April 12, 2016

MEMORANDUM FOR REGIONAL COMMISSIONERS, PBS
REGIONAL LEASING DIRECTORS
REGIONAL LEASING SERVICES OFFICERS

FROM: JAMES C. WISNER
ASSISTANT COMMISSIONER FOR OFFICE OF LEASING – PR

SUBJECT: LEASING ALERT – Update of Continuing Need Letters and Escalation Letters to Address Economic Catalyst Initiative

This Leasing Alert updates continuing need and escalation letter templates issued on July 10, 2015, to incorporate guidance concerning the Economic Catalyst initiative.

If you have any questions, please contact John D. Thomas at (202) 501-2454 or johnd.thomas@gsa.gov.

Attachments

1. Standard Continuing Need Letter
2. 1st Escalation Letter
3. 2nd Escalation Letter
4. 3rd Escalation Letter
The above referenced General Services Administration (GSA) lease is approaching expiration and our real estate team, in partnership with [Agency name], is responsible for any future housing needs related to your occupancy of this space. Please submit your long-term space requirements by (insert date 60 days from letter issuance date for above prospectus projects/30 days for below prospectus project) to initiate the requirements development phase of this project.

Once received, GSA will review your space requirements needs and work with you to implement new workplace solutions capturing space efficiencies and cost savings directed under the Presidential memorandum entitled "Disposing of Unneeded Federal Real Estate", issued June 10, 2010, [DO NOT INCLUDE REFERENCE TO PRESIDENTIAL MEMO IF SENDING TO COURTS OR LEGISLATIVE BRANCH (AB CODES STARTING WITH 10 OR 00)], OMB Memorandum "Promoting Efficient Spending to Support Agency Operations," issued May 11, 2012, and OMB Memorandum "Implementation of OMB Memorandum M-12-12 Section 3: Reduce the Footprint," issued March 25, 2015.
In order to provide your agency with a housing solution, GSA will need fully developed space requirements or Agency Specific Requirements, or both. GSA must receive this documentation as soon as possible to provide for your continued occupancy prior to the lease expiration date. The completed space need and requirements package should include the following:

1. A room schedule with circulation to determine the total Usable Square Footage
2. Special or unique requirements
3. Security and/or data requirements
4. Personnel count

On your own initiative, your agency may have established its own space standards. GSA can assist your agency in running various work space scenarios and configurations to achieve maximum efficiency and improved utilization.

Reducing square footage may result in the need for new furniture and information technology, and GSA's innovative new programs such as Total Workplace Furniture and Information Technology (FIT) may lessen the lump sum financial impact to your agency for those items if certain criteria are met.

As your agency's requirements are developed, we will assist in refining estimates for possible relocation costs, including the physical cost of the move, disassembly/reassembly of systems furniture, and charges for telecommunications and data. Please be aware, that pursuant to the Pricing Desk Guide, Edition No. 4, your agency is responsible for budgeting for all physical moves and telecommunications expenses in the event of relocation from your existing space. Federally owned space is always our first consideration and may provide an ideal solution. GSA will review our federal inventory before moving forward with a leasing action.

During this requirement development phase, GSA will also work with your agency to identify your location requirements to comply with the Administration's Economic Catalyst Initiative to support local community development (Executive Orders 12072 and 13693). GSA will consider local community planning goals while meeting client needs. As part of this initiative, we are asking agencies to consider these goals when establishing their location related requirements, particularly for projects whose delineated areas are outside the Central Business Area (CBA) or which are not well served by public transit. Delineated areas, minimum requirements, and where applicable, relevant non-price factors, should reflect consideration of the factors identified in GSA Order ADM 1097.1.
If you have any questions or concerns regarding this communication, please contact me at (XXX) XXX-XXXX or jane.doe@gsa.gov. We look forward to working with you. Thank you in advance for your partnership on this project.

Sincerely,

GSA, PBS, Region X

CC - LCO/RAM
1ST ESCALATION LETTER

[FOR PROSPECTUS LEVEL PROJECTS, THE 1ST ESCALATION LETTER IS SENT 38 MONTHS PRIOR TO LEASE EXPIRATION BY THE NATIONAL ACCOUNT MANAGER. FOR BELOW PROSPECTUS PROJECTS, THE 1ST ESCALATION LETTER IS SENT 34 MONTHS PRIOR TO LEASE EXPIRATION BY THE NATIONAL ACCOUNT MANAGER.]

