



Ministry of  
Citizens' Services

# **Process Manual for the Surplus Properties Program**

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## **Introduction**

Welcome to the process manual for the Surplus Properties Program, managed by the Strategic Real Estate Services Branch within the Ministry of Citizens' Services.

## **Purpose**

The purpose of the Process Manual is to document and maintain appropriate guidelines to support Real Property transactions on behalf of the Province of British Columbia and its Broader Public Sector Entities.

## **Overview of the Surplus Properties Program Process Manual**

This Process Manual addresses the mandatory steps necessary for ensuring surplus properties are managed according to [Core Policy](#) and the Inventory Policy for Real Property (the Policy) for both [Consolidated Revenue Fund Entities](#) (CRF) and [Broader Public Sector Entities](#) (BPS) as they are related to the transfer or disposition of surplus properties.

This process manual has been created to be viewed online and includes several links (text underlined in blue). These links, when selected, will guide the reader to:

- Specific Sections within the Process Manual;
- Detailed Procedure Documents for each Section (Appendices A, B, C, E, F and G), and
- Templates the Ministries and Broader Public Sector Entities are required to complete as part of the Surplus Properties Program (Appendices D, H and I).

### **Procedures Document and Flow Chart:**

A detailed procedures document and flow chart outlining the Surplus Properties Program can be found using the following link: [Appendix A – Approved Operating Procedures for the Surplus Properties Program and Flow Chart](#).

## Surplus Properties Program Content:

The Sections that make up the Surplus Properties Program can be found using the following links:

- [Single Inventory System](#)
- [Business Case](#)
- [Clearance Letter](#)
- [Consultation](#)
- [Valuation Procedures](#)
- [Additions and Deletions](#)
- [Surplus Properties valued at Under \\$1M](#)
- [Surplus Properties valued at \\$1M or greater](#)
- [Surplus Properties Matrix](#)
- [Transaction Guidelines](#)

## **Responsibilities**

This process manual applies to the Ministries and Broader Public Sector Entities who own real property and are involved with real property transactions, as referenced in *Section 4.4 Scope of Inventory Policy* within the [Inventory Policy for Real Property](#) for both CRF and BPS Entities. Appendix 2 of the Policy provides a list of Broader Public Sector Entities to which the Policy applies. Ministries and Broader Public Sector Entities are expected to exercise an appropriate level of due diligence and judgement in the acquisition, utilization, management and disposition of real property. Real estate strategies, activities and inventories must:

- Align with and meet agency mandate and service plan objectives;
- Reflect a holistic approach, including value for money over the full life cycle of the asset; and
- Support government principles of transparency and accountability.

## **Single Inventory System**

### **Purpose:**

The purpose of the Single Inventory System is to have a consolidated inventory of Ministry and Broader Public Sector owned properties. This aligns with the [Inventory Policy for Real](#)

[Property](#), which identifies the requirements and timelines for updating data. The Single Inventory System is used to identify opportunities for redeployment of assets to other Ministries or Broader Public Sector Entities prior to disposal on the open market. The data within the system can also be analyzed to identify opportunities through a strategic real estate lens.

### Synopsis:

The first step in the Surplus Properties Program is to ensure the Single Inventory System is up to date with the most current information on each owned property. Each property has a classification assigned to it within the Single Inventory System as described in section 4.7 of the Inventory Policy for Real Property. The classifications are:

- **Surplus Active** – assets that are surplus and are reasonably capable of alternate deployment or disposal.
- **Surplus Encumbered** – assets that are surplus and cannot readily be redeployed or disposed of due to one or more major obstacles such as significant First Nations interests, environmental contamination, restrictions on title, etc.
- **Core Strategic** – assets that are uniquely integral to a larger long-term service delivery strategy and/or are functionally and financially effective relative to critical service delivery needs that could not reasonably be met by available alternatives. This may include vacant or underutilized assets in appropriate circumstances.
- **Core Operational** – assets that are functionally and financially effective and continue to provide substantial support to ongoing program needs, but are not uniquely strategic (i.e. alternatives exist).

When the classification of a property is identified as Surplus Active by the owning Ministry or Broader Public Sector Entity, the Strategic Real Estate Services Branch proactively notifies all other Ministries and Broader Public Sector Entities of the availability of a new surplus property.

Ministries and Broader Public Sector Entities wishing to express their interest in the surplus active property are required to submit a [Business Case](#).

### **Procedures Document:**

A procedures document outlining the details involved with updating the Single Inventory System can be found using the following link:

[Appendix B - Approved Operating Procedures for the Single Inventory System.](#)

## **Business Case**

### **Purpose:**

A Business Case is the document used by a Ministry or Broader Public Sector Entity to express interest in a property that has been classified as Surplus Active by the property owner. Once the Business Case is approved by all parties, the redeployment/transfer of the property from one Ministry of Broader Public Sector Entity, to another, will begin.

### **Synopsis:**

When Strategic Real Estate Services Branch provides notification of a newly classified Surplus Active property, Ministries and Broader Public Sector Entities are provided a 3 month window to submit a Business Case expressing their interest in acquiring the surplus property.

### **Procedures Document:**

A procedures document outlining the details involved with submitting a Business Case, along with the sample template can be found using the following links:

[Appendix C - Approved Operating Procedures for a Business Case Submission](#), and  
[Appendix D - Business Case Template.](#)

PLEASE NOTE: If a property is being transferred/disposed from one Ministry or Broader Public Sector Entity to another, please follow the guidelines within Core Policy, which can be found under [Procedures 1.8: Sales and Transfers of Tangible Capital Assets.](#)

Please consult Strategic Real Estate Services if you have any questions regarding this process.

## **Clearance Letter**

### **Purpose:**

The purpose of the Clearance Letter is to provide the Ministry or Broader Public Sector Entity land owner with confirmation that no other Ministries or Broader Public Sector Entities have expressed interest in their surplus property for redeployment purposes.

### **Synopsis:**

Should no Business Case be presented, the owning Ministry or Broader Public Sector Entity will receive a clearance letter from the Strategic Real Estate Services Branch. This letter confirms there has been no interest shown by other Ministries or Broader Public Sector Entities within the 3 month period, and the surplus property has been cleared for disposal.

### **Procedures Document:**

A procedures document outlining the details involved with receiving a Clearance Letter can be found using the following link:

[Appendix E - Approved Operating Procedures for a Clearance Letter.](#)

## **Consultation**

### **Local Government:**

Ministries and Broader Public Sector Entities, as part of their due diligence process, are to ensure that local municipalities are made aware of any potential disposition and are provided an opportunity to express interest in the surplus property.

### **First Nation Consultation:**

First Nation consultation and negotiation for properties under the Surplus Properties Program are initiated and completed by the First Nations team within Strategic Real Estate Services.

## **Valuation Procedures**

When considering a transaction, Ministries and Broader Public Sector Entities should first determine the potential value of the interests, rights, and benefits in the property by means of an appraisal or estimate as set out in the Province's Valuation Procedures. The focus of the valuation is to determine the market value of the property. All sales transactions completed by land owning Ministries and Broader Public Sector Entities must adhere to the following information provided in the following link:

[Appendix F - Valuation Procedures.](#)

## **Additions and Deletions**

### **Purpose:**

The Additions and Deletions Process is in accordance with the [Inventory Policy for Real Property](#), Section 6.4 Disposal. Prior to disposing of surplus real property on the open market, properties must be classified as Surplus Active and listed in the Single Inventory System for a minimum of 3 months. Once the 3 month period is over, and no interest has been shown by other Ministries or Broader Public Sector Entities, the owning Ministry is able to submit a formal request to add properties to the Surplus Properties List as follows:

