



Client Enrichment Series

Welcome to today's presentation on:

Succeeding Lease Procurements and the Succeeding Lease Analysis Tool

"Should I Stay Or Should I Go?"

the presentation will start at 1:30 PM

Note: Phones are automatically muted during the presentation. You have the ability to send questions/comments to the attendee community and our presentation team through your Chat pane. They will answer as many of the questions as possible throughout and at the end of the presentation. All questions will be captured, and answers sent to all participants prior to the next presentation.



Client Enrichment Series

Succeeding Lease Procurements and the Succeeding Lease Analysis Tool

“Should I Stay Or Should I Go?”

Hosted by:

Eric Fulton, National Program Manager
Customer Outreach and Communications
PBS Office of Portfolio Management and Customer Engagement



Presented by:

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Center for Lease Policy, Delegations and Contract Administration

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Center for Lease Project Management
PBS Office of Leasing



Objectives

- Define full and open competition
- Provide insight on policies that require “full and open” competition in lease procurements
- Provide insight on exceptions to policy that allow for other than full and open competition
- Explain GSA practices and tools used to support other than full and open competition

Setting the Context - Competition in Leasing

GSA Acquisition Manual (GSAM) 570.104 Competition.

Unless the contracting officer uses the simplified procedures in Subpart 570.2, the competition requirements of FAR Part 6 apply to acquisition of leasehold interests in real property.

In Our Regulatory Environment - The Default is Competition

Federal Acquisition Regulations (FAR) Part 6

6.101 Policy.

(a) 10 U.S.C 2304 and 41 U.S.C. 3301 require, with certain limited exceptions (see subpart 6.2 and 6.3), that contracting officers shall promote and provide for full and open competition in soliciting offers and awarding Government contracts.

(b) Contracting officers shall provide for full and open competition through use of the competitive procedure(s) contained in this subpart that are best suited to the circumstances of the contract action and consistent with the need to fulfill the Government's requirements efficiently (10 U.S.C 2304 and 41 U.S.C. 3301).

Full and Open Competition



“....all responsible sources are permitted to compete”

FAR 2.101 Definition

Why Are We Talking About Competition?

- Required under Competition In Contracting Act (CICA)
- Increases Government's negotiation leverage
 - Less reliance on a single offer
 - Lower rental rates
- Potential for improved space solutions
 - Improved (lower) Utilization Rates (U/Rs)
 - Economic catalyst initiatives

4 Key Elements of Full and Open

1. Sufficient information about requirement is provided to public
2. Intent to procure via full and open is made known to public
3. Requirements are not unduly restrictive of competition
4. All interested parties are invited to compete

Competition Fundamentals

- GSA must advertise without using restrictive or succeeding lease language
- Requirements can not be unduly restrictive
 - Supported by agency mission
 - Consistently applied - not arbitrary
- Request for Lease Proposals (RLP) issued to all interested parties

“Succeeding Lease Procurements”



A succeeding lease secures long- or intermediate-term continuing occupancy at the current premises at the end of a lease term (or the end of an extension) without a break in tenancy. To pursue a succeeding lease, unless the agency has a mission-based reason to stay in place, the Leasing Specialist must investigate the availability of alternative locations; then, if alternative locations are found, the Leasing Specialist must demonstrate the cost advantages of staying in place through a cost-benefit analysis.

[Leasing Desk Guide Chapter 5](#)

Succeeding Lease Authority

- Technically “sole source” or “other than full and open competition” (OTFO) procurements
- OTFO rules under GSAM 570.4 are utilized to pursue a succeeding lease with the incumbent lessor

GSAM 570.4

“(b) ... the contracting officer may enter into the [succeeding] lease under either of the following conditions:

(1) The contracting officer does not identify any potential acceptable locations.

*(2) The contracting officer identifies potential acceptable locations, but a cost-benefit analysis indicates that award to an offeror other than the present lessor **will result in substantial relocation costs or duplication of costs to the Government, and the Government cannot expect to recover such costs through competition.**”*

Succeeding Lease Benefits

- Can save money
- Can save time and effort for government and private industry
- Can reduce project impact on your employees/clients

But..

