



Simplified Lease • Succeeding/Superseding Lease • Increase SLAT Petition • ABOA Standard
Acquisition Plan • Procurement Summary • Rent Bill Management • Communication Plan



Lease Process Reform Implementation—Full Speed Ahead! Update #2

October 2010

Implementing Lease Process Reform

The Reengineering Mission

The Lease Process Reengineering Team was charged with evaluating and reforming GSA's internal leasing process and how we work with our customers and the private sector. Our goals are to streamline, standardize, and simplify how we do business.

- Streamlining means reducing redundant steps and scaling back risk-averse policies that increase lease cycle time and make it difficult for many potential lessors to compete for our business.
- Standardizing means adopting a common, shared framework or starting point. This consistency seeks to avoid regularly reinventing the wheel for ordinary processes, yet still allows for innovation and flexibility.
- Simplifying means reducing the number of moving parts and complicated mechanisms for performing conceptually simple tasks. Though substantial revision to current process, policy, and procedure is important and a significant part of the Reengineering Team's efforts, in some instances managing the small is in order. For example, the smallest tweak in a longstanding general clause or a minute change in an existing policy is all that is required to make a major difference. The team recognizes that for significant change to occur, we must balance both large- and small-scale revision and improvement.

In keeping with these goals, we want to make it easier for the regions to move through the lease procurement process, because requiring numerous steps to accomplish what we could do in just a few is not acceptable. We want our customers to trust GSA to find transformational and timely solutions to their space needs, and we are striving to make our process more transparent and on par with the private sector.

We need to make it easier for the private sector to work with us and less expensive to offer space, thereby increasing competition for our business. We are aiming to deliver leases faster by reducing the turnaround time for contract documents. A related goal is to improve the way we identify customer requirements and collect design intent and construction drawings; too often, delays in receiving this information extend project cycle time, tenant build-out, and rent effective dates. Our improvements should allow us to avoid extensions and holdovers as much as possible, since they make it harder for our lessors to finance or sell space, and impose costly financial, political, and public relations consequences.

“
Your desire and initiative to continually improve your processes is yet another testament to what GSA is doing right.
”
—Dennis Simonich,
Simco Ventures)

Moving forward, we aim to increase customer accountability in the leasing process. In addition, we are addressing prospectus processes; scoring requirements; seismic and fire life safety reviews; green leasing; and how GSA’s pricing policy defines building shell and Tenant Improvements.

First Results

We are on the way to real lease process reform. Our March 2010 report with final recommendations was the first step. Since then, the core reengineering team and sub teams have been vetting the recommendations that were aligned under 21 broad categories, while developing new approaches, improving current ones, and coordinating with multiple business lines, the regions, and the private sector.

The first changes were rolled out in July. They included a standard FedBizOpps advertisement, paired with a Procurement Summary Page; clarification of industry space measurement terminology; and a MasterFormat Tenant Improvement Cost Summary (TICS) table correction.

With this update, all eight of the numbered recommendations that were assigned high priority to accomplish in FY10 by Commissioner Peck—as well as one element that enhances the TI/Post Award process—are on the way to being how we will do business going forward. Those recommendations, including the previously issued July changes, are explained below. They have been approved for implementation, and guidance documentation and training are being finalized to enable the regions to put these improvements into motion.

In keeping with GSA’s environmental sustainability goals, we are preparing the documentation in only a limited number of printed copies of record for regional leadership. All other staff—including all Leasing Specialists, Lease Contracting Officers, and others—will receive the full documentation in electronic form via email, and will have continuing, real-time direct access to the most current version of the guidance as posted on the Office of Real Estate Acquisition InSite collaborative portal. Furthermore, the Reengineering Team coordinated these improvements to ensure that they would be reflected in the PBS Leasing Desk Guide now being issued and as it is updated in the months to come.

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I have been hearing great things both from current Federal clients and industry colleagues.

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—Valerie G. Short,
(Jacobs/GBNA Consulting Services)

#1: Simplified Lease Model

Presently, there is no fully defined procurement process for simplified leasing other than using the Short Form 3626 for leases under the simplified lease acquisition threshold (SLAT). However, many regions and Lease Contracting Officers do not take advantage of Form 3626 due to perceived inadequacies in the form’s content and provisions. The Simplified Lease Acquisition Model developed by the Reengineering Team with significant participation from regions 1, 8, and 9 as well as Central Office, addresses a long-standing request from the regions, our clients, and the private sec-

tor for a quick and efficient method to turn around smaller lease procurements in a more timely fashion.

