



# Public Buildings Service



## Pre Proposal Conference National Broker Contract (NBC2) 2<sup>nd</sup> Generation

Washington, DC– January 22, 2010

# Topics



- **Portfolio Information**
- **Procurement Schedule**
- **RFP Requirement Highlights**

# Overview of Leased Portfolio



- **All 50 states**
- **6 US territories**
- **District of Columbia**
- **Housing more than 1 million federal employees in 59 different agencies**
- **Leased portfolio consists of office buildings, courthouses, land ports of entry, and warehouses**

# Overview of Leased Portfolio



- **Portfolio managed by 11 regional offices and the Central Office**
- **One of the largest public real estate organizations in the world**

# Overview of Leased Portfolio



- **178 million RSF leased space**
- **8,592 leases**
- **1,804 expirations during FY 08**
  - **26.5 million SF**
- **Bow wave of expiring leases continues to grow**

# Drivers for Brokerage Services



- **Increased capacity**
- **Deliver consistency to customers & lessors**
- **Continued budget constraints**
- **Leverage our market share**
- **Leverage government financial stability**
- **Form strategic alliances with broker community**

# National Broker Program Goals



- **Greater customer service capacity for the regions**
- **National contract leverage**
  - **Market rates for customers**
  - **Service quality improvements**
- **Consistent contract administration**
- **Consistent service delivery**

# Strategies for Change



- **Adopt commercial real estate practices where feasible**
- **Take advantage of private sector market commission practice**
- **Continue with national program structure**
- **Produce a contract to serve internal and external customers while leveraging market share, financial stability & strategic alliances**

