Welcome to today’s presentation:

Updates to PBS Space Pricing -
Introducing the Pricing Desk Guide 5th Edition

January 16, 2020

the presentation will start at 1 pm Eastern

Note: Phones are automatically muted during the presentation. You have the ability to send questions to your fellow attendees and our presentation team via your Chat pane. Our team will answer as many of the questions as possible throughout and at the end of the presentation. All questions will be captured, and formal Q&A will be posted with the slide deck and session recording on www.gsa.gov/ces. This session will be recorded.
Updates to PBS Space Pricing - Pricing Desk Guide 5th Edition
January 16, 2020

Presented by:
Carlos Salazar
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Hosted by:
Eric Fulton
National Program Manager
Customer Outreach and Communication
PBS, Office of Portfolio Management and Customer Engagement
Agenda

- Legislative Foundation
- The New Guide, and Where to Find It
- Codifying Policies That Have Been in Practice
- New Policies and Changes in the 5th Edition
- Pricing Network POCs and Resources
- Q&A
Legislative Foundation

- 40 USC § 586
  - “The Administrator of General Services shall impose a charge for furnishing space and services.”
  - “The rates shall approximate commercial charges for comparable space and services.”
Federal Buildings Fund Mechanics

1. Congress appropriates money to Federal Agencies

2. Agencies pay Rent into the Federal Buildings Fund (FBF)

3. Congress gives GSA the authority to spend money from the FBF

4. GSA uses that money to fund different expenses:
   - Repair and Alterations
   - Construction and Acquisition
   - Rental of Space
   - Building Operations
   - Other
Pricing Desk Guide

4th Edition

NEW 5th Edition
Effective Nov 16, 2019
Find the Pricing Desk Guide on GSA.GOV

www.gsa.gov/rentpricingpolicy
Access Your Rent Bill Via Rent on the Web

https://www.pbs-billing.gsa.gov
Pricing Desk Guide 5th Edition

Codifying Policies in Practice
Between the 4th and 5th Editions

- Lease Term Strategy
- OA Signature
- Remeasurement Implications
- Fair Annual Rent & Appraisals
- Tenant Improvement Restoration

- National Operations and Maintenance Specifications
- Paying for Recurring Services in Leased Space
- Forced Move Exceptions
- Free Space in Leases
- Lease Market Surveys
Lease Term Strategy

- Align with leasing guidance

- Obtain lower rental rates by better leveraging GSA’s financial strength and its 20 year lease acquisition authority by entering into longer leases where appropriate

- Reduce the number of lease procurements and the resulting workload burden on regions through the use of longer lease term strategies

- Implement these strategies in a manner that does not result in a material increase in vacant leased space
Fair Annual Rent (FAR) Term (owned)

• FAR - the rent established by competition in the open market, inclusive of services except security

• Transitioning from 5 year to 10 year FAR rates

• Provide market advantages of longer term occupancy

• Customers keep release of space rights

Avg Rent Over 10 Yr

Lease Term (years)
Courthouse Pricing (owned)

- New courthouses no longer priced via Return On Investment (ROI) methodology

- Existing ROI priced courthouses will transition to FAR appraisal based pricing methodology for shell rent

- Operating rate based on actual cost
Spatial Data Changes (owned)

- Eliminate minor square foot changes in OA due to SDM initiated space changes

- GSA only makes changes to a customer’s rent bill due to SDM maintenance 50 USF or greater

- Valid space release always accepted
Release of Space

- [space.release@gsa.gov](mailto:space.release@gsa.gov) for all release of space requests

- Federally owned space no longer restricted to 16 month occupancy requirement, just 4 months

- Parking spaces or antennas, whether leased or federally owned, released upon notification
National Specification for Fed Bldg

- National custodial and O&M specifications are posted on [GSA.gov](http://GSA.gov)
- Customers can see what level of service are expected from our contractors
- Specifications are performance based
- National specifications provide consistency
Federal Building Failure Restoration

• The finishes funded by Tenant Improvement (TI) damaged by a building system failure may be replaced or restored by GSA up to the TI allowance