- Succeeding lease procurements are ***not risk free***

Succeeding Lease Pitfalls

- Incumbent lessor has *less incentive to negotiate*
- OTFO competition lease procurements can *fail*, which then require a *new full and open procurement* which likely require *extensions* and other *temporary lease actions*, taking even *more time and resources...*

Typical OTFO Justifications for Leasing

- FAR 6.302-1: Only one responsible source and no other supplies or services will satisfy agency requirements
 - Mission-based reason to stay in place
 - ***Alternative locations sought***
 - None found, or
 - ***Substantial duplication of costs to the government is not expected to be recovered through competition (cost-benefit analysis)***
- FAR 6.302-2: Unusual or compelling urgency

Who Makes the Decision?

- Your Role as the Customer
 - Provide requirements
 - Provide feedback on current location
 - Lessor past performance
 - Required space improvements
 - Provide actual buildout cost information if available
- GSA's Lease Contracting Officer (LCO) controls the procurement strategy

How is This Decision Made?

- Substantial duplication of cost not expected to be recovered through competition is documented via a cost benefit analysis (CBA)
- GSA uses a new tool that builds this CBA in two phases
 - Rough Order Of Magnitude (ROM)
 - Formal Cost Benefit Analysis

Succeeding / Superseding Lease Tool

- A tool used by GSA early in a project to complete a ROM CBA to help the LCO determine whether an OTFO competition is appropriate.
- Also used to conduct a formal CBA that serves as the basis of a justification for OTFO competition

Usage of Tool - Creating a Rough Order of Magnitude Cost Benefit Analysis

ROM CBA

- Enables a planning manager or lease project team member to run a quick ROM analysis to roughly determine whether pursuit of a succeeding lease is worthwhile. Calculates total contract costs for the current location and an alternate location.

Formal CBA

- Analyzes based on informational quotes from incumbent and lowest priced alternative and detailed, defensible estimates for TIs. Resulting CBA is intended to support the JOTFOC. (see LDG Ch. 5)

Other Considerations

- A checklist of qualitative items that should be analyzed when we are considering a succeeding lease.

Rough Order of Magnitude Cost Benefit Analysis

Version: 1Q2019

Current Lease Data

| Lease Number | Street Address | City | State | Current Lease USF | Current Lease RSF | Lease Effective Date | Lease Expiration Date | Lease Termination Rights Date |
|--------------|----------------|-----------|-------|-------------------|-------------------|----------------------|-----------------------|-------------------------------|
| LCA02355 | 550 W C ST | SAN DIEGO | CA | 9,716 | 11,373 | 5/17/2010 | 5/16/2020 | 5/16/2018 |

Current Location

| | | | |
|--|-----------|----------------------|------------------------|
| Current Location | | | |
| Anticipated Square Footage (ABOA SF) | | | 10,000 |
| AB Code | | | 4800 |
| Agency Name | MISC COMM | | |
| Custom TI Tier | 1 | Custom TI % Increase | 10% |
| Map It! | | | |
| Reis Market | San Diego | Asking Rate per RSF | Effective Rate per RSF |
| Reis Submarket | Downtown | \$ 35.49 | \$ 28.45 |
| Reis Rate | | \$ 35.49 | |
| CBRE Market | San Diego | Asking Rate per RSF | Effective Rate per RSF |
| CBRE Submarket | Downtown | \$ 34.22 | \$ 30.17 |
| CBRE Rate | | \$ 34.22 | |
| Expected Full Service Asking Rate for Succeeding Lease | | \$ 34.86 | |
| <small>*Rental payment calculations use Average Asking rates; Effective Rates are provided for information only.</small> | | | |

Alternate Location Based on Market Data

| | | | |
|---|----------------|---------------------|------------------------|
| Market Average based on REIS and CBRE Data | | | |
| Anticipated Square Footage (ABOA SF) | | | 10,000 |
| Map It! | | | |
| Reis Market | San Diego | Asking Rate per RSF | Effective Rate per RSF |
| Reis Submarket | Downtown | \$ 35.49 | \$ 28.45 |
| Reis Submarket (Optional) | La Jolla | \$ 39.32 | \$ 33.06 |
| Reis Submarket (Optional) | Mission Valley | \$ 29.68 | \$ 24.25 |
| Reis Averages | | \$ 35.51 | \$ 28.71 |
| CBRE Market | San Diego | Asking Rate per RSF | Effective Rate per RSF |
| CBRE Submarket | Downtown | \$ 34.22 | \$ 30.17 |
| CBRE Submarket (Optional) | La Jolla | \$ 39.92 | \$ 35.72 |
| CBRE Submarket (Optional) | Escondido | \$ 27.94 | \$ 22.13 |
| CBRE Averages | | \$ 34.03 | \$ 29.34 |
| Market Average | | \$ 34.77 | |

