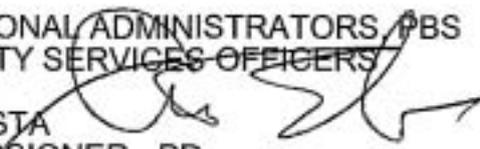


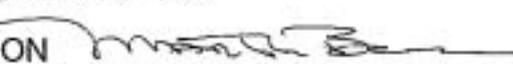


MAR 19 2007

RSL-2007-05

MEMORANDUM FOR ASSISTANT REGIONAL ADMINISTRATORS PBS  
REGIONAL REALTY SERVICES OFFICERS

THRU: ANTHONY E. COSTA   
DEPUTY COMMISSIONER - PD

FROM: MARTHA J. BENSON   
ACTING ASSISTANT COMMISSIONER FOR OFFICE OF  
NATIONAL CUSTOMER SERVICES MANAGEMENT - PQ

SUBJECT: Tenant Improvement Costs/Reimbursable Work  
Authorization Tracker and Agency Concurrence for RWA  
Expenditure

1. Purpose. This Realty Services Letter (RSL) issues mandatory operating procedures for tracking tenant improvement (TI) costs, reimbursable work authorization (RWA) expenditures, and agency concurrence for the RWA expenditures for leases. It also provides tools to obtain the agency concurrence and to track TI and RWA costs during construction. These formats are for use by GSA associates and support contractors.
2. Background.
  - a. In 2005, GSA's Office of Inspector General (IG) conducted an audit of leases to assess whether PBS effectively manages the tenant improvement (TI) buildout process in leased space. Their findings are reported in the Review of PBS's Tenant Improvement Process Audit A050063.
  - b. PBS agreed with the findings and committed to a multi-step corrective action plan (CAP) to better manage the TI and RWA processes in leases. This RSL implements the following action items:
    - i. Recommendation a, Step 2, second paragraph:

We will create a spreadsheet template that will track obligations against the RWA. Additional guidance will be provided in the eLease task regarding need for amended RWAs and ensuring charges are made against the right RWA.
    - ii. Recommendation b, Initiate a standardized methodology for tracking and reconciling Tenant Improvement costs. Step b:

We will develop a worksheet/process that will track TI costs and RWA costs together. We will develop guidance that will address how/when to use this tool.

- c. Many of the items in the audit are interrelated; however, certain templates represent discrete steps in the TI process. So that users can more easily identify which RSL addresses a particular subject and contains a particular template, the RSLs are being issued concurrently, and they address the following topics:

RSL 2007-03      Tenant Improvements Schedule and Submittals Revisions in the Solicitation for Offers

RSL 2007-04      Tenant Improvements Price Negotiation Memorandum, Notice to Proceed, and Supplemental Lease Agreement to Order Excess TIs

RSL 2007-05      Tenant Improvements Costs/Reimbursable Work Authorization Tracker and Agency Concurrence for RWA Expenditure

RSL 2007-06      Tenant Improvements Project Management Support

- d. A national RWA team is working on a tracking tool that will pull information from various information and financial systems. The tools in this RSL may be replaced in the future once a new tracking system is available agency wide. In the interim, use the TI-RWA Tracker provided in this RSL.
- e. Prior to the effective date of this RSL, eLease will contain the TI-RWA Tracker as well as additional tasks.
3. Effective Date/Expiration Date. This RSL and instructions are effective immediately and will expire 12 months from the date of issuance unless modified, cancelled, or reissued earlier.
4. Cancellation. None
5. Applicability. This RSL and its tools are mandatory, and they apply to all real property leasing activities.
6. Instructions/Procedures. The instructions in this RSL must be implemented for all SFOs using tenant improvement allowances issued on or after April 1, 2007.

#### Attachments

- 1      Mandatory Operating Procedures for RSL 2007-05
- 2      TI-RWA Tracker Sample
- 3      Agency Concurrence for RWA Expenditures Template

**REALTY SERVICES LETTER 2007-05  
MANDATORY OPERATING PROCEDURES**

1. Using the TI-RWA workbook in Attachment 2 to this RSL, enter the lessor's cost proposal on the TI Tracker sheet. Use this spreadsheet to summarize changes to the lessor's TI cost proposal, whether by application of unit prices contained in the lease or by negotiations. In instances where the Notice to Proceed (NTP) for tenant improvements is for an amount less than the TI allowance, some changes during construction may be charged against the available TI allowance. Use the TI Tracker to make adjustments in the appropriate Unifomat system element so we always know the TI amount expended.