• Equipment and personal property not covered due to interdepartmental waiver rule
Furniture and IT (FIT) Program

- Finances furniture and IT for the customer workplace.
- Supplemental OA outlines charges
- FAS fee
- No PBS fee or interest rate for the amortization
Forced Move

• If PBS provides 3 years’ written notice for either a Disposal or Prospectus Project, we will not be considered a forcing agency

• Standard OA clause

• In cases where there is uncertainty, PBS will use year-to-year extensions or an OA clause explaining the potential need for relocation
Lease Market Survey

- The PBS fee covers a single market survey
- Customer responsible for scheduling all necessary personnel to attend
- PBS can determine if additional surveys are necessary due to lack of competition or change in agency requirements
Free Space in Leases

• Free space cannot be accepted if it exceeds maximum square footage specified in Prospectus or Congressional Committee resolution

• Absolutely no exceptions!
Recurring Services in Leases

- Recurring services, such as overtime utilities, to fulfill a mission needs in leased space can be paid as part of the operating rent

- This arrangement reduces the need for RWAs, lowering administrative burden and cost for our customers

- See full details and lease language in Leasing Alert LA-FY18-07
OA Signatures

- Refined OA signature requirements
  - Limit requests to value added activities
## OA Signatures in Leases

Table 2-2. OA Signature Guide for New and Continuing Requirements

<table>
<thead>
<tr>
<th>New Requirement</th>
<th>OA Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial occupancy (including expansion)</td>
<td>Signature required.</td>
</tr>
<tr>
<td>Backfill occupancy</td>
<td>Signature required.</td>
</tr>
<tr>
<td>Amortization of TI</td>
<td>Signature required.</td>
</tr>
<tr>
<td>Parking only OA</td>
<td>Signature required for initial requirement.</td>
</tr>
</tbody>
</table>
## OA Signature in Leases
continued

<table>
<thead>
<tr>
<th>Continuing Requirement</th>
<th>OA Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease extension with no increase in square footage or annual rent (excluding scheduled CPI adjustments)</td>
<td>Signature NOT required.</td>
</tr>
<tr>
<td>Lease extension with an increase in square footage or annual rent (excluding scheduled CPI adjustments)</td>
<td>Signature required. GSA may act without signature to protect the government’s financial interests.</td>
</tr>
</tbody>
</table>
## OA Signatures in Owned Space

### Table 3-2. OA Signature Guide for New and Continuing Requirements

<table>
<thead>
<tr>
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<tr>
<th>Continuing Requirement</th>
<th>OA Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing occupancy</td>
<td>Signature NOT required.</td>
</tr>
<tr>
<td>Forced move</td>
<td>Signature required. GSA may act without OA signature to protect the government’s financial interests. Refer to section 4.3.</td>
</tr>
</tbody>
</table>
## OA Signatures in Owned Space (continued)

### Table 3-3. OA Signature and Notification Guide for Rent and OA Changes

<table>
<thead>
<tr>
<th>Changes</th>
<th>OA Signature / Notification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Square footage increases (excluding space assignment errors)</td>
<td>Signature required.</td>
</tr>
<tr>
<td>OA term changes (number of months)</td>
<td>Signature required.</td>
</tr>
<tr>
<td>Shell or base operating rate resets</td>
<td>OA not sent, notice letter only.</td>
</tr>
<tr>
<td>Principal balance of amortized TI increases</td>
<td>Signature required.</td>
</tr>
<tr>
<td>Changes to joint use amenities</td>
<td>OA not sent, notice letter only.</td>
</tr>
<tr>
<td>Number of parking spaces</td>
<td>OA not sent, notice letter only.</td>
</tr>
<tr>
<td>Number of antennas</td>
<td>OA not sent, notice letter only.</td>
</tr>
<tr>
<td><strong>BSAC security features added</strong></td>
<td>Signature NOT required, instead approval by the FSC. Refer to section 3.10.2.B.</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Billing adjustments (excluding recurring reimbursable billing adjustments)</strong></td>
<td>No notification sent.</td>
</tr>
<tr>
<td><strong>Space assignment errors</strong></td>
<td>Signature NOT required. GSA only updates OA if change is 50 USF or greater. Time to budget provided for change to annual rent. Refer to section 3.4.4.</td>
</tr>
<tr>
<td><strong>Error correction</strong></td>
<td>Signature required. GSA may act without signature after documented attempts to acquire it.</td>
</tr>
<tr>
<td><strong>Release of space</strong></td>
<td>Written notice of release is required. Refer to section 5.3.</td>
</tr>
<tr>
<td><strong>Furniture and IT (FIT) charges</strong></td>
<td>Signature required on supplemental OA.</td>
</tr>
</tbody>
</table>
New Policies and Changes in the 5th Edition

