the Provincial Treasurer Office (PTO) on or before 5th day of the ensuing month;
- b. The lessee shall pay a one (1) month advance lease fee and one (1) month deposit upon signing the Contract of Lease and shall be applied exclusively for any penalty/surcharges for delayed payment of monthly lease fees;
- c. The PGLU shall return the deposit within sixty (60) days from the termination of the Contract of Lease or upon the turnover of the leased area to the PGLU, whichever comes first. All receipts evidencing payment of utility services such as but not limited to electric bills, telephone and other related fees must be presented to the PTO prior to the release of the said deposit, and;
- d. A surcharge of twenty-five percent (25%) and a penalty of two percent (2%) per month of delay shall be imposed for delayed payments of monthly lease fee.

VI. PERFORMANCE SECURITY, COMPLIANCE MONITORING AND LESSEE TERMINATION:

- a. The Lessee shall provide the PGLU a performance security in the form of cash in the amount of Php 20,000.00 to be paid in the PTO, valid for the duration of the contract to guarantee the faithful compliance by the Lessee with the terms and conditions set forth in the contract and to answer for any loss, damages, and claims due and payable to the PGLU under the said contract;
- b. The Committee shall regularly monitor the cleanliness and sanitation of the leased area and its surroundings;
- c. The Committee shall evaluate the Lessee's compliance with the provisions of the Lease Contract together with the Terms of Reference, annually or

Terms of Reference for the Lease of Office/Commercial Spaces, Page 6 of 11



PGLU LEASE SELECTION COMMITTEE

as often as necessary, and report findings and recommended actions to be taken for approval of the Governor, and;

- d. An approved recommendation for the termination or rescission of the contract before its expiration shall take effect 30 days from the receipt of notice of termination by the Lessee.

VII. OTHER CONDITIONS:

The following additional conditions shall be strictly enforced:

- a. The PGLU at all times has the complete control over the office or commercial spaces being leased and may make necessary changes, alterations and improvement therein, with prior notice to the lessee;
- b. The lessee shall not assign, sublease or otherwise alienate any of its rights under the lease contract or delegate, subcontract or transfer any of its duties stipulated in the lease contract;
- c. The lessee shall use the leased premises exclusively, either as an office or commercial space, for the sole purpose as indicated in its letter of application for lease. Any other use of the leased premises may only be done upon the prior written consent of the PGLU;
- d. The lessee shall not install permanent fixtures or make alterations on existing structure which may affect the integrity of the building without written permission and approval from the PGLU, through the PGSO and PEO, and;
- e. The lessee shall undergo quarterly preventive maintenance of the PGLU-owned equipment, if any, and annual building maintenance (including interior painting) of the premises at their own expense.

VIII. OBLIGATIONS OF THE LESSEE:

- a. Comply, update and submit documents relating to its operations annually;
- b. The lessee shall secure all the necessary government permits and licenses for the operation of its business and all costs thereof shall be in its sole account;
- c. The lessee shall ensure its employees are in good physical health and free from communicable diseases;

Terms of Reference for the Lease of Office/Commercial Spaces, Page 7 of 11



PGLU LEASE SELECTION COMMITTEE

- d. Maintain the leased area and its surroundings in a clean and sanitary condition, orderly and neat, and shall comply strictly with all the sanitary ordinances, resolutions, rules and regulations now existing and/or which may be hereinafter be adopted, promulgated or implemented by the city or the PGLU;
- e. The Lessee shall cause the installation of a Closed Circuit Television (CCTV) on its own account for security and safety of individuals and assets;
- f. The Lessee shall pay the water and electricity bills based on the readings in the sub-meters on top of the lease fee to be billed by the PGLU;
- g. Undertake or cause minor plumbing, electrical and carpentry repairs, including repairs of furniture, fixtures, and appliances installed and provided by the PGLU, if any, in coordination with the Provincial General Services Office and Provincial Engineer's Office;
- h. Ensure proper waste management, including segregation of biodegradable and non-biodegradable waste and disposal of garbage;
- i. Submit to the Security Services Unit (SSU) the list of authorized personnel with copy of their IDs for safety and accessibility to the building premises;
- j. Allow the conduct of inspection to the leased premises by the PGLU, and;
- k. Post in a conspicuous place the business permits, tax clearance and other permits as required by law.

