



EUROPEAN
COMMISSION

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ANNEX 20 – PART 3/3

ANNEX

MODEL NOTE TO THE BUDGETARY AUTHORITY

to the

COMMISSION DECISION

**on the Internal Rules on the implementation of the general budget of the
European Union (European Commission section) for the attention of the
Commission departments**

<p style="text-align: center;">MODEL NOTE TO THE BUDGETARY AUTHORITY</p> <p style="text-align: center;">ARTICLE 203(5) FR / ARTICLE 50a FR EXECUTIVE AGENCIES¹</p>

Institution / Agency	
DG/Service responsible	
Project title	

1. Description of and grounds for the project:

Brief description of the project:

[General description of the project: type of project (e.g.: rental, purchase, construction, renovation etc.), occupancy status, duration, surface area, name and location of the building, date of construction and, where appropriate, date of major renovation, etc.]

Grounds for the project:

(What are the reasons justifying the project? First describe the current situation - and, where appropriate, any historical background - and, secondly, explain the circumstances behind the submission of this project: need for accommodation, reorganisation of departments, expiry of the current contract, offer by the local authorities, change in market circumstances, poor state of the current building, etc. Include any other relevant information justifying the project)

Role of the project in the long-term buildings strategy

(Explain how the project falls squarely within the Institution's buildings policy/strategy)

2. Current situation

(Information to be supplied where the project concerns a building that is currently occupied: relinquishment, extension of the building, extension of the contract, renovation over a number of years, etc.)

- Date of construction. Where appropriate, date of major renovation.
- Condition of the building.
- Date when the current premises were occupied. Time line of the occupation where there has been a change since first occupied (other floors occupied, annexes, parts relinquished, etc.).
- Expiry date of current contract (except where the Institution owns the building).
- Surface area, indicating m² above and below ground level, the number of parking spaces (inside and outside the building) and the use to which areas are put (offices, archives, meeting rooms, residences, accommodation, etc.), and pointing out any specific areas (conference rooms, technical installations, information points, etc.). Indicate the area of each of those elements in a table.
- The number of people assigned to the current areas. Ratio persons:m² above ground.

¹ Article 1(24) of Regulation No 651/2008 amending Regulation No 1653/2004 on a standard financial regulation for the executive agencies. A similar procedure is laid down for the decentralised agencies.

- Annual costs of rent/purchase. Where appropriate, break down the amounts payable between rent/purchase and repayment for specific alteration work. Indicate the overall price per m² or, where available, the price per m² (or per unit, in the case of parking spaces, for example) of the different kinds of areas (floors above ground, basements, parking areas, etc.).
- Current running costs: electricity, gas, etc.
- Other fixed annual expenditure: security guards, maintenance, charges, fees, etc.
- Penalties due for early termination of the contract.
- If no penalties are due, please state this.
- State whether the contract or the law requires any notice to be given to the owner.
- Estimated expenditure required where current premises are relinquished: repair, demolition, etc.
- Please state whether the Institution is the sole occupant of the building or whether occupancy is shared, and in what manner (co-ownership, sublet, etc.). Please state whether there are any sub-tenants (shops, etc.) and, if so, specify the contractual relationship with the Commission.
- Please indicate what security installations or special security measures are in place in the building.
- State whether there are any contamination problems in the building, referring to reports, investigations, etc., which have identified the existence or absence of these problems.
- If there has been any contamination, please give details of any measures taken to clean up the building.

3. Conditions of the project submitted for information

3.1. General information

- Description and location of the building.
- Name/company name of the owner of the building/land concerned by the project. How long has the person/company in question been the owner?
- Date of construction. Where appropriate, date of major renovation. Condition of the building.
- Please state whether other buildings are affected by the project: for example, whether the building will form part of a complex together with other buildings, whether another building needs to be demolished, etc.
- Indicate what security installations or special security measures are required.
- Indicate whether the Institution is to be sole occupant or whether the building will be shared. State whether there are any co-owners or sub-tenants (shops, etc.). If appropriate, state whether the building will be shared with other Community Institutions or organisations (e.g.: Representation Offices).
- State whether there are any contamination problems in the building, referring to reports, investigations, etc., which have identified the existence or absence of such problems.
- If there has been any contamination, please give details of any measures taken to clean up the building prior to its occupation and of the person/entity that is legally responsible for the said measures (Commission/owner, etc.).

