



Client Enrichment Series

Welcome to today's presentation:

*Updates to PBS Space Pricing -
Introducing the Pricing Desk Guide 5th Edition
January 16, 2020*

the presentation will start at 1 pm Eastern

Note: Phones are automatically muted during the presentation. You have the ability to send questions to your fellow attendees and our presentation team via your Chat pane. Our team will answer as many of the questions as possible throughout and at the end of the presentation. All questions will be captured, and formal Q&A will be posted with the slide deck and session recording on www.gsa.gov/ces. This session will be recorded.



Updates to PBS Space Pricing - Pricing Desk Guide 5th Edition

January 16, 2020

Presented by:

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Hosted by:

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Agenda



- Legislative Foundation
- The New Guide, and Where to Find It
- Codifying Policies That Have Been in Practice
- New Policies and Changes in the 5th Edition
- Pricing Network POCs and Resources
- Q&A

Legislative Foundation

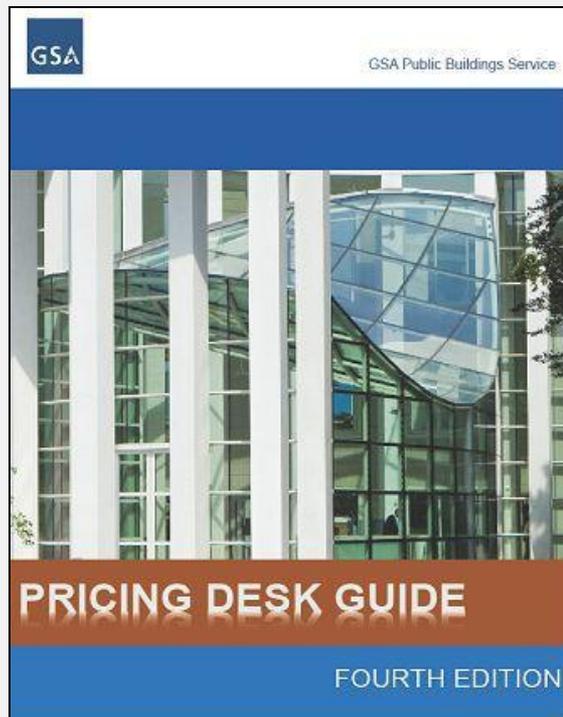
- 40 USC § 586
 - “The Administrator of General Services shall impose a charge for furnishing space and services.”
 - “The rates shall approximate commercial charges for comparable space and services.”

Federal Buildings Fund Mechanics

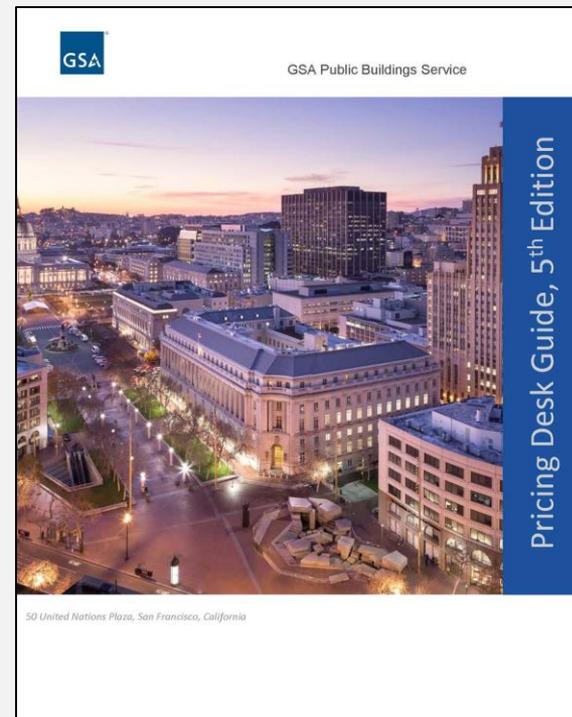
1. Congress appropriates money to Federal Agencies
2. Agencies pay Rent into the Federal Buildings Fund (FBF)
3. Congress gives GSA the authority to spend money from the FBF
4. GSA uses that money to fund different expenses:
 - Repair and Alterations
 - Construction and Acquisition
 - Rental of Space
 - Building Operations
 - Other

