



## Client Enrichment Series

Welcome to today's presentation:

*PBS Space Pricing Basics-  
Introducing the Pricing Desk Guide 5th Edition  
September 17, 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 answers sent to all participants prior to the next presentation.

# COVID-19 and the Federal Community

Business...but not as usual...

## [GSA's Coronavirus - COVID-19 Resource Page](#)

Overview, GSA Activities and FAQ's

## [Returning to GSA Facilities Page](#)

Addressing topics for both Federally Owned and Leased Buildings, Projects, Workspace and Tools for the Workforce



## ***PBS Space Pricing Basics - Pricing Guide 5th Edition***

September 17th, 2020

### ***Presented by:***

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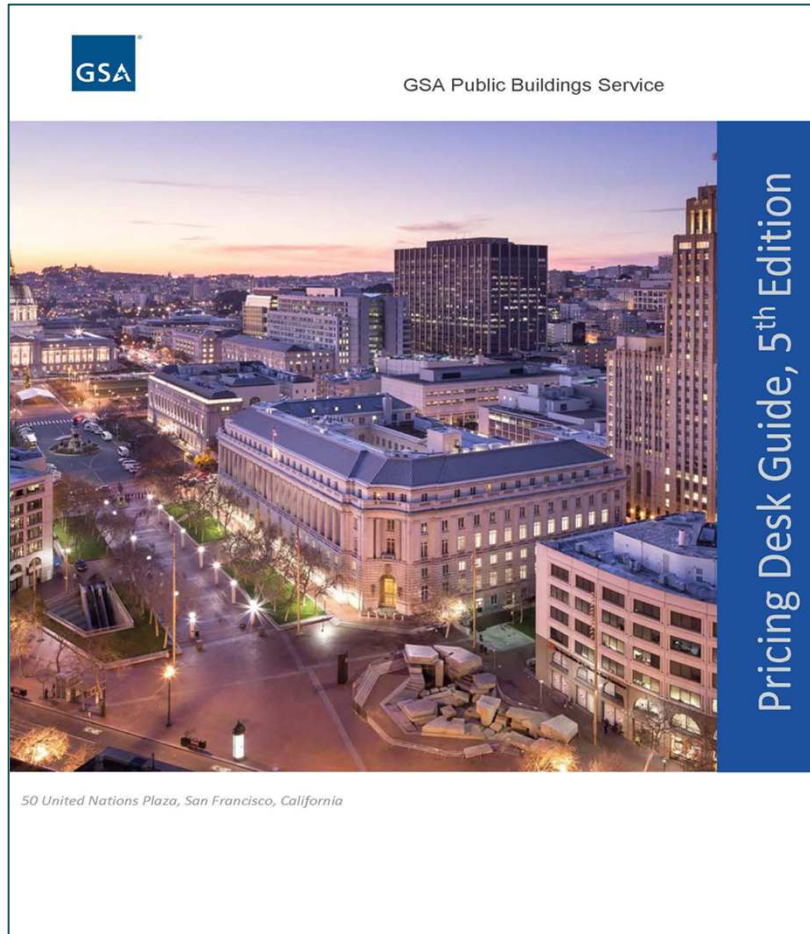


### ***Hosted by:***

Victor Mendez  
Building Management Specialist  
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# Space Pricing - What's Your Level of Experience?



# Training Topics

- Pricing Desk Guide Overview
- Pricing Legislative Foundation
- Space Data Measurement (SDM)
- Occupancy Agreements (OA)
- Key Rent Components
  - Building Shell
  - Tenant Improvements (TI)
  - Operating Costs
- Tenant Agency Rights
- \*\* Indicates change from PDG 4<sup>th</sup> Edition

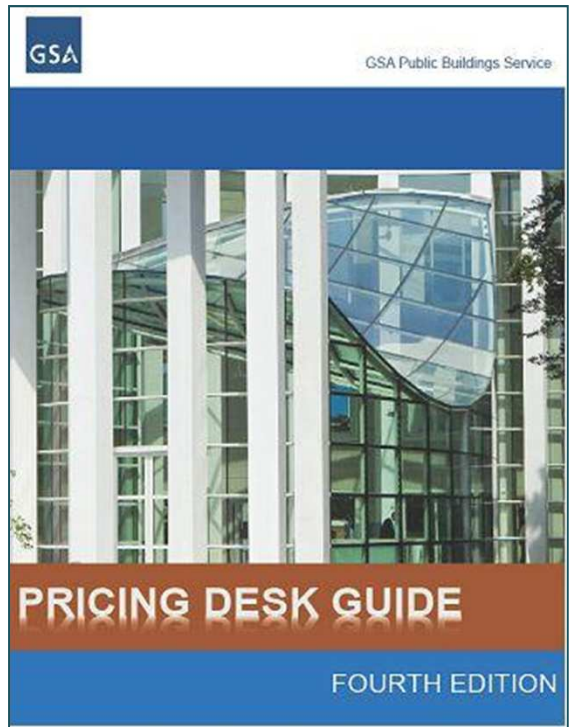


# Pricing Desk Guide

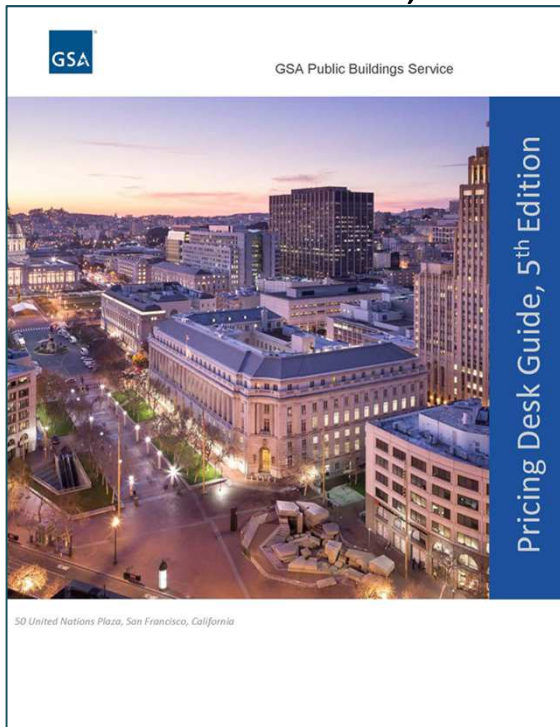
## 5<sup>th</sup> Edition Overview

# Pricing Desk Guide Status

4<sup>th</sup> Edition



5<sup>th</sup> Edition  
Effective Nov 16, 2019







## Real Estate Services

Overview

Leasing Policy & Procedures

Reimbursable Services (RS) Program

### Rental Policy & Procedures

Pricing Policy

Rent Library

Site Selection & Relocation

## 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 \[PDF - 1 MB\]](#)

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

The shortcut to this page is [www.gsa.gov/rentpricingpolicy](http://www.gsa.gov/rentpricingpolicy).

