

Client Enrichment Series – Capital Plan Formulation and the Budget Process



Topic: *Capital Plan Formulation and the Budget Process (GSA's CILP and Prospectus Process)*

Presenter: *Diane Campanile*

Date of Presentation: *March 19, 2020*

Additional Resources:

Capital Plan Formulation and the Budget Process [Slide Deck](#) and [Session Recording](#)

[Client Enrichment Series website](#) - upcoming sessions and past presentations library

[Client Enrichment Series YouTube Playlist](#) - 31 session recording about PBS programs, policies and services

Q1. How do you determine when GSA pays for major alterations / repairs vs. when an agency pays for them?

- A. If a Customer has requirements that were not included in the project budget, the Customer should have a means of providing GSA with funding for these needs. A Reimbursable Work Authorization (RWA) is used when the Customer requests and provides funds to GSA for items outside the project scope, benchmark, or budget.

Q2. Is there a special emphasis area that helps fund the extra costs for work on historic buildings?

- A. No, there is not a special emphasis program that helps fund the extra cost for work on historic buildings. We suggest you contact your Regional Historic Preservation Program Specialist for further assistance on this matter.

Q3. Is the Pricing Guide the same thing as the P100?

- A. No, they are not the same. The [Pricing Desk Guide, 5th Edition](#), explains how space is priced. A recent CES session on the Desk Guide was held on January 16th, 2020 - and you may view the session slide, Q&A and YouTube video on our www.gsa.gov/ces website, under "Recent Presentations" heading. The P-100 is the shorthand name for the Facilities Standards for the Public Buildings Service (P-100), which establishes design standards and performance criteria for the GSA Public Buildings Service. This document contains policy and technical criteria to be used in the programming, design, and documentation of GSA buildings. You can learn more about the P-100 on our website.

Q4. Could you provide GSA's definition of "warm lit shell" and what that actually covers?

- A. The PBS Pricing Desk Guide has the shell definition for leased and owned space in sections 2.4.1 and 3.5.1, respectively. Although the term "warm, lit shell" is not found in policy, it is a commonly used phrase that highlights in addition to including the complete enveloping structure, base building systems, and finished common areas, the PBS shell definition also provides HVAC, lighting and ceiling (for an

open office layout) in tenant space. Another useful tip to remember is that the shell brings electrical and plumbing to the tenant space, *not through* it.

Q5. How is an agency's Tier level determined?

- A. PBS initially created a tier for each agency and bureau's space to provide equivalent value for what it previously provided as "standard alterations" based on a customer's space classifications. Since then tiers have been adjusted on a case by case basis using an analysis of build-out costs. Please note the tier based allowance is not intended to cover all costs in a customer agency's design guide or program of requirements and may not eliminate the need for RWA payment.

Q6. There's definite differences between GSA regions as I have projects in one Region that require the agency to pay for the shell (because they have no funds available), and some Regions that have no problem covering Shell and General TI. So are these determinations made at the GSA Regional level?

- A. Ideally GSA would always fund the shell costs for an initial, backfill or continuing occupancy in owned space. Unfortunately, the need to prioritize limited R&A funding for building systems sometimes means customer agencies must either wait for funding to become available or fund building shell items via RWA, if central office approval is obtained to deviate from pricing policy, and receive a rent credit.

Q7. Typically CBP's modernization projects get funded via the President's budget at about 60%...that is, we don't get full funding in a single FY. So if GSA can execute those projects without 100% of the funding, why does GSA require 100% of funding upfront for our projects that are over the prospectus level, but not hundreds of millions of dollars?

- A. Each project is unique in size, location, potential ability for phasing, etc. In some projects, GSA has proposed them initially in phases, while in other projects, full funding was requested. Issues arise when projects are not funded as requested in a given fiscal year.

In recent budget years, our land port of entry projects have been only partially funded. This partial funding creates issues with implementation of the project and increases the overall project costs in the long run due to escalation and (in some cases) the need for additional design funding to accommodate a phased approach.

Q8. How do we apply for those historic funds?

- A. Please contact your Regional Historic Preservation Program Specialist to learn what is needed in order to apply for these funds.

Q9. There is a lot of emphasis about consolidating and sharing resources among agencies. But at some point, the more agencies we collocate with, the more chances we have to exceed the prospectus threshold. So agencies are almost encouraged to NOT collocate to avoid prospectus - could you please comment?