Pricing Desk Guide

4th Edition



NEW 5th Edition
Effective Nov 16, 2019



Find the Pricing Desk Guide on GSA.GOV

The screenshot shows the GSA website interface. The browser address bar displays gsa.gov/real-estate/real-estate-services/rental-policy-procedures/rent-pricing-policy. The GSA logo and 'U.S. General Services Administration' are visible in the top left. A navigation menu includes 'Buying & Selling', 'Real Estate', 'Policy & Regulations', 'Small Business', 'Travel', 'Shared Services', 'Technology', and 'About Us'. The 'Real Estate' menu is expanded, showing a breadcrumb trail: Home / Real Estate / Real Estate Services / Rental Policy & Procedures / Pricing Policy. On the left sidebar, 'Real Estate Services' is expanded to show 'Pricing Policy' as the active section. The main content area features the heading 'Rent Pricing Policy' and a paragraph explaining the guide's purpose. Below the text, a link for 'Pricing Desk Guide 5th Edition [PDF - 2 MB]' is highlighted with an orange arrow. Other links include 'PBS Order 7025.2 [PDF - 85 KB]' and a note about a shortcut to the page.

Real Estate Services

- Overview
- Leasing Policy & Procedures
- Reimbursable Services (RS) Program

Rental Policy & Procedures

- Pricing Policy**
- Rent Library

Rent Pricing Policy

The Pricing Desk Guide presents the policies developed by the Public Buildings Service to price real estate and related services to federal tenant agencies. The Pricing Desk Guide sets policy for the entire PBS owned and leased portfolio, and provides pricing direction for both general cases and special circumstances. It is designed to guide PBS employees in the performance of their work, and also serves as a resource for tenant agencies seeking a more thorough understanding of PBS pricing policy and its application. The Pricing Desk Guide will be revised as policy is updated, and the changed content will be clearly marked and dated.

[Pricing Desk Guide 5th Edition \[PDF - 2 MB\]](#)

[PBS Order 7025.2 \[PDF - 85 KB\]](#)

The shortcut to this page is www.gsa.gov/rentpricingpolicy.

www.gsa.gov/rentpricingpolicy

Access Your Rent Bill Via Rent on the Web

GSA General Services Administration
Public Buildings Service
Rent On The Web (ROW)

Client Secure Access

User Name or Email ID:

Password:

Support

[Contact Us](#)
www.GSA.gov

The Triangular Axxis Building
Constitution Avenue, N.W. in Washington, D.C.

<https://www.pbs-billing.gsa.gov>

Pricing Desk Guide 5th Edition

Codifying Policies in Practice Between the 4th and 5th Editions

- Lease Term Strategy
- OA Signature
- Remeasurement Implications
- Fair Annual Rent & Appraisals
- Tenant Improvement
Restoration
- National Operations and Maintenance
Specifications
- Paying for Recurring Services in Leased
Space
- Forced Move Exceptions
- Free Space in Leases
- Lease Market Surveys

Lease Term Strategy

- Align with leasing guidance
- Obtain lower rental rates by better leveraging GSA's financial strength and its 20 year lease acquisition authority by entering into longer leases where appropriate
- Reduce the number of lease procurements and the resulting workload burden on regions through the use of longer lease term strategies
- Implement these strategies in a manner that does not result in a material increase in vacant leased space

Fair Annual Rent (FAR) Term (owned)

- FAR - the rent established by competition in the open market, inclusive of services except security
- Transitioning from 5 year to 10 year FAR rates
- Provide market advantages of longer term occupancy
- Customers keep release of space rights



Courthouse Pricing (owned)

- New courthouses no longer priced via Return On Investment (ROI) methodology
- Existing ROI priced courthouses will transition to FAR appraisal based pricing methodology for shell rent
- Operating rate based on actual cost



Spatial Data Changes (owned)

- Eliminate minor square foot changes in OA due to SDM initiated space changes
- GSA only makes changes to a customer's rent bill due to SDM maintenance 50 USF or greater
- Valid space release always accepted