### Contacts

[Pricing Network Map \[PDF - 231 KB\]](#)

Feedback



[www.gsa.gov/rentpricingpolicy](http://www.gsa.gov/rentpricingpolicy)



# Pricing Desk Guide Navigation

- Separate chapters for leased and owned space
- Links to quickly move from one part of a document to another
- PDG 5th Edition Chapter 1.1 where policy updates found
- Appendix C – Glossary of Terms

## C. Backfill Pricing Flexibility

PBS may exercise administrative discretion in setting rental rates for backfill tenant agencies to optimize income to the Federal Buildings Fund (FBF). Realty practitioners or others involved in the proposed rent concession transaction must confer with the building's regional asset manager. Before offering a reduced rate, a pricing deviation approved by the regional portfolio director is required. An offer to go below the lease contract rental rate must not cover a period beyond the firm term of the lease and could cover a shorter period.

If the backfill tenant agency, in turn, returns the space upon 4 months' notice before expiration of the OA term, then the tenant agency is liable for any portion of the rent concession unearned by that date. (See discussion of rent concessions in

section 2.17.)



# Access Your Rent Bill on the Web

Client Secure Access

User Name or Email ID:

Password:

Sign In

Forgot Password Register An Account

Support

Help Desk Telephone Numbers:  
(202) 219 - 1054  
(866) 367 - 7878

[Contact Us](#)  
[www.GSA.gov](http://www.GSA.gov)

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

Since 2001, customers have been able to access their rent bills on the Internet through Rent on the Web (ROW). Not only does ROW allow PBS to drastically reduce the administrative efforts that is associated with paper billing, but it also delivers the message to our customers that serving them is a priority.

ROW gives customers real-time access to their rent information, which allows them to review their rent bills at the time that is most convenient to them. Obviously, web-based billing information reaches our customers more quickly than billing information that is sent by traditional mail. ROW also allows our customers to electronically download rent information for analysis.

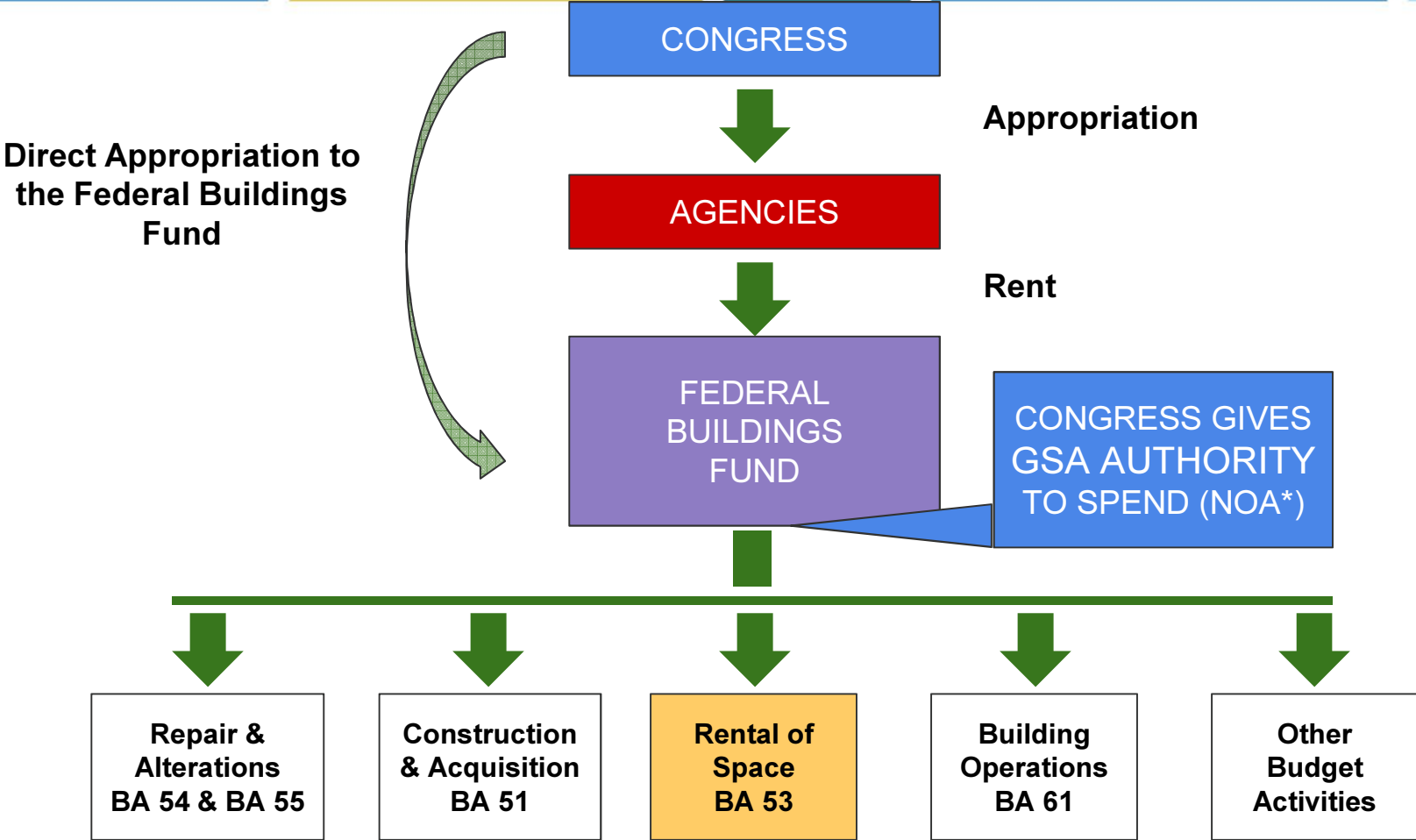


# Pricing Legislative Foundation

# Legislative Foundation

- Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. § 586)
  - GSA Administrator is authorized and directed to charge anyone furnished space and services at rates that approximate commercial charges for comparable space and services
- Public Building Amendments of 1972 (P.L. 92-313, 40 U.S.C. 592, as codified by P.L. 107-217)
  - Creates Federal Buildings Fund (FBF)
- Federal Management Regulations (FMR)
  - Approved by OMB and detail pricing policy for occupancy in GSA controlled & owned space