# Commission & Credit Information

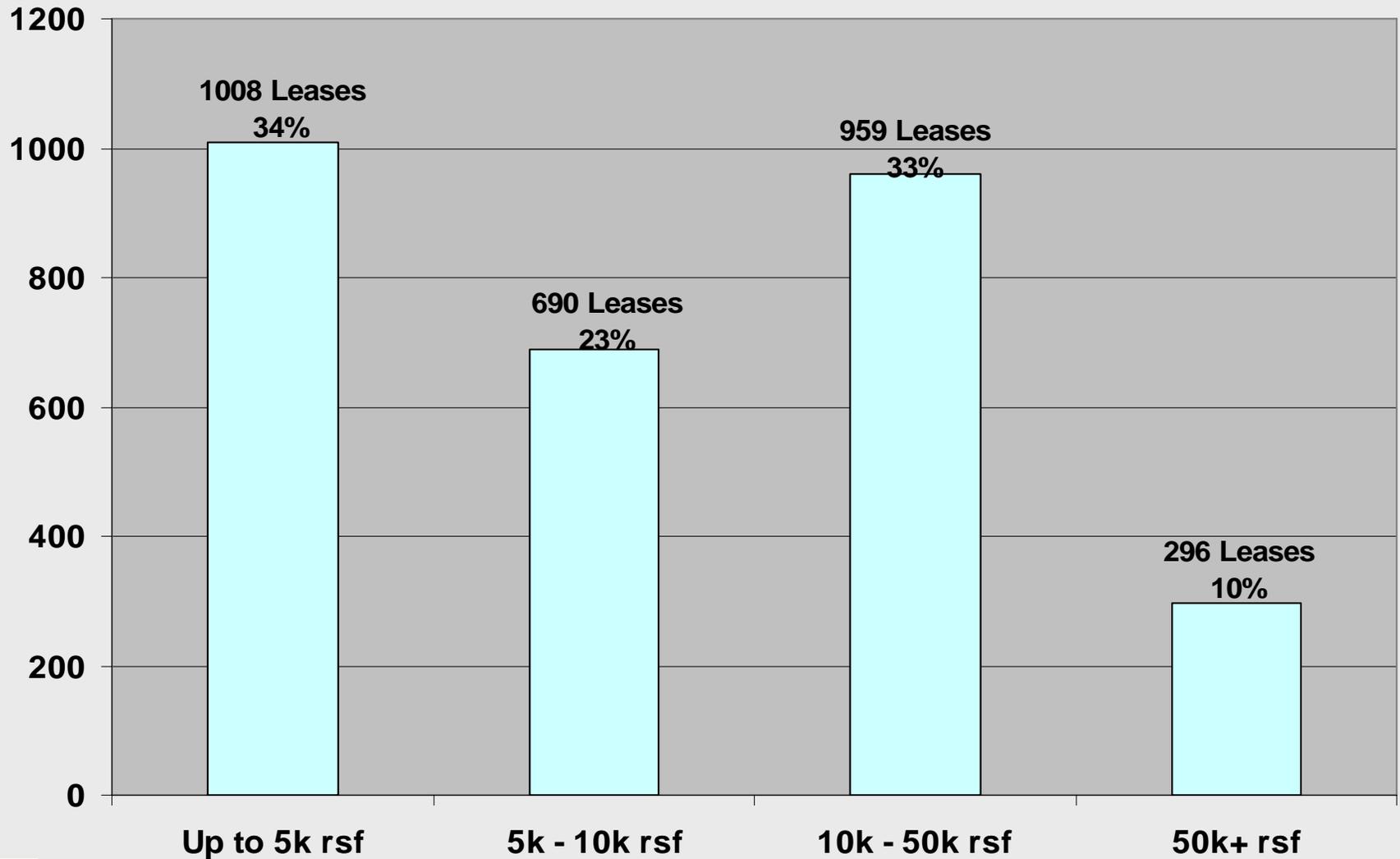
## November 2009



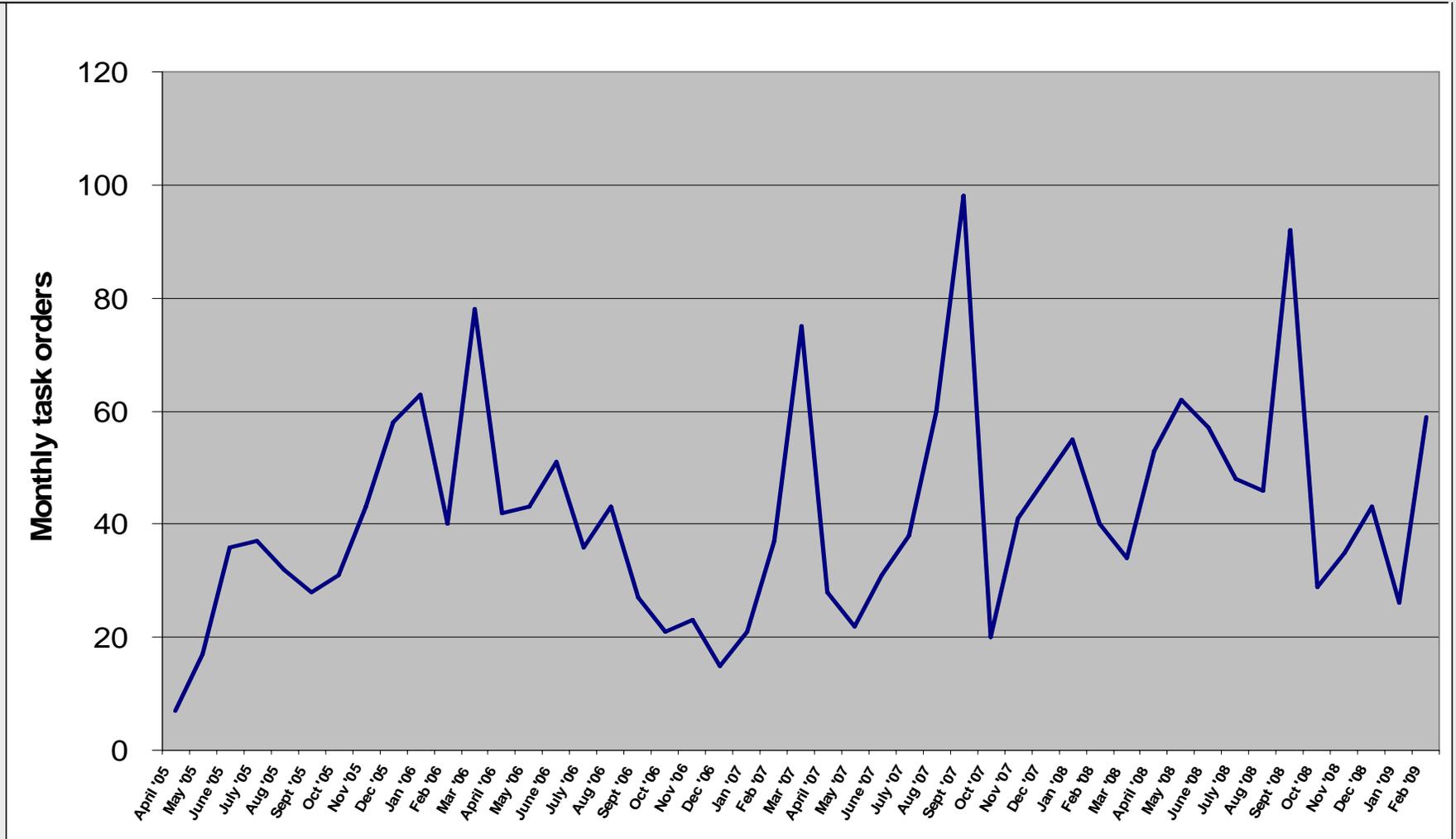
- **Gross commissions recd & earned** **\$127 M**
- **Rent Credits from signed leases** **\$ 51 M**
- **Net commissions from signed leases** **\$ 76 M**
  