Tenant Improvements for Current Location

| | | |
|--|-------------------------|-------------------------------|
| Local Construction Index (LCI)- State | California | |
| LCI- City | SAN DIEGO | |
| LCI Adjustment to TI | 1.10 | |
| | Yes (Y) / No (N) | Cost* |
| New Phone system | N | \$0 |
| Carpet (broadloom) | 0% N | \$0 |
| Carpet (tile) | 90% Y | \$53,856 |
| VCT | 10% Y | \$4,620 |
| Remove Carpet with System Furniture in place | Y | \$27,500 |
| Vinyl Wall Base | Y | \$7,392 |
| Paint | Y | \$26,928 |
| Vinyl Wallcovering | N | \$0 |
| Space Planning | N | \$0 |
| Programming | N | \$0 |
| Government DID's | N | \$0 |
| Floor to Floor Furniture & Systems Move | N | \$0 |
| Known Unique TI Costs | | Enter Actual Cost (\$) |
| (Optional BSAC) | | \$0 |
| (Optional) | | \$0 |
| (Optional) | | \$0 |
| (Optional) | | \$0 |

Tenant Improvements for Alternate Location

| | | |
|--|-------------------------|--------------------------------|
| Local Construction Index (LCI)- State | California | |
| LCI- City | SAN DIEGO | |
| LCI Adjustment to TI | 1.10 | |
| Agency TI cost per foot (National Average) | \$80 | \$880,000 |
| Known Unique TI Costs | | Enter Actual Cost (\$) |
| (Optional BSAC) | | \$0 |
| (Optional) | | \$0 |
| (Optional) | | \$0 |
| (Optional) | | \$0 |
| Total ROM TI Cost | | \$880,000 |
| E. Move Costs | Yes (Y) / No (N) | Cost* |
| Building to Building Furniture & Systems Move | N | \$0 |
| Floor to Floor Furniture & Systems Move | N | \$0 |
| Building to Building telephone systems move | Y | \$46,200 |
| Known Unique Move or Personal Property Costs (Lump Sum) | | Enter Actual Costs (\$) |
| Furniture Disposal | | \$25,000 |
| New Furniture | | \$150,000 |
| (Optional) | | \$0 |
| (Optional) | | \$0 |

Current Lease Data

Alternate Location Based on Market Data

Current Location

Current Location
 Anticipated Square Footage (ABOA SF)
 AB Code
 Agency Name
 Custom TI Tier
[Map It!](#)
 Reis Market
 Reis Submarket
Reis Rate
 CBRE Market
 CBRE Submarket
CBRE Rate
 Expected Full Service Asking Rate for Succeeding Lease
 *Rental payment calculations use Average Asking rates; Effective Rates are provided

Market Average based on REIS and CBRE Data

Anticipated Square Footage (ABOA SF)

[Map It!](#)

Reis Market
 Reis Submarket
 Reis Submarket (Optional)
 Reis Submarket (Optional)

| | Asking Rate per RSF | Effective Rate per RSF |
|----------------|---------------------|------------------------|
| San Diego | | |
| Downtown | \$ 35.49 | \$ 28.45 |
| La Jolla | \$ 39.32 | \$ 33.06 |
| Mission Valley | \$ 29.68 | \$ 24.25 |

Reis Averages

CBRE Market
 CBRE Submarket
 CBRE Submarket (Optional)
 CBRE Submarket (Optional)

CBRE Averages

Market Average

Tenant Improvements for Alternate Location

| | California | SAN DIEGO |
|--|------------|-----------|
| Local Construction Index (LCI)- State | | |
| LCI- City | | |
| LCI Adjustment to TI | 1.10 | |
| Agency TI cost per foot (National Average) | \$80 | \$880,000 |

| Known Unique TI Costs | Enter Actual Cost (\$) |
|--------------------------|------------------------|
| (Optional BSAC) | \$0 |
| (Optional) | \$0 |
| (Optional) | \$0 |
| (Optional) | \$0 |
| Total ROM TI Cost | \$880,000 |

| | | |
|--|-----|---|
| New Phone system | | N |
| Carpet (broadloom) | 0% | N |
| Carpet (tile) | 90% | Y |
| VCT | 10% | Y |
| Remove Carpet with System Furniture in place | | Y |
| Vinyl Wall Base | | Y |
| Paint | | Y |
| Vinyl Wallcovering | | N |
| Space Planning | | N |
| Programing | | N |
| Government DID's | | N |
| Floor to Floor Furniture & Systems Move | | N |