# The Federal Buildings Fund



\* New obligation Authority

# Space Pricing

- Leased space – Rent is a passthrough of the underlying lease contract rent plus:
  - Any standard operating costs not performed through the lease
  - PBS lease fee
  - Any other applicable charges added (e.g. BSAC)
- Federally owned space – Rent is based on a Fair Annual Rent (FAR) appraisal or Return on Investment (ROI), with other applicable charges added

## Knowledge Check - Q2

True or False:

**False**

GSA Administrator is authorized and directed to charge anyone furnished space and services at rates that do not approximate commercial charges for comparable space and services but are derived from benchmark information.





# Space Data Measurement (SDM)

# Space Measurement

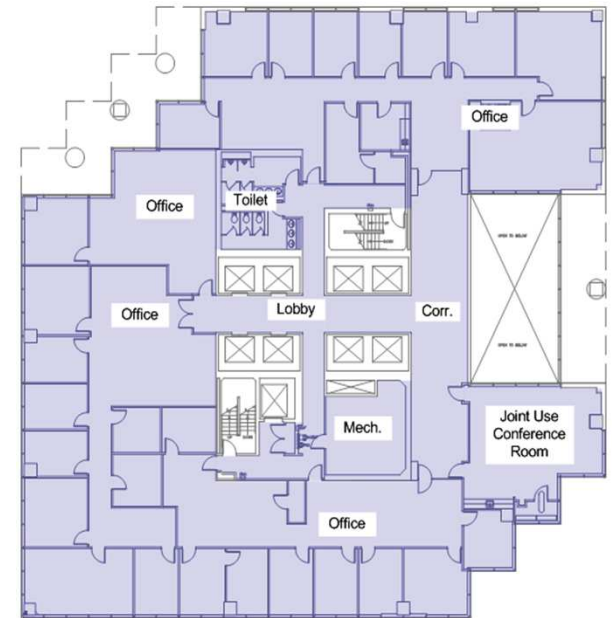
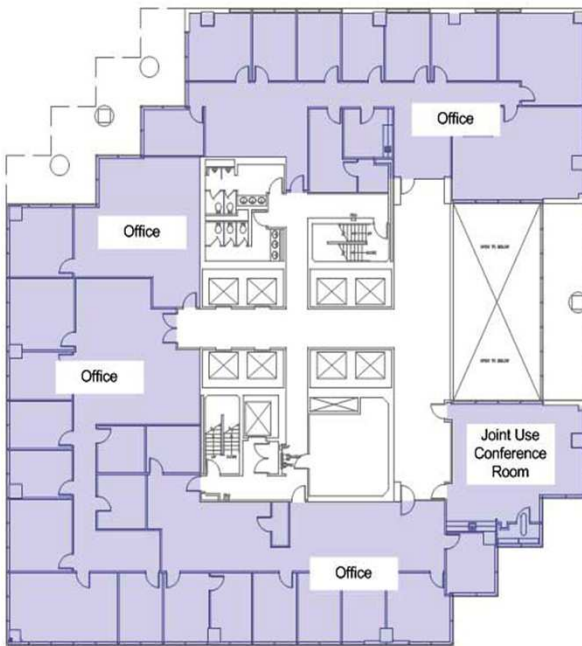
- Rentable square footage (RSF) – the area for which the customer agency is charged Rent; may include a share of building support and common areas
- Usable square footage (USF) – the area where a customer agency normally houses personnel and/or furniture. To note: for PBS space measurements – USF includes joint use
- Common area factor (a.k.a. R/U factor) – a conversion factor determined by the building owner and applied to the USF to determine the RSF for the space

# Spatial Data Management

USF + Common Area = RSF

Assigned Space, including JU

RSF/USF = Building RU



# Spatial Data Management

- 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



## Knowledge Check - Q3

True or False:

**False**

Rent is charged on usable square feet.



# Occupancy Agreements (OAs)

# The Occupancy Agreement (OA)

- A complete statement of the business terms governing the relationship between PBS and the tenant agency for a specific space assignment
- Serves as the billing document
- Covers financial specifics and responsibilities of both parties
- Not a contract, but a formal agreement between the signing parties



# Why is the OA Important?

- Keep customer informed of rent charges or project costs
- Help ensure PBS does not incur financial obligations in excess of the terms the customer agency is willing to commit
- Help to eliminate Rent disputes and appeals
- Prospectus submissions must have signed OAs

## Four Parts of the OA

Description  
of Space  
and Services

Clauses  
(Terms and  
Conditions)

Signature  
Page

Financial  
Summary

# Description of Space and Services

- Details:
  - Address
  - Useable Square Feet
  - Rentable Square Feet
  - Number of Parking Spaces
  - Type of Space
  - OA term

Description  
of Space  
and Services

# OA Term

- The customer has a right to occupy the space only for the duration of the OA term and is responsible for any move costs to relocate.
- Leased Space
  - OA is usually co-terminus with the lease term. \*\*If a tenant does not agree to an OA term that matches the lease, PBS may award the lease on its' own authority.
- Federally Owned Space
  - Standard OA term is 10 years; in rare cases, it may be set for different duration by mutual consent

Clauses  
(Terms and  
Conditions)

PDG Sections 2.11 and 3.1.1

## Clause Types, Requirements and Applications

**PBS standard clauses are Mandatory:** Required for all occupancies, separate templates for leased and federally owned space

**Agency specific clauses are Mandatory or Optional:** Could apply to all of a tenant agency's occupancies (mandatory) or just a subset (optional)

**Optional Clauses are (you guessed it) Optional:** Could apply to any occupancy, based on the situation

**Ad Hoc Clauses are Optional:** Specific to one occupancy

# Rent Commencement

- Tenant agency's obligation to pay rent is when space governed by the OA is:
  - Substantially complete
  - Operationally functional
- Occupancy and rent start will be coordinated with the Tenant
  - Phased occupancy allowed
  - No grace period for moves or installation of personal property items unless included in the contract