- **Overall average gross commission rate = 3.10%**
- **Overall average net commission rate = 1.86%**
- **Overall average commission credit rate = 1.25%**

# Commissionable Leases

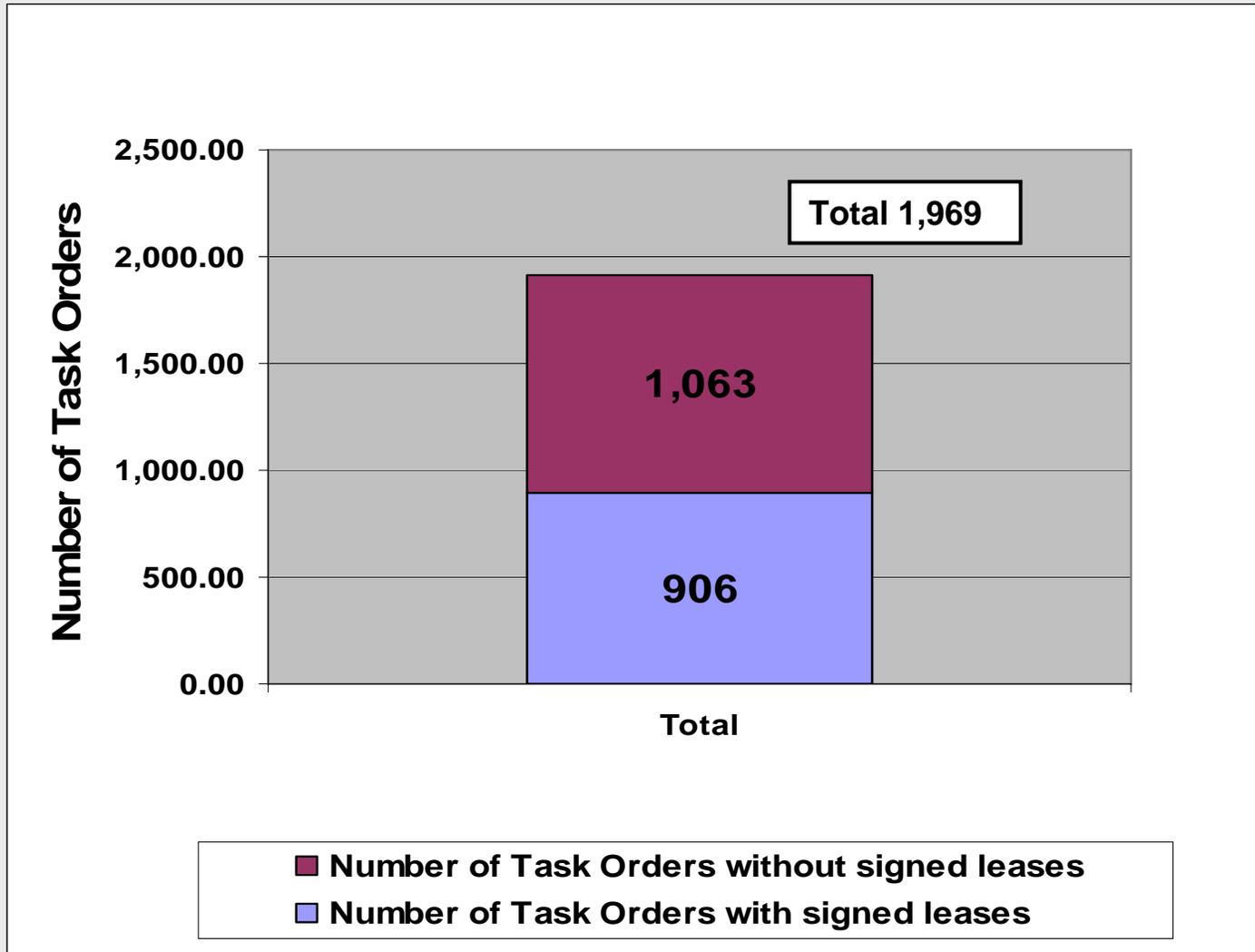
## Expiring Between April 2011 - March 2016



