



Client Enrichment Series

Welcome to today's presentation on:

Introduction to Leasing

The presentation will start at 2pm 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. Also, as you sign-on please let us know what agency you are from in the chat pane. The presenters 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 prior to the next presentation.

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





Client Enrichment Series

Leasing Basic Training

Hosted by:

James Fotopoulos
Regional Account Manager
GSA PBS, Region 6

Presented by:

Julie Hepp
Senior Realty Specialist, Center For Lease Policy
GSA PBS, National Office of Leasing, GSA

Justin Hawes
Director, Center for Lease Policy
GSA PBS, National Office of Leasing



Agenda



- GSA's mission
- The Lease Process
 - Documents
 - Key client interactions

GSA Mission Statement

- The mission of GSA is to deliver the best value in real estate, acquisition, and technology services to government and the American people.



The Lease Process

Pre-Award

- Requirements Development
- Market survey
- Solicitation
- Negotiations

The Lease Process

Post Award

- Design Phase
 - Design Intent Drawings (DIDs)
 - Construction Drawings (CDs)
- Tenant Improvement (TI) Negotiation
- Construction Phase/ Build-Out
- Acceptance & Occupancy

The Lease Process - Getting to know you

- Project Manager
- Planning Manager
- Leasing Specialist (LS)
- Lease Contracting Officer (LCO)
- Broker



Lease Process - Standard

Requirements Development

- Delineated Area
- Square Footage
- Special Requirements

Solicitation

- RLP Package

Post Award

- DIDs/CDs
- TI negotiation
- Build-out
- Acceptance/Occupancy

Step 1

Step 2

Step 3

Step 4

Step 5

Award

Pre-Solicitation

- Market Survey

Negotiations

- Rate based on TI allowance

Requirements Development

- GSA Planning Manager oversees the requirements development process
- Planning Manager sends tenant agency notice of lease expiration date (usually 3 years out)
- Client Project Agreement (CPA)



Requirements Development

- “Reduce the Footprint” OMB memo
- Interactive process between GSA Planning Manager and you, the agency
 - Confirmation/Clarification on submitted information like special requirements
 - May reference an agency’s Space Allocation Standards and/or Design Guides

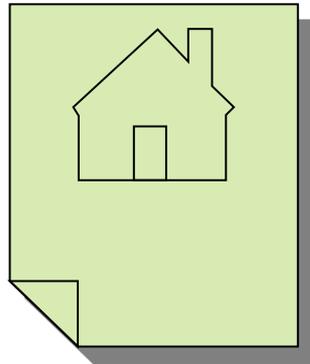


Requirements Development

- Determine Basic Requirements
 - Square Footage
 - Delineated Area
 - Term
- Identify Unique and Special Requirements

Housing Strategy - Where to place you, the agency?

- Available space in federal buildings
- Available vacant space in leased inventory
- Available space in commercial market



