



MAR 30 2007

RSL-2007-06

MEMORANDUM FOR ASSISTANT REGIONAL ADMINISTRATORS, PBS
REGIONAL REALTY SERVICES OFFICERS

THRU: ANTHONY E. COSTA
DEPUTY COMMISSIONER - PD

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

FROM: ROBERT FRAGA
ASSISTANT COMMISSIONER FOR CAPITAL
CONSTRUCTION PROGRAM MANAGEMENT - PM

FROM: WILLIAM MATTHEWS *WMM authentic*
ASSISTANT COMMISSIONER FOR OFFICE OF
REAL PROPERTY ASSET MANAGEMENT - PV

SUBJECT: Tenant Improvement Project Management Support

1. Purpose. This Realty Services Letter (RSL) issues policy that provides criteria to assist regional managers in making decisions regarding the level of post-award construction and technical support activities needed for differing types of lease projects.

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 to better manage the TI process in leases. This RSL implements the following action items:

Recommendation d, Step d:

Need to coordinate a national policy with OCA/RPAM that will help regional management make decisions regarding lease TI project management support.

The policy will contain guidelines as to issues regions need to consider when allocating resources to support the construction/project management phase of lease projects (size, complexity, availability of local GSA associates and/or IDIQ contractors, etc.)

- c. In addition to the IG audit findings, in 2006 Solutions Development conducted peer reviews of 120 leases across all regions. Of those leases reviewed, 49 percent did not contain evidence of project management activities or of technical support by qualified personnel.
- d. In many leases, the tenant improvement (TI) costs exceed the agency's TI tier allowance, and we collect an additional four percent project management fee for those excess TIs. The Ordering Officials Survey also contains comments from agencies indicating they feel they did not receive value for the fee.
- e. In addition to providing our customer agencies with the expected services for the fees they pay, we recognize that our leases are an ever-increasing portion of our inventory. By providing the appropriate level of technical support during construction of tenant improvements, we reduce the risk of customer complaints due to poor construction and building performance during the lease term. We reduce the level of effort needed to bring a lessor into compliance with the lease requirements. We increase customer satisfaction. We make our lease management responsibilities easier to perform during the term of the lease.
- f. Another consideration in allocating resources for technical support in delivering lease construction management is the suitability of the education and training of team members. In many cases, realty specialists by default become project managers even though they are not educated or trained in construction management, estimating, etc. The warrant requirements for a leasing contracting officer include business courses, not construction or trade training.
- g. While some realty specialists hold the title of project manager, they more often do not have the technical expertise to ensure sufficient oversight of the lessor's construction activities. Most leases require some level of additional technical support during the TI construction phase that should be provided by someone with the pertinent training and skills. We will be working with Organizational Resources to conduct a workload assessment to determine resource and budget implications for future years' inventory changes.
- h. 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 Improvement Schedule and Submittals Revisions in the Solicitation for Offers
RSL 2007-04	Tenant Improvement Price Negotiation Memorandum, Notice to Proceed, and Supplemental Lease Agreement to Order Excess TIs
RSL-2007-05	Tenant Improvement Costs/Reimbursable Work Authorization Tracker and Agency Concurrence for RWA Expenditure
RSL 2007-06	Tenant Improvement Project Management Support

3. Effective Date/Expiration Date. This RSL and instructions are effective March 31, 2007, and will expire 12 months from the date of issuance unless modified, cancelled, or reissued earlier.
4. Cancellation. None
5. Applicability. This RSL applies to all real property leasing activities.
6. Instructions/Procedures. The criteria in this RSL must be considered in all new and current lease projects for which a lease award has not yet been made by the contracting officer. See Attachment 1 for further instructions.

Attachments

- | | |
|--------------|--|
| Attachment 1 | Criteria for Tenant Improvement Project Management Support |
| Attachment 2 | Project Classification Index |

Concurrences:

Official File PQ

cc: Istrohbach
groberts – PQC
wiebl – PQC
gdavis – LR

PQC:Istrohbach: 202.208.0664:3-26-07 *W*



Gary Roberts (PQC)

3/27/07

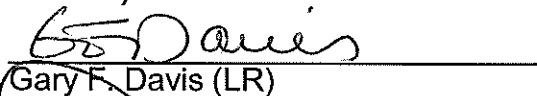
Date



Wendy Liebl (PQC)

3-27-07

Date



Gary F. Davis (LR)

3/28/07

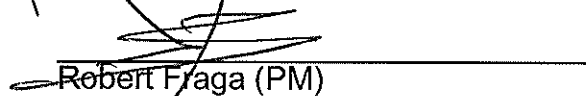
Date



Martha J. Benson (PQ)

3-28-07

Date



Robert Fraga (PM)

3/28/07

Date



Williams Matthews (PV)

3/28/07

Date

members; in other instances, the project manager A/E might have that responsibility.

In broker contract acquisitions, the broker and its staff may provide post-award services in accordance with the contract.

4. Forecasting Project Support: Managers may use this tool to identify upcoming projects that may require varying degrees of project support that would be obtained through in-house resources, indefinite delivery-indefinite quantity contracts or other contract vehicles.

In addition to identifying projects and support needed, we will work with the Office of Organizational Resources and its workload model to establish parameters for the level of effort associated with various project sizes. Managers will be able to use this combination of information to substantiate budget requests to deliver the needed PM support.

Project Classification Index - PCI

GUIDELINES FOR CONSTRUCTION /PROJECT MANAGEMENT SUPPORT OF LEASE PROJECTS

Project	Tenant Improvement Tier	Size	Complexity of Construction	Distance from Regional Office	Political Sensitivity	Total Points
		+	+	+	=	0
	0= Tier 0-1 1= Tier 2-3 2= Tier 4-5 3= Tier 6-7	0 = Less than 10K SF 1 = > 10K - 20K SF 2 = > 20K - 50K SF 3 = > 50K - 100K SF 4 = > 100K + SF	0 = Basic Office 1 = Standard w/Special Items 2 = Complex Buildout 3 = Highly Complex Buildout Plus 0 + Existing Standard Building 1+ Historic Building* 1+ New Construction 1+ Critical Seismic Zone	0 = < 20 miles 1 = > 20 - 50 miles 2 = > 50 - 100 miles 3 = > 100 miles	0 = Little or no sensitivity 1 = Moderate sensitivity 2 = High Local Sensitivity 3 = High Overall Sensitivity	

Level of Effort	Total Points from Above	Team Members Required**	Minimum Construction Management Activities
LEVEL 1	1 - 5	Realty Specialist, Building Manager, Agency Representative, Estimator	Coordinate life safety review, evaluate lessor's pricing to verify proper separation of shell and TI costs, conduct preconstruction meeting, conduct periodic construction meetings and inspections, prepare minutes of meetings and distribute to team members, perform final inspection and accept space, prepare IGEs for lessor's TI proposal (if insufficient competitive bids) and for change orders, verify punch list items are completed. Davis Bacon interviews if new construction.
LEVEL 2	6 - 9	Realty Specialist, Building Manager, Agency Representative, Estimator, GSA in-house professional staff (A/E)	Coordinate life safety review, evaluate lessor's pricing to verify proper separation of shell and TI costs, review DIDs, lessor's construction drawings and submittals, evaluate lessor's pricing to verify proper separation of shell and TI costs, attend preconstruction meeting, conduct periodic construction meetings and inspections, prepare minutes of meetings and distribute to team members, perform final inspection and accept space, prepare IGEs for lessor's TI proposal (if insufficient competitive bids) and for change orders, negotiate price proposals and prepare PNM for contracting officer review and approval, verify punch list items are completed. Davis Bacon interviews if new construction. GSA in-house professional staff provides technical services for construction administration and advises Realty Contracting Officer.
LEVEL 3	10 - 13	Realty Specialist, Building Manager, Agency Representative, GSA in-house professional staff (A/E) or Contract Construction Manager, Fire Safety Engineer	Coordinate life safety review, review DIDs, lessor's construction drawings and submittals, evaluate lessor's pricing to verify proper separation of shell and TI costs, attend preconstruction meeting, conduct periodic construction meetings and inspections, prepare minutes of meetings and distribute to team members, perform final inspection and accept space, prepare IGEs for lessor's TI proposal (if insufficient competitive bids) and for change orders, negotiate price proposals and prepare PNM for contracting officer review and approval, verify punch list items are completed. Davis Bacon interviews if new construction. GSA in-house professional staff or construction manager as agent for GSA attends all construction meetings and provides technical services for construction administration.
LEVEL 4	14 and over	Realty Specialist, Building Manager, Agency Representative, GSA in-house professional staff (A/E), Fire Safety Engineer, Contract Construction Manager	Coordinate life safety review, review DIDs, lessor's construction drawings and submittals, evaluate lessor's pricing to verify proper separation of shell and TI costs, attend preconstruction meeting, conduct periodic construction meetings and inspections, prepare minutes of meetings and distribute to team members, perform final inspection and accept space, prepare IGEs for lessor's TI proposal (if insufficient competitive bids) and for change orders, negotiate price proposals and prepare PNM for contracting officer review and approval, verify punch list items are completed. Davis Bacon interviews if new construction. GSA in-house professional staff or construction manager as agent for GSA attends all construction meetings and provides technical services for construction administration. Construction manager is full time assignment.

*If the lease is in a building on or eligible for the Historic Register, provide a qualified preservation architect.

** On broker contract acquisitions, the broker and its staff may provide post-award services in accordance with the broker contract.

CRITERIA FOR TENANT IMPROVEMENT (TI) PROJECT MANAGEMENT SUPPORT

1. Pricing Policy: PBS's pricing desk guide 3.2.10 indicates that project management of initial tenant improvements is included in the PBS fee. Since our policy is to provide these services, PBS must review the characteristics of a project and allocate appropriate resources to provide the appropriate technical and project management support.

2. Project Management Matrix:

- a. A project classification index in Attachment 2 to this RSL provides a matrix to assist regional managers in making decisions regarding the level of post-award construction and technical support activities needed for differing types of lease projects.

Each column contains the weighing criteria from which to choose a number to assess a project, and then the index provides a simple summation of the weights. Use the table at the bottom of the page to help determine the types of team members needed to provide the project support and pertinent technical services. The index is based on five project attributes:

- i. TI Tier Level
 - ii. Size
 - iii. Complexity of Construction
 - iv. Distance from Regional Office
 - v. Political Sensitivity

- b. As the TI tier, project size, and complexity increase, an increasing level of technical services and project management support must be provided. The tool then factors in distance from regional office and political sensitivity.
 - c. Distance from regional office was chosen for two reasons. The first is that when a project is closer to a regional office, the cost to devote resources is minimized, and it is easier for a manager to provide technical services support from any number of sources. The second is that when a project is more distant, a lessor may fall into an out-of-sight, out-of-mind mindset and begin to cut corners if he feels no one is monitoring his progress and comparing it to the lease requirements.
 - d. The political sensitivity factor speaks for itself. The political pressures may come from the community, elected officials, the customer agency, etc.

3. Team Members: The type of technical services and names of team members required to support the project should be identified early in the project, but no later than receipt of approved design intent drawings (DIDs). For more complex or new construction projects, the responsibilities of each team member should be assigned so there is no confusion as to who performs which activities. For example, in some instances, the contracting officer may

prepare construction meeting minutes and distribute them to the team members; in other instances, the project manager A/E might have that responsibility.

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