# Substantially Complete

- Substantially Complete – The tenant given opportunity to participate in a walk-through of space prior to final acceptance by PBS
  - In *leased space* it is the granting of an occupancy permit and/or PBS's acceptance of the space as substantially complete in accordance with the lease
  - In *owned space* it is when PBS' s acceptance of the space as substantially complete in accordance with the general construction contract
  - In both cases the Government must have access to the premises and occupancy, possession, use and enjoyment thereof



# Operationally Functional

- Operationally Functional
  - Building systems function
  - Building specific safety and security features operational
  - Related space necessary for a tenant to function according to agency mission must be complete

# Signature

- OA signature is required before incurring significant costs to pursue a new procurement or new project
  - In a lease that is before submitting a lease prospectus project or awarding a lease contract
  - In owned space that is before purchasing a site or awarding a design contract
- The latest iteration of the tenant signed OA confirms its' financial commitment.
- If the tenant agency later backs out of the signed OA, PBS has the right to seek reimbursement



Signature  
Page

## Signature Page, con't

- There may be situations where a signature is required and if GSA is not able to obtain a signature after successive attempts GSA may act w/o a signature to protect the government's financial interest
  - Forced move
  - Lease extension with increase to square footage
- Also instances where no signature is required and no OA is sent to customer for systematic annual rate updates
  - Operating Costs
  - Real Estate Taxes
  - Antennas

# Financial Summary

- Preview of the tenant agency's Rent bill
- Itemizes the cost components of the Rent payment
- Summarizes the financial terms and lump sum payment requirements
- Serves as planning/budgeting tool

Financial  
Summary

## Knowledge Check - Q4

Why is an OA important?

- A. Keep customer informed of rent charges & project costs
- B. Help ensure PBS doesn't incur financial obligations in excess of what the customer agency is willing to commit to.
- C. Only "A" above.
- D. Both "A" and "B" above.



# Key Rent Components

# Rent Bill Comparison

## Leased Space

## Federally Owned Space

### Shell Rent

- + General TI
- + Operating Costs
- + Real Estate Taxes

= **Market Rent**

- + Custom TI
- + GSA Installed Bldg Improvements
- + Security (BSAC)
- + Parking
- + Rent Charges for Other Space
- + PBS Fee

= **Agency Rent Subtotal**

- + Joint Use

= **Total Monthly Rent**

- +/- Billing Adjustments/Corrections

= **Total Rent Bill**

- + Antenna
  - + Reimbursable Services
- = **Total PBS Bill**

### Shell Rent

- + General TI
- + Operating Costs

= **Market Rent**

- + Customized TI
- + Security (BSAC)
- + Parking
- + Rent Charges for Other Space