This model is being rolled out with two separate document templates: a streamlined solicitation document—the Request for Lease Proposal (RLP)—and a lease contract document. For this model and eventually for all lease procurements, the RLP will replace the Solicitation for Offers (SFO). This solution aligns with private-sector practices and greatly simplifies the process for all. The models for streamlined and standard leases will follow this format when they are rolled out. Guidance and directions for proper application of this model are complete and are included as part of the Implementation Update #2.

“
Reengineering will help a great deal, especially with smaller projects.
”
—Mark Montgomery, LCO (R5)

#3: Succeeding Lease Model

The succeeding lease model is a solution for situations where it is in the best interest of the Government to “stay in place” and a full and open competition would place an unnecessary burden on the market and the Government, because relocation is determined not to be cost-effective. By helping us avoid unnecessary holdovers and extensions, a succeeding lease process will support the new leasing productivity measure that aims for timely replacement of at least 70 percent of expiring leases with new, replacing, succeeding, or superseding leases.

The model provides documents tailored to this type of transaction, including a very detailed, but easy to follow cost-benefit analysis; a public advertisement inviting offers; and draft GSAM changes to 570.402-4 confirming that competitive procedures were followed (notice was posted and all interested parties were allowed to respond with offers).

This model is applicable immediately to all lease types—including superseding leases, but not those contemplating a significant change in square footage or extensive tenant improvements. Prospectus-level leases are not exempt from congressional authorization and appropriation but can still take advantage of this model. As other specific lease models are piloted and put into everyday use, the succeeding lease model will be adjusted to align with them. Guidance and directions for proper application of this model are complete and are included as part of Implementation Update #2.

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I appreciate hearing about the new lease models. I have used the portal site to find the ad template and have used it.
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—Beth Schwartz, LCO (NCR)

#4: Petition To Increase the SLAT to \$500,000

Following discussions among some key players, the team raised the simplified threshold increase request from \$300,000 to \$500,000. Legislative Change Proposal 10-PR-01, “Proposal to Increase Simplified Acquisition Threshold for Leased Space to

\$500,000 Net Annual Rent,” was delivered to Congressional Intergovernmental Affairs on August 30, 2010. If OMB approves the proposal and Congress authorizes the increase, in order to minimize risk to the portfolio, we will need to establish policy guidelines and controls for the Lease Contracting Officers who use the SLAT method for procuring leases. This recommendation will remain open until approved by OMB and Congress has an opportunity to consider it.

#5: Apply Industry Space Measurement Terminology Consistently

We have developed a space terminology clarification that ANSI BOMA Office Area (ABOA) and rentable area are the standard for GSA space measurement. GSA has not changed how space is intended to be measured, or how rent is calculated, but clarified and removed the potential for misunderstandings that arise from the use of multiple terms for the same value. This improvement is now approved and required policy.

#7: Streamline the Acquisition Plan

We have modified requirements for the current standard national acquisition plan template, and have mandated its usage. It provides a consistent baseline for verifying client and acquisition team understanding of the planned acquisition. This is no longer a living document that must be updated with every change and market survey results, but a planning tool. The plan template is self-explanatory with hidden text instructions. It will be incorporated into the Leasing Desk Guide and made available in eLease. This improvement is now approved and required policy.

#8: FedBizOpps Advertisement and Procurement Summary

An ad to be used for all FedBizOpps space advertisements, and a corresponding Procurement Summary Page have been developed and are now part of the way we do business. The consistent format and content will make our leasing advertisements stand out and allow potential offerors to ascertain essential project information from each ad placed and determine their level of interest, no matter which region or field office is advertising. The Procurement Summary Page is required to be affixed to every Request for Lease Proposal (RLP) so that potential lessors can quickly determine their level of interest without studying an extensive solicitation.

These two documents were rolled out through Reengineering Update #1, July 2010. The information can be found on the Office of Real Estate Acquisition InSite portal and is available for use by the regions. Guidance has been prepared and provided for using these documents. This improvement is now approved and required policy.

#14: Develop Internal/External/Customer Communication Plan

We have established and are using a set of standard communication tools and processes to keep our regions, customers and industry partners aware of significant GSA leasing activities and milestones (see “Communication and Training Plan,” below). The communication plan is self-explanatory and does not involve processes for which the regions require training.

