

Client Enrichment Series (CES) Leasing Basic Training – Q & A



Topic: Leasing Basic Training

Date: 4/20/17

Link to Series Information: www.gsa.gov/ces

1) Why do all OAs say “Draft?”

Answer: Occupancy Agreements (OAs) have four different statuses: draft, signed, final, and closed. Draft OAs require customer signature; signed OAs are OAs signed by the customer; final OAs are billing OAs; closed OAs are OAs that have expired or been terminated. During a project, GSA transmits Draft OAs to customers; this is why you frequently see “Draft” OA. GSA sends courtesy copies of final, billing OAs to client agencies. They do not require signature.

2) How can a customer confirm that the Tenant Improvement (TI) amount in an OA is correct?

Answer: The TI amount stated in the Request for Lease Proposals (RLP) should be the same allowance documented in your OA.

3) When asking for a lease delegation, how many of these leasing steps need to be completed before GSA grants a customer the delegation?

Answer: The GREX application process will lead you through this process. The core of the application requires an agency to submit a signed Acquisition Plan along with key supporting information such as market data, the delineated area, a Justification if needed, etc.

4) How does the Automated Advanced Acquisition Program (AAP) process fit into this?

Answer: AAP is an online offer portal and procurement process that enables Lessors to offer leased building space to the Federal Government. GSA has issued a Request for Lease Proposals (RLP) into the AAP platform that can satisfy general Federal government lease requirements. Lessors respond to this RLP when they have space that can satisfy the requirement. Once a requirement is received from a client agency, the GSA project team will determine whether it is a good candidate for running through the AAP application. GSA will evaluate the offers submitted in the AAP database.. Offers that meet the agency's requirements (e.g., delineated area, square footage, and other specific requirements) are ranked by net present value and the lowest priced offer is identified as the apparent successful offeror. If the identified offer passes the due diligence space review and is determined to meet all the agency's specific requirements,

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an award is made to that offeror. For more information about AAAP, go to the website at <https://lop.gsa.gov/>

5) How long does GSA provide the potential offeror to respond to an RLP?

Answer: Per our regulations under GSAM, offerors must be allowed a minimum of 20 calendar days to respond to a solicitation, except for simplified lease actions or those involving urgent or compelling circumstances.

6) At the end of a customer's lease term, does GSA evaluate move and construction costs for customer agencies?

Answer: Yes. When deciding whether to pursue a competitive lease action or a sole source succeeding lease, GSA performs a cost benefit analysis which includes anticipated Tenant Improvement construction and relocation costs.

7) When will the tenant agency be informed of the TI costs and 2) if the cost exceeds the agency's budget, can the OA be cancelled without penalty?

Answer: Per GSA's [Pricing Policy](#), an agency may cancel their OA at any time prior to lease award without penalty. Once a lease has been awarded, an agency may cancel its OA by giving 4 months notice but has an obligation to pay for 16 months of rent plus any unamortized TI balance. For non-cancelable OAs, tenant agencies may vacate and return space to PBS; however, they must continue to pay Rent, including operating costs, the annual amortized cost for TIs, joint use charges, security, and the PBS fee (if the space is leased). These charges are removed only if (1) PBS finds a backfill tenant [and then only to the extent to which the backfill tenant agency's Rent (not including TIs) covers the total Rent obligation of the vacating agency] or (2) PBS is able to terminate the vacated portion of space from the lease. During the vacancy period, it may be possible to reduce Rent for operating expenses. PBS will actively seek a backfill tenant for the vacant space to mitigate the tenant agency's Rent losses.

8) Why are Rent on the Web bills sometimes different than the costs reflected in OAs?

Answer: Costs reflected on final, billing OAs are the same as the costs reflected on Rent on the Web. OAs that are signed are not final, and therefore may not reflect the final, billable costs. For example, if the customer agency incurred less TI costs than what is reflected on the signed OA, the draft (signed) OA will not match rent on the web. Moreover, GSA updates OAs for administration changes such as annual operating cost escalations and does not send customer agencies the updated OAs that reflect these changes. for

9) Does TI cover space release and/or forced reductions?

Answer: , Agencies are required to fund their own relocation and build out expenses. The only exceptions are emergency relocations due to disasters or crises and forced moves (See sections

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4.3, 4.4 and 9.3 of the [Pricing Desk Guide](#)). When one tenant agency forces another tenant agency to move before its OA expiration, the forcing agency is responsible for these costs:

To the relocated agency:

- The undepreciated value of any lump-sum payment (through rent or reimbursable work authorization (RWA)) that the displaced agency made for initial TI, alterations during tenant agency occupancy in the affected space, and tenant agency-specific security.
- The cost of its relocation, including the physical move, move coordination and relocation, and installation of telecommunications and information technology equipment.