| E. Move Costs | Yes (Y) / No (N) | Cost* |
|---|------------------|----------|
| Building to Building Furniture & Systems Move | N | \$0 |
| Floor to Floor Furniture & Systems Move | N | \$0 |
| Building to Building telephone systems move | Y | \$46,200 |

| Known Unique TI Costs | Enter Actual Costs (\$) |
|---|-------------------------|
| (Optional BSAC) | \$25,000 |
| (Optional) | \$150,000 |
| (Optional) | \$0 |
| (Optional) | \$0 |
| Total ROM TI Cost for Current Location | \$221,200 |

| Known Unique Move or Personal Property Costs (Lump Sum) | Enter Actual Costs (\$) |
|---|-------------------------|
| Furniture Disposal | \$25,000 |
| New Furniture | \$150,000 |
| (Optional) | \$0 |
| (Optional) | \$0 |
| Total ROM Move Cost for Alternate Location | \$221,200 |

Rates & Data Factors

| | |
|------------------------------|-----------|
| Amortization Rate (TI) | 8.00% |
| Common Area Factor | 1.15 |
| Lease Term (years) | 15 |
| Estimated TI Buildout Costs | \$120,296 |
| Amount to be Amortized | \$120,296 |
| TI Amortization Term (years) | 10 |
| Lump Sum TI Amount | \$0 |

Rates & Data Factors

| | |
|------------------------------|-----------|
| Amortization Rate (TI) | 8.00% |
| Common Area Factor | 1.15 |
| Lease Term (years) | 15 |
| Estimated TI Buildout Costs | \$880,000 |
| Amount to be Amortized | \$471,295 |
| TI Amortization Term (years) | 10 |
| Lump Sum TI Amount | \$408,705 |

Current Location - ROM

| | |
|---|--------------------|
| Total of Rent Payments Over Term (Excluding TI) | \$6,012,488 |
| Total of TI Amortization Payments Over Term | \$175,143 |
| Lump Sum Portion of TI | \$0 |
| Aggregate Total Project Cost | \$6,187,630 |

Alternate Location Based on Market Data - ROM

| | |
|---|--------------------|
| Total of Rent Payments Over Term (Excluding TI) | \$5,997,610 |
| Total of TI Amortization Payments Over Term | \$686,173 |
| Lump Sum Portion of TI | \$408,705 |
| Total Move Cost | \$221,200 |
| Aggregate Total Project Cost | \$7,313,688 |

Anticipated Succeeding Lease Savings:

\$1,126,058

15%

Note: GSA's default position for all lease procurements is Full and Open Competition. Procurements using Other Than Full and Open Competition should be only pursued only when comparatively significant savings are shown, as outlined under GSAM 570.104 and FAR 6.302-1(a)(2)(ii)(A) ["Substantial duplication of cost to the Government that is not expected to be recovered through competition."]. While there is no established standard or hurdle rate for the level of anticipated cost savings required, a minimum figure of 20% is a good indicator for project teams to use when working with client agencies in outlining preliminary procurement strategies. Project teams, in consultation with the LCO, should also take into consideration other factors such as mission requirements, location policy, anticipated competition, existing space conditions, past performance, and similar due diligence information before finalizing any lease procurement strategies.

Rates & Data Factors

| | |
|------------------------|-------|
| Amortization Rate (TI) | 8.00% |
|------------------------|-------|

Rates & Data Factors

| | |
|------------------------|-------|
| Amortization Rate (TI) | 8.00% |
|------------------------|-------|

Rates & Data Factors

| | |
|------------------------------|-----------|
| Amortization Rate (TI) | 8.00% |
| Common Area Factor | 1.15 |
| Lease Term (years) | 15 |
| Estimated TI Buildout Costs | \$880,000 |
| Amount to be Amortized | \$471,295 |
| TI Amortization Term (years) | 10 |
| Lump Sum TI Amount | \$408,705 |

Anticipated Succeeding Lease Savings:

\$1,126,058

15%

Note: GSA's default position for all lease procurements is Full and Open Competition. Procurements using Other Than Full and Open Competition should be only pursued only when comparatively significant savings are shown, as outlined under GSAM 570.104 and FAR 6.302-1(a)(2)(ii)(A) ["Substantial duplication of cost to the Government that is not expected to be recovered through competition."]. While there is no established standard or hurdle rate for the level of anticipated cost savings required, a minimum figure of 20% is a good indicator for project teams to use when working with client agencies in outlining preliminary procurement strategies. Project teams, in consultation with the LCO, should also take into consideration other factors such as mission requirements, location policy, anticipated competition, existing space conditions, past performance, and similar due diligence information before finalizing any lease procurement strategies.