IX. OBLIGATIONS OF THE PGLU:

The PGLU shall:

- a. Shoulder the insurance charges of the building;
- b. Coordinate and oversee regular maintenance and repairs of the property;
- c. Responsible to install electric and water sub-meters for the lessee;
- d. Ensure that the leased premises are accessible to the lessee and to their employees, and;



PGLU LEASE SELECTION COMMITTEE

- e. Conduct an inspection to the leased premises at any convenient or reasonable hours of any working day with prior notice to the lessee.

X. LEASE-FREE CONSTRUCTION PERIOD:

- a. The Lease-Free Construction Period (LFCP) is **given for a maximum of One (1) month for lease where the lessee will develop and/or rehabilitate an office or commercial space subject to item VII paragraph d of the Terms of Reference and shall commence upon signing of the Contract of Lease.** After the expiration of the LFCP, Item V of the Terms of Reference shall prevail;
- b. Upon request of the lessee, the maximum period of one (1) month in LFCP may be extended for valid reasons and/or for circumstances beyond the control of the lessee (e.g force majeure, pandemic, economic crisis, national security or emergency, etc.) upon recommendation of the PGLU-LSC and the approval of the Governor, provided that there is no contributory negligence or delay on the part of the Lessee as may be determined by the PGLU-LSC, and;
- c. In the event that the construction on the leased property is completed prior to the approved LFCP, the payment of lease fee shall start a day after the completion of construction.

XI. EMPLOYER-EMPLOYEE RELATIONSHIP

No employer-employee relationship between the PGLU and the Lessee's employees. The Lessee is and shall be treated as an independent entity. The PGLU shall not be responsible for the provision of any worker's compensation, medical and disability insurance, or any other form of insurance coverage or any labor claims of the Lessee's employees which should be on the sole account of the Lessee. The Lessee shall hold PGLU harmless from any labor-related claims, demands, or liabilities.

XII. TAXES, DAMAGES, INDEMNIFICATION, LIABILITIES AND LITIGATIONS:

- a. The parties agree to comply with all the existing laws applicable to national and local taxes;
- b. In the event that the property being leased or any of its equipment, furniture, fixture or appliance therein owned by the PGLU but provided for the use of the lessee, is damaged or destroyed by fire, explosions, flooding or any other causes due to the fault or negligence of the lessee or any of



PGLU LEASE SELECTION COMMITTEE

- its employees, the repair or replacement shall be shouldered by the lessee;
- c. In the instance that the repair or replacement is not immediately conducted, the PGLU may undertake the repair and replacement subject to the payment of reimbursement of cost by the lessee;
 - d. Upon Contract termination, the lessee shall turn over all PGLU-owned equipment, furniture, fixtures and appliances, and the premises to the PGLU in the same state and condition as they were received by the lessee, allowing for deterioration due to ordinary wear and tear;
 - e. Any injury or death to any persons during the term of this lease for any cause whatsoever by the reason of the use, occupancy, employment of the leased premises by the lessee shall be the sole liability of the lessee. In no case that the PGLU shall be jointly and severally liable in such cases, and;
 - f. Any claim of employees, workers and representatives of the lessee for wages, salaries, benefits and other claims in accordance with labor laws and regulations shall be in the exclusive account of the lessee.

XIII. PENALTY FOR VIOLATION

In case of violation of the Lease Contract together with the Terms of Reference by the Lessee, the PGLU shall be entitled to any or all of the following:

- a. To rescind the Contract;
- b. To cause the forfeiture of the performance security as provided under Item VI (a), and;
- c. To receive payment for the damages and penalties.

XIV. MISCELLANEOUS PROVISIONS:

- a. If any of the provision of the Lease Contract and the Terms of Reference is held by competent judicial authority to be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the other provisions shall be unaffected, and;
- b. The PGLU and the Lessee shall first settle any issue or dispute in the interpretation or implementation of the Lease Contract and Terms of Reference through compromise or amicable settlement. In case the

Terms of Reference for the Lease of Office/Commercial Spaces, Page 10 of 11



PGLU LEASE SELECTION COMMITTEE

dispute cannot be settled amicably, the Parties shall submit to mediation or arbitration proceedings in accordance with the provisions of applicable laws, or as may be agreed upon by the Parties.

XV. CONFIDENTIALITY

No information determined by the PGLU and lessee as confidential in nature may be released to any third party. Moreover, the lessee shall ensure that its employees and personnel in the duration of the contract maintain confidentiality and secure any confidential information.

XVI. RESERVATION CLAUSE

PGLU reserves the right to review the Lessee's compliance and to terminate the Lease Contract if misrepresentation has been made or if there is proof of inability on the part of the lessee to continue operation.