The cells for the lessor's fees do not contain formulas since the basis for the fees may vary from one project to another. Enter the correct formula or amount as needed. The ANSI/BOMA Office Area (ABOA) square feet, the TI allowance, and the adjusted lessor's costs will carry over to the RWA Input sheet and the RWA Tracker sheet. Comments are embedded in several cells that provide the guidance contained in this attachment. For purposes of this RSL, the Attachment 2 workbook is printed with the comments visible on the sheets but it will be loaded into the eLease document library with the comments hidden.

2. Once we determine that the offered TI cost is fair and reasonable, follow the procedures in RSL 2007-04 to prepare the TI price negotiation memorandum (PNM), the NTP, and, if needed, the supplemental lease agreement (SLA) to order excess TIs once we receive an RWA from the agency as well as its concurrence for the expenditure.
3. If we receive RWAs from the agency for a project, use the RWA Input sheet to input the RWA number, the date PBS accepted the RWA, and the RWA amount and purpose. Once we obtain the RWA number from IRIS, provide the agency with a copy of the RWA that includes the RWA number, its signature and PBS's signature. The top portion of the RWA Tracker sheet is locked to ensure that the formulas that compute the project management and sliding scale overhead fees are not disturbed inadvertently.
4. Once we input RWA information on the RWA Input sheet, embedded formulas will compute PBS's 4 percent project management fee and the sliding scale overhead using a formula and the Sliding Scale Overhead sheet. The RWA Tracker sheet will provide the available balance of the RWA funds.

5. The bottom section of the RWA Tracker is used to summarize all orders against the RWAs. The columns prompt the user to provide all information needed in association with the RWA.
6. If we order additional items after we have issued the NTP, we must always evaluate those additional costs to determine that they are fair and reasonable.
7. We must always obtain prior concurrence from the agency before expending any funds in the RWAs, and Attachment 3 to this RSL contains a template for obtaining the agency's concurrence.
8. We must always obtain a Pegasys Document Number (PDN) prior to ordering any alterations or other items using the RWA funds. We must record the obligations against the RWA at the time we incur them. Do not wait until the space is accepted to enter the ordered items and amounts into Pegasys as this understates the Government's financial obligations.
9. We must always ensure that we are using RWA funds intended for the project at hand. Do not charge one RWA with expenses for another project until such time as the agency has properly amended the original RWA to allow expenses for the project at hand.
10. In many instances, we receive RWAs for costs other than TIs in connection with the project. If this is the case, be sure that any orders for items such as systems furniture, move contractors, etc., are shown on the RWA Tracker so an accurate balance is always available to the customer agency. Coordinate these orders with the ordering associate and provide the RWA available balance to that associate.
11. Each time we place an order against an RWA, provide an updated copy of the RWA Tracker to the customer agency for their records. A common complaint from our customer agencies is that PBS cannot tell them how we spent their money and the amount of any available balance. The RWA Tracker was designed to coordinate that information for both PBS's financial books and the agencies' books.
12. Since we will be tracking all RWA expenditures, we will also have a running total of the TIs, so reconciliation and preparation of a final Occupancy Agreement (OA) will not be delayed at space acceptance. RWA administration requires consistent and timely communication between the realty specialist and the budget analyst.