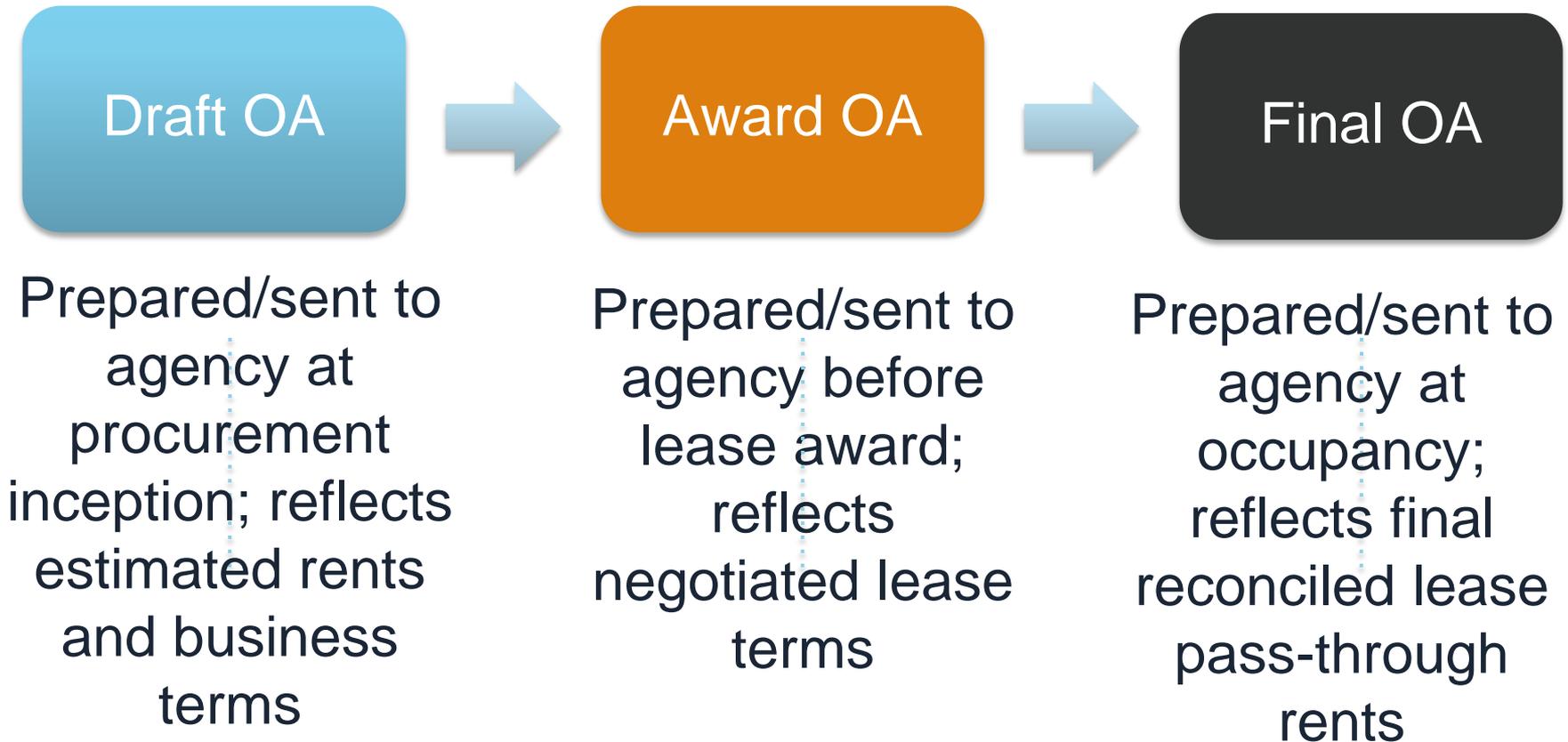
Occupancy Agreement (OA)

- Preliminary agreement between GSA and you, the agency
- Not the same as the lease agreement
 - Lease agreement: landlord+GSA
 - OA: agency+GSA
- Budget tool: preview of customer's rent charges
- Clauses- statement of business terms



AGENCY: Sign OA

Occupancy Agreement (OA)



Lease Process - Standard

Requirements Development

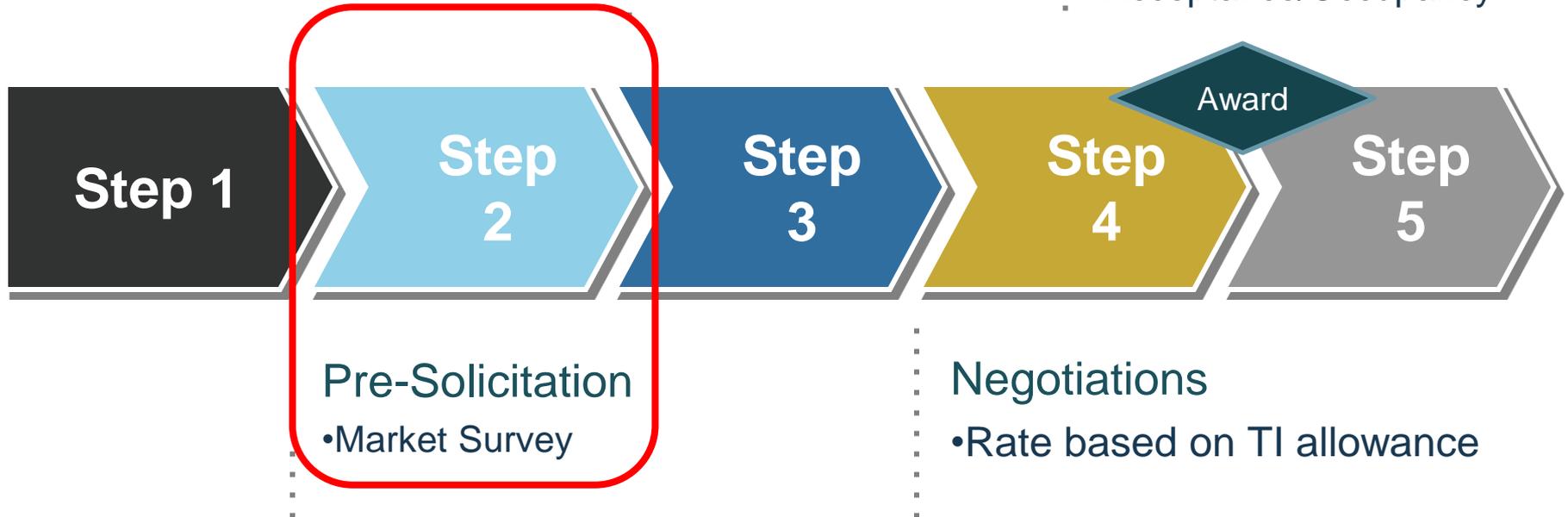
- Delineated Area
- Square Footage
- Special Requirements