National Specification for Fed Bldg

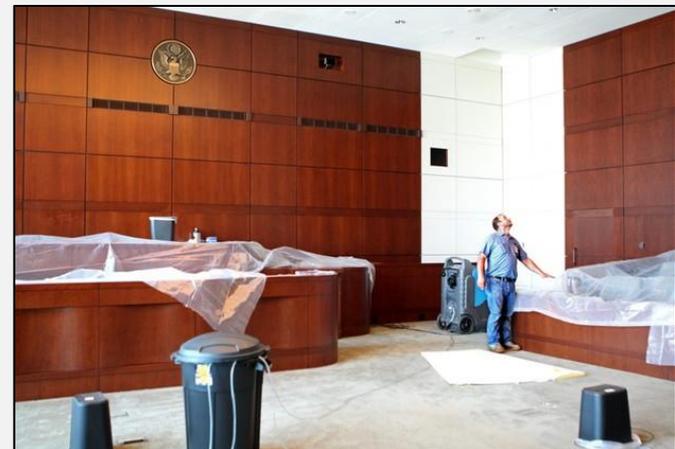
- National custodial and O&M specifications are posted on GSA.gov
- Customers can see what level of service are expected from our contractors
- Specifications are performance based
- National specifications provide consistency

The image shows a screenshot of a form titled "National Custodial Specification". At the top left, it says "Version 1.13" and at the top right, "December 19, 2012 Revised". Below this is a header box containing the GSA logo and the title "National Custodial Specification". Below the header box, there is a red note: "NOTE TO SPEC WRITER: TO BE FILLED OUT BY THE REGION". The form contains several fields for completion:

- SOLICITATION NUMBER: G S - [] P - [] - [] - []
- SERVICE: CUSTODIAL AND RELATED SERVICES
- LOCATION(S): []
- PERIOD OF PERFORMANCE: []
- SOLICITATION ISSUE DATE: ____ 20__
- OFFER RECEIPT DATE/TIME: ____ 20__

Federal Building Failure Restoration

- The finishes funded by Tenant Improvement (TI) damaged by a building system failure may be replaced or restored by GSA up to the TI allowance
- Equipment and personal property not covered due to interdepartmental waiver rule



Furniture and IT (FIT) Program

- Finances furniture and IT for the customer workplace.
- Supplemental OA outlines charges
- FAS fee
- No PBS fee or interest rate for the amortization



Workstation 6'x8'

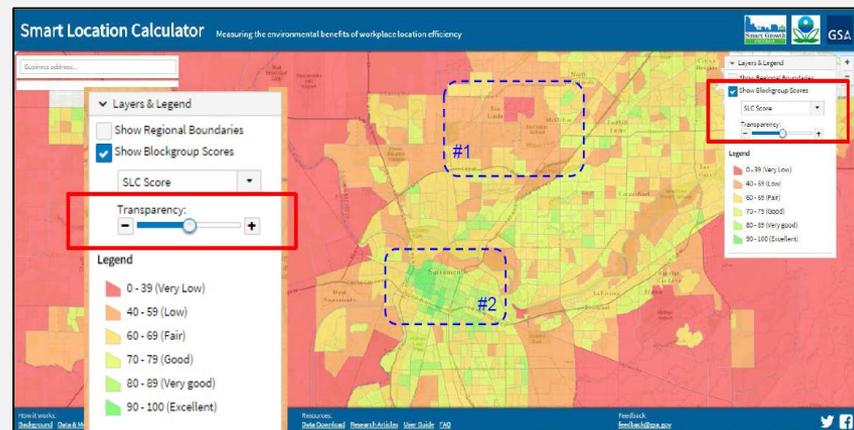


Forced Move

- If PBS provides 3 years' written notice for either a Disposal or Prospectus Project, we will not be considered a forcing agency
- Standard OA clause
- In cases where there is uncertainty, PBS will use year-to-year extensions or an OA clause explaining the potential need for relocation

Lease Market Survey

- The PBS fee covers a single market survey
- Customer responsible for scheduling all necessary personnel to attend
- PBS can determine if additional surveys are necessary due to lack of competition or change in agency requirements



Free Space in Leases

- Free space cannot be accepted if it exceeds maximum square footage specified in Prospectus or Congressional Committee resolution
- Absolutely no exceptions!

