

**Welcome to today's presentation on:**

**WebEx: Introduction to Leasing**

**Presented by: Christy Sebring**

**Contracting Officer/PMP®**

**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

## Introduction to Leasing

Presented by: Christy Sebring  
Contracting Officer/PMP®



# 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



GSA Public Buildings Service

# Why Separate the RLP and Lease?

- Request for Lease Proposal (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)

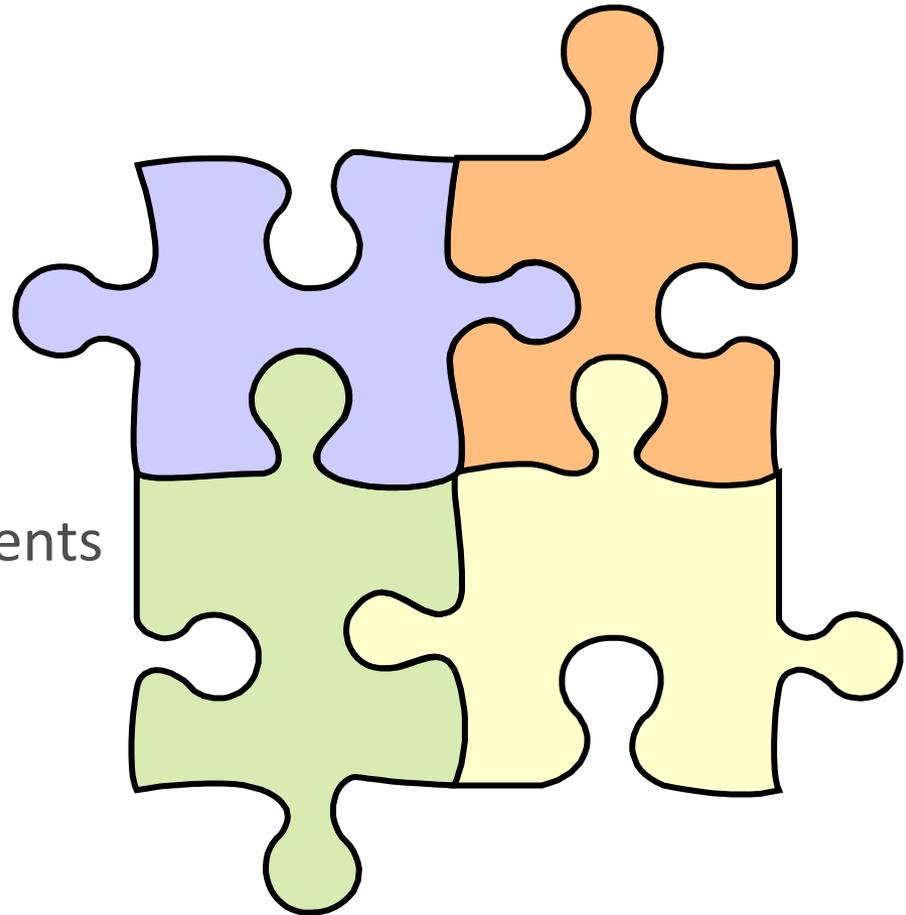
- Describes the How, What, When, Who and the “Why” ....
  - How the market must offer
  - How the government will award
  - How to dispute: Protest before Government Accounting Office (GAO) or Court of Federal Claims (COFC)
  - What terms are requested for the Lease
  - What are the minimum requirements for award
  - When offers are due
  - When occupancy is needed
  - Who the “Parties” are: offerors, government

# The Lease

- Describes requirement
- Specifies terms and conditions of the lease
- Governs rights and responsibilities of parties to lease
- Ramifications if a breach in the lease occurs
- “Parties”: lessor, government
- Dispute: Appeal before Civilian Board of Contract Appeals (CBCA) or COFC

