GOVERNMENT OF BERMUDA
Ministry of Public Works

MINISTRY OF PUBLIC WORKS
SEP 23 2021
MINISTRY HEADQUARTERS

The Department of Public Lands and Building
ESTATE SECTION

EXPRESSION OF INTEREST SELLECTION PROCESS FOR RENOVATION & USE OF EX-PRISONS HQ, 19 HAPPY VALLEY ROAD, PEMBROKE

MEMORANDUM

Date: 21st September 2021

To: The Hon. Minister Wayne L. Furbert, JP, MP
Acting Minister of Public Works
Cc: Randy Rochester, P.S, Ministry of Public Works
Steven Conway, Chief Surveyor
Sudell Joseph, Senior Estates Surveyor

From: Kofi Agyakwa-Duodu, Estates Surveyor

Site No: S0351
File No:
Building Nos: 0382

DECISION PROCESS BRIEF - EXPRESSION OF INTEREST FOR RENOVATION & USE OF EX-PRISON HQ, 19 HAPPY VALLEY ROAD, PEMBROKE

1. SCOPE/BACKGROUND INFORMATION

Following requests received, the option of going through an RFP process to seek additional interests for the renovation and use of the subject property has been completed. This decision brief therefore provides details of the process followed, the proposals received and a recommendation for a conditional offer to be made to progress the opportunity to have the property renovated through a P3 initiative; in order to bring it to a beneficial use.

The subject property had in the past been used as a Hospital and also as Corrections Department Headquarters. It has been vacant for over 10 years; and identified as surplus to Government requirement. Therefore the opportunity for its renovation and repurposing of its use is being explored.

1.1 Property Details and Status:

The property (as shown edged red on attached plan # 5510046686) is located within a Residential 1 zoned area and comprises of multiple buildings built on approximately 0.281 hectare (0.694 acres) of site.

The property is derelict and even though it is considered be structurally sound, it requires significant renovation works in order to put it to a beneficial use.

1.2 Key Subject for Decision:

In the absence of the need to retain the property for a direct use by the Government; and due to lack of funding for it to be renovated and leased out for it to be put to a beneficial use, consideration is being given to exploring the option of a P3 initiative – for a private capital investment in a public asset.

As part of the decision process we requested for expression of interests or proposals for the renovation and use. We have reviewed the interests/proposals received and ascertained the feasibility, viability and the financial provisions for the renovation and use.

A decision is therefore required in order for a conditional offer to be made to the selected prospective tenant to procure necessary survey services, designs and Development & Planning consent for the full renovation of the property for their proposed use.

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As part of the planned processes, in return for the capital investment, we intend to grant the prospective tenant a lease, with specific covenants for the renovation for their proposed use, in support of the Government's aspirations.

1.3 Summary of Selection Criteria:

As part of the arrangements for the expression of interests, the interested parties were required to provide the following details:

- Purpose or use and feasibility of proposed scheme
- Estimated cost for proposed renovation works
- Availability or source of funding
- Preliminary Development/Planning control views
- Leasehold interest term with rental concession in lieu of cost of renovation works

2. THE RENOVATION/USE PROPOSALS AND SELECTION

We received 3 interests/proposals from the following:

- Tomorrow's Voices - Bermuda Autism Early Intervention Centre
- [redacted]
- [redacted]

A summary of their proposals are as follows:

Interested Party	Estimated cost for works	Use & other relevant details
Tomorrow's Voices - Bermuda Autism Early Intervention Centre	$1,500,000.00 - 2,000,000.00	Bermuda's only early intervention centre for people with autism spectrum disorder & development. Premises to be used as campus for office & residential options and for organizing programme consisting of therapy, life, social and work skills, job placement and respite
[redacted]		Develop and expand for residential rental
[redacted]		Residential, office and workshop

Selection of Tomorrow's Voices:

Following a careful review of all the proposals, Tomorrow's Voices has been selected for further consideration. The Charity was set up in 2007 and is a recipient of Government grants from Ministry of Health and Ministry of Community & Sports.

At the moment the organisation shares another Government owned property - Bay View on Happy Valley Road - Teen Haven with Teen Services, however they have been served with notice that the already limited space they occupy is required.

Advantage of Directly Leased Premises and Expansion

As an advantage, the charity will have immense benefits from having a place of their own, as that will help boost fund raising for development of the charity and expansion of services to reach out to others needing the charity's services.