- A. GSA recommends that where there is opportunity to consolidate that will result in Lease Cost Avoidance and/or a more efficient use of existing Federal space AND a savings to the agencies and taxpayers, that consolidations should be considered and pursued, regardless of whether or not the cost of the project is below or above the annual prospectus threshold. Projects that are below the annual prospectus threshold can be accomplished with minor program funds and those that are above the annual prospectus threshold can be accomplished with either Consolidation Activities Program Funds or Line Item Funds (both major repairs and alterations funding).

Q10. Do funds for emergency repairs come from the Capital Program? (for example repairs needed as a result of yesterday's earthquake?)

- A. Emergency building repairs can be funded out of BA-51 (if the project is an ongoing new construction project), BA-54 (minor repairs and alterations program) or BA-55 (major repairs and alterations program, as applicable).

Q11. Does GSA not utilize the Federal Act of Nature fund? We used that at DoD for any act of nature repair requirements.

- A. GSA does not utilize the Federal Act of Nature Fund.

Q12. Did you say agencies had to also provide approval on notifications for over threshold?

A. No, agencies do not need to provide approval on notifications over threshold. If the region determines that the R&A project estimated construction cost of non-recurring work items exceeds the statutory prospectus threshold, the region will submit a prospectus.

Q13. How did "Prospectus" get its name?

- A. A Prospectus is, by definition, a document describing the major features of something (can be an investment doc, a literary work, etc) that provides enough detail that investors/decision makers may evaluate it. Since The Public Buildings Act of 1959, GSA has been required to submit prospectuses for Congressional review.

Q14. Can you explain the 1/2 Prospectus limit for leased space alterations again? And what the limit is?

- A. An alterations in leased space prospectus is required for all post-Government occupancy alterations in leased space when the Estimated Construction Cost (ECC), whether payment of the ECC is made lump sum by GSA funds or amortized in the rent, exceeds the annually adjusted threshold amount for alteration projects in GSA leased buildings. The current limit is \$1,547,500.

Q15. Can we fund FF&E attached to our modernization projects with other than PC&I funds if above the prospectus threshold? Since we don't get FF&E funding within the President's Budget for our modernizations, the responsibility to fund the attendant FF&E falls on the agency.

- A. GSA works with customer agencies on the planning and submission of funds for modernization projects. Before a major repairs and alterations project is requested in GSA's annual Capital Investment Program Budget Request, GSA will identify the necessary construction and furniture, fixtures and equipment funds that an agency must bring to the project. GSA's OMB Examiner will work with the respective agency's Examiner to ensure that an agency has also or will (if needed beyond the subject budget request) budget for those amounts. If requirements are met, agencies also have the option to utilize GSA's Total Workplace Furniture & Information Technology (FIT) program to ease the burden of furniture and technology costs on a project. Information on the FIT Program can be found [here](#).

Q16. Can we have access to the Decision Lens software? GSA seems to have multiple software/calculators that could prove useful to the rest of the government. It makes sense we would share.

- A. Unfortunately, GSA is not able to share the software license. If an agency is interested in obtaining a software license, they should contact Decision Lens (www.decisionlens.com) for more information.

Q17. How does an agency outside Courts and Ports enter the prioritization process for new replacing prospectus building?

- A. Projects are evaluated and prioritized using several criteria, such as economics, timing, readiness, building condition, and customer urgency. Agencies can work with their respective GSA regional offices to make requests for space.

Q18. This is a follow on question to the above. CBP's CFIP only addresses GSA-owned spaces. It does not address CPB-owned facilities. How do we get these facilities that need modernization to GSA's and OMB's attention for funding?

- A. CBP has a budget for operations/upgrades of CBP-owned facilities and would work through their facilities management group for future budgeting on owned facilities.

Q19. How long has this Capital Program been in place?

- A. The Capital Program dates back to the mid-1980s.

Q20. Does GSA enter into any capital leases? Is the prospectus the same process for capital leases?

- A. GSA, PBS policy is that all lease acquisitions should be operating leases. This ensures the risk of ownership stays with the lessor. Exceptions to this guidance require consultation with the Office of Portfolio Management and Customer Engagement DURING the development of lease proposals. The prospectus process (submittal, GSA review, OMB concurrence, Congressional authorization) is the same for all prospectuses.