= **Agency Rent Subtotal**

- + Joint Use

= **Total Monthly Rent**

- +/- Billing Adjustments/Corrections

= **Total Rent Bill**

- + Antenna
  - + Reimbursable Services
- = **Total PBS Bill**



## **\*\*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.

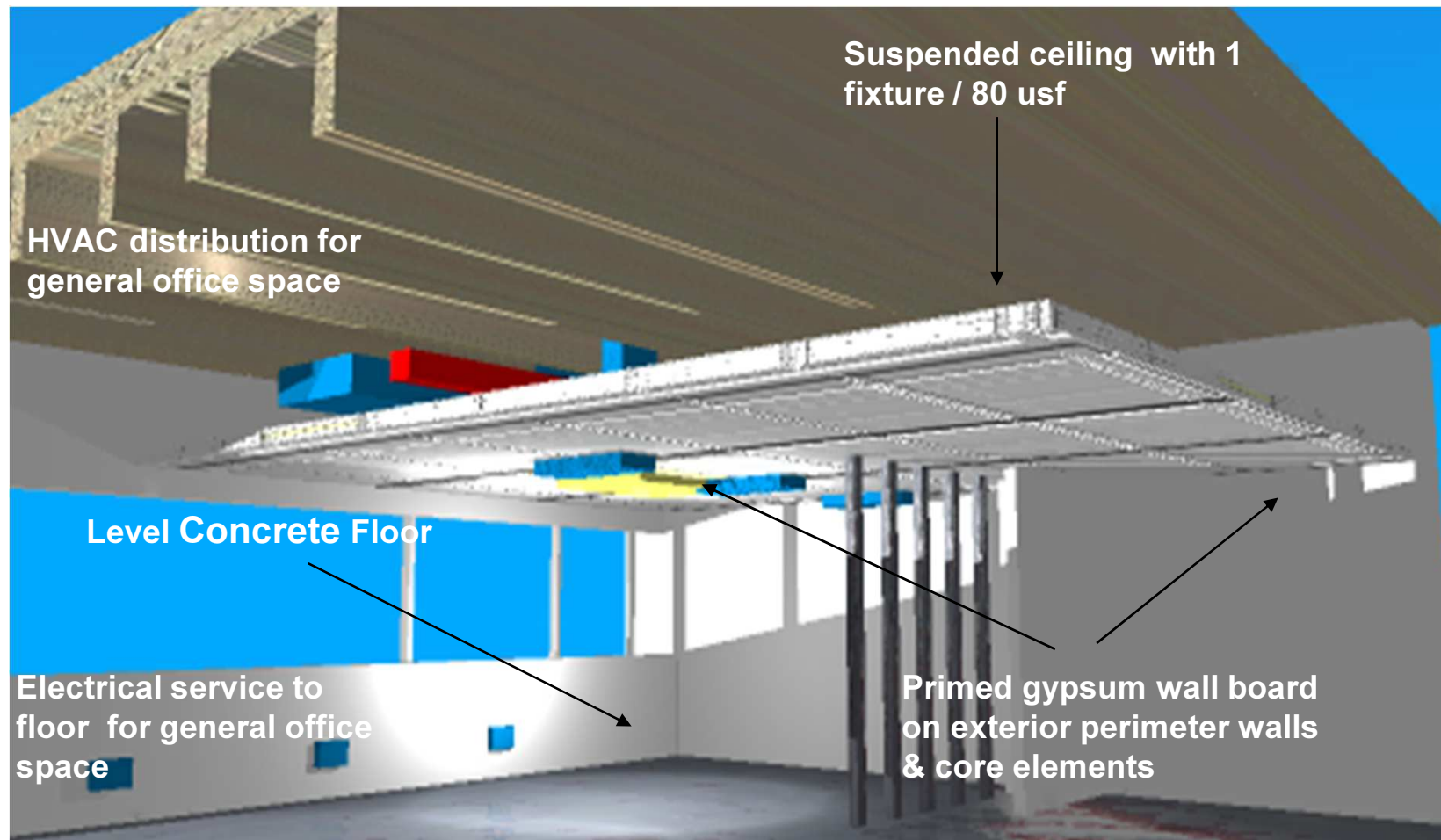


# Key Rent Components Building Shell

# Building Shell

- The complete enveloping structure, the base building systems, and the finished common areas of a building that adjoin the tenant areas.
- Shell in base building includes:
  - Base structure and building enclosure (e.g., windows)
  - Base building electrical & mechanical systems
  - Common areas (e.g., lobbies, elevators, restrooms, garages)
- Shell in tenant areas includes:
  - Wall board on exterior perimeter & tenant demising walls (w/o suite entry door)
  - HVAC for open office layout, Concrete Floor
  - Common corridor stud walls without gypsum board
  - Suspended acoustical tile ceiling with lighting (1 fixture/80 usf).  
Lighting controls with ambient lighting adjusted for building automation system

# Building Shell Illustration



# Building Shell

- PDG building shell definition supports regional consistency in the application of TI allowances
- PBS must use the shell definition in its entirety and without deviation, standard lease forms also include the shell definition
- Building standards and design guides are not part of the building shell merely because they are called “standards”
- Tenant agency-driven upgrades to building shell (shell enhancements) are to be separately priced and considered TIs
- Buildings specific security items are not included in shell

# Warehouse Shell

- **\*\***Shell definition matches the warehouse lease model
- Minimal lighting- should provide 30 ft. candles in shipping/receiving & 10 ft. candles in warehouse area
- Sprinkler mains/distribution in open plan layout
- Exposed ceiling
- No air conditioning
- Concrete floor



## Shell Rent – Leased Space

- Passthrough of the underlying PBS lease contract shell rent
  - Any standard operating costs not performed through the lease
  - PBS lease fee
  - Any other applicable charges added (e.g. BSAC)
  - Lease may have step rents
- Lessors must use shell definition in the RLP/Lease to develop their shell rent rate
- PBS policy is that cyclic painting and carpet replacement can be included in leases as a shell cost

## \*\*Shell Rent – Leased Space, DIDs

- 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.





## Knowledge Check - Q5

True or False:

**False**

In leased space, the building shell may include upgrades above RLP base building specifications.

## Knowledge Check - Q6

True or False:

**False**

Shell enhancements are considered part of the Shell costs.

# Shell Rent – Federally Owned Space

- Shell rent based on a FAR appraisal
- Shell rents are established for 10 year periods
- \*\*At a minimum, a new FAR appraisal every 10 years
- \*\*50% for general storage space, all other rentable area has the same shell rate
- \*\*Asbestos Containing Material (ACM) and lead paint abatement is considered a building shell expense and a GSA obligation to pay

# Fair Annual Rent (FAR) Federally Owned Space

- FAR - is the fully serviced rental rate inclusive of services except security
- \*\* We have transitioned all OAs from 5 year to 10 year FAR rates
- Provide market advantages of longer term occupancy
- Customers keep release of space rights



## Example of GNS Space



# \*\* Hazmat Abatement – Federally Owned Space

- GSA can still manage in place if appropriate
- Any alterations must still be approved by GSA
- Due to lack of BA54 funds, agency funded shell is possible



**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](#).



# \*\*Customer Agency Funded Shell – Federally Owned Space

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

## Knowledge Check - Q7

True or False:

**False**

The Fair Annual Rent is the fully serviced rental rate inclusive of all services, including security.





# Key Rent Component Tenant Improvement

# Firewall Between Shell & TI

- The shell and TI distinction is an impermeable barrier or "firewall" across which funding cannot shift
- Exception for prospectus level projects where there is a cost overrun on the purchase of the site or on the construction of the shell, funds may be moved from TI
  - Only with tenant agency's consent
  - Only after other remedies have been examined e.g., specifications review, descoping, value engineering

# Tenant Improvements

- The finishes and fixtures that typically take space from the shell condition to a finished, usable condition
- Tenant agency elects how its space is to be finished, as long as the space is functional and compliant with all applicable building codes and standards
- The existence of building standards does not mean they are part of shell – they are still TIs (e.g., suite entry door specification, restricted color palettes)

# Shell vs TI Example



Suite Entry Door

Wood Wall & Stainless Steel Logo

Building Signage

Wood (Common Area)

## Legend

Shell

Tenant Improvement

Terrazzo Tile (Common Area)

Glass Wall with Leaf Graphic (Common Area)

Terrazzo Tile (Tenant Space)

# Tenant Improvement Allowance (TIA)

- Funding source that enables the space to be built out
- TI allowance has two components - general and customization
- Provides flexibility, choice, and savings incentives
- Commonplace in the commercial real estate market
- Allows both PBS and lessors to budget more reliably since obligations are defined at the outset
- Helps PBS and tenant agencies comply with appropriations law and with OMB requirement that PBS set limits on amounts that can be amortized in Rent

# Application of TI Allowances

- Tenant agency elects how its space is to be finished
- Rent payment is lower if an amount less than the allowance limit is used
- If the full allowance is not used for initial buildout, it is no longer available, you cannot 'bank' it for later
- Can only be used to pay for items that are real property, or which become real property when *attached or affixed* to the building

# Example of Real Property vs Personal Property

The shelving system to the right is *real property*. The shelving doesn't have fixed aisles but is a high density shelf mounted on top of a mobile carriage and the system is on rails that are *grouted/anchored to the floor*.



The system to the left is *personal property*. It is a high density mobile shelving which *sits on top of the floor*.