3.2. *Areas*

- Indicate the m² above and below ground level, the number of parking spaces (inside and outside the building), the use to which areas are to be put (offices, archives, meeting rooms, residences, accommodation, etc.) and any specific areas (conference rooms, technical installations, information points, etc.). Indicate the surface area of each of those elements in a table.
- Number of persons to be accommodated. Ratio persons:m² above ground.
- If the area is to be greater than the current area, please explain the reasons for the increase (e.g. approval of a new organisation chart increasing the staff of a Delegation, relinquishing two buildings to bring departments together under one roof, etc.).

3.3. *Planning and organisation*

- Expected date of signature of the contract.
- Expected date for handover of the building and for Commission officials to move in (indicate the expected date for works and/or removals).
- Are there specific alteration plans? How long is this work expected to take?
- For construction or renovation, duration and (summary) timetable/schedule. Give the various stages (signature of the contract, preparation, start of works, etc.).
- For works, identify any potential problems which could affect the planning schedule (risk analysis).
- For construction, indicate the expected timetable for completing the technical and financial preparation of the construction project and for informing the budgetary authority.

3.4. *Contractual conditions*

- What is the Institution's status vis-à-vis the new project: tenant, usufructuary, owner ...?
- If there is to be a particular legal arrangement for the project (e.g.: the creation of a Special Purpose Vehicle – SPV), describe the arrangement and the position and liability of the Institution.
- Main conditions of the contract: duration, penalties for early termination, notice periods, etc.
- Does the contract require the Institution to restore the building to its former state?
- Is there an option to purchase the property in the contract? At what price?
- Potential legal consequences (present and future) for the Institution (listed building status, possible future claims brought by the tenant against the Institution, etc.).
- Other clauses in the contract which should be taken special note of.

3.5. *Procedure for the selection and award of buildings and works contracts*

3.5.1 *Buildings contracts*

- Which contract award procedure was used: Article 134(1)(h) of the Rules of Application or another procedure (give reasons for the procedure chosen)?
- Has the project been publicised in advance (e.g.: publication of building prospecting notices [*Avis de prospection immobilière* – API])?

- How was the local market prospected and what were the initial results? Give the dates for the various stages of the procedure.
- Specify the building selection criteria and the award criteria. Were there any particular restrictions? If so, please provide details.
- What was the final outcome of the buildings procedure? Provide the name of the successful contractor and the name of the building selected.
- Please indicate whether any alteration work is to be carried out and if so, whether it will be done by the owner or a third party. Give reasons for the choice made and detail the procedure.
- Has the cheapest bid been selected? If so, is it also the least costly (taking into account other expenditure: taxes, maintenance and security costs, etc.)?
- If the successful bid was not the least costly, please explain why.

3.5.2 Construction /Works

- Which contract award procedure was used (e.g. an open, restricted or negotiated procedure)? Give reasons for the choice of procedure.
- Give the dates for the various stages of the procedure.
- Specify the selection criteria (candidates) and award criteria (bids). Were there any particular restrictions? If so, please provide details.
- Provide a brief comparison of the bids received and give reasons for the final choice.

3.6. *Costs/taxes*

- Total cost of the project. Indicate whether the cost is at constant or current prices. Indicate which part corresponds to rent/purchase and which to specific alteration costs.
- Annual costs of rent/purchase. Where appropriate, break down the amounts payable between rent/purchase and repayment for specific alteration work. Indicate the price per m² or, where available, the price per m² of the different kinds of areas (floors above ground, basements, parking area, etc.).
- State whether the amount payable is index-linked, whether it is fixed or variable, and the period covered.
- For construction, renovation or specific alteration work, please state the total cost. Provide precise details of the repayment schedule: a one-off payment, instalments or regular annual payments during the lifetime of the contract.
- For construction, renovation or specific alteration work, provide details of architects' fees, site management costs, etc.
- Where the operation is inter-institutional, provide a table showing how the cost is to be shared (total and annual) between the Institutions/Agencies.
- If the move into the building is postponed as a result of the work to be carried out, indicate the date on which payments are to commence under the terms of the contract/agreement.
- Where the project involves the purchase of a building plot, indicate the payment schedule for the land.
- For security installations or special security measures, indicate the estimated cost.
- Estimated running costs: electricity, gas, etc.
- Other fixed annual expenditure, e.g. security guards, maintenance, service fees, etc.