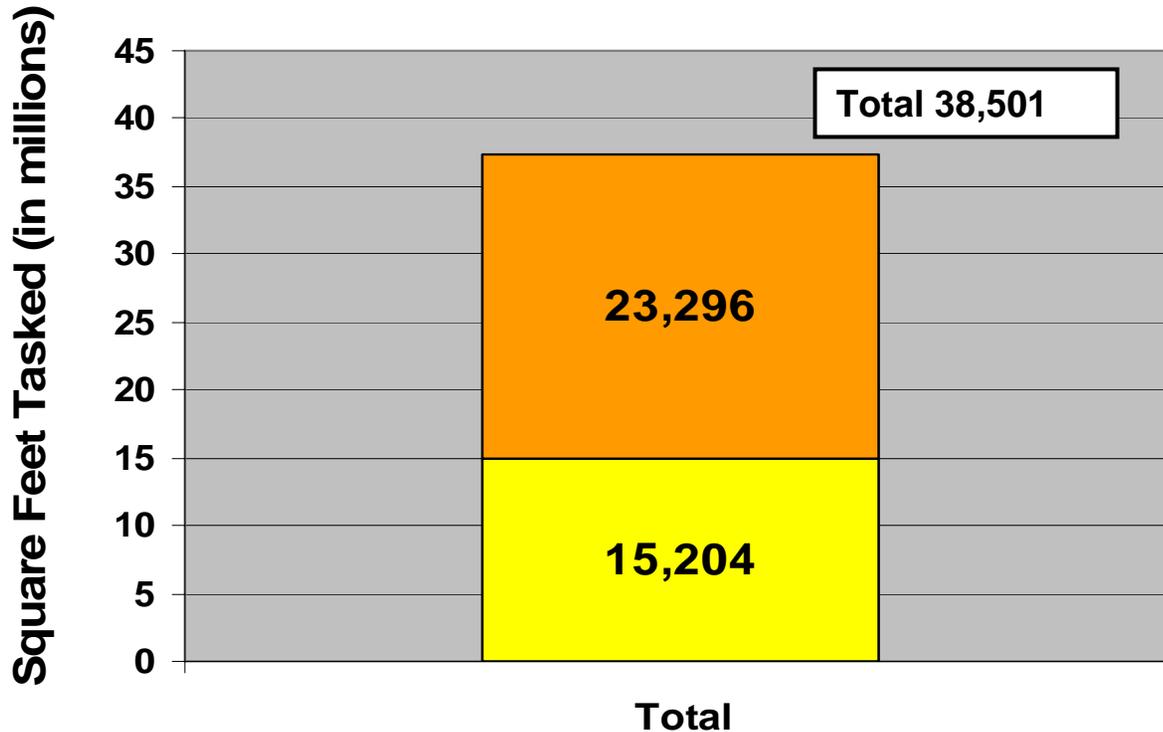
# Volatility of Task Orders Contract Start - February 2009



# Total Number of Task Orders Issued February 2009



# Total Square Feet February 2009



■ Sq Ft of TO's without signed leases  
■ Sq Ft of signed leases  
Expressed in millions

# Historical Workload Projections



- **Projections have not proven accurate**
  - Only 20% of projected leases were tasked as expected
  - Another 20% are tasked that were not projected