Usage of Tool - Creating a Formal Cost Benefit Analysis

ROM CBA

- Enables a planning manager or lease project team member to run a quick ROM analysis to roughly determine whether pursuit of a succeeding lease is worthwhile. Calculates total contract costs for the current location and an alternate location.

Formal CBA

- Analyzes based on informational quotes from incumbent and lowest priced alternative and detailed, defensible estimates for TIs. Resulting CBA is intended to support the JOTFOC. (see LDG Ch. 5)

Other Considerations

- A checklist of qualitative items that should be analyzed when we are considering a succeeding lease.

Formal Cost Benefit Analysis

| Project Number | Agency | Date Prepared | City | State |
|----------------|--------------------------|---------------|-------------|-------|
| 1AW1234 | Department of Government | 1/1/2000 | Fightertown | USA |

Version: 10/2019

| Current Location | | |
|--|------------------------------|------|
| Address | 102 N. Pacific | |
| Square Footage (ABDA SF) | 10,000 | |
| Common Area Factor | 1.15 | |
| RSF | 11,500 | |
| Total Term (Years) | 15 | |
| Total Contract Shell (from table) | \$3,622,500.00 | |
| Operating Rate Escalation | 2.50% | |
| Total Contract Operating (from table) | \$1,649,737.25 | |
| Total Contract Parking Cost | \$0.00 | |
| Total Rental Payments over Term | \$5,272,237.25 | |
| Annual Rent Input Table | | |
| Annual Shell Rent Rate (pRSF) | Annual Operating Rate (pRSF) | Year |
| \$21.00 | \$8.00 | 1 |
| \$21.00 | \$8.20 | 2 |
| \$21.00 | \$8.41 | 3 |
| \$21.00 | \$8.62 | 4 |
| \$21.00 | \$8.83 | 5 |
| \$21.00 | \$9.05 | 6 |
| \$21.00 | \$9.28 | 7 |
| \$21.00 | \$9.51 | 8 |
| \$21.00 | \$9.75 | 9 |
| \$21.00 | \$9.99 | 10 |
| \$21.00 | \$10.24 | 11 |
| \$21.00 | \$10.50 | 12 |
| \$21.00 | \$10.76 | 13 |
| \$21.00 | \$11.03 | 14 |
| \$21.00 | \$11.30 | 15 |
| | | |
| | | |
| | | |
| | | |
| | | |

| Lowest Priced Alternative | | |
|--|------------------------------|------|
| Address | 600 W. Harbor | |
| Square Footage (ABDA SF) | 10,000 | |
| Common Area Factor | 1.15 | |
| RSF | 11,500 | |
| Total Term (Years) | 15 | |
| Total Contract Shell (from table) | \$3,277,500.00 | |
| Operating Rate Escalation | 2.50% | |
| Total Contract Operating (from table) | \$1,649,737.25 | |
| Total Contract Parking Cost | \$0.00 | |
| Total Rental Payments over Term | \$4,927,237.25 | |
| Annual Rent Input Table | | |
| Annual Shell Rent Rate (pRSF) | Annual Operating Rate (pRSF) | Year |
| \$19.00 | \$8.00 | 1 |
| \$19.00 | \$8.20 | 2 |
| \$19.00 | \$8.41 | 3 |
| \$19.00 | \$8.62 | 4 |
| \$19.00 | \$8.83 | 5 |
| \$19.00 | \$9.05 | 6 |
| \$19.00 | \$9.28 | 7 |
| \$19.00 | \$9.51 | 8 |
| \$19.00 | \$9.75 | 9 |
| \$19.00 | \$9.99 | 10 |
| \$19.00 | \$10.24 | 11 |
| \$19.00 | \$10.50 | 12 |
| \$19.00 | \$10.76 | 13 |
| \$19.00 | \$11.03 | 14 |
| \$19.00 | \$11.30 | 15 |
| | | |
| | | |
| | | |
| | | |
| | | |

| Tenant Improvements for Current Location | |
|--|---------------------|
| Estimate Date | 1/1/2000 |
| Estimate Total | \$115,000.00 |
| Amount to be Amortized | \$115,000.00 |
| Lump Sum TI Amount | \$0.00 |
| Amortization Rate | 6% |
| Amortization Term | 15 |
| Total of TI Amortization Payments | \$174,678.36 |

| Tenant Improvements for Lowest Priced Alternative | |
|---|-----------------------|
| Estimate Date | 1/1/2000 |
| Estimate Total | \$1,150,000.00 |
| Amount to be Amortized | \$690,000.00 |
| Lump Sum TI Amount | \$460,000.00 |
| Amortization Rate | 6% |
| Amortization Term | 15 |
| Total of TI Amortization Payments | \$1,048,070.18 |