- Give details of any other expenditure linked to the operation (notaries' fees, duties, etc.).
- Describe the tax aspects of the operation: will the Commission be able to benefit fully from the 1965 Protocol on Privileges and Immunities or will it be indirectly liable for the payment of certain taxes?
- Provide the results of market research (other buildings on offer or recently occupied, etc.) in order to provide a comparison between the price of the project and the price of similar buildings.
- Explain the reasons for choosing one form of occupation over others: rental, lease (with or without the option to purchase), usufruct, purchase by deferred payment, construction, other.
- Where the project involves construction, have checks been carried out to ensure that this option is cheaper than renovation and maintenance of the current building?
- Indicate whether there is an option to buy and if so, the cost: indicate whether the Institution intends to pursue the option to buy (in particular where the sale is not for a token amount).
- Has a cost-benefit analysis been carried out? What were the results? How does it show that the new project provides better value for money than the current situation and the other alternatives considered?
- If necessary, add a statistical table comparing, for example, the total cost outstanding in respect of the current situation and the total cost of the new project for the duration of the repayment term, the comparison of net present values (NPVs) of the two options, etc.

(The table below may serve as a model for a summary comparison between the current situation and the situation after completion of the new project. It should be completed if the project entails the replacement/extension of a building which is already occupied.)

	Current situation (1)	New project (2)	Difference (3) = (2) - (1)	Variation (%) (4) = (2) / (1)
Area above ground level (m ²)				
Area below ground level (m ²)				
Total surface area (m ²)				
Parking spaces (number)				
Number of persons to be moved in				
M ² above ground level/person				
Total annual expenditure m ² (rental/purchase payments) (in €)				
Total annual expenditure for payment of specific alteration work (in €)				
Price per m ² of area above ground level <i>Rent</i> <i>Usufruct</i> <i>Lease</i> <i>Sale on deferred payment terms</i> <i>Purchase by means of a property loan</i> <i>Other forms of purchase</i>				
Other annual expenses <i>electricity</i> <i>heating</i> <i>other running costs</i>				

security guards				
maintenance				
management fees				
other				

3.7. Assigned revenue

- What kind of revenue is to be used to finance the project?
- If assigned revenue is to be used to cover part of the project cost (e.g.: contribution of third countries to a programme, donation by a third party), indicate the source of the revenue.
- Indicate the legal basis which allows that revenue to be used for a building project.
- Are there any specific obligations or restrictions on the use of that revenue as regards time/purpose etc.?
- Has information on the existence of the accumulated revenue been communicated during previous budgetary procedure(s)?
- In what financial years were these revenues raised and in what amounts? On what basis has the revenue been accumulated and carried over from year to year? Why has the revenue not been committed already?
- What part of such revenue has already been used and for what purpose?
- How much revenue of this kind is available at present?

3.8. Financing/budgetary impact

- If the project involves financing, describe the financing arrangement chosen. State clearly who is granting the financing in legal and economic terms: the owner, a bank, the State, etc.
- If appropriate, state whether the third party financing the project is submitting an invoice to the Institution for management, follow-up or similar expenditure in connection with this financing (excluding interest).
- Provide details of the cost of the financing and the repayment interest rate. If financing is being provided, state whether repayment is in fixed or variable amounts. Indicate what portion of the annual expenditure relates to the financing costs. If the financing details have not yet been finalised, provide an estimate and the methodology to be used.
- Are there special conditions: gratuities, etc.?
- Will it be possible, where appropriate, to pay off all or part of the outstanding balance at any given time? Would this give rise to penalties?
- Which budget lines cover the total cost of the project; how much does each of them account for? State whether the costs are shared with another Institution / Agency.
- Is there assigned revenue accruing from the letting/subletting of premises (e.g. subletting to an Agency or letting commercial premises to a business)?
- Provide details of the impact on the budget lines during the first three financial years.

4. Buildings programme

- Do the surface areas in question fit in with the buildings programme in terms of the overall requirements in m² set by the Institution?
- Is the acquisition of the building offset by the relinquishment of other premises?
- What is the impact of the project on the buildings programme? Where available and relevant, please add a table with the programming data for the current and subsequent financial years.

[If appropriate, a general buildings programme table to be inserted by DG BUDG]

5. Other relevant information

Please provide any other relevant information.