**ATTACHMENT 2 TO RSL 2007-05  
TI-RWA TRACKER**

<b>LESSOR'S INITIAL PRICE PROPOSAL FOR LEASE GS-XXX-XXXX</b>			<b>ABOA SF =</b>	<b>10,000</b>
<b>AGENCY NAME</b>			<b>TIA PER ABOA SF=</b>	<b>\$ 5.00</b>
<b>LOCATION: CITY, STATE</b>			<b>TOTAL TIA</b>	<b>\$ 50,000.00</b>

Tenant Improvement - UNIFORMAT SYSTEM ELEMENTS -		TI*	ADJUSTMENTS	REVISED TI COSTS
Foundations	Populate this column with the lessor's TI proposal.  If you incorporated a Unit Price List into the lease, check subcontractors' bids to see if any adjustments are needed to various elements such as doors, outlets, etc. Include any other negotiated adjustment in this column. If a cost drops, enter it as a negative number.	\$ -		\$ -
Basement Construction		\$ -		\$ -
Superstructure		\$ -		\$ -
Exterior Walls		\$ -		\$ -
Exterior Glazing and Doors		\$ -		\$ -
Roofing		\$ -		\$ -
Partitions, ,Doors and Specialties		\$ 10,000.00	-250	\$ 9,750.00
Access/Platforms		\$ -		\$ -
Interior Finishes		\$ 250,000.00		\$ 250,000.00
Conveyance System		\$ -		\$ -
Plumbing	\$ 1,200.00	-150	\$ 1,050.00	
HVAC	\$ 1,000.00		\$ 1,000.00	
Fire Protection/Alarm	\$ -		\$ -	
Electrical Service, Di	\$ 1,515.00	-350	\$ 1,165.00	
Lighting and Branch	\$ -		\$ -	
Communications, Security & Other Elec. Systems	\$ -		\$ -	
Equipment and Furnishings	\$ -		\$ -	
Special Construction	\$ -		\$ -	
Building Demolition and Abatement	\$ -		\$ -	
Sitework - Building Relates	\$ -		\$ -	
Other Sitework - Project Related	\$ -		\$ -	
<b>Subtotal</b>		\$ 263,715.00		\$ 262,965.00
<b>Lessor's Overhead and Profit</b>	0%	\$ -	0%	\$ -
<b>General Contractor Fee</b>	0%	\$ 25,000.00	0%	\$ 25,000.00
<b>General Contractor Contingency</b>	0%	\$ -	0%	\$ -
<b>Taxes (if not included on contractors' bids)</b>	0%	\$ -	0%	\$ -
<b>Architect/Engineering Fee</b>	2.5%	\$ 12,500.00	-2,500	\$ 10,000.00
<b>TI TOTAL</b>		\$ 301,215.00		\$ 297,965.00
<b>Cost per ABOA SF</b>		\$ 30.12		\$ 29.80

\*Include all subcontractors' soft costs

IF THE TI ALLOWANCE HAS N USE THE SPACE BELOW TO THAT RESULT IN INCREASED

There are no formulas preset for this and the following columns since these fees may be based on a percentage or a flat fee. Calculate based on how the lessor indicates the fees are based.

This will populate from E6 above.

Items	Date	Approved by (Customer Name)	Ordered Via Lessor Change Order No. or SLA	Cost
Available TI				
Initial TI Used				\$ 297,965.00
Sound Batting for Room 231	mm/dd/yy	Arthur Approver	Lessor Change Order 3	\$ 1,500.00
Ending TI Balance				(299,465.00)

This will populate with the value in E37 above.


**ATTACHMENT 2 TO RSL 2007-05  
TI-RWA TRACKER**

RWA NUMBER	DATE RWA ACCEPTED	AMOUNT OF RWA	COMMENTS AN ITEMS TO BE PURCHASED
RWA # 1 N1234567			RWA #1 -COMMENTS Excess Tenant Improvements for new lease in Anycity, AnyState
	ONCE AN RWA NUMBER HAS BEEN ASSIGNED, SEND TO THE AGENCY A COPY OF THE RWA WITH THE AGENCY'S AND GSA'S SIGNATURES AND RWA NUMBER.		
RWA # 2 N7654321	2/1/2007	\$7,000.00	RWA #2 - COMMENTS UPS for new lease in Anycity, AnyState
RWA # 3 N2468101	3/1/2007	\$323,245.00	RWA #3 -COMMENTS Systems furniture, move costs, telecom for new lease in Anycity, AnyState

ABOA Square Feet	10,000
TI Allowance per Square Foot	\$5.00
Lessor's TI Costs	\$297,965.00

The ABOA sf, TI allowance, and TI costs are automatically populated from the TI Tracker sheet.