# Other Considerations



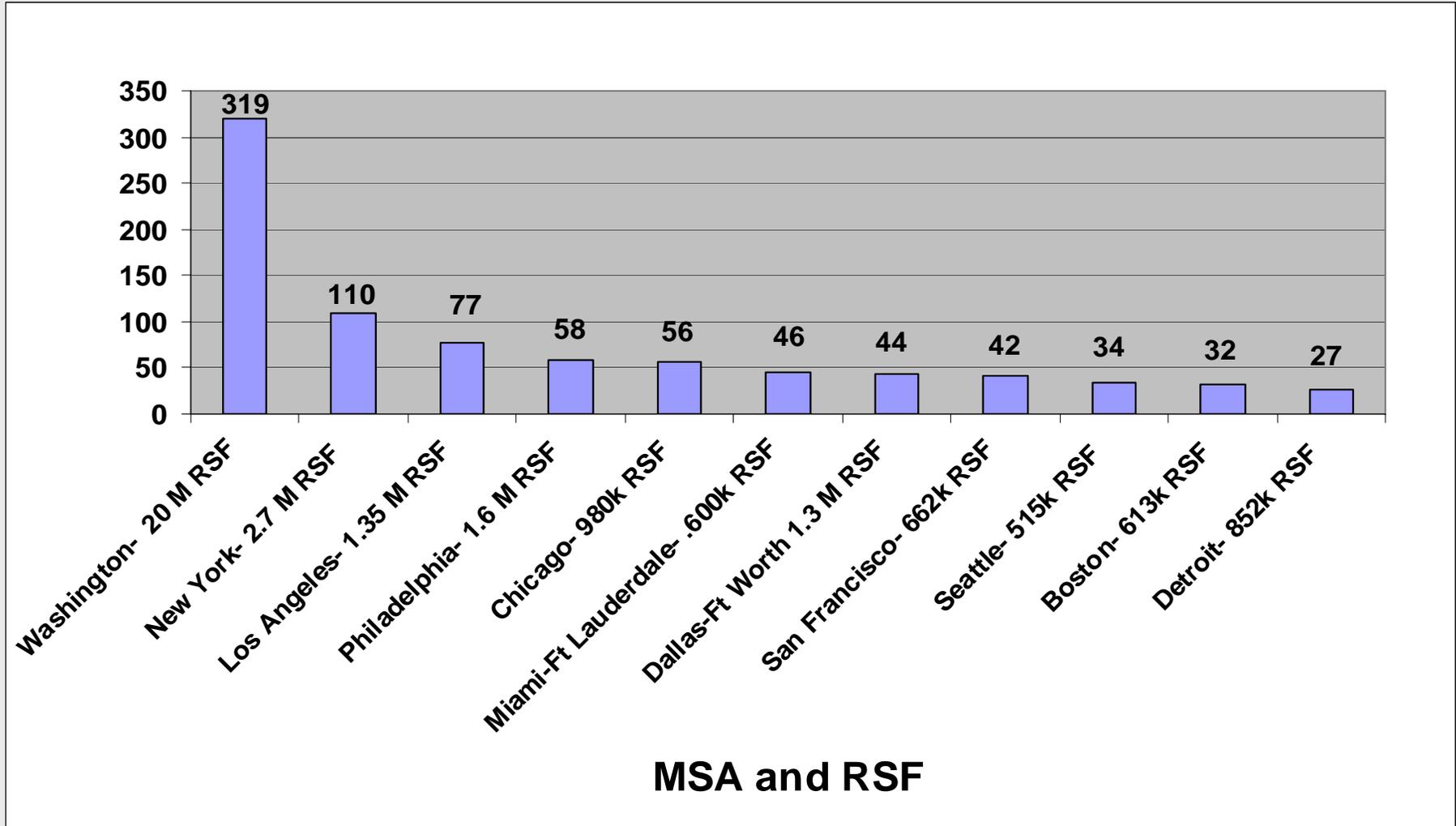
- **Metropolitan Statistical Area (MSA)**
  - Includes at least 1 urbanized area of 50,000 or more population plus adjacent areas of a high degree of social and economic integration with the core as measured by commuting ties
  - 374 MSAs in US and Puerto Rico
  - 11 MSAs that have a total of 29 Metropolitan Divisions