Solicitation

- RLP Package

Post Award

- DIDs/CDs
- TI negotiation
- Build-out
- Acceptance/Occupancy



Market Survey

Purpose:

- Identify and tour all potential acceptable properties that can house agency in the delineated area
- Foster competition
- Obtain a sense of market conditions
- Develop negotiation objectives



Market Survey

- Schedule Market Survey: key players
 - Agency representatives
 - GSA Leasing Specialist/Lease Contracting Officer, Broker, Field Office representative
 - Federal Protective Service
- Discuss ground rules



AGENCY: Provide availability

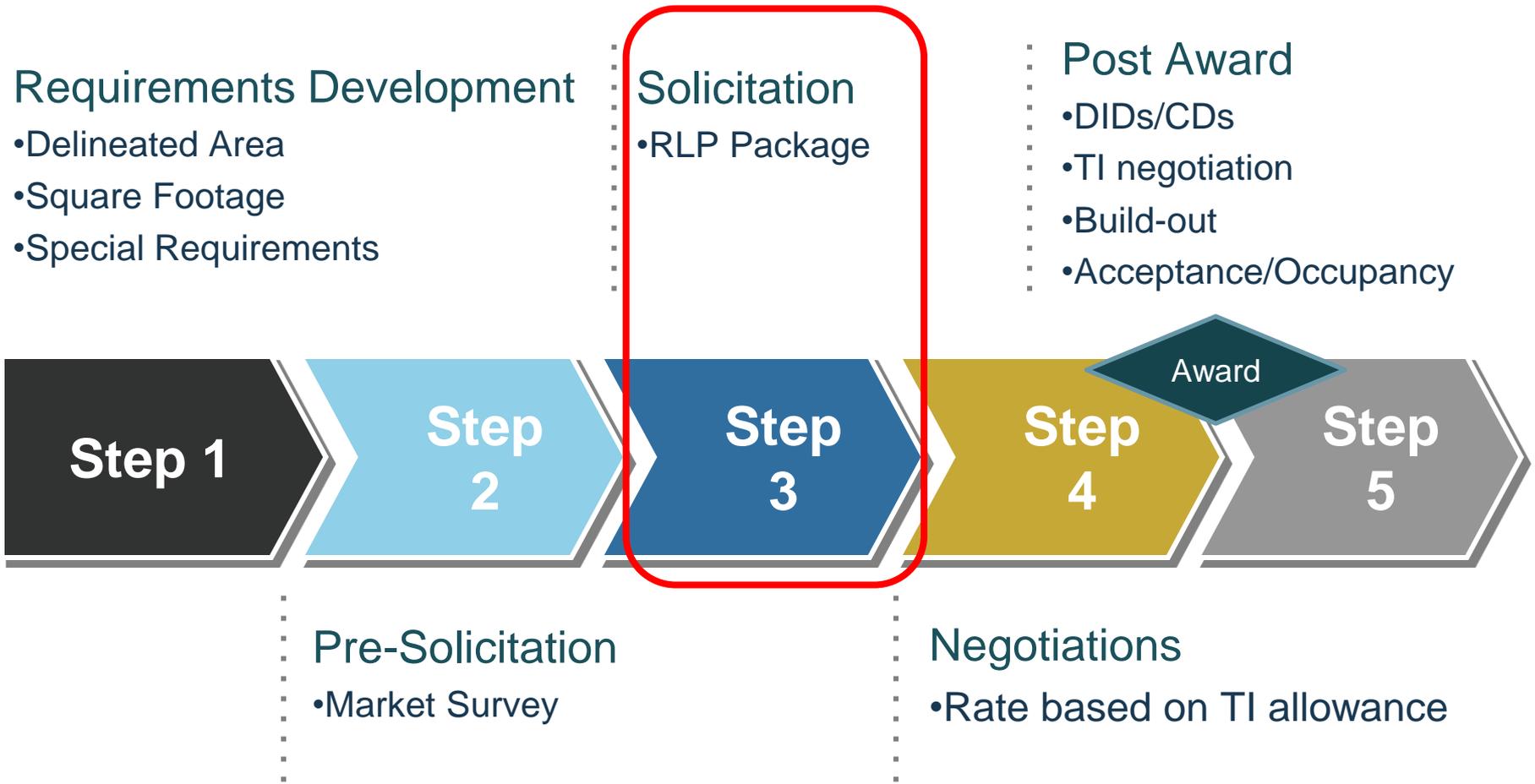
Market Survey

- For each location, reach consensus with agency whether or not building is capable of meeting their requirements
- End result is list of offers/locations to receive solicitation



**AGENCY: Sign Market Survey
Report/Form**

Lease Process - Standard



Request for Lease Proposals (RLP)

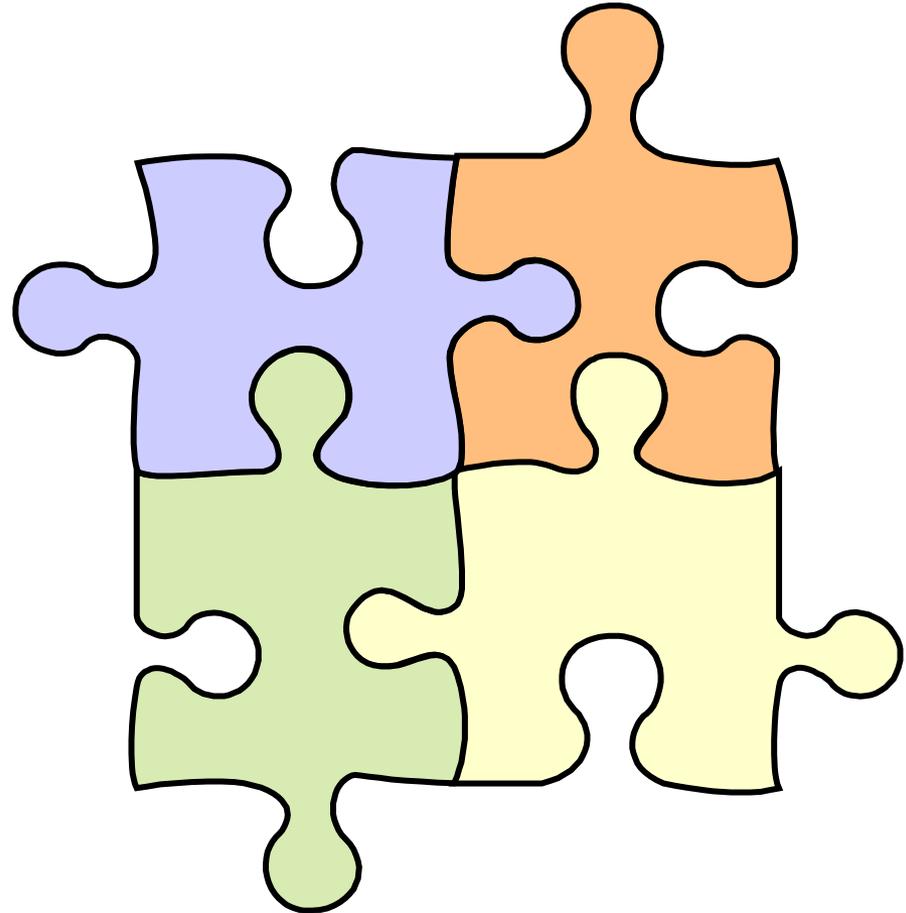
- Performance-based, not prescriptive
- Results in an offer
- Must be issued to all parties with acceptable locations
 - Usually solicit current Lessor
 - Always send copy to agency and field office