Recurring Services in Leases

- Recurring services, such as overtime utilities, to fulfill a mission needs in leased space can be paid as part of the operating rent
- This arrangement reduces the need for RWAs, lowering administrative burden and cost for our customers
- See full details and lease language in [Leasing Alert LA-FY18-07](#)



OA Signatures

- Refined OA signature requirements
 - Limit requests to value added activities



OA Signatures in Leases

Table 2-2. OA Signature Guide for New and Continuing Requirements

New Requirement	OA Signature
Initial occupancy (including expansion)	Signature required.
Backfill occupancy	Signature required.
Amortization of TI	Signature required.
Parking only OA	Signature required for initial requirement.

OA Signature in Leases

continued

Continuing Requirement	OA Signature
Lease extension with no increase in square footage or annual rent (excluding scheduled CPI adjustments)	Signature NOT required.
Lease extension with an increase in square footage or annual rent (excluding scheduled CPI adjustments)	Signature required. GSA may act without signature to protect the government's financial interests.

OA Signatures in Owned Space

Table 3-2. OA Signature Guide for New and Continuing Requirements

New Requirement	OA Signature
Initial occupancy (including expansion)	Signature required.
Backfill occupancy	Signature required.
Amortization of TI	Signature required.
Continuing Requirement	OA Signature
Continuing occupancy	Signature NOT required.
Forced move	Signature required. GSA may act without OA signature to protect the government's financial interests. Refer to section 4.3 .

OA Signatures in Owned Space *continued*

Table 3-3. OA Signature and Notification Guide for Rent and OA Changes

Changes	OA Signature / Notification
Square footage increases (excluding space assignment errors)	Signature required.
OA term changes (number of months)	Signature required.
Shell or base operating rate resets	OA not sent, notice letter only.
Principal balance of amortized TI increases	Signature required.
Changes to joint use amenities	OA not sent, notice letter only.
Number of parking spaces	OA not sent, notice letter only.
Number of antennas	OA not sent, notice letter only.

OA Signatures in Owned Space *continued 2*

BSAC security features added	Signature NOT required, instead approval by the FSC. Refer to <u>section 3.10.2.B</u> .
Billing adjustments (excluding recurring reimbursable billing adjustments)	No notification sent.
Space assignment errors	Signature NOT required. GSA only updates OA if change is 50 USF or greater. Time to budget provided for change to annual rent. Refer to <u>section 3.4.4</u> .
Error correction	Signature required. GSA may act without signature after documented attempts to acquire it.
Release of space	Written notice of release is required. Refer to <u>section 5.3</u> .
Furniture and IT (FIT) charges	Signature required on supplemental OA.

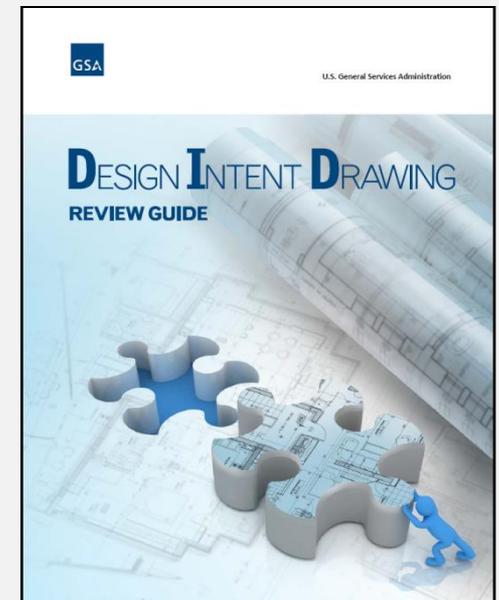
Pricing Desk Guide 5th Edition - New

New Policies and Changes in the 5th Edition

- Increase in the General Allowance
- Design Intent Drawings
- Vacant Space Discounts
- Warehouse Definition
- Phased Projects
- Customer-Funded Building Shell Work
- Asbestos Abatement
- Building Shell - Electrical and Lighting

Design Intent Drawings

- DIDs are typically included in the shell requirements for leases as part of the shell rent
- Option for DID workshop or government provided
- PDG references [DID Review Guide](#) to enhance definition
- Level 1 DID elements provided as part of standard rent. Level 2 DID elements typically require reimbursement.



Billing Adjustments

- Billing adjustments must be made for the current and one prior fiscal year, regardless of amount.
- GSA also must make billing adjustments earlier than the prior fiscal year that exceed \$1,000 for an individual OA.