# Other Considerations

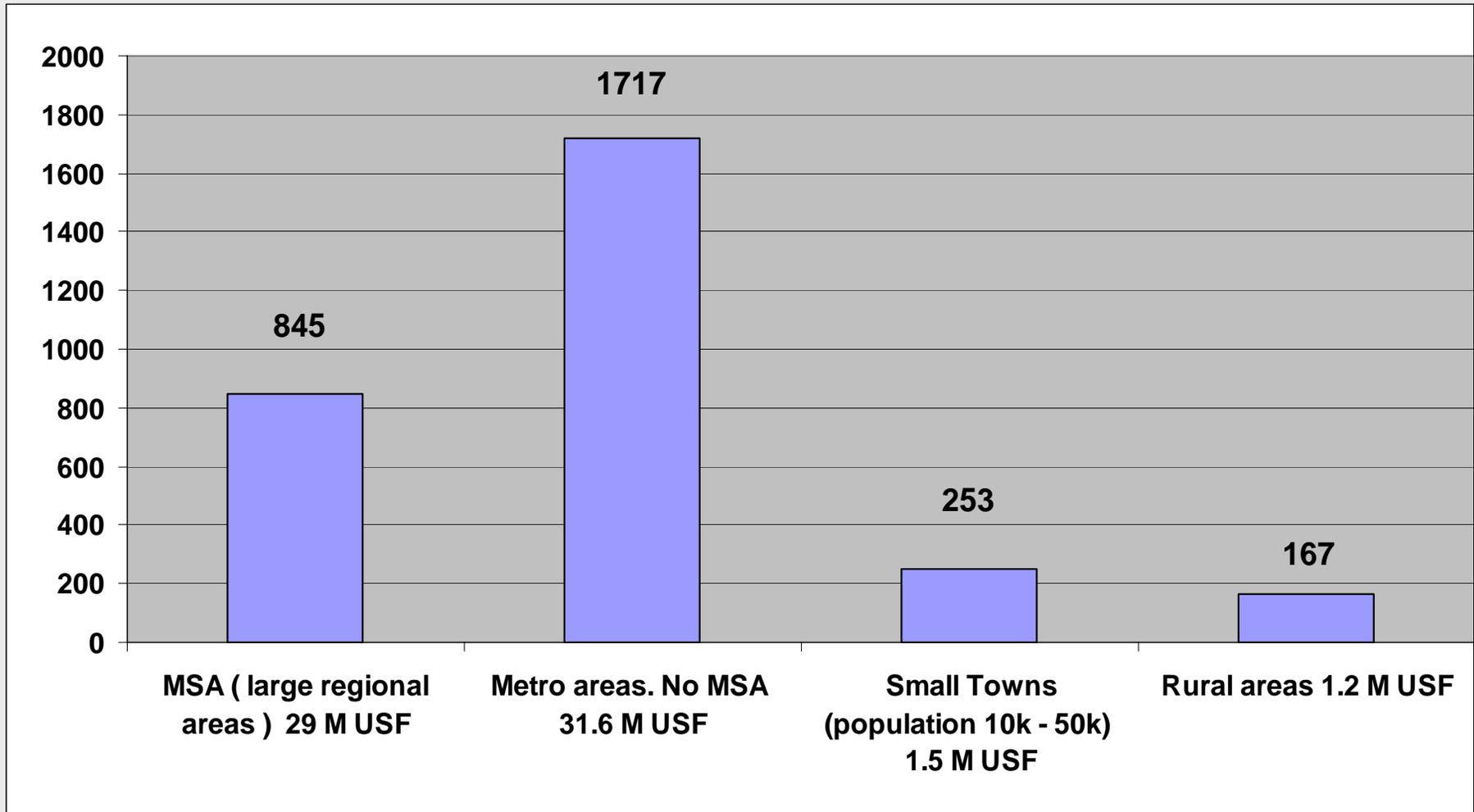


- **A Metropolitan Division is a subdivision of a larger MSA – it often functions as a distinct social, economic and cultural area within the larger region**
- **Micropolitan Statistical Area**
  - **Includes at least one area of at least 10,000 but not more than 50,000 population (small town)**