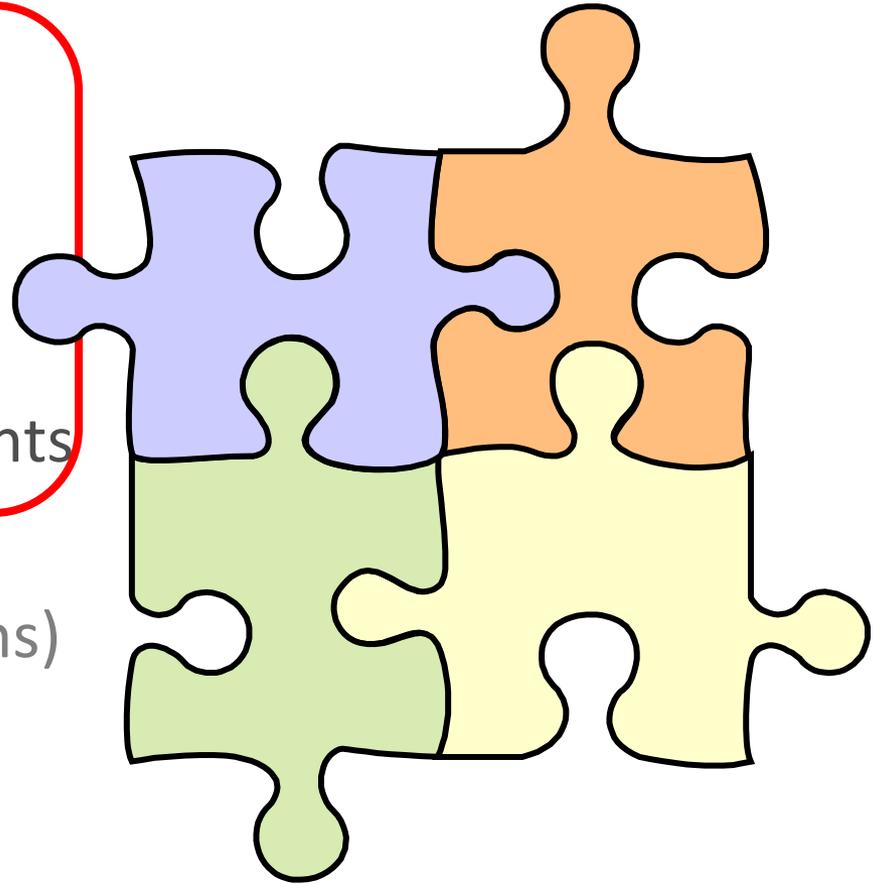
# RLP Package Components

- RLP (GSA Form R101C)
- Scope of Work (SOW)
  - Lease (GSA Form L201C)
  - Interagency Security Criteria (ISC) security specs
  - Agency specific requirements
- “Ground Rules”
  - Solicitation Provisions
  - General Clauses
- Offer Forms



# RLP Package: Client Focus

- RLP/Lease Package
  - Lease (GSA Form L201C)
  - RLP (GSA Form R101C)
  - ISC security specs
  - Agency specific requirements
- “Ground Rules”
  - 3516 (Solicitation Provisions)
  - 3517 (General Clauses)
- 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
  - Tenant Improvements
- 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 prior Solicitation for Offers (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 Tenant Improvement (TI) Allowance

# 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 as they become an attachment to the Lease, not incorporated into it

# 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 (Lessor first, then government. When returned to the Lessor, it is then considered an “awarded” lease

# Section 1- Premises, Rent and Other Terms

- Replaces (Standard Form) 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, Overtime (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 Design Intent Drawings (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, Computer Animated Drafting (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, janitorial, etc
- Cyclical paint and carpet schedule found here
  - Carpet replacement should not coincide with lease expiration
- HVAC (Heating, Ventilation and Air Conditioning)
  - “Local commercial equivalent temperature level and operating practices”
  - Thermostat keys go to 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 (Agency Specific Requirements) package
- Includes cross references to modification of standard paragraph language

# Post Award and Project Closeout

- Design
- Finish selections, DID approval and Construction Drawings (CDs)
- TI Estimates and negotiations
  - TI Notice to Proceed issued (per Lease)
- Build out completed
  - Punchlist and acceptance of space
  - Certificate of Occupancy
- Occupancy and rent commences
  - Obtain as-builts within 30 days of award
  - Final TI reconciliation
  - Periodic Services Schedule from Lessor



# Simplified Lease Model “One and Done”



GSA Public Buildings Service

# Overview of the Simplified Lease Model

- More efficient process for smaller leases
  - Statutory threshold of \$150,000 net average annual rent
- Convenience of a turnkey lease
- “One and done” ability to award based on initial offers
- Simpler language in documents

# Simplified Lease Model Features

- Firm fixed price for TI
- TI negotiated prior to lease award (turnkey)
  - Full (biddable) requirements: ASR
- Faster design process
  - Lessor must submit DIDs within 10 working days
  - One initial set of DIDs plus two revisions
  - No review of Construction Drawings

# Elements of the Simplified Lease

- Full requirements needed before solicitation
- TI rent will be a firm fixed price
- No scope changes allowed post-award (unless no cost or schedule effect)
  - Otherwise, will be handled as an alteration project post-award
- Agency shall assist with the development of the DIDs to meet 10 working day deadline
  - Only two revisions will be made to the DIDs post-award

# Simplified Lease: Solicitation

- Pared down RLP (R101A) and Lease (L201A)
  - ASR becomes an attachment to the Lease
  - General Clauses incorporated into the Lease
- GSA Forms 1364A and 1364A-1
  - Completed and submitted with initial offer by Offeror(s)
  - Form 1364A incorporated into Lease as Exhibit A, but not 1364A-1

# Simplified Lease Documents

- Simplified Acquisition Plan
- Simplified RLP (GSA Form R101A)
- Simplified Lease (GSA Form L201A)
- Simplified Lease Proposal, Exhibit A (GSA Form 1364A)
- Simplified Lease Proposal Data (GSA Form 1364A-1)
- Solicitation Provisions (GSA Form 3516A)

# Simplified Lease: Post-Award

- Agency committed to “assist with development of DIDs”
- Lessor obligated to complete DIDs within 10 working days of award
  - Three versions maximum
- Review of CDs not required
- Change orders that cost time or money must wait
  - Funded by lump sum only