	<b>All Additions</b>	<b>Deletions \$1M - \$10M</b>	<b>Deletions Over \$10M</b>
<b>Memo From</b>	Executive Director	Executive Director	Assistant Deputy Minister
<b>Memo To</b>	Executive Director	Executive Director	Assistant Deputy Minister

Once Ministries and Broader Public Sector Entities receive clearance from Strategic Real Estate Services, they are free to dispose of their property using one of the two methods listed below:

## Surplus Properties valued at under \$1M

If Ministries or Broader Public Sector Entities have properties that are under \$1M, they are not obligated to add the property to the Strategic Real Estate Services Surplus Properties List (Surplus Properties List), and therefore, are to follow their own internal processes for disposing of properties, in addition to the [Valuation Procedures](#) and [Transaction Guidelines](#) within this manual.

## Surplus Properties valued at \$1M or greater

Strategic Real Estate Services Branch oversees all property sales valued at \$1M or greater. All surplus properties valued at \$1M or greater that will be disposed of must be added to the Surplus Properties List. Ministries and applicable Broader Public Sector Entities adding surplus properties to the Surplus Properties List must submit a formal Addition Request to the Executive Director, Strategic Real Estate Services Branch. The same process will need to be followed if a Ministry or applicable Broader Public Sector Entity wishes to delete a property from the Surplus Properties List.

Prior to the Ministries and applicable Broader Public Sector Entities requesting an addition to the Surplus Properties List, they must:

- prepare a Triple Bottom Line Cost Benefit Analysis (TBL-CBA), for each property being added in accordance with the [Surplus Properties Matrix](#);
- complete and submit a Surplus Declaration and Readiness Checklist, showing the required due diligence work has been completed to prepare assets for sale;
- have a property valuation completed per the [Valuation Procedures](#).

A TBL-CBA weighs the financial, social and environmental pros, cons, benefits and costs, of a decision to compare alternatives and identify the best overall option. In the context of the acquisition, management and sale of public real property, a TBL-CBA should be used to determine the action that is most beneficial to citizens of British Columbia. Ministries will need to assess the appropriate decision factors for their properties, as well as determining weighting for each of those factors in the overall analysis.

PLEASE NOTE: It is no longer a requirement to replace deleted items with new additions; however, any properties valued at \$1M or greater must be added back to the Surplus Properties List prior to disposal.

#### **Procedures Document:**

A procedures document outlining the details involved with the Additions and Deletions process can be found using the following link:

[Appendix G - Approved Operating Procedures for Additions and Deletions.](#)

#### **Documentation:**

Templates which can be used for submission can be found using the following links:

[Appendix H - Triple Bottom Line Cost Benefit Analysis Template](#) and

[Appendix I - Surplus Declaration and Readiness Checklist.](#)

### **Surplus Properties Matrix**

This section describes the requirements for each property disposition as the value and complexity of the property increases. There are four tiers ranging from lower value operational transactions to high value complex strategic parcels.

**Tier 1** properties are valued at less than \$1M. Ministries are not required to add these properties to the Surplus Properties List. These properties must be added to the Single Inventory System and classified as Surplus Active. In addition, Ministries must complete the [Surplus Declaration and Readiness Checklist](#). Once these steps are complete, Ministries may dispose of these properties.

**Tier 2** properties are valued at \$1M or more and less than \$10M. At the tactical range, these properties tend to be more complex to transact. In addition to the requirements for Tier 1 properties, Tier 2 properties require a [Triple Bottom Line Cost Benefit Analysis](#), if requested by Strategic Real Estate Services, and must be added to the Surplus Properties List (as described in the Surplus Properties Valued at \$1M or Greater section of this Process Manual).

**Tier 3** properties are single parcels valued at \$10M or more. These strategic properties tend to be very complex files with multiple stakeholders. In addition to the requirements in Tiers 1 and 2, the evaluation of real estate purchase bids done by Strategic Real Estate Services may be provided to

Treasury Board with an opinion as to whether bids fairly reflect market conditions based on appraisals and other market information.