AGENCY: Review/Approve RLP package

RLP Package Components

- RLP
- Scope of Work
 - Lease
 - Security specs
 - Special Requirements
- “The Fine Print”
 - Solicitation Provisions
 - General Clauses
- Offer Forms



RLP Package - What to Review

- Start with the “basics”
 - Amount, type of space, parking, lease term, delineated area, TI allowance
- Check out the “Specials”
 - Unique Requirements (go/no-go criteria), security, special requirements
- Review the “Strategy”
 - Sole source vs. competitive
 - Best Value Tradeoff vs. Lowest price

Tenant Improvement Allowance

- Funding source that enables the space to be built out
- Two components
 - General
 - Custom
- Can only be used to pay for items that are real property, or which become real property when attached or affixed to the building
 - Alterations above the TI Allowance or occurring after occupancy are funded by agency via RWA

Questions?

Lease Process - Standard

Requirements Development

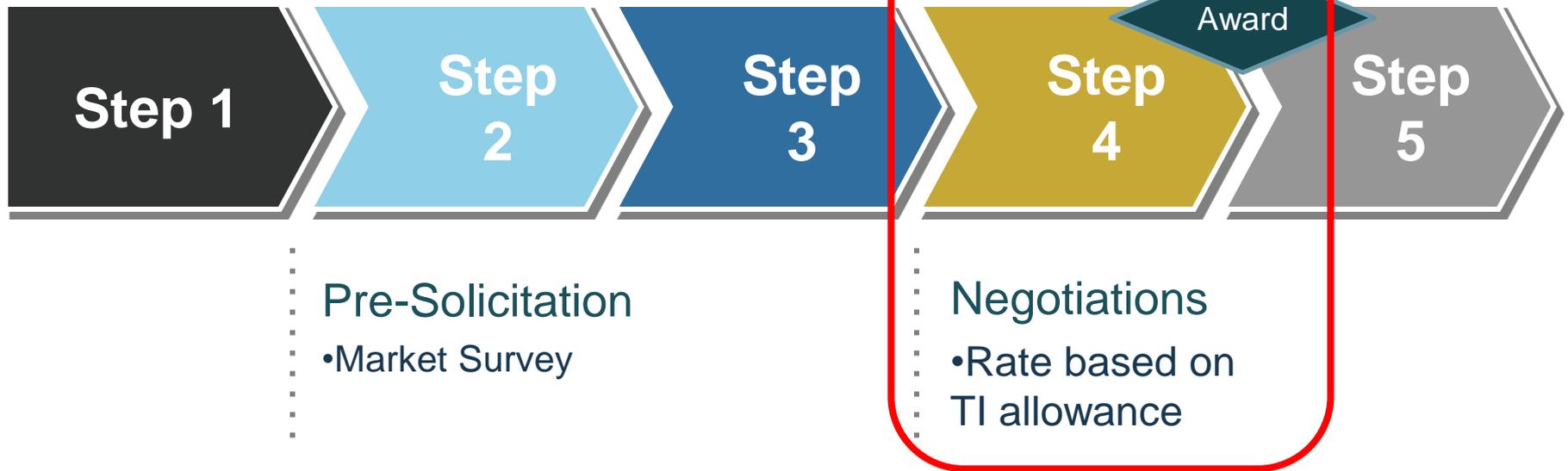
- Delineated Area
- Square Footage
- Special Requirements

Solicitation

- RLP Package

Post Award

- DIDs/CDs
- TI negotiation
- Build-out
- Acceptance/Occupancy



Negotiations

- Evaluate offers solely in accordance with the factors and sub factors stated in the RLP
- Identify deficiencies, inconsistencies, and deviations
- Review elements of the proposed rent to analyze whether individual elements are realistic and reflect offeror's clear understanding of the work to be performed
- Obtain revised offers (as needed)
- Ensure proposed contract price is fair and reasonable

Negotiations - Rent Components

- Shell costs
- Operating costs
- TI amortization rate
- TI overhead fees
- Real estate taxes
- Hourly overtime rate
- Building Specific Amortized Capital
- Parking



Negotiations - Final Proposal Revision (FPR)

- Conclude negotiations with request for Final Proposal Revisions (FPR)
 - No revisions to offer considered after FPR date
- Determine Best Offer
 - Lowest Priced Technically Acceptable Offer
 - Best Value/Tradeoffs

Award

- Send Agency Recommendation Letter and Revised OA to sign and return based upon negotiated terms