We must always verify that we are using RWA funds intended for the project at hand. Do not charge one RWA with expenses for another project. Consult with regional budget and counsel offices prior to attempting to make RWA funds for one project available for another.

**ATTACHMENT 2 TO RSL 2007-05  
TI-RWA TRACKER**

**RWA TRACKER**

ONCE AN RWA NUMBER HAS BEEN ASSIGNED, SEND TO THE AGENCY A COPY OF THE RWA WITH THE AGENCY'S AND GSA'S SIGNATURES AND RWA NUMBER.

THIS IS THE DATE GSA SIGNS THE RWA.

EVEN THOUGH AN AGENCY MAY USE THE TERM NO-YEAR FUNDS, THEY MUST PROVIDE THE DATE BY WHICH THE RWA FUNDS EXPIRE, BASED ON THEIR BUDGETARY AUTHORITY. THIS WILL USUALLY BE 5 YEARS (CURRENT FISCAL YEAR PLUS 5) OR 3 YEARS.

SOME AGENCIES USE AN INTERNAL NUMBER TO TRACK THE RWA IN THEIR FINANCIAL SYSTEM. IF THERE IS ONE, IT WILL BE ON THE RWA.

BECAUSE THIS SECTION IS LOCKED TO ENSURE EMBEDDED CALCULATIONS ARE NOT REVISED, USE THE INPUT SHEET IN THE WORKBOOK TO ENTER RWA AMOUNTS AND THE PURPOSE OF THE RWA.

<b>RWA #1</b>	N1234567		<b>RWA #3</b>	N2468101
<b>RWA DATE ACCEPTED</b>	1/1/2007			3/1/2007
<b>RWA EXPIRATION DATE</b>	9/30/2013			9/30/2013
<b>AGENCY'S RWA ID NO.</b>				
<b>PURPOSE OF RWA (s)</b>	RWA #1 - COMMENTS Excess Tenant Imp... AnyState		RWA #2 - COMMENTS UPS for new lease in Anycity, AnyState	
	RWA #3 - COMMENTS Systems furniture, m... AnyState			
<b>AMOUNTS OF THE RWA'S</b>	\$500,000.00	\$7,000.00	\$323,245.00	
<b>BALANCE AS OF LAST ENTRY</b>	\$364,735.86			

GROSS RWA AMOUNT	\$830,245.00	variable charges	
PROJECT MANAGEMENT FEE	(\$29,209.80)	Sliding scale RWA #1	(\$15,147.78)
GSA SLIDING SCALE FEE	(\$28,284.34)	Sliding Scale RWA #2	(\$600.92)
		Sliding Scale RWA #3	(\$12,535.64)
<b>NET AVAILABLE RWA FUNDS</b>	\$772,750.86		
USABLE SQUARE FEET	10,000.00	Input the amount being ordered into Pegasys	
TI per SF ALLOWANCE	\$5.00		
TOTAL ALLOWANCE	\$50,000.00		
LESSOR TI COST	(\$297,965.00)		

EXCESS TI'S TO BE MADE UP BY RWA

Obtain agency approval of the RWA expenditure before ordering from the lessor or vendor.

Input values using a minus sign so they will deduct from the balance.

Input the amount being ordered into Pegasys and obtain the PDN number prior to placing the order so that the financial obligation is recorded. The responsibility for this input may vary from region to region.

State the document used to order from the lessor or vendor.

These include items such as move costs, furniture, telephones, security, and IT.