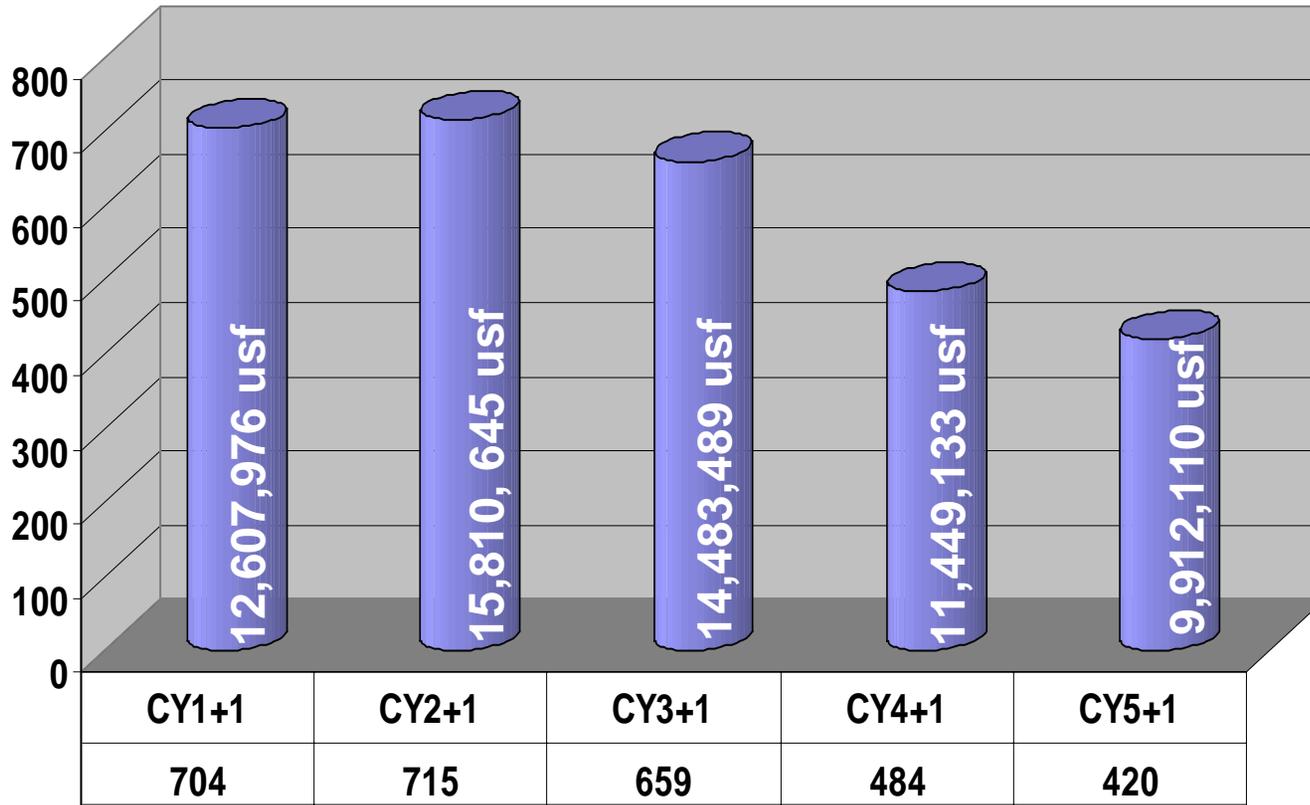
# Top 11 MSAs Number of Leases



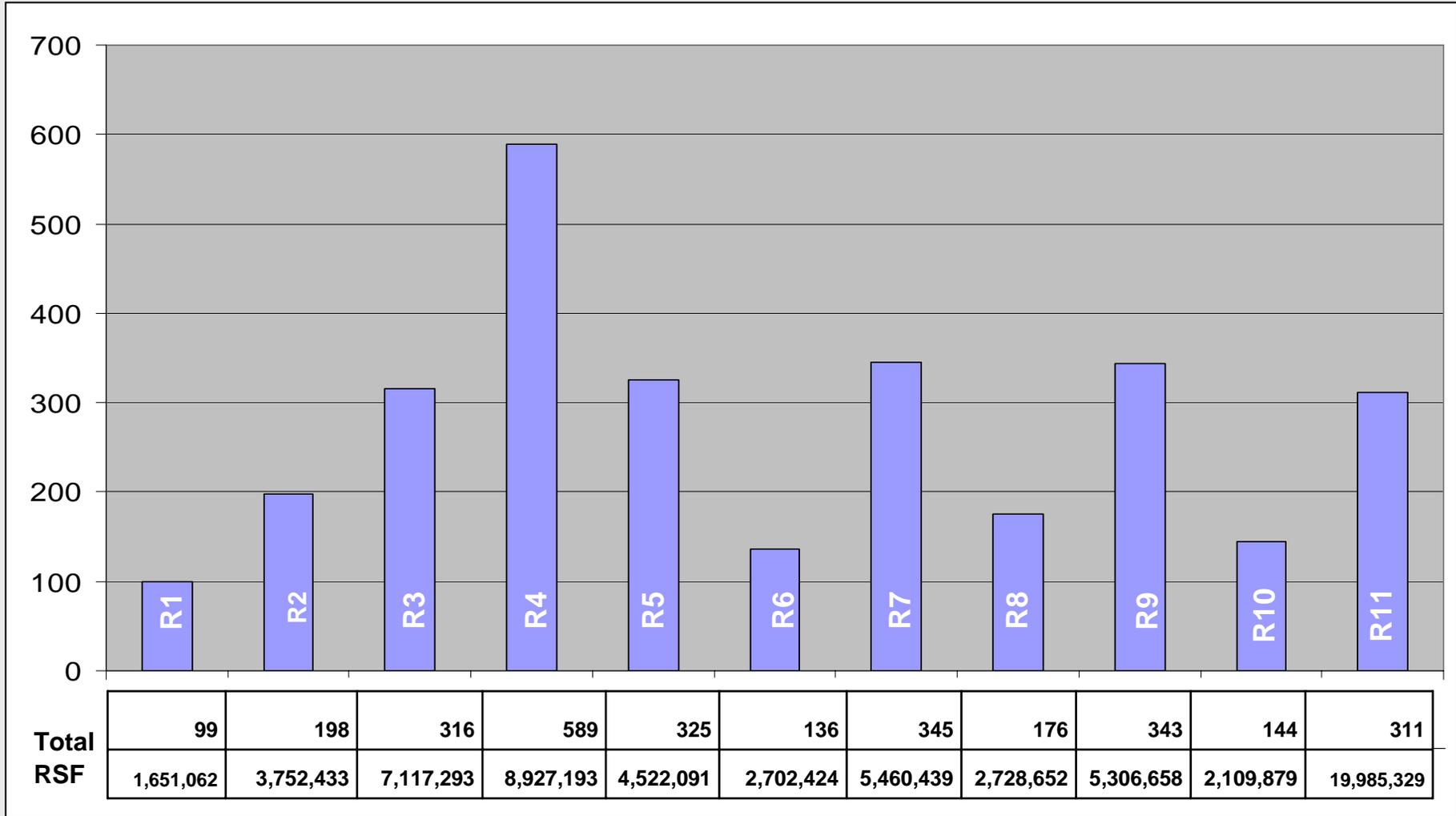
# Location of Leases Expiring April 2011 – March 2016