AGENCY: Sign OA

- Transmit 2 copies of lease to successful offeror
- Execute lease contracts, return one copy to Lessor
 - Provide copies of lease contract to agency and field office
 - Notify unsuccessful offerors
 - Post award notice in FedBizOpps



Lease Process - Standard

Requirements Development

- Delineated Area
- Square Footage
- Special Requirements

Solicitation

- RLP Package

Post Award

- DIDs/CDs
- TI negotiation
- Build-out
- Acceptance/Occupancy



Design Intent Drawings (DIDs)

- Also known as floor plans, layout, fit-out plans, space plan
- Can be provided by Lessor, Agency, or GSA
- Typically Include:
 - Partitions/Doors/Hardware/Finishes
 - Telephone/Electric outlets/IT/Security
 - Millwork/Specials
 - Generic Furniture layout

Design Intent Drawings (DIDs)

- May have design kickoff meeting to generate
- Consider DID Workshop (best practice)
- Review and Approve
 - GSA and Agency

**AGENCY: Develop or Review DIDs, choose
finish selections**



Construction Documents (CDs)

- Always provided by Lessor's A/E
- Approved DIDs are the baseline
- GSA DOES NOT APPROVE CDs
- Require Architect/Engineer seal for building permits
- Used by Lessor for obtaining construction bids for tenant improvements



May be reviewed by GSA/Agency

Tenant Improvement Negotiations

- “Procurement Within a Procurement”
- Lessor bids out the CDs for TI work only
- Lease requires bids from 2 or more separate General Contractors (GC)
- GSA may prepare Independent Government Estimate (IGE) to compare against bids

Tenant Improvement Negotiations

- Review proposals
- Identify questions, discrepancies, etc.
- Confirm no shell items are included in TI Proposal
- Verify price is fair and reasonable
- If TI Costs exceed the TI Allowance an RWA is required
- Issue Notice to Proceed (NTP) for construction



AGENCY: Provide RWA if needed

Construction Kick-off Meeting

- Include all Parties
 - GSA/Broker
 - Lessor (A/E and GC)
 - Agency
 - Field Office
- Review Roles and Responsibilities
- Establish Communication Protocols
- Review project requirements, submittals and schedule
- Conduct Progress Meetings/Site-Visits/Inspections, as needed



Agency Vendor Coordination



AGENCY: Coordinate with Vendors

- Installation of:
 - Furniture
 - IT
 - Security
 - Telecom
 - Other
- Impact on schedule



Accepting the Space

- Lessor notifies GSA two weeks prior to construction completion for final inspection
- Who attends?
 - Leasing Specialist/Lease Contracting Officer
 - Agency representative (facilities & local)
 - Lessor (A/E & General Contractor)
 - Field Office representative
 - FPS

Accepting the Space

Final Inspection

- Generate Punch List
- Determine substantial completion
- Obtain Certificate of Occupancy
- Reach agreement on space measurement
- Accept Space



AGENCY: Attend and document acceptance via signed GSA Form 1204

Moving Day!

- May request GSA Field Office to coordinate
- GSA Field Office would also take over at this point as the agency's main POC



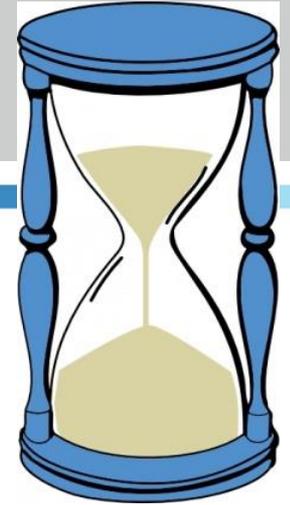
Initiate Rent

- Issue Lease Amendment to establish lease terms (effective date, square footage, annual rent) and commence rent
- Issue Final OA to bill Agency



AGENCY: Sign OA if pricing increases

RECAP



- Timely submittal of Customer requirements
- Hold and confirm customer discussions
- Participate in Market Survey
- Timely reviews, submittals and signatures for OAs
- Review RLP Package prior to distribution
- Timely review or submittal of DIDs
- Participate in Construction meetings as necessary
- Attend Space Acceptance Inspection



Questions?

Thank you for joining us today for a discussion on
Introduction to Leasing

Next session
June 15th - Enhancing Building Environments

www.gsa.gov/ces
ClientEnrichmentSeries@gsa.gov