The details of Tomorrow's Voices proposal are summarized in the schedule below:

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Purpose or use and feasibility of proposed scheme	Full campus for the organisation to meet all the accommodation needs for all functions and services offered to the community. The property is large enough to provide for every aspect of accomodation needed to function more effectively. Premises to be used as campus for office & residential options and for organizing programme consisting of therapy, life, social and work skills, job placement and respite Any extra space shall be made available for the Government or community to share use of.
Estimated cost for proposed renovations	Preliminary estimated cost in the region $2 million, subject to detailed survey and assessment of all required works in support of the proposed use.
Financial Capability	They have indicated they have the avenue to raise the level of funds needed to make the property ready for full use over a period of time. There is a growing need for their services and so they have plans to generate appropriate level of financial support to acquire and operate from a bigger accommodation that will facilitate their expansion over time. .
Preliminary Development/Planning Control views	Preliminary consultations with technical officers of Dept of Planning who have provided adequate direction to ensure all arrangements can be made to compliance to all relevant regulations. The organisation shall be responsible for necessary Development/Planning and other consents.
Leasehold interest term with rental concession in lieu of cost of renovation works	Long lease required taking into consideration the capital expenditure to bring the property to good standard in line with all the uses. This will be considered and agreed as part of the leasing arrangement negotiations, when full details of works renovations or improvements have been ascertained. The maximum term that can be granted under delegated powers through DPLB/Ministry of Public Works is 21 year less a day. The organisation will be made aware of this, so that appropriate renewal options can be explored under the leasing agreement.

3. PLANNING CONTROL AND REDEVELOPMENT POTENTIAL

The property is Grade 3 Listed building previously used as HM Prisons Headquarters and thus for office purposes. The site is zoned Residential 1 under Bermuda Development Plan 2018 and will require a change of use planning application to convert from offices to a social/educational institution. According to the Bermuda Development Plan 2018,

social/educational use is a permitted form of development in Residential 1 zoning at the discretion of the Development Application Board.

It will be the responsibility of the selected tenant to seek all the necessary approvals needed for their proposed scheme. The lease offer will be subject to Development/Planning consent being granted.

4. KEY RECOMMENDATIONS

4.1 The proposed process shall be on "without prejudice & subject to contract" basis; and therefore the offer to be made shall be conditional and subject to confirmation of surveys, designs and development/planning approval; and as such until lease contract is signed with the selected party, there will be no commitment from either party. The Government will thus have the absolute discretion whether to carry on with the arrangements or not; and cannot be precluded from withdrawing from the arrangement if it becomes necessary. This position will be clearly made in writing to the selected party to safeguard the interest of the Government.

4.2 It is being recommended that we progress with Tomorrow's Voices, with a conditional offer to facilitate the procurement of survey services, drawings, Development & Planning consents and all the other regimes for their intended renovations and use.

4.3 In the next stage, following the conditional offer, full details of approved designs for the renovations and lease agreement shall be reported for final approval

4.7 Proposed lease heads of terms to be considered in the next stage are as follows:

- Term – 21 years less a day, subject to renewal provisions
- Use – Residential, farming, tourism, educational, social hub and ancillary uses
- Rent – rental to be agreed, subject to estimated cost for renovations, which shall be in lieu of rental payment or concessionary/stepped rental arrangement, as shall be deemed economically viable to protect the Government's interest in the property.
- Insurance rent – payable annually in advance. Insurance may be procured by Government under block insurance policy and apportioned premium payable by tenant. Alternatively the tenant may be required to procure appropriate building insurance. Tenant shall be required to procure content insurance and Public Liability insurance (minimum of $1 million per claim)
- Works period – 36 months from lease commencement date. This arrangement will be subject to landlord's discretionary option to break, if all works were not completed by the end of the works period; and no pre-approved extension to the initial works period had been agreed with the landlord. Alternatively a licence could be issued for the works period and when completed, the lease could be signed.
- Break option – Either party will have the right to break. Government's absolute discretion to break for lack of compliance to works period arrangements, subject to works period extension provisions.
- Forfeiture – for non-compliance with lease covenants
- Alienation – assignment/underletting/sharing - subject to Government's written approval. Government will have right for a shared use or to take assignment for its own use or to take surrender of lease for re-letting if alienation conditions could not be complied with.
- Repairs/Maintenance –Tenant shall be responsible for the whole property.
- Indemnity – Tenant shall fully indemnify Landlord of all costs, claim, charges, demands, etc. in connection with all arrangements, works and use of property

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- Statutory Compliance – Tenant shall fully comply with all statutory regulations – including but not limited to Development & Planning Control and Fire/Safety & Health requirements.
- Other terms and conditions – to be included in order to protect the interest of the Landlord.

5. NEXT ACTION

With your approval, I will proceed on the next stage of the processes by arranging for a conditional offer to be made to the selected prospective tenant (Tomorrow's Voices), in order for them to procure necessary survey services, designs and Development/Planning consent for the renovation for their proposed use. Thereafter, the leasing contract will be progressed accordingly.

I look forward to receiving your comments and, or approval.

