

Client Enrichment Series – Introduction to Pricing Policy Q & As



1. Regarding the move policy, if there is a GSA forced move and the agency moves into 'non-GSA' space [leased space], does GSA still pay for it?

A: Funding Responsibilities of a forcing agency is where the move guidance pertaining to all the payment responsibilities are at for the forcing agency, whether it be GSA or another agency. Overall, a forcing agency is responsible for funding the relocation of displaced agency to any location; federal or leased space. Pricing Desk Guide (PDG) Section 4.4.

2. In the pricing policy, there doesn't seem to be a whole lot of information on ware yards. Of the components (land, grading, paving and security), which are shell and which are TI?

A: All would be considered shell except for the security. Depending on the type of the security required, it may be charge as a TI or a separate security charge from FPS and/or GSA. PDG Section 2.9.2. and 3.10.2.

3. Is a sprinkler system (in full) included in the shell cost?

A: Sprinklers are included in the shell cost in an open office layout; however, if a the sprinkler system has to be reconfigured to account for offices and conference room, a closed layout, the cost to change the system then becomes a TI cost. PDG Section 2.4.1. and 3.5.1.

4. Can you please discuss when GSA allows or does not allow wood paneling in a building?

A: In general, the tenant agency elects how its space is to be built-out The space shall be finished, functional, and compliant with all applicable building codes and standards. In other words, as long as the materials used fall within the building standards guideline, a variety of options are available for the tenant agency. PDG Section 2.5.1. and 3.6.1

5. How does GSA determine shell costs overall?

A: The GSA definition of shell is required to be used for all types of space occupancies. The shell cost that is charged to tenants is derived in 2 manners

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depending on whether the space is in federal space or leased space. In federal space, market appraisals are performed to determine the shell rental rate. In leased space, the Lessors determine the shell rate charges which are assumed to be in line with the geographical market rates. PDG Section 2.4.1. and 3.5.3.

6. What is included in shell costs for aviation hangars?

A: In general, the building shell is the complete enveloping structure, the base building systems and the finished common areas of a building that adjoin the tenant areas. In order to address the exact shell components of an 'aviation hanger', more details would be required to further provide a response. PDG Section 2.4.1 and 3.5.1.

7. How does firm term impact the cancellability of a lease?

A: Please see the answer to question #9.

8. Who maintains the list of city indices for TI? Is it available to agencies?

A: The PBS national office reviews the city indices/ the construction index factor annually and it is adjusted only when it is determined the index has increased. The list is available upon request. PDG Section 2.5.4. and 3.6.4.

9. If a lease term is 10 years with 10 year firm term, will this lease be non-cancelable? If the firm term is five years, then could only that five year portion be deemed non-cancelable?

A: No, a lease that has a 10 year term and 10 year firm would not automatically make a lease non-cancelable. A non-cancelable situation is due to the low probability of PBS finding a backfill tenant which could be due to occupancy:

- Remote location
- Special purpose use or build-out
- Unusual term
- Lack of any realistic federal need
- Any other factors that would impair PBS's ability to space.

PDG Section 5.2

10. Why can't an agency buy down, via RWA, both general and custom TIs? It would be a cost savings for both parties since GSA wouldn't have to amortize as much.

A: The funds that GSA is appropriated from Congress are specifically for the build out of space and the requirement is for GSA is to provide the general tenant improvement allowance at the minimum.

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11. To confirm, when you have a new OA, you can get new TI?

A: Yes, the full tenant improvement allowance should be available to all new, continuing, and backfill occupancies. PDG Section 2.5.3. and 3.6.3.

12. I would like to see an attachment supplemental to the OA showing the occupied space such as you would have on a commercial lease. Is this doable?

A: Yes, additional information can be attached to the OA upon request to your real estate representative.

13. If GSA forces an agency to move and construction is required in the new space, who funds the construction?

A: If GSA or any other agency forces another agency out of their occupancy before the displaced agency's OA expires, then the forcing agency (GSA) would have to pay for the move. All tenant improvement costs are the responsibility of the displaced agency to fund. PDG Section 4.4.

14. Can built-in microwaves and refrigerators be provided by the Lessor if they are funded via an RWA?

A: As part of the TI allowance, the build out for the cabinetry for a microwave or refrigerators can be provided by GSA or the Lessor; however, personal property is the responsibility of the agency to fund. Thus, the RWA is a form of payment that is also used to fund only real property items. PDG Section 2.5.9. and 3.6.9.