# \* Building Failure Restoration of TIs- Federally Owned ONLY

- 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, based on the availability of funds. Any previous amortization are unchanged and would continue to bill.
- Equipment and personal property not covered due to interdepartmental waiver rule





# TIA Cannot Fund Personal Property

- Furniture
- Microwaves
- Refrigerators
- Artwork
- Physical relocation expenses of personal property
- AV equipment, phone handsets, TVs for conference rooms

# Furniture and IT (FIT) Program

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

## \*\*TI Allowance -Phased Projects

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

# Application of TI Allowance

- Initial occupancies (including expansions)
  - New space/1<sup>st</sup> generation/ usually new construction, new tenant
  - Tenant agency provided the full TI allowance
  - Tenant agency cannot buy down the general component of the TI allowance in first generation space through use of an RWA
- Backfill occupancies
  - Relet/ 2nd generation space, new tenant, TIs from previous tenant, but space is currently vacant
  - The full TI allowance may be provided to tenant agency, subject to availability of funds
  - \*\*Tenant agency may buy down the general allowance in second generation space through use of an RWA

# Application of TI Allowance Mid Occupancy

- Mid-occupancy / post initial occupancy
  - Same OA term, same space
  - TIs typically funded by the tenant agency via RWA
  - No obligation to provide TI allowance
  - Subject to availability of funds, full or partial TI allowance may be provided to tenant agency, but this is not typical

# Application of TI Allowance Con't Occupancy

- New OA term, same space, same tenant
- TI allowance requested typically just minor alterations or carpet and paint
- **Leased Space**
  - In succeeding/ superseding lease, the tenant agency may be provided up to the full TIA. If renewal option is exercised that was evaluated at the initial lease term, then those terms apply
- **Federally Owned Space**
  - Provided funds are available, upon Tenant Agency request, GSA may fund and amortize minor alterations

# General Component of TI Allowance

- Takes the space from shell to “vanilla” office space
- Set nationally and indexed to local construction costs
  - Currently \*\*\$49.13 per USF –Washington D.C. has Local Construction Index (LCI) of 1
- Covers cost of normal or standard or “typical” office finishes
  - Doors
  - Partitioning
  - Carpeting
  - Electric & telephone outlets

# Customization Component of TI Allowance

- Takes the space from “vanilla” office space to space specifically designed to function for a particular tenant agency
- Not intended to eliminate the need for lump sum RWA payments
- Customization allowances are not adjusted because they are a percentage of the general allowance, which is already adjusted for inflation and indexed to local construction costs



# TI Allowance in Warehouses

- The TI allowance is reduced to 20% of the general component of TI allowance as adjusted for locality
- If the TI allowance is used to construct offices within a warehouse then the TI allowance is used to construct all the shell and TIs needed for that office.
- If there is a significant (as determined by GSA) amount of office space and warehouse space in the same building or tenant space assignment, the total TIA may be a blended rate between the warehouse TI allowance (at 20% of the general component) and the tenant agency's total tier allowance for the office space.

# TI Allowance by Tier

- PBS created a series of customization tiers 0 - 6
- Each tier is equal to 10% of the value of the general allowance
- Each tenant agency and bureau is assigned a tier

**\*\*\$49.13 per USF**  
x Local Construction Index  
= **General Allowance**

General Allowance  
x 10% for each Tier  
= **Custom Allowance**

General Allowance  
+ Custom Allowance  
= **Total Allowance**

# TI Allowance by Functional Estimate

- The TI allowance is set in accordance with the benchmarks or cost estimates
- Functional estimates are also applicable when a particular block of space is not typical for a customer agency and additional buildout is required to meet the functional needs of that space type
- The revised TI allowance must cover the cost of basic functionality to meets the operational requirements for the space's use, that is finished, functional, and compliant with building codes.
  - The standard is not based on the total cost of TIs. The distinction is functionality versus finish, fixture, and feature enhancement
  - Not intended to eliminate the need for an RWA

# TI Allowance Amortization - Leases

- Amortization term usually the firm term of the lease
  - Exception: Lessors, with PBS and tenant agency agreement, can set amortization term beyond the lease firm term provided no lump-sum costs due if PBS exercises termination rights or leaves at the end of the lease term
- Two rules for limiting amortization terms for TIs:
  - The amortization term must not exceed the economic life of the improvements
  - The amortization term must not exceed the term of the OA
- Multiple amortization periods can be done for special cases such as phased projects
- Interest rate negotiated between the successful offeror and PBS

# TI Allowance Amortization - Owned

- Standard amortization term is 10 years
  - Amortization period for courtrooms and chambers assignments can be 20 years
- Two rules for limiting amortization terms for TIs:
  - The amortization term must not exceed the economic life of the improvements
  - The amortization term must not exceed the term of the OA
- Multiple amortization periods can be done for special cases such as phased projects
- Interest rate set annually, 10 yr Treasury + 12.5 basis points

# \*\*Lump-Sum Payment Options for TI- Leased Space

## Timing of Lump-Sum Payment, Requirement and Payment Method

**Before Lease Award:** You can use an **RWA** to make a lump sum payment to lower the TI allowance

**Before Lease Award or Lease Amendment:** You are required to use an **RWA** to pay in full and in advance the costs above the TI allowance.

**Before Lease Amendment:** You are required to use an **RWA** to pay in full and in advance, the cost of reimbursable space changes to an existing assignment.

**At Space Release:** You will pay in **Rent through the OA Tool** the lump sum amount equal to the outstanding balance on the Tis that PBS has been amortizing in the Rent

**In a Forced Move:** The Forcing customer agency will pay PBS in **Rent though the OA Tool** the unamortized balance of the TIs of the displaced customer agency.

# \*\*Lump-Sum Payment Options for TI- Owned Space

## Timing of Lump-Sum Payment, Requirement and Payment Method, con't

**Before Contract Award:** You can use an **RWA** to make a lump sum payment to lower the TI allowance

**Before Contract Award:** You must use an **RWA** to pay, in full and in advance, the costs of space changes to an existing assignment.

**Before Contract Award or Before Change to Scope of Work (SOW):** You must use an **RWA** to pay in full and in advance the costs above the TI allowance.

**At Space Release:** You will pay in **Rent through the OA Tool** the lump sum amount equal to the outstanding balance (principal only) on the TIs that PBS has been amortizing in the Rent.

**In a Forced Move:** The expanding customer (Forcing agency) will pay PBS in **Rent through the OA Tool** the unamortized balance of the TIs of the displaced customer agency.

## Knowledge Check - Q8

True or False: **True**

The TI amortization term is generally the firm term of the lease for leased space and 10 years in federally owned space.