# Number of Leases Expiring April 2011 - March 2016



# Leases Expiring By Region April 2011 - March 2016



# Government Leasing vs. Private Sector Leasing



- **Government process is similar in some ways**
  - **Requirements**
  - **Survey**
  - **Solicit**
  - **Negotiate**
  - **Build**
  - **Cost Savings**

# Government Leasing vs. Private Sector Leasing



- **DIFFERENT in others**
  - **Form intense (requires training)**
  - **Highly regulated process**
  - **Language**
  - **Losing offerors can litigate through protests**
  - **Laws, regulations, rules, policies, acronyms**
  - **Regulatory and socio-economic factors that must be considered**

# Government Leasing vs. Private Sector Leasing



- **Value proposition under the GSA contract**
  - **Bring cost savings and good value in lease acquisitions**
  - **Document the procurement in order to demonstrate compliance with the procurement regulations**
    - **To withstand protests from losing offerors**
    - **Withstand audits from external stakeholders (financial and process related)**

# Government Leasing vs. Private Sector Leasing



- **Small business subcontracting goals are unique to Federal procurements**
- **It is a priority to subcontract work to**
  - **Women owned businesses**
  - **Disadvantaged businesses**
  - **HUB zone businesses**
  - **Veteran Owned businesses**
  - **Disabled Veteran Owned businesses**

# Government Leasing vs. Private Sector Leasing



- **Learning to work with a wide range of lease sizes**
  - **50% of leases under 7,500 usf**
    - **exacerbated in tertiary markets**
  - **National Capital Region has highest concentration of large projects**
  - **Some regions have a focus on smaller projects**
  - **Others have a mixed focus**

# Schedule



- **RFP Posted - January 13, 2010**
- **Pre Proposal conference – January 22, 2010**
- **Offers due – February 17, 2010**
- **Award - April 1, 2010**
- **NTP – July 1, 2010**

# Pricing



- **Pricing**
  - **SF Categories**
  - **Competitive and Non-competitive**
  - **Extensions**
- **Market commission**
  - **GSA gets market commission over the contract percent as rental credit**
  - **Metropolitan Statistical Area submittal (MSA)**
    - **62 markets**

# Tasks



## Tasks Included

- 1 – Full Lease Acquisition
- 2 – Extensions

## Market Analysis vs. Market Data

# Style



- **Style of Statement of Work (SOW)**
  - **From Prescriptive to Performance**
  - **Focus on Deliverables**

# Ordering



## Ordering Procedures

- No Equitable Distribution
- < \$3,000 estimated Commission
- > \$3,000 up to \$5 Million
- over \$5 Million

# Requirements Development



- **Leverage knowledge of market conditions to advise us and our clients**
- **Shape tenant requirements to match market opportunities & conditions**
- **Recommendations on**
  - **Delineated area**
  - **Term length**



- **Lease Monitoring and Management Plan**
  - **Include Deliverables required by SFO from Lessor**
  - **Tenant Improvement Negotiations**
  - **Lessor Construction Schedule**
  - **More**
- **RWA work**
- **Complete Lease File**

# Quality Control



- **Plan will be incorporated into and become a part of the contract**
- **Cannot be changed without CO approval**

# Performance Expectation



- **Task Order level evaluations**
- **Program level evaluations**
  - **Regional Program**
  - **National Program**
- **Subcontracting plan implementation**

# Required Training



## For Broker's performing Task Work

- Market Analysis
- Market Survey
- SFO & Negotiation
- Post Award Services



## Assistance with Roll out Training

- **Zonal Sessions**
  - Anticipate 4 sessions across country
  - Partnering in planning presentations
- **Regional follow up**
  - 11 Regions
  - Partnering in planning and presentations

# Questions - Comments