#15: Streamline TI/Post-Award Process

We have revised the TICS table to follow the industry-standard MasterFormat that is appropriate for costing and pricing Tenant Improvement construction costs and is the format contractors use to develop their costs. The revised TICS table has been distributed to the regions and will be incorporated into the Leasing Desk Guide. This improvement is now approved and required policy.

#19: Reduce Rent Bill Exception Time to No More Than 15 Days

We have minimized the current Central Office exception request review time line from 1 month to 15 days or less.

As the above summaries indicate, several of the changes have been approved as policy, are now mandatory, and will be reviewed as part of the FY11 PMR/PEER reviews. Other changes—in particular, the new models for simplified and succeeding leases—require process and cultural shifts, and are being piloted in the regions for refinement. We emphasize, though, that these improved tools are available for immediate use. Regions are not just permitted to use them, but required to do so as circumstances allow (when projects meet the required parameters for model employment as explained in the model guidance), exercising discretion and flexibility. These tools are the product of months of intensive preparation, but they will benefit even more from continuous improvement. The more we use these models, and the more feedback and suggestions they generate, the better we can refine them, and the more effective they will become.

Communication and Training Plan

As stated above, we have implemented Recommendation 14 by establishing a communication and roll-out plan to address the needs of key stakeholders, including PBS regions, customers, and the private sector. The objective is to identify stakeholders, confirm their interests, and offer standard tools and processes to keep them informed about the GSA leasing activities and milestones that are meaningful to them.

- **GSA regions**—Emails and webinars will educate regional stakeholders on the refined leasing processes, tools, and templates. The first informational update has already been released, and the second one will be published in early October. Other future webinars will provide more formal training for regional stakeholders. Preparing these will involve translating the revised policy, processes, templates, and tools into an appropriate training format. Other communication tools will include briefings and quarterly meetings for Assistant and Regional Commissioners, “PBS in a Minute—Updates/Flashes,” *Leasing Times* articles, PBS InSite articles, and web postings on GSA.gov and intranet sites. Regardless of the

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The TICS table should really help the dialogue with landlords and bidders.

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—Steven Monkewicz,
LCO (R10)

medium, the RSOs will have a pivotal role in disseminating information to their regional communities.

- *Private sector*—Our industry partners have been kept informed and will continue to be involved in our process through feedback sessions, speaking engagements and panels at industry conferences, LinkedIn, Twitter, and real estate community events in partnership with GSA's Office of Industry Relations.
- *PBS customers*—The objective is to make changes that are seamless to customers, so that in the end the customer doesn't have to know everything PBS does and how it is done. The customers just need to see results. The National Account Managers will play a pivotal role in helping customers understand how to hold up their end of the transaction in order to receive the benefits of lease process reform.

Improvements Under Way

Work is proceeding on the remaining recommendations, and the next round of implementation is targeted for December 2010. Some revisions can be accomplished at the GSA level and applied immediately, including proposed changes to current fire/life/safety requirements. Other improvements, however, require changes to statute (energy and seismic standards), approval by the Office of Management of Budget (scoring, pricing policy, and shell/TI definition), and legislative authority (SLAT). Other significant current efforts include:

- *Creating an accelerated lease model for transactions above the SLAT up to \$500,000*—A streamlined lease model for these mid-range leases is being piloted by interns in regions 8 and 9. The payoff will be realized by a firm fixed price at award (changes identified during construction will be handled post-award in order to maintain the specified time frame) and reduced cycle time, which will be documented as pilot project leases are finalized.
- *Making solicitation improvements*—A team is working on reorganizing the standard SFO into an RLP and lease contract. The new RLP will group together related clauses by topic, incorporate items by reference and reduce repetitive information..
- *Lease Process Improvement*—We are developing an improved lease file checklist, which is organized according to the type of lease action, showing only the documentation required for a particular type of lease. (This checklist does not alter the content or requirements identified in the current checklist, but enhances its format and usability for different procurements.)

Global Project Management (gPM) as a concept is embraced in Lease Process Reform. How that role is defined will be outlined as the gPM project pilots are rolled out.

Conclusion

Our effort to improve the lease acquisition process will require significant changes in policy, process, procedure, attitude, performance, and culture. Lease process reform will not end with the implementation of the original 21 recommendations. The lessons learned in investigating and evaluating ways to bring GSA leasing on a par with industry practices—while still adhering to established statute, Executive order, and contracting requirements—will help establish a lasting foundation for lease process reform and promote its broader success.

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