

November 17, 2000

MEMORANDUM FOR ALL REAL PROPERTY LEASING ACTIVITIES  
(PER DISTRIBUTION LIST)

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BUSINESS PERFORMANCE - PX

SUBJECT: Revised SFO- Tenant Improvement SFO

1. Purpose. This acquisition letter issues a revised standard solicitation for offers (SFO) and guidance on use of the SFO. The SFO incorporates, among other items, pricing policