

Client Enrichment Series – Q & A



Topic: *Should I Stay Or Should I Go? PBS's Lease Analysis Tool*

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Link to Series Information: www.gsa.gov/ces

1) *What influence do additional term options have on succeeding leases?*

Answer - Simply, existing renewal options may be weighed against full and open competition using the Succeeding/Superseding Lease Analysis tool or may be considered by the LCO independently depending on the circumstances.

2) *What constitutes a "mission based" reason to request a succeeding lease?*

Answer - Mission based justifications are extremely rare. TSA is the simplest example of a mission based reason for not go full and open competition since they have to be on the airport property to execute their mission. However, even in the case of TSA, only their mission essential operations are housed on airport and other functions are typically housed offsite under full and open competition.

3) *Can space be reduced on a succeeding lease?*

Answer - Yes.

4) *Can't we lead the incumbent Lessor to believe there is competition?*

Answer - GSA is a strong advocate for good faith negotiations. However, dependent upon project circumstances, there may be instances where disclosure of the government's intent to secure a sole source lease would impose undue financial risk. Under such circumstances, the RLP may include paragraphs that would imply competition..

5) *We have found in a sample of our OAs a 3% annual inflation for operating expenses rent component in future years. Is there documentation that establishes 3% as the rule for budgeting purposes? Otherwise, can you expand on how future year rent components are estimated?*

Answer - 3% escalation of operating costs is a typical escalation factor found in virtually all GSA occupancy agreements for budgetary purposes. Actual adjustments are typically based on inflation as negotiated in our leases.

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6) How do I secure the new lease rate if it happens to be lower than the current rate but the owner is unwilling to write down the terms of the current lease? Can a new lease be written to have the higher lease rate for the first two or three years (remaining term) then drop to the new lower rate?

Answer - This appears to be a rather specific situation, I suggest discussing this with the appropriate GSA regional staff.

7) Although SSLDT is not required per GSA LDG, the Cost Benefit Analysis is required. However, I've heard GSA does not run a financial analysis if we're reducing space by more than 30% - if this is true, why?

Answer - A cost benefit analysis is required to support a JOTFOC based on not expecting to recover costs through competition. There is no 30% rule and there is no requirement to complete a CBA because GSA's default position is full and open competition.

8) What is considered to be a "substantial cost" difference? Is there a hurdle rate my LCO will be looking to achieve?

Answer - "Substantial" is left to the determination of the LCO for each particular project.

9) I've also heard the relocation cost can be 20% more than remain in place and GSA will still force relocation. Why would we expend so much extra tax payer \$\$?

Answer - The 20% factor is in the red text of the Rough Order of Magnitude CBA tool. It's not a hard and fast rule, however, due to the fact that ROM estimates have a relatively low level of confidence, 20% is the suggested, not required, rule of thumb that we generally seek to decide to spend the time, effort and funds required to do a full blown Cost Benefit Analysis. Also note that seeking a competitive action is not the same as forcing a relocation. It is possible that a competitive action can result in remaining at the current location.

10) Can GSA share the CBA or ROM estimate with customers - so we can see that an apples to apples comparison is being conducted?

Answer - A customer report function has been built into the tool which provides the exact view that GSA sees and simply removes the proprietary data we're unable to share.

11) What happens if a selected building does not meet a customer's security requirements?

Answer - Often times, additional security measures can be implemented to ensure existing buildings meet customer security requirements. However, if a building absolutely can not meet a requirement, it should be eliminated from the competition.

12) Is it possible to include Overtime Utilities in the amortized cost in a lease location?

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Answer - While it is now possible to include mission-required recurring overtime utilities in the lease rent, it seems unlikely that there would be situations where different OTU costs are expected in different locations. I don't feel that this would be overly common other than in situations where we feel that the incumbent location has a substantially higher OTU cost than we would expect elsewhere and considered as part of a cost benefit analysis.

13) If the costs to relocate cannot be recovered through competition , but the new rate is much much higher than market rates, does the cost benefit analysis provide the justification for signing the new lease at those significantly above market lease rates?

Answer - An LCO would more than likely choose full and open competition in a scenario such as this. Many factors would play into this decision and additional support (documentation) would likely be necessary.

14) When would the building manager be involved in the tenant's needs assessment to renew the lease? For example, rolling the above standard services into the lease for a full-service lease.

Answer - This should happen during the planning phase of a project if/when a succeeding lease is being considered.

15) Can a “mission based” justification be for agency operational & physical requirements (for law enforcement or intelligence community customers); in lieu of place based?

Answer - See question number 2

16) Are potential locations evaluated for seismic requirements?

Answer - Yes, seismic safety compliance is a part of our analysis as explained in [Leasing Desk Guide Chapter 5, Section 13 \(a\) 5-19.](#)

Here is what the Request for Lease Proposals (RLP) states in terms of how an offer is to be evaluated with respect to seismic compliance:

“A. The Government intends to award a Lease to an Offeror of a Building that is in compliance with the Seismic Standards. If an offer is received which is in compliance with the Seismic Standards and the other requirements of this RLP, then other offers which do not comply with the Seismic Standards will not be considered. If none of the offers is in compliance with the Seismic Standards, the LCO will make the award to the Offeror whose offer meets the other requirements of this RLP and provides the best value to the Government, taking into account price, seismic safety and any other award factors specified in this RLP.”

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17) Can we get a copy of the Lease Analysis Tool?

Answer - A full copy of the ROM tool can not be shared, however, a customer report can be provided upon request and we can share the formal Cost Benefit Analysis (CBA) tab.

18) We have an example where the tool showed 22% savings to remain in place "as is." The LCO determined 22% is "too close" to the minimum threshold and would not agree to an OTFO competition. Does GSA keep stats on how often the tool is used to support OTFO competitions?

Answer - We do not track statistics and believe it is important to leave this decision up to the individual LCO's discretion. Other full and open procurement methods are available and can be effective in these situations.

19) Do we put in a request for an analysis? Or can we do it ourselves?

Answer - The most common time these analysis will be run is during the initial requirements development and planning phase of a project. Discuss this with your planning manager.

20) We are trying to get a succeeding lease, but our LCO has sent us a draft OA based on open market. At what point of the process should we receive this report?

Answer - Full and open competition is GSA's default procurement method. The desire for a succeeding lease should be expressed as early as possible during requirements development.

21) Does the Tool provide a complete breakdown / comparison by RSF vs. total savings amount?

Answer - The tool is focused on total savings outcomes, however, the customer report will allow you to calculate the estimated costs individually and on a per foot basis as it is a functional excel document.

22) With the new smaller footprint for offices/cubicles, how is this considered when whether to move or just replace the existing furniture?

Answer - Appropriate costs for these changes in the incumbent location should be taken into account in the CB analysis.

23) How is the tool used when there is no REIS or CBRE data available for a location?

Answer - The tool has a manual feature that allows GSA teams to input market rates based on their research and knowledge.

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24) If the operating expenses inflation rate can be adjusted (e.g., 3% vs. 2.5%) who makes that determination or how is it documented?

Answer - All OA's and leases are adjusted based on inflation statistics provided by the Department of Labor.

25) Defining "substantial savings" is subjective. GSA making decisions on Agency mission reasons is subjective. What is GSA doing to promote consistency in these evaluations across the country?

Answer - Consistency is promoted through our national office as well as through LCO networks and training and our Regional Lease Acquisition Officer network.

26) Is the Alternate data set reviewed to ensure the locations meet minimum GSA Solicitation for Offers (SFO) standards such as FLS? Architectural Barriers Act Accessibility Standard (ABAAS)? Seismic?

Answer - This is the intention of the "Other Considerations" tab of the tool.

27) Is the tool available in GREX for delegated agencies?

Answer - The formal and other considerations tabs are in GREX for delegated agencies.

28) What if the agency does not believe the new location is in a desirable area. FSL 1 for the new location, but not the best part of town? EO 12072 does have exceptions as well. It is not an end all be all requirement, but one of the 19 the GSA Leasing Desk Guide indicates should be considered.

Answer - This appears to be a rather specific situation, I suggest discussing this with the appropriate GSA regional staff

29) What's the Leasing Alert # that authorizes above standard utilities to be added to lease?

Answer - [Leasing Alert \(LA-FY18-07\)](#) authorized the inclusion of recurring overtime utilities in lease rental payments as part of operating rent.

30) Is there a process flow chart available on GSA's succeeding lease procurement process that you can provide?

Answer - Please refer to page 5-3 of [GSA's Leasing Desk Guide Chapter 5](#)

31) At what point of the process would be best to request the ROM report? At the beginning or after open market information has been requested?

Answer - The ROM is meant to be prepared early in the process, in order to guide requirements development and the acquisition planning process.

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32) If we are doing analysis 36 to 48 months in advance, thereby trying to avoid allowing an Incumbent with a higher lease rate to leverage the negotiations, short of writing a superseding agreement, how can we secure the new rates (lock them in) 3 years ahead of time assuming the Lessor won't change their mind when the lease comes to the final year of its term?

Answer - A new lease can be awarded with firm, fixed rental rates and not become effective until after the expiration of the current lease.

33) Is there a conflict between full and open competition AND restricted delineated area?

Answer - It depends upon project circumstances and/or how much the restriction affects the amount of potential offers. Generally, a restricted delineated area, which would limit the competitive pool, would not be compatible with the definition of full and open competition. However, there may be legitimate, mission-based reasons to restrict a delineated area.

34) What should our process be when our agency reroutes all of our funding? leaving no funds available for move and buildout.

Answer - An option that might help you afford the build out of space, especially if you are consolidating, reducing square footage, and improving your utilization rate, is to apply for GSA's Consolidation Fund program. See slide deck and Q&A on www.gsa.gov/ces or visit the Consolidation Fund website at to find your Regional Consolidation Fund POC.

35) Can you explain the significant differences if the lease acquisition falls under the Simplified Lease Acquisition Threshold (SLAT)?

Answer - Please refer to [Leasing Desk Guide Chapter 3](#).

36) Is there a typical average cost to relocate a federal employee?

Answer - No unfortunately not, as this is highly variable equation.