Kofi Agyakwa-Duodu
Estates Surveyor

Date: 21 September 2021

Senior Estates Surveyor
Sudell Joseph

Date 22 Sept 2021

Chief Surveyor
Steven Conway

Date 22 Sept 2021

Ministry Comments and Direction:

☑ I support the recommendation as detailed in this brief.

☐ I do **not support** the recommendation and recommend as follows:

Permanent Secretary — Date: 22/9/21

☑ I support and approve the recommendations as detailed in this brief.

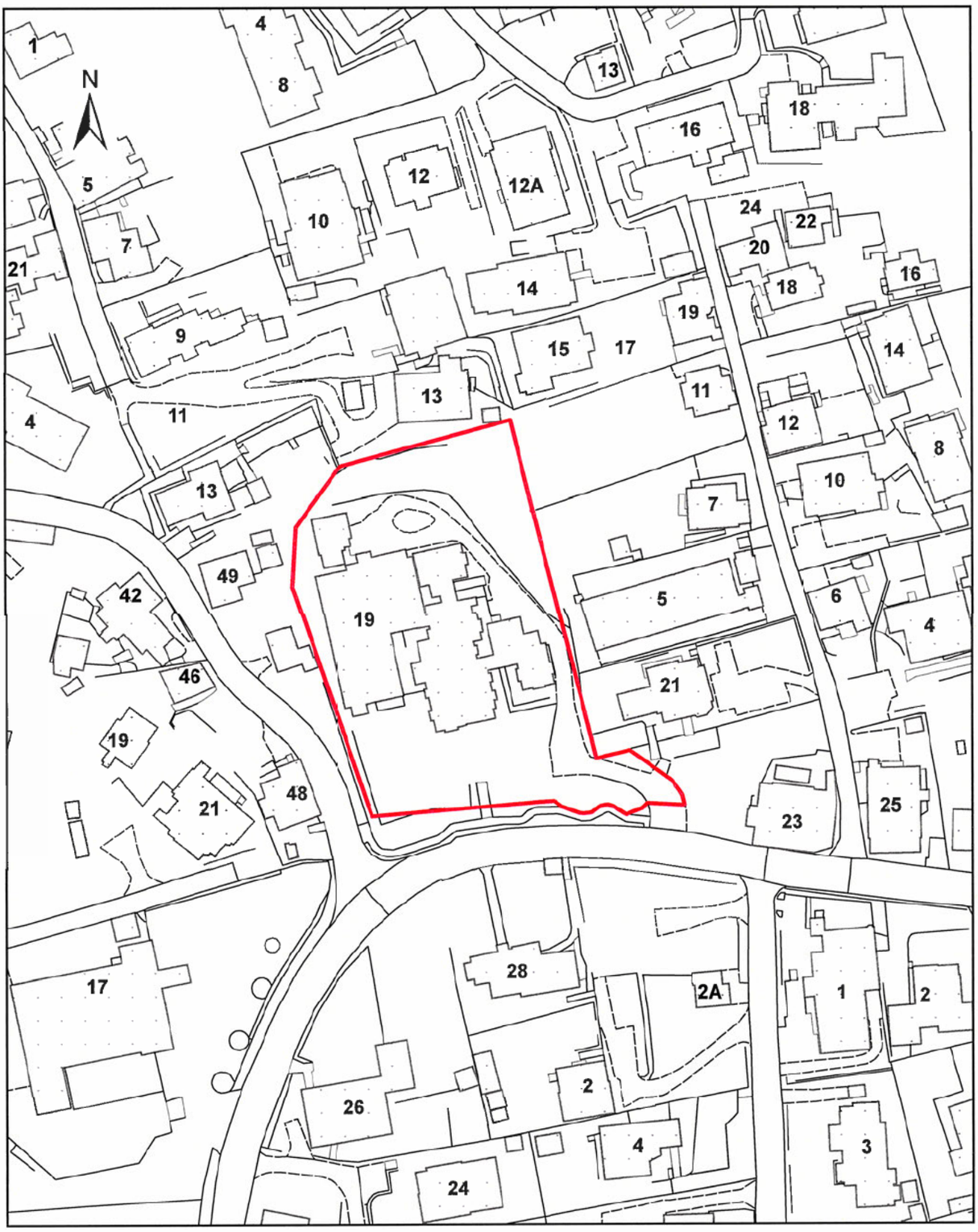
☐ I do **not support** the recommendation and direct as follows:

Acting Minister of Public Works — Date: 22/9/21

GOVERNMENT OF BERMUDA

Ministry of Public Works

Lease Plan



19 Happy Valley Road, Pembroke

Date: Wednesday, 1 September 2021

Scale: 1:1,000

Drawing No. 5510046686

File No.

Area = 0.295 ha (0.73 acres)
For Identification Purposes