IN THE LINES BELOW, INDICATE ITEMS ORDERED	Agency Approval date (mm/dd/yyyy)	Agency (who and how)	AILS RWA Number Charged	Amount Obligated	PDN NUMBER	DATE ORDERED FROM LESSOR OR VENDOR (If not ordered from Lessor, state name of vendor, e.g., Haworth.)	(SLA, GSA Change Order, Form 49)	FEE
EXCESS TI'S	2/15/2007	Arthur Approver via 2/15 email	N1234567	\$297,965.00	PS7251970	Lessor	SLA-1	\$0.00
UPS System	3/15/2007	Arthur Approver via 3/15 email	N1234567	\$7,000.00	PS7258451	Lessor	Lessor's Change Order 1	\$0.00
20 Systems Furniture worksta	4/15/2007	Arthur Approver via 4/15 email	N2468101	\$100,000.00	PJ7325986	Herman Miller	Form 49	\$100,000.00
Room 236 changes:	6/15/2007	Arthur Approver via 6/16 email	N1234567					
25 lf Wall Type I				\$1,250.00	PS7482291	Lessor	SLA-2	
8 duplex wall outlets				\$200.00	PS7482291		SLA-2	
2 telephone outlets				\$50.00	PS7482291		SLA-2	
2 data outlets				\$50.00	PS7482291		SLA-2	
1 view window with blinds				\$750.00	PS7482291		SLA-2	
Add 2 duress alarms in RM 136	8/15/2007	Arthur Approver via 8/15 email	N1234567	\$750.00	PS8511258	Lessor	SLA-3	
<b>totals</b>				(\$408,015.00)				\$100,000.00
<b>Available Balance</b>				\$364,735.86				

RWA #1			
Tenant Improvement Total Lump Sum			
RWA Total		\$ 500,000.00	
Tier Limit	Fee %	Fee	
2,500	10.0000%	\$	250.00
10,000	9.0000%	\$	675.00
25,000	8.0000%	\$	1,200.00
50,000	7.0000%	\$	1,750.00
100,000	5.0000%	\$	2,500.00
300,000	3.0000%	\$	6,000.00
1,000,000	1.5000%	\$	2,772.78
2,425,000	0.5000%	\$	-
Sub Tot		\$	15,147.78
Sub Tot		\$	484,852.22
<b>Lump Sum Alteration</b>		<b>\$</b>	<b>466,204.05</b>

RWA #2			
Tenant Improvement Total Lump Sum			
RWA Total		\$ 7,000.00	
Tier Limit	Fee %	Fee	
2,500	10.0000%	\$	250.00
10,000	9.0000%	\$	350.92
25,000	8.0000%	\$	-
50,000	7.0000%	\$	-
100,000	5.0000%	\$	-
300,000	3.0000%	\$	-
1,000,000	1.5000%	\$	-
2,425,000	0.5000%	\$	-
Sub Tot		\$	600.92
Sub Tot		\$	6,399.08
<b>Lump Sum Alteration</b>		<b>\$</b>	<b>6,152.96</b>

RWA #3			
Tenant Improvement Total Lump Sum			
RWA Total		\$ 323,245.00	
Tier Limit	Fee %	Fee	
2,500	10.0000%	\$	250.00
10,000	9.0000%	\$	675.00
25,000	8.0000%	\$	1,200.00
50,000	7.0000%	\$	1,750.00
100,000	5.0000%	\$	2,500.00
300,000	3.0000%	\$	6,000.00
1,000,000	1.5000%	\$	160.64
2,425,000	0.5000%	\$	-
Sub Tot		\$	12,535.64
Sub Tot		\$	310,709.36
<b>Lump Sum Alteration</b>		<b>\$</b>	<b>298,759.00</b>

= Input Fields

= Input Fields

= Input Fields

\$ 30,844.64

\$ 18,648.16

\$ 246.12

\$ 11,950.36

**REALTY SERVICES LETTER 2007-05**  
**Template for Agency Concurrence for RWA Expenditures**

Dear [Agency Contact]

We have received and evaluated proposed costs for the items below. We have estimated the work to cost \$\_\_\_\_\_, and your available RWA balance is \$\_\_\_\_\_. We have determined that this cost is fair and reasonable. The cost is for:

- \_\_\_\_\_ Tenant improvement (TI) costs based on the approved design intent drawing that exceed the TI allowance in the lease.
- \_\_\_\_\_ Changes in design based on .
- \_\_\_\_\_ Furniture requested on [mm/dd/yyyy] by [requester].
- \_\_\_\_\_ Move contractor.
- \_\_\_\_\_ Security items.
- \_\_\_\_\_ IT..
- \_\_\_\_\_

Please provide your approval of this expenditure, so that we may order the items. You may reply to this e-mail indicating your approval to first.last@gsa.gov, or you may sign where indicated below and return to me by mail or fax. My fax number is

\_\_\_\_\_.

Sincerely,

Contracting Officer  
Address

I approve the above expenditure.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name