## Knowledge Check - Q9

True or False: **False**

The tenant's TI allowance can include microwaves and refrigerators



# Key Rent Component Operating Costs

# Operating Costs

- **Leased Space**
  - Direct pass-through of lease contract cost for standard services to customer agency
  - Typically escalated annually by CPI
- **Federally Owned Space**
  - Based on market appraisal, not actual PBS costs
  - Reset to market every 10 years, just like shell
  - Escalated annually by OMB Inflation Factor

# Operating Costs – Utilities in Leases

- Consistent heating or cooling for one shift with a minimum of 10 operating hours
- Lease should reflect the building's normal operating hours
- **\*\*** Mission related recurring services (i.e., continuous 24/7, multi-shift, or extended HVAC services) – may be incorporated as part of the operating rent
- Non recurring services (i.e., one time request after hours HVAC) is above standard – customer agency RWA reimbursement
- See full details and lease language in [Leasing Alert LA-FY18-07](#)



# Operating Costs – Utilities in Federally Owned Space

- Provide 10 hours consistent heating or cooling
- Reimbursement required for HVAC outside normal 10 hour specified period
- Property Manager in consultation with tenants determine standard building hours

# Standard Custodial Services

## Federally Owned Space

- Vacuuming, sweeping, and dusting
- Damp mop and spray buff resilient floors
- Emptying and hauling trash
- Servicing restrooms, lobbies, corridors, and other common areas
- Servicing loading docks and platforms
- Washing windows (at least one washing per year or more as determined by region)
- Carpet spot cleaning
- Snow and ice removal, and lawn and grounds maintenance
- Integrated pest management

## Leased Space

- Essentially the same
- Essentially the same
- Essentially the same
- Essentially the same
- Essentially the same
- Washing windows twice a year
- Plus carpet shampoo every two years
- Essentially the same
- Essentially the same

# \*\* Specifications in Federal Buildings

- National custodial and O&M specifications are posted on [GSA.gov](http://GSA.gov)
- Customers can see what level of services are expected from our contractors
- Specifications are performance based
- National specifications provide consistency

Version 1.13 December 19, 2012 Revised

**GSA** National Custodial Specification

**NOTE TO SPEC WRITER: TO BE FILLED OUT BY THE REGION**

SOLICITATION NUMBER: G S - [ ] P - [ ] - [ ] - [ ]

SERVICE: CUSTODIAL AND RELATED SERVICES

LOCATION(S): [ ]

PERIOD OF PERFORMANCE: [ ]

SOLICITATION ISSUE DATE: \_\_\_\_/\_\_\_\_/20\_\_

OFFER RECEIPT DATE/TIME: \_\_\_\_/\_\_\_\_/20\_\_

## Knowledge Check - Q10

True or False: **True**

For mission related recurring services in leases, a customer agency may incorporate that cost as part of the operating rent.



## Knowledge Check - Q11

In owned space, who determines standard building hours?

A) Property Managers / Agency Headquarters

B) Customer Agencies in building / Property Managers

C) GSA Headquarters

D) Both A) and C)



# Tenant Agency Rights

# Move Policy

- Agencies responsible for funding their own physical moves and telecommunication costs
- Customer agencies in both leased and federally owned space can expect to fund all move costs at the end of their OA term
- Exceptions:
  - Emergency relocations due to disasters or crises. PBS may fund the moves up front, subject to funds availability
  - Forced moves: The forcing agency is responsible. PBS can be considered the forcing agency. \*\*If PBS provides 3 years' written notice for either a Disposal or Prospectus Project, we will not be considered a forcing agency.

## Forced Move

A forcing agency is responsible for funding the following costs:

- To the displaced agency:
  - The undepreciated value of any lump-sum payment for TIs or tenant agency-specific security
  - Relocation cost, including the physical move, move coordination and relocation, and installation of telecommunications and IT equipment
  - **\*\***The cost of architectural-engineering design for the new location

## Forced Move con't

A forcing agency is responsible for funding the following costs:

- To PBS:
  - The remaining principal balance on any TIs being amortized not being reused by forcing agency paid by lump-sum payment through the OA Tool, not RWA.
  - Any increase in the displaced agency's overall Rent at its new location, except for any difference in amortized TIs, until the displaced agency has time to budget through RentEst cycle.
  - Displaced agency's Rent from time displaced agency vacates until forcing agency occupies.

# Tenant Agency Rights - Cancellation

- Prior to Contract Execution there is no fault cancellation
- After Contract Execution, Prior to Occupancy:
  - In Leased Space
    - The 16-month Rental obligation had the customer agency occupied the space, plus the unamortized balance of the tenant improvements (Tis) or the lease buyout cost, if less.
  - In Federally Owned Space
    - The 4-month Rental obligation had the customer agency occupied the space, plus the unamortized balance fo the tenant improvements (Tis), or the total project cost incurred, whichever is less
- If PBS executes tenant agency-requested services outside of the services PBS provides as part of the PBS fee without upfront reimbursement, then PBS reserves the right to pursue reimbursement whether the tenant agency canceled before contract execution or before occupancy

# Tenant Agency Rights

- Tenant agency is entitled to a reduction in the PBS fee from 7% to 5% for leased assignments designated as noncancelable
  - PBS makes decision on whether space is considered noncancelable that is reflected in the first pro forma OA
  - Once designated (or not designated) as noncancelable, it may not be changed during the OA term
  - Tenant agencies may not volunteer to designate their space as noncancelable to receive the reduced fee

# Noncancelable Space

- Remote or not easily accessible location
- Special purpose use or buildout
- Lease construction
- Unusual term
- Lack of any realistic federal need for the space, other than the requesting tenant agency
- Any other factors that would significantly impair PBS's ability to backfill the space