To PBS:

- The remaining principal balance on any TI being amortized in the displaced agency's rent that the forcing agency does not plan to use. PBS allows a forcing agency to amortize the remaining principal on the displaced agency's TI only if the forcing agency will use these TI.

Any increase in the displaced agency's overall rent at its new location, except for any difference in amortized TI, until the displaced agency has time to budget through the rent estimate cycle. The changes may involve shell rent, operating expenses, joint use charges, the PBS fee, or BSAC. The forcing agency is not required to pay for the displaced agency's TI at the new location.

10) How can we verify that TI costs and remaining balances are accurate and up to date?

Answer: Any questions regarding your OA bill, including tenant improvement rent and balances, should be referred to the GSA contact listed on your bill.

11) Why will GSA require the RWA on their IGE before the contractor's bid is received by the lessor?

Answer: The time limited appropriations that most of GSA PBS's customer agencies receive are available only for bona fide needs that arise during those funds' period of availability (31 U.S.C. § 1502(a)). In the case of a lease, the customer agency's bona fide need for above standard TI arises when that agency requests that PBS enter into a contract that includes above standard TI. Therefore, GSA PBS needs to confirm whether the TI will exceed the agency's authorized tier and obtain the RWA funding prior lease award, and not at the time of receiving the bid from the lessor's general contractor. It doesn't matter that the space containing the above standard TI may not be delivered by the lessor until a future FY; rather, what's relevant is the customer agency's request to PBS in furtherance of its bona fide need for built out space and then PBS's action to reobligate the customer agency's funds within a reasonable time.

12) If the Agency does not review the Project Documents and mistakes are made who pays to get the items that were missed?

Answer: There is no one, correct answer to this question. It would depend upon the mistake, what it entailed and who made the mistake. If an agency failed to submit their full requirements and a change order was needed, GSA would look to the tenant agency to fund the change order.

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13) How does GSA change the firm and soft term of a lease after it is awarded ?

Answer: GSA does not change the firm or soft term of an awarded lease. However, once the space has been determined to be substantially complete, GSA establishes the lease term effective date via Lease Amendment.

14) If flaws (e.g. man-trap doors do not close properly) are identified after space acceptance, who is responsible for the repairs?

Answer: Per current lease language: "Acceptance shall be final and binding upon the Government with respect to conformance of the completed tenant improvements to the approved DIDs, with the exception of items identified on a punch list generated as a result of the inspection, concealed conditions, latent defects, or fraud, but shall not relieve the Lessor of any other Lease requirements." Assuming that the issue was not evident during the inspection, but is instead the result of a concealed condition or latent defect, the Lessor would be responsible for repairs.

Q15) ACM (asbestos containing material) was discovered in our Federal Building. Is GSA, as lessor, responsible for all associated costs to Agencies (containment, etc) during the course of our OA, when we decide to modify space, etc.?

Answer: GSA is responsible for asbestos costs (abatement, containment, disposal, etc) on any GSA initiated remodeling project in a GSA-owned and operated Federal building. Tenant agencies are responsible for such costs when such projects are requested and funded by the agency.

For example, a First Impressions modernization of a Federal building lobby that requires some asbestos removal would include the asbestos work in the GSA funding since the project is solely a GSA project. However, a judge requesting and funding a project to renovate their chambers would be required to include asbestos costs in their funding, if the asbestos work is needed to complete the chambers remodel work.

16) Is AAAP mandatory or can an agency refuse the space?

Answer: AAAP is one of several methods or tools that GSA uses to procure leased space on behalf of our client agencies. Its use is not "mandatory," although regions are encouraged to use it for projects where it is well suited. The decision about whether or not to use AAAP resides at the GSA project-team level.

17) Is this training session being recorded? Is it possible to download a copy of the recorded meeting for future reference?

Answer: Yes, the session was recorded and a closed-captioned version as well as the slide deck and this Q&A document is being prepared for our site: www.gsa.gov/ces

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18) Who confirms what shell items should not be included as part of tenant improvements?

Answer: As part of the TI bidding/negotiation process, GSA will review the documentation submitted by the lessor and his/her contractors/subcontractors to confirm that no shell work is included in the pricing.