Current Location

| | |
|--|-----------------------|
| Address | 102 N. Pacific |
| Square Footage (ABOA SF) | 10,000 |
| Common Area Factor | 1.15 |
| RSF | 11,500 |
| Total Term (Years) | 15 |
| Total Contract Shell (from table) | \$3,622,500.00 |
| Operating Rate Escalation | 2.50% |
| Total Contract Operating (from table) | \$1,649,737.25 |
| Total Contract Parking Cost | \$0.00 |
| Total Rental Payments over Term | \$5,272,237.25 |

Annual Rent Input Table

| Annual Shell Rent Rate (pRSF) | Annual Operating Rate (pRSF) |
|-------------------------------|------------------------------|
| \$21.00 | \$8.00 |
| \$21.00 | \$8.20 |
| \$21.00 | \$8.41 |
| \$21.00 | \$8.62 |

| | |
|--|-------|
| | State |
| | USA |

Lowest Priced Alternative

| | |
|--------------|----------------|
| | 600 W. Harbor |
| | 10,000 |
| | 1.15 |
| | 11,500 |
| | 15 |
| (from table) | \$3,277,500.00 |
| | 2.50% |
| (from table) | \$1,649,737.25 |
| st | \$0.00 |
| er Term | \$4,927,237.25 |

Annual Rent Input Table

| Rate (pRSF) | Annual Operating Rate (pRSF) |
|-------------|------------------------------|
| 19.00 | \$ 8.00 |
| 19.00 | \$ 8.20 |
| 19.00 | \$ 8.41 |
| 19.00 | \$ 8.62 |
| 19.00 | \$ 8.83 |
| 19.00 | \$ 9.05 |
| 19.00 | \$ 9.28 |
| 19.00 | \$ 9.51 |
| 19.00 | \$ 9.75 |
| 19.00 | \$ 9.99 |
| | 10.24 |
| | 10.50 |
| | 10.76 |
| | 11.03 |
| | 11.30 |

Tenant Improvements for Current Location

| | |
|--|---------------------|
| Estimate Date | 1/1/2000 |
| Estimate Total | \$115,000.00 |
| Amount to be Amortized | \$115,000.00 |
| Lump Sum TI Amount | \$0.00 |
| Amortization Rate | 6% |
| Amortization Term | 15 |
| Total of TI Amortization Payments | \$174,678.36 |

| Alternative |
|-------------|
| 2000 |
| 1,000.00 |
| 800.00 |
| 600.00 |
| 400.00 |
| 200.00 |
| 15 |
| 1070.18 |

Furniture Costs

| | |
|------------------------|--------|
| Estimate Date | NA |
| Cost based on Estimate | \$0.00 |

Furniture Costs

| | |
|------------------------|--------------|
| Estimate Date | 1/1/2000 |
| Cost based on Estimate | \$500,000.00 |

Move Costs

| | |
|------------------------|--------|
| Estimate Date | NA |
| Cost based on Estimate | \$0.00 |

Move Costs

| | |
|---|--------------|
| Estimate Date | 1/1/2000 |
| Cost based on Estimate | \$150,000.00 |
| Rent Being Paid in Old Location during Move | \$80,501.00 |

Other Costs

| | |
|----------------------------|--|
| Estimate Date | 1/1/2000 |
| Cost based on Estimate | \$20,000.00 |
| Description of Other Costs | Misc. replacement of some office equipment |

Other Costs

| | |
|----------------------------|---|
| Estimate Date | 1/1/2000 |
| Cost based on Estimate | \$450,000.00 |
| Description of Other Costs | servers, phone system, and other misc expenses not included in TI |

Summary - Current Location - OFFER/ Estimate

| | |
|---|-----------------------|
| Total of Rent Payments Over Term | \$5,272,237.25 |
| Total of TI Amortization Payments Over Term | \$174,678.36 |
| Lump Sum Portion of TI | \$0.00 |
| Furniture Costs | \$0.00 |
| Total Move Costs | \$0.00 |
| Other Costs | \$20,000.00 |
| Aggregate Total Project Cost of Current Location | \$5,466,915.62 |