# Streamlined Lease Model “Options within Options”



GSA Public Buildings Service

# Streamlined Lease Model

- Flexibility for mid-sized leases
  - Leases up to \$500,000 net annual rent
- Options for TI negotiations pre-award (turnkey) or post award
- Pre-award design possible
- Not applicable for new construction or complex procurements
- Not applicable for source selection process

# Streamlined Model Features

- Three TI options
- Streamlined post-award phase
  - DID workshop
  - Change orders minimized

# Streamlined Model Documents

- Streamlined RLP (GSA Form L101B)\*
- Streamlined Lease Contract (GSA Form L201B)\*
- Streamlined Proposal to Lease Space (GSA Form 1364B)
- Solicitation Provisions (GSA Form 3516)
- General Clauses (GSA Form 3517)
- Representations and Certifications (GSA Form 3518)

\*TI Option will determine TI pricing and design paragraph choices

# TI Option 1: Turnkey Pricing with Design Schematic

## Pre-Award

- ASR with design schematic required
- LCO may request “test fit” by Offeror at Offeror’s expense (recommended)
- Offerors include TI pricing in proposed rental rate based on design schematic
- Offerors submit unit costs list
  - Costs are negotiated
  - Costs used to reconcile pre and post award TI pricing

# TI Option 1: Turnkey Pricing with Design Schematic

## Post-Award

- DID workshop
- Actual quantities used in design priced according to unit costs negotiated pre-award
  - Rent subject to adjustment
- TI Allowance overages need to be paid lump sum prior to any work commencing

# TI Option 2: TI Allowance

- ASR not required, but helpful
- TI allowance provided to Offerors in RLP
  - Similar to Standard Model
- Agency must commit to post-award DID workshop to shorten design time
- TIs priced by Lessor and negotiated post-award based on DIDs from workshop



# TI Option 3: Turnkey Pricing with Pre-Award DIDs

- Maximum of two offers
- ASR required
- DID workshop prior to award
- Offeror includes final and fixed TI pricing based on approved DIDs in final lease proposal
- Funding required for TI overage determined prior to award
- Award is based on the true lowest Offeror

# Streamlined TI Options: What Occurs When?

TI Option	Pre-Award DID Workshop	Pre-Award TI Pricing	Post-Award DID Workshop	Post-Award TI Pricing
TI Option 1		✓	✓	
TI Option 2			✓	✓
TI Option 3	✓	✓		

# DID Workshops



# DID Workshop



- Concentrated session to produce final and approved DIDs
- Goal is to eliminate protracted DID delivery process

# DID Workshop

- Expected outcomes:
  - Resolve all design issues
  - Agree on a final DID, including code review, systems furniture placement, and (in some cases) finish and hardware selections
  - Obtain all approvals by the end of the session
  - Give authorization for the beginning of CD development by Lessor

# DID Workshop

- Agenda/timing:
  - GSA/Agency develops comprehensive agenda
    - Plan on a minimum of 1 day (simple project) to a maximum of 5 days (complex project)
    - All activities, from initial design development to final approvals, must be stated with appropriate timeframes
    - GSA/agency must coordinate activities with internal staff, agency representatives, and A/E staff
  - GSA/Agency must manage agenda to control diversions and keep schedule on track



# Succeeding/Superseding Lease Model

## “When staying in place just makes sense”



GSA Public Buildings Service

# Succeeding/Superseding Lease Model

- Expedited stay-in-place solution
- Requirements have not significantly changed
- Current lessor aware that it is a sole source negotiation
- Advertise in FedBizOps (FBO) as a succeeding lease so the market knows that there is a government requirement

# Succeeding/Superseding Model: Pre-Solicitation



- Market research
  - Advertise over 10,000 SF
  - Market Analysis/Negotiation Objectives Template
- Justification for other than full and open competition
  - Basis for LS to negotiate with a single source (existing Lessor)
  - Cost benefit analysis supports that staying is cost effective \*\*

# Succeeding/Superseding: Solicitation

## RLP and Lease

- Paragraphs related to location, TI build-out, and some submittals have been deleted
- Eligibility and preferences for award are modified
- Premises are accepted as-is except for Architectural Barriers Act Accessibility Standard (ABAAS), Security, Life Safety, and ENERGY STAR

## GSA Form 1364-S

- LS must fill out existing lease information before sending to current Lessor to complete
- Basis of lease negotiation

# Succeeding/Superseding Model Documents

- Succeeding/Superseding Decision Tool
- Market Survey Analysis and Negotiation Objectives Template
- Succeeding/Superseding RLP (GSA Form R102)
- Succeeding/Superseding Lease (GSA Form L102)
- Proposal to Lease Space (GSA Form 1364-S)

# RECAP

- Standard Lease model to be used for the more complex procurements or where a source selection is used for award
- Importance of solid ASRs lead to the success of the Simplified and Streamlined Lease Models
- Succeeding Lease good option if the agency is satisfied with the space and the cost benefit analysis is favorable to a stay in place
- One size does not fit all. Lease reform created different options for the different procurements.
- Client should review full RLP and Lease Packages prior to distribution



# Questions?