[Agency Contact Name]
[Agency Contact Title]
[Agency Name]
[Contract Address]
[City, State, Zip]

RE: Lease Number GS-RRP-LSS12345

Occupancy Agreement:
Lease Expiration Date:

Current ANSI/BOMA Office Area Square Feet (or Usable Square Feet):

Location Code:
Building Address:

City, State:

Dear [Agency Contact]

On [date], the General Services Administration (GSA) sent a letter to request that your agency provide requirements for its continuing need for space upon the expiration of the above referenced occupancy (copy attached).

In order to provide your agency with a housing solution, GSA will need fully developed requirements, specific to the location cited above at least [36 months for prospectus level projects, 33 months for below prospectus projects] months prior to the expiration of the current occupancy. This will allow GSA sufficient time to complete a timely follow on housing action and avoid the need for costly short term lease extensions, holdovers and condemnations. The first step is to complete and submit your long-term space requirements by (insert date 60 days from letter issuance date for above prospectus projects/30 days for below prospectus project) to initiate the requirements development phase of this project.
These long-term space requirements will help GSA to fully understand your real estate needs and can be supplied as one complete package to GSA, or GSA can work with you to complete specific requirements. The completed space need and requirements package should include the following:

1. A room schedule with circulation to determine the total Usable Square Footage
2. Special or unique requirements
3. Security and/or data requirements
4. Personnel count

During this requirement development phase, GSA will also work with your agency to identify your location requirements to comply with the Administration's Economic Catalyst Initiative to support local community development (Executive Orders 12072 and 13693). GSA will consider local community planning goals while meeting client needs. As part of this initiative, we are asking agencies to consider these goals when establishing their location related requirements, particularly for projects whose delineated areas are outside the Central Business Area (CBA) or which are not well served by public transit. Delineated areas, minimum requirements, and where applicable, relevant non-price factors, should reflect consideration of the factors identified in GSA Order ADM 1097.1.

As previously stated in our initial letter, please be aware that your agency is responsible for budgeting for the costs associated with possible increases in rent and relocation costs including the physical move, if relocation is the optimal solution, the cost of disassembling and reassembling systems furniture, excessing furniture that is no longer useful, the cost of new furniture, security upgrades and above-standard or special-use space, and the cost of removing and replicating telecommunications and data services. However, new innovative programs such as GSA's Total Workplace Furniture and Information Technology (FIT) may lessen the lump sum financial impact to your agency for those items if certain criteria are met.

At this time, I would like to request a meeting with you, myself and the project team to discuss your continuing need in [insert city, state] so that we may collectively come to an agreement, initiate your project and work together to avoid and/or mitigate the risk of this occupancy entering into a short term and costly solution. We would like this meeting to occur within the next 10 working days from the date of this letter and will be contacting you within the next few days to set up a convenient meeting time.
Should you have any questions, please feel free to contact me on (XXX) XXX-XXXX or jane.doe@gsa.gov. We look forward to working with you. Thank you in advance for your partnership on this project.

Sincerely,

GSA, PBS, National Account Manager

CC: LCO
[Agency Contact Name]
[Agency Contact Title]
[Agency Name]
[Contract Address]
[City, State, Zip]

RE: Lease Number GS-RRP-LSS12345

Occupancy Agreement:
Lease Expiration Date:
Current ANSI/BOMA Office Area Square Feet (or Usable Square Feet):
Location Code:
Building Address:
City, State:

Dear [Agency Contact]

On [date], and [date] the General Services Administration (GSA) issued letters to request your agency continuing need requirements for the above referenced occupancy (copies attached). We have not received your agency's long-term space requirements.

GSA would prefer to partner with your agency to secure the best housing solution possible for your long term space needs. However, the lease is now [36/32] months from expiration and the project to assess the replacement options has not begun. Thus, with each passing month, it becomes more likely that the Government will need to execute a costly short term extension to protect your occupancy. Since agreements
with shorter lease terms may carry higher rental costs, your agency may end up paying more in rent for a short-term lease extension than otherwise necessary. Short term solutions are often more costly, and those costs are passed on to your agency. In order to mitigate the risks, costs and duration of a short term solution, we must begin the procurement process as quickly as possible. These situations have serious repercussions for both GSA and your agency in terms of unnecessary expense and potentially negative public opinion.