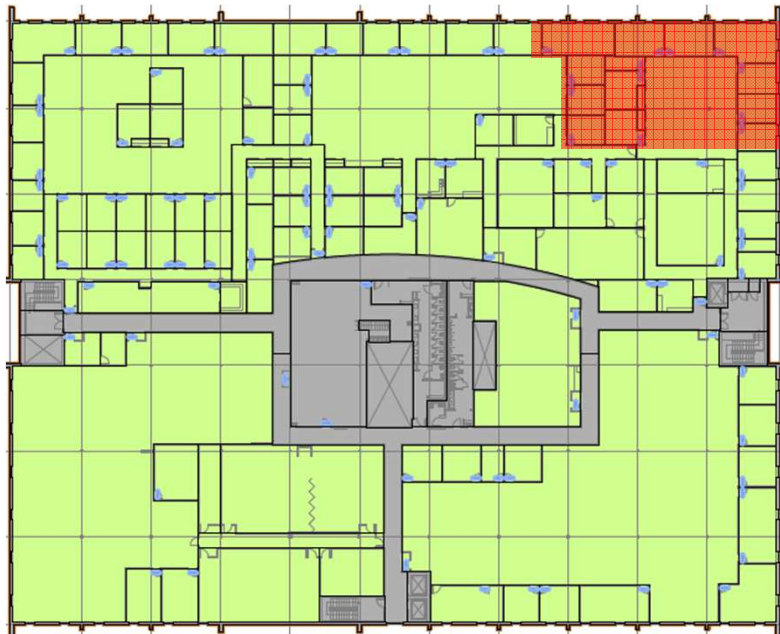


## Agency Rights - Return of Space

- With 4 months' written notice, tenant agencies have the right to release space to PBS providing:
  - There is no longer a need for the space
  - The space is not designated as noncancelable in the tenant agency OA
  - \*\*The tenant is at least 16 months into OA term (lease space only)
  - The space is in marketable blocks
  - \*\*4 month notice no longer applies to parking spaces or antennas (leased or federally owned space)

# Marketable Space

- The space is in marketable blocks if it can be assigned to another federal tenant agency or to a private-sector tenant (outlease). Please make GSA aware of intent to vacate as soon as possible a [space.release@gsa.gov](mailto:space.release@gsa.gov)



- Location: Space must be accessible from common corridor
- Use: Cannot be just a mailroom or janitorial closet
- Size: USF is contiguous, but must consider accessibility

## Knowledge Check - Q12

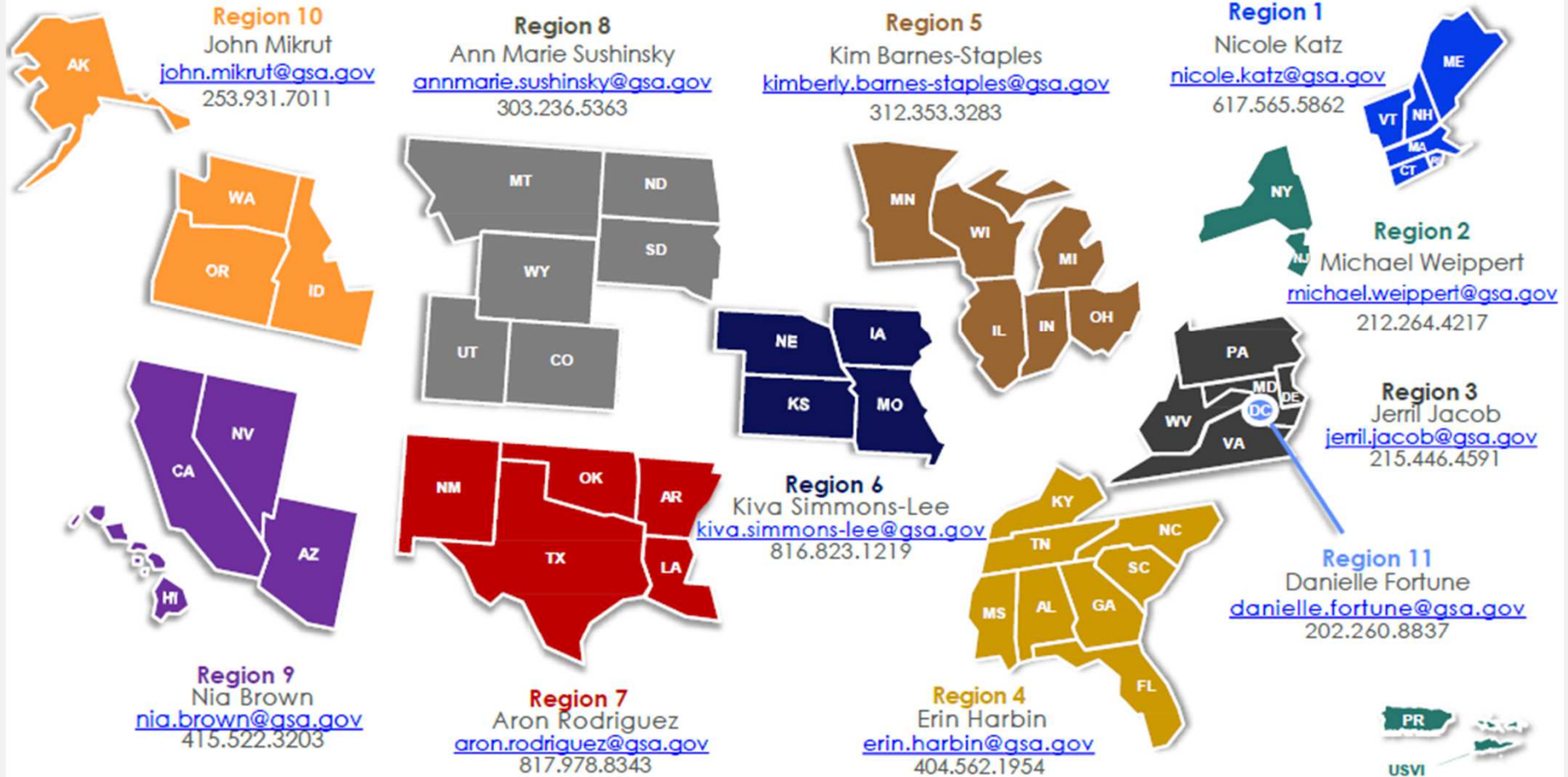
With 4 months written notice, customer agencies have the right to release space when:

- A. The space is in marketable blocks
- B. The space is not designated in the OA as non-cancelable
- C. The tenant is at least 16 months into their occupancy term in leased space

D. all of the above

# GSA PBS Pricing Network

July 2019



Pricing Policy and Tools Division  
National Space Pricing  
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## PBS Space Pricing Basics - Pricing Desk Guide 5th Edition

# *Questions?*

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Pricing Policy and Tools Division

Office of Portfolio Management & Customer Engagement (CO)







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