Building Shell Definition for Warehouses

- Distinct building shell definition
- Matches warehouse lease model
- No ceiling
- Minimal lighting
- No Air Conditioning



Building Shell

- Lighting - one fixture per 80 USF
- Lighting controls with ambient lighting adjusted per daylight availability, occupancy, vacancy, or other building automation system signals
- Use F-number values for floor flatness and levelness
- Electrical power is 4 watts per USF, excluding lighting and HVAC

Customer Agency Funded Shell (owned)

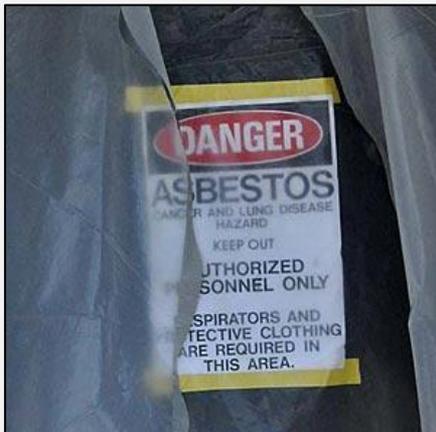
- Used in cases where timely funded of shell elements is impractical and customer mission need
- PBS may accept lump-sum payments for shell elements
- PBS determines appropriate rent consideration to be provided after substantial completion

Haz Mat Abatement (owned)

- Asbestos Containing Material (ACM) and lead paint abatement are considered building shell expenses

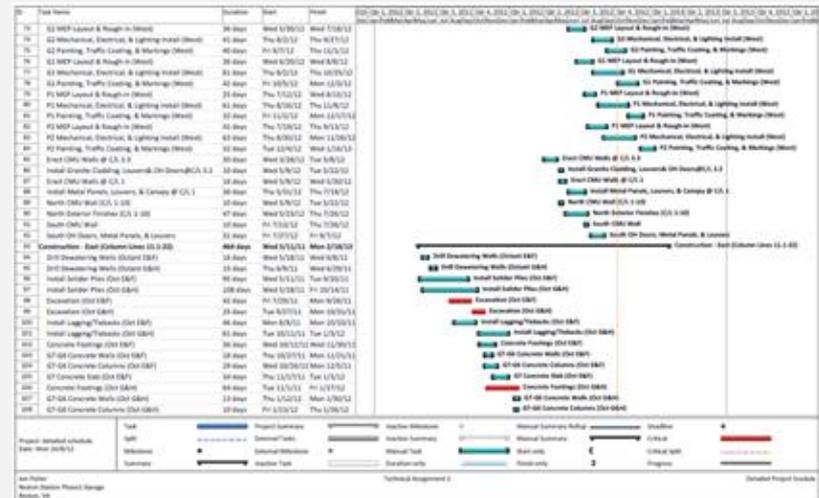


Note: For a tenant driven alteration funded via RWA, it is often impractical for GSA to obtain timely funding for abatement. Consequently abatement is typically funded via RWA and GSA provides Rent consideration after substantial completion. Refer to [note in 3.6.10.C.](#)



Phased Projects

- TI allowance allocated among each phase of project
- Avoids completely depleting TI allowance before later phase commences
- If work is moved among phases, TI allowance can be re-allocated accordingly



Substantial Increase in the General Allowance

4th Edition____

5th Edition



- **\$38.95 / USF**
 - Study every 5 years
 - Open office
 - Increase in purchasing power
 - Applicable to new projects and existing projects in acquisition planning / pre-solicitation phase
- **\$49.13 / USF**
 - Annual adjustment
 - Open office

PDG 5th Edition Summary

- Evolutionary, not revolutionary
- Up to date policies
- Simpler
 - OA signature requirements
 - Recurring services in leases
- Increased General Allowance

National Pricing Network POCs



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Questions?

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Upcoming CES Presentations

eRETA Advanced

Thursday, January 23th 2020 1pm-2:30pm Eastern [Register Now!](#)

(advise attending “eRETA Overview” and prior to attending this session)

eRETA Digest

Tuesday, February 11th 2020 1pm-2:30pm Eastern [Register Now!](#)

(consolidated highlights of our “Overview” and “Advanced” sessions)

PBS Boosts Procurement Efficiency With New Lease Offer Platform

Thursday, February 20th 2020 2pm-3pm Eastern [Register Now!](#)

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www.gsa.gov/ces

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