Given the complexity of the schedule and other project parameters, please submit your long-term space requirements as soon as possible, so that we can assign adequate and appropriate resources that are necessary for initiating your project.

Upon receipt of your requirements, GSA will work with your agency to identify your location requirements to comply with the Administration’s Economic Catalyst Initiative to support local community development (Executive Orders 12072 and 13693). GSA will consider local community planning goals while meeting client needs. As part of this initiative, we are asking agencies to consider these goals when establishing their location related requirements, particularly for projects whose delineated areas are outside the Central Business Area (CBA) or which are not well served by public transit. Delineated areas, minimum requirements, and where applicable, relevant non-price factors, should reflect consideration of the factors identified in GSA Order ADM 1097.1.

We would like to schedule a meeting at your earliest possible convenience to discuss this requirement and will be contacting you within the next few days to set up a convenient meeting time. It is increasingly imperative that both our staffs begin to work together to find the most cost effective solution to your long term housing needs associated with this project.

Should you have any questions, please feel free to contact me on (XXX) XXX-XXXX or jane.doe@gsa.gov or [other person designated by the Regional Commissioner] at (XXX) XXX-XXXX or jane.doe@gsa.gov.

We look forward to the timely receipt of your space needs and partnering with you as we move forward.

Sincerely,

GSA, PBS, Regional Commissioner

CC: LCO, NAM
3RD ESCALATION LETTER

[FOR PROSPECTUS LEVEL PROJECTS, THE 3RD ESCALATION LETTER IS SENT 34 MONTHS PRIOR TO LEASE EXPIRATION BY THE PBS COMMISSIONER. FOR BELOW PROSPECTUS LEVEL PROJECTS, THE 3RD ESCALATION LETTER IS SENT 30 MONTHS PRIOR TO LEASE EXPIRATION BY THE PBS COMMISSIONER.]

[Agency Contact Name]
[Agency Contact Title]
[Agency Name]
[Contract Address]
[City, State, Zip]

RE: Lease Number GS-RRP-LSS12345
Occupancy Agreement:
Lease Expiration Date:

Current ANSI/BOMA Office Area Square Feet (or Usable Square Feet):

Location Code:
Building Address:
City, State:

Dear [Agency Contact]

This letter is in reference to a request for [Agency Name} continuing need requirements. The lease for the above referenced location will be expiring on [Date]. The General Services Administration (GSA) reached out to your agency on three separate occasions [Dates] requesting requirements and have yet to receive a response.

It is increasingly imperative that both our staffs begin to work together to find the most cost effective solution to your long term housing needs as they relate to this project. It is crucial for GSA to receive your space requirements and assurances that your agency has begun the associated budgeting process.

Since your lease expires in [Number of days], it is critical that GSA begins the process of securing both short and long term housing solutions. Short term solutions are often more costly, and those costs are passed on to your agency. In order to mitigate the risks, costs and duration of a short term solution we must begin the procurement process as quickly as possible.
Please submit written documentation indicating your long-term space needs and requirements including a delineated area to [Regional Point of Contact (POC)] at [Regional POC email address] by [Insert due date]. Upon receipt of your requirements, GSA will work with your agency to identify your location requirements to comply with the Administration’s Economic Catalyst Initiative to support local community development (Executive Orders 12072 and 13693). GSA will consider local community planning goals while meeting client needs. As part of this initiative, we are asking agencies to consider these goals when establishing their location related requirements, particularly for projects whose delineated areas are outside the Central Business Area (CBA) or which are not well served by public transit. Delineated areas, minimum requirements, and where applicable, relevant non-price factors, should reflect consideration of the factors identified in GSA Order ADM 1097.1.

If you do not believe that you will be able to meet this date, please reach out to [Commissioner’s Office POC] of my staff to schedule a time for us to discuss how best to move forward.

We look forward to working with you.

Sincerely,

PBS Commissioner

CC: LCO, NAM