Summary - Lowest Priced Alternative - OFFER/Estimate

| | |
|--|-----------------------|
| Total of Rent Payments Over Term | \$4,927,237.25 |
| Total of TI Amortization Payments Over Term | \$1,048,070.18 |
| Lump Sum Portion of TI | \$460,000.00 |
| Furniture Costs | \$500,000.00 |
| Total Move Costs | \$150,000.00 |
| Rent Being Paid in Old Location during Move | \$80,501.00 |
| Other Costs | \$450,000.00 |
| Aggregate Total Project Cost of Lowest Priced Alternative | \$7,615,808.43 |

Aggregate Cost Savings associated with Staying in Place

\$2,148,893

Note: If the aggregate cost savings associated with staying in place is positive and substantial enough based on the LCD's discretion, this CBA is intended to support a JOTFOC based on GSAM 570.104 and FAR 6.302-1(a)(2)(i)(A). (A) "Substantial duplication of cost to the Government that is not expected to be recovered through competition."

Prepared By:

Nick Bradshaw

Date:

2/2/2000

Furniture Costs

| | |
|------------------------|--------|
| Estimate Date | NA |
| Cost based on Estimate | \$0.00 |

Furniture Costs

| | |
|------------------------|--------------|
| Estimate Date | 1/1/2000 |
| Cost based on Estimate | \$500,000.00 |

Move Costs

| | |
|------------------------|--------|
| Estimate Date | NA |
| Cost based on Estimate | \$0.00 |

Move Costs

| | |
|---|--------------|
| Estimate Date | 1/1/2000 |
| Cost based on Estimate | \$150,000.00 |
| Rent Being Paid in Old Location during Move | \$80,501.00 |

Other Costs

| | |
|----------------------------|--|
| Estimate Date | 1/1/2000 |
| Cost based on Estimate | \$20,000.00 |
| Description of Other Costs | Misc. replacement of some office equipment |

Other Costs

| | |
|----------------------------|---|
| Estimate Date | 1/1/2000 |
| Cost based on Estimate | \$450,000.00 |
| Description of Other Costs | servers, phone system, and other misc expenses not included in TI |

Summary - Current Location - OFFER/ Estimate

| | |
|---|----------------|
| Total of Rent Payments Over Term | \$5,272,237.25 |
| Total of TI Amortization Payments Over Term | \$174,678.36 |
| Lump Sum Portion of TI | \$0.00 |
| Furniture | \$0.00 |
| Total | \$5,446,915.61 |

Summary - Lowest Priced Alternative - OFFER/Estimate

| | |
|---|----------------|
| Total of Rent Payments Over Term | \$4,927,237.25 |
| Total of TI Amortization Payments Over Term | \$1,048,070.18 |
| Lump Sum Portion of TI | \$460,000.00 |
| Furniture | \$500,000.00 |
| Total | \$6,935,307.43 |

Aggregate Cost Savings associated with Staying in Place

\$2,148,893

Note: If the aggregate cost savings associated with staying in place is positive and substantial enough based on the LCO's discretion, this CBA is intended to support a JOTFOC based on GSAM 570.104 and FAR 6.302-1(a)(2)(ii)(A). (A) "Substantial duplication of cost to the Government that is not expected to be recovered through competition."

Prepared By:

Nick Bradshaw

Date:

2/2/2000

Usage of Tool - Weighing Other Considerations

ROM CBA

- Enables a planning manager or lease project team member to run a quick ROM analysis to roughly determine whether pursuit of a succeeding lease is worthwhile. Calculates total contract costs for the current location and an alternate location.

Formal CBA

- Analyzes based on informational quotes from incumbent and lowest priced alternative and detailed, defensible estimates for TIs. Resulting CBA is intended to support the JOTFOC. (see LDG Ch. 5)

Other Considerations

- A checklist of qualitative items that should be analyzed when we are considering a succeeding lease.

Other Considerations

Contractual Updates

ABAAS

Response

Notes

Is the current lease in compliance with the Architectural Barriers Act Accessibility Standard (ABAAS)?

Security

Response

Notes

Is the lease in full compliance with the most recent Security Standards consistent with the agency's facilities security level? If an FSL level 3 or 4 requirement, can the building accommodate an x-ray magnetometer, vehicle barrier, vehicle screening and security guard requirements?

Fire

Response

Notes

Does the current building comply with the most recent edition of the building and fire code adopted by the jurisdiction in which the building is located?