**Tier 4** properties are multiple parcels with a cumulative value of \$10M or more. In addition to the requirement in Tiers 1, 2 and 3, these properties require Ministries and Broader Public Sector Entities to establish bid submission requirements for real estate asset sales to foster increased transparency of multi-parcel property bids. Additional information on bid submission requirements can be found in the [Transaction Guidelines](#) section of this manual.

Tier	Value	Complexity	Requirements
1	Less than \$1M	Operational	<ul style="list-style-type: none"> <li>• Single Inventory System</li> <li>• Surplus Declaration and Readiness Checklist</li> <li>• Ministry sells</li> </ul>
2	\$1M plus and less than \$10M	Tactical	<ul style="list-style-type: none"> <li>• Single Inventory System</li> <li>• Surplus Declaration and Readiness Checklist</li> <li>• Addition Request to Strategic Real Estate Services Surplus Properties List</li> <li>• Triple Bottom Line - Cost Benefit Analysis (if requested by Strategic Real Estate Services)</li> </ul>
3	\$10M or more	Strategic	<ul style="list-style-type: none"> <li>• Single Inventory System</li> <li>• Surplus Declaration and Readiness Checklist</li> <li>• Addition Request to Strategic Real Estate Services Surplus Properties List</li> <li>• Triple Bottom Line - Cost Benefit Analysis</li> <li>• Evaluation of Purchase Bids by Strategic Real Estate Services</li> <li>• May require analysis by Secretary to Treasury Board on Purchase Bids</li> </ul>
4	\$10M or more	Strategic Multiple Parcels	<ul style="list-style-type: none"> <li>• Single Inventory System</li> <li>• Surplus Declaration and Readiness Checklist</li> <li>• Addition Request to Strategic Real Estate Services Surplus Properties List</li> <li>• Triple Bottom Line - Cost Benefit Analysis</li> <li>• Evaluation of Purchase Bids by Strategic Real Estate Services</li> <li>• May require analysis by Secretary to Treasury Board on Purchase Bids</li> <li>• Bid Submission Requirements</li> </ul>

## **Transaction Guidelines**

### **Purpose:**

These guidelines apply to government staff involved with real property transactions within the Real Property Division in the Ministry of Citizens' Services and ministries requesting advice from RPD. These guidelines are to be used in conjunction with the [Inventory Policy for Real Property](#) (CRF and BPS Entities), which is identified in [Core Policy](#).

### **Solicitation of Offers:**

As a rule, the principle of best value to the Crown must always guide decision making as it relates to real property transactions. All real property transactions must be conducted in an open and fair manner that recognizes the need for the public to be given a reasonable opportunity to acquire property from the government.

With regards to dispositions, real estate branches (Branches) should begin the process of soliciting offers promptly, leaving time to consider all viable options. The principle of best value should determine which offer is selected, and the criteria that determine the best value should be identified prior to the solicitation of offers. These criteria should remain consistent during the solicitation and selection process. Criteria could include future uses by local government, First Nation(s) and/or provide a community benefit. In cases where additional criteria are identified following the initial solicitation of offers, the full circumstances and data used to substantiate any changes to the evaluation and selection process must be documented.

PLEASE NOTE: When Ministries and Broader Public Sector Entities are disposing of a property valued at \$1M or greater, all offers of significant value should be evaluated by the Strategic Real Estate Services Branch prior to the offer being signed and/or accepted.

### **Real or Perceived Bid Rigging, Collusion or Bias:**

Ministries are required to demonstrate controls to prevent and detect real or perceived bid rigging, collusion or bias when selling real estate assets. These controls are necessary

to ensure that the assets achieve the maximum return to government, and all parties are given a fair chance to benefit from the unique opportunity the sale of the land represents.