- Increase in the General Allowance
- Design Intent Drawings
- Vacant Space Discounts
- Warehouse Definition
- Phased Projects

- Customer-Funded Building Shell Work
- Asbestos Abatement
- Building Shell - Electrical and Lighting
Design Intent Drawings

• DIDs are typically included in the shell requirements for leases as part of the shell rent

• Option for DID workshop or government provided

• PDG references [DID Review Guide](#) to enhance definition

• Level 1 DID elements provided as part of standard rent. Level 2 DID elements typically require reimbursement.
Billing Adjustments

• Billing adjustments must be made for the current and one prior fiscal year, regardless of amount.

• GSA also must make billing adjustments earlier than the prior fiscal year that exceed $1,000 for an individual OA.
Building Shell Definition for Warehouses

- Distinct building shell definition
- Matches warehouse lease model
- No ceiling
- Minimal lighting
- No Air Conditioning
Building Shell

- Lighting - one fixture per 80 USF
- Lighting controls with ambient lighting adjusted per daylight availability, occupancy, vacancy, or other building automation system signals
- Use F-number values for floor flatness and levelness
- Electrical power is 4 watts per USF, excluding lighting and HVAC
Customer Agency Funded Shell (owned)

- Used in cases where timely funded of shell elements is impractical and customer mission need

- PBS may accept lump-sum payments for shell elements

- PBS determines appropriate rent consideration to be provided after substantial completion
Haz Mat Abatement (owned)

- Asbestos Containing Material (ACM) and lead paint abatement are considered building shell expenses

**Note:** For a tenant driven alteration funded via RWA, it is often impractical for GSA to obtain timely funding for abatement. Consequently abatement is typically funded via RWA and GSA provides Rent consideration after substantial completion. Refer to note in 3.6.10.C.
Phased Projects

- TI allowance allocated among each phase of project
- Avoids completely depleting TI allowance before later phase commences
- If work is moved among phases, TI allowance can be re-allocated accordingly
Substantial Increase in the General Allowance

4th Edition
- $38.95 / USF
- Study every 5 years
- Open office

- Increase in purchasing power
- Applicable to new projects and existing projects in acquisition planning / pre-solicitation phase

5th Edition
- $49.13 / USF
- Annual adjustment
- Open office
PDG 5th Edition Summary

● Evolutionary, not revolutionary

● Up to date policies

● Simpler
  ○ OA signature requirements
  ○ Recurring services in leases

● Increased General Allowance
National Pricing Network POCs

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Questions?

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Upcoming CES Presentations

**eRETA Advanced**

*Thursday, January 23rd 2020  1pm-2:30pm Eastern  Register Now!*

(advise attending “eRETA Overview” and prior to attending this session)

**eRETA Digest**

*Tuesday, February 11th 2020 1pm-2:30pm Eastern  Register Now!*

(consolidated highlights of our “Overview” and “Advanced” sessions)

**PBS Boosts Procurement Efficiency With New Lease Offer Platform**

*Thursday, February 20th 2020 2pm-3pm Eastern  Register Now!*

Watch us on [YouTube](https://www.youtube.com)

*Bookmark and binge watch all your favorite CES sessions*

[www.gsa.gov/ces](http://www.gsa.gov/ces)

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