Does the current building comply with the applicable egress requirements in the National Fire Protection Association (NFPA) 101, Life Safety Code (current as of the award date of this lease)?

Did the IRIS Safety Assessment System identify any fire or life safety issues?

Seismic Safety

Response

Notes

If the building is located in a seismic zone, has the Lessor provided a Seismic Certificate establishing that the offered building complies with the Seismic Standards or include a commitment to renovate the building to comply with the Seismic Standards prior to delivery of the space?

Environmental Considerations

Environmental

Response

Notes

Does the current building fall within the 100 year or 500 year flood plain?

Past Performance Considerations

Tenant Satisfaction Survey

Response

Notes

In what year was the most recent Tenant Satisfaction Survey administered?

If this building was surveyed, please enter the overall satisfaction percentage for the most recent year surveyed.

Number of Respondents

| Field Office Review | Response | Notes |
|--|----------|-------|
| Has a response from the Field Office/Property Manager to the Building Manager Memo been reviewed and acted upon as needed? | | |
| General response of owner/lessor to building problems and complaints? | | |
| Any owner/management/janitorial contract changes that would cause you to have concerns regarding the current level of services? | | |
| General condition of current carpet? | | |
| Condition of any roof and leakage problems that have occurred during the term of the lease. | | |
| Is there evidence of any mold, water intrusion, asbestos, or related concerns? | | |
| Are there HVAC/System concerns and performance issues that have been raised or are present in the space, or does the HVAC system need upgrades or repairs? | | |
| Any lease enforcement issues, deficiencies or lease default actions, or is there a record of poor performance by the incumbent lessor? | | |
| Has all required work been completed and done satisfactorily? | | |
| Additional Comments | | |

Agency Considerations

| Agency | Response | Notes |
|---|----------|-------|
| Have you received requirements? | | |
| Is the customer agency (facilities representative) overall satisfied at their current location? | | |
| Is the customer agency (local representative) overall satisfied at their current location? | | |
| Is the customer agency requesting a change in square footage requirements? | | |
| Are there any location related issues that are of concern to stakeholders? | | |
| Do you anticipate Congressional issues? | | |
| Additional Comments | | |

Lease Considerations

| Lessor | Response | Notes |
|--|----------|-------|
| Has the ownership of the lease changed? | | |
| Unless a new replacement lease is proposed, is there language in the current lease that needs to be updated or revised, or is the lease contract less than 20 years old and in good shape? | | |
| Is the lessor responsive to issues in the current location? | | |
| Additional Comments | | |

Customer Report



The tool includes a customer report function so you will be able to see the output of the Succeeding/Superseding tool for your projects. (as shown in presentation)

Wrap-up



- In the regulatory environment that governs our work, Full and Open Competition is the default
- Succeeding lease procurements may be considered by the GSA LCO when supported by a compelling CBA
- Succeeding lease procurements are not risk free
- Your input on new requirements, feedback on your current location and actual build out costs is key to project success

Key Terms

Succeeding lease - a new lease that's effective the day following the current lease expiration and stays in the same location. In the context of this presentation, a succeeding lease also means a non-competitive or other than full and open competition procurement.

JOTFOC - Justification For Other Than Full And Open Competition, sometimes also referred to as OTFO

Cost Benefit Analysis (CBA) - calculation performed, when alternative locations are identified, to determine whether the agency will recover the costs of relocation and duplication through the lower rents and possible concessions that may be achieved through competition.

Links to Cited Material

Link to the FAR (Federal Acquisition Regulation) -

<https://www.acquisition.gov/browse/index/far>

Link to the GSAM (GSA Acquisition Manual)- <https://www.acquisition.gov/browsegsam>

Link to the PBS Leasing Desk Guide - (easier to search GSA.gov for “leasing desk guide”)

<https://www.gsa.gov/real-estate/real-estate-services/leasing-policy-procedures/policy-and-tools/policy/leasing-desk-guide-and-other-policy-information/leasing-desk-guide-pdf>



Questions?

Succeeding Lease Procurements and the Succeeding Lease Analysis Tool

Should I Stay Or Should I Go?

Presented by:

Julie Hepp, Acting Director

Center for Lease Policy, Delegations and Contract Administration

Garhett Gordon, Zone Manager

Center for Lease Project Management

PBS Office of Leasing





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(attending “eRETA Overview” and gaining eRETA access is advised prior to attending this session)

eRETA Overview (Basics)

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PBS Customer Forum

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