- **Bid Rigging** is defined as a form of fraud and collusion in which a contract or sale is promised to one party, even though for the sake of appearances, several other parties also present a bid.
- **Collusion** is defined as an agreement between two or more parties to limit open competition by deceiving, misleading or defrauding others of their legal rights or gaining an unfair market advantage.
- **Bias** is defined as liking or not liking one person or party compared with another and making decisions that favour those who are liked or disadvantage those who are not liked.

### **Warning Signs:**

Some warning signs to look out for:

During the call for bids:

- Proponents bids are received together
- Proponents who are expected to tender fail to do so
- An unexpectedly low number of responses to an opportunity are received

Observed on receipt of bids:

- Identical irregularities or errors in the bids
- Identical bid amounts
- Bids come from the same place (from the same fax number or email address)
- Use of the same terminology when explaining bid details

Observed after the call for bids:

- Winning bidder does not accept the contract
- Winning bidder assigns the sale to an unsuccessful bidder
- Significant difference between price of winning bid and other bids
- A bidder seems to have knowledge of its competitor's confidential bid

### **Suggested Strategies to Avoid Anti-Competitive Behaviours:**

Some suggested strategies to avoid these anti-competitive behaviours include, but are not limited to:

- Educate your team, executive and potential purchasers on these prohibited actions and possible consequences of using them
- Require a statutory declaration that each bidder's submission has been developed independently, and is not advantaged by any relationship with a decision maker for the sale
- Establish a complaint mechanism for proponents to voice competition concerns
- Ask proponents questions if their bids don't appear to make sense

When soliciting offers, Branches must give a reasonable and representative number of persons or firms an opportunity to make offers. Branches can meet that policy requirement by using one of the methods listed below:

- public advertising, including an open bidding system;
- public notice that is consistent with generally accepted trade practices;
- controls that are sufficient to prevent and detect real or perceived bias, bid rigging and collusion when selling real estate assets;
- establishing bid submission requirements for real estate asset sales to foster increased transparency of multi-parcel property bids; or
- use of a system that, in the Branches opinion given the subject and nature of the transaction:
  - provides a reasonable likelihood that potentially interested persons or firms will become aware of the proposed transaction; and
  - promotes a fair and equitable consideration of offers.

Offers must be solicited unless the Branch is satisfied that the nature or subject matter of the transaction would make it inappropriate or not in the public interest to solicit others.

Examples of such transactions include:

- a sale, lease, license, or other disposition in which the property can reasonably be disposed of to only one entity, such as:
  - a land locked remainder parcel sale to an adjacent land owner for consolidation;
  - a sale to a local government, where the property is to be used for public purposes;
  - a sale of property to interested First Nations; or
  - a sale to a long-term lessee.

(\*This list is not exhaustive, there may be other circumstances that are applicable).

Another situation that may arise is where a Branch with a particular real property requirement receives an unsolicited proposal from a public entity or private entity (e.g., a real estate agent or property owner) about how to meet that requirement. As a rule, Branches should advise the proponent that the proposal can be studied to confirm its appeal but that, if its appeal is confirmed, the department expects to return to the market to give other parties a chance to consider and match the unsolicited proposal. Any exceptions to this approach will require applicable approvals.

In all cases when a decision is made to preclude the solicitation of offers, the full circumstances and data used to substantiate the decision must be documented.

### **Contact Us**

The Strategic Real Estate Services Branch offers a variety of services and can provide expert advice on all your strategic real estate needs including First Nations' consultation. The Branch also manages several pre-qualified lists of real estate professionals including Real Estate Brokerages, Appraisers and Appraisal Firms, as well as Strategic Real Estate Consultants which can be provided to you.

For all questions regarding the Single Inventory System or to provide updates on a property, please email:

[SingleInventorySystem@gov.bc.ca](mailto:SingleInventorySystem@gov.bc.ca)

For questions regarding the Surplus Properties Program, please email:

[RealPropertyDivision.Disposals@gov.bc.ca](mailto:RealPropertyDivision.Disposals@gov.bc.ca)