

Client Enrichment Series

Welcome to today's presentation on:

WebEx: Leasing 101 – Lease Reform

Presented by: Denise C. Broskey

Director, Center for Lease Acquisition Program Services

Note: Phones are automatically muted during the presentation. You have the ability to send questions to the host and presenters through the chat feature. They will answer as many of the questions as possible at the end of the presentation. All questions will be captured, and answers sent to all participants within 2 weeks.

If there are multiple attendees at your location, please indicate your city and the number in your group in the chat window (i.e. San Francisco – 3)







Client Enrichment Series

Leasing 101 and Lease Reform

Presented by: Denise C. Broskey,
Director, Center for Lease Acquisition Program Services



Lease Reform Goals

- Streamline
- Standardize
- Simplify

...the leasing process



Lease Reform - Models

- Standard Model
- Succeeding/Superseding Model
- Simplified Model
- Streamlined Model
- On Airport Model







Standard Lease Model



Lease Process - Standard

Requirements Development

- Delineated Area
- Square Footage
- Special Requirements

Solicitation

•RLP

Post Award

- •DIDs
- TI negotiation
- •Build-out



Pre-Solicitation

Market Survey

Negotiation

Rate based on TI allowance



Why Separate the RLP and Lease?

- RLP and Lease serve completely separate and distinct legal purposes
- Govern different legal processes
- Affect different sets of parties
- Noncompliance by any party has different legal consequences
- Disputes are resolved before different legal forums



Request for Lease Proposals (RLP)

- Describes requirement
- Specifies terms of contemplated lease
- Establishes minimum requirements for award
- Provides instructions on how to offer
- States method of award
- Governs process by which lease is awarded
- "Parties": Offerors, Government
- Dispute: Protest before GAO or COFC
- Disappears at lease award



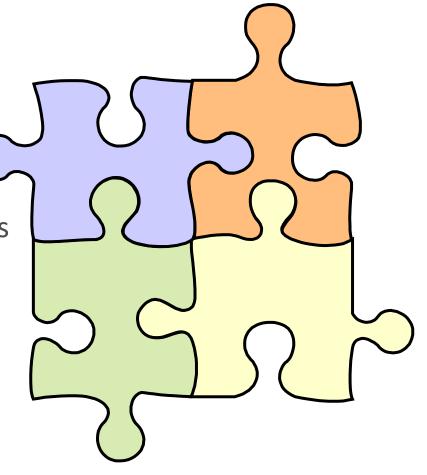
The Lease

- Describes requirement
- Specifies terms of lease
- Governs rights and responsibilities of parties to lease
- "Parties": Lessor, Government
- Dispute: Appeal before CBCA or COFC



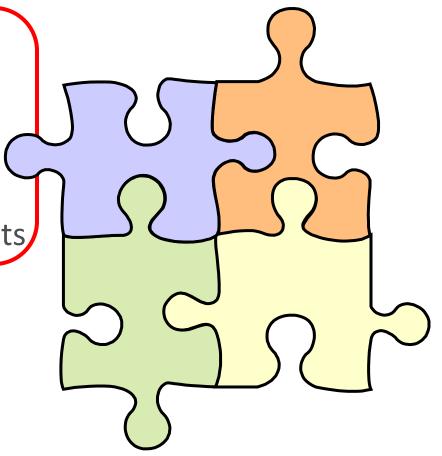
RLP Package Components

- RLP (GSA Form R101C)
- Scope of Work
 - Lease (GSA Form L201C)
 - ISC security specs
 - Agency special requirements
- "Ground Rules"
 - Solicitation Provisions
 - General Clauses
- Offer Forms



RLP Package: Client Focus

- RLP (GSA Form R101C)
- Scope of Work
 - Lease (GSA Form L201C)
 - ISC security specs
 - Agency special requirements
- "Ground Rules"
 - 3516 (Procurement)
 - 3517 (Lease)
- Offer Forms



Request for Lease Proposals: The Five Sections

- Section 1 Statement of Requirements
- Section 2 Eligibility and Preferences for Award
- Section 3 How to Offer
- Section 4 Method of Award
- Section 5 Additional Terms and Conditions

Section 1- Statement of Requirements

Starts to answer basic questions of the lease procurement

- What...are we looking for?
 - Amount of space
 - Type of space, lease term
 - Fully serviced, fully-built out
- Where... does the space need to be located?
 - Delineated area
 - Neighborhood amenities, parking and public transportation
- Who...gets the proposal?
 - GSA Leasing Specialist, Lease Contracting Officer, National Broker firm, etc.



Section 2 – Eligibility and Preference for Award

- Provides Go/ No Go Minimum Requirements
 - Flood Plains
 - Seismic Safety
 - Asbestos
 - Accessibility
 - Fire Protection and Life Safety
 - Security
 - Energy Independence and Security Act

Section 3 – How To Offer

- Similar to SFO Section 3 (How to Offer)
- Describes the offer submittal requirements (pricing forms, building and site information, floor plans, etc.)
- Addresses financial capability
- States required TI Allowance
- New: "Scoring" and "prospectus" limitations addressed



Section 4 – Method of Award

- Few changes from prior SFO
- Outlines basis for award determination
 - Lowest price
 - Best value (award factors)
- PVA paragraph updated to reflect change in Offeror's TI fee schedule
 - Evaluating only two TI "overhead" tiers:
 - A/E fees
 - Lessor fees



Section 5 – Additional Terms and Conditions

- Space for additional pre-award considerations
 - Eligibility requirements
 - Submittal requirements
 - Award considerations
- Includes cross-references to modification of standard paragraph language
- Should **not** include agency's special requirements



Lease Signature Page

- Replaces the SF-2 (sort of....)
 - Left blank at RLP issuance
 - Will be filled by GSA at lease award
 - Lessor name and address
 - Premises address
 - Lease term
 - Signed and dated by both parties

Section 1- Premises, Rent and Other Terms

- Replaces SF-2, and Lease Rider
- Left blank at RLP issuance
- Will be filled in by GSA at award
- Captures the terms of the deal
 - Square footage, rental rates, OT rates, % of occupancy, etc.

Section 2 – General Terms, Conditions and Standards

- Applies to all deals
- Definitions
- Adjustment provisions
 - Tax escalation
 - Operating Escalations
 - Adjustment for Vacant Premises
- Non-operational ownership issues
 - Waiver of Restoration
 - Change of Ownership



Section 3 – Construction Standards and Shell Components

- Addresses what owners need to know to prepare shell rent rates
- Specifications related to shell or overall building construction
- If not defined as Operating, TI, or Building Specific Security, it's considered a shell cost
- Cyclical paint and carpet addressed in another section
- "Shell" ISC security costs are here



Section 4 – Design, Construction & Post-Award Activities

- Addresses the sequence of events after award
 - Schedule and deliverables
 - Working days, not calendar days
- Provides for 3 DID alternatives
 - Government provides
 - Lessor provides DID workshop
 - Lessor provides traditional delivery timeframe
- Acceptance of TI buildout is final and binding, except for punchlist items
- No more paper medium as-builts, CAD files only



Section 5 – Tenant Improvement Components

- Addresses how will the space be built out
- Defaults
 - Minimum of 3 finish options
 - 10 working days to submit
 - 10 working days for Government selection
- Includes latest carpet specifications
 - Cyclical paint and carpet schedule listed in Section 6

Section 6 – Utilities, Services & Obligations During the Lease Term

- Addresses what services are required over the life of the lease
- Snow removal has it's own paragraph
- Cyclical paint and carpet schedule found here
 - Still a fill-in
 - Carpet refresh should not coincide with lease expiration
- HVAC
 - "Local commercial equivalent temperature level and operating practices"
 - Thermostat keys go Government's designated representative



Section 7 – Additional Terms and Conditions

- Allows for additional lease requirements
- Special requirements can be here, or as a separate ASR package
- Includes cross references to modification of standard paragraph language

Post Award

- Finish selection
- Completion of minor alterations
- Carpet and paint replacement

Lease Process - Standard

Requirements Development •Delineated Area

- Square Footage
- Special Requirements

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RECAP

- Standard Model equivalent to the TI SFO process
- RLP is replacing SFO
- RLP: It's also a package
- The RLP itself does not survive the procurement
- The lease stands alone!

RECAP

- Timely submittal of Customer requirements
- Hold and confirm customer discussions
- Abide by Market Survey rules of engagement
- Timely reviews, submittals and signatures for OAs
- Client should review full RLP and Lease Packages prior to distribution
- Timely submit DIDs & consider DID workshops
- Participate in Construction meetings as necessary
- Attend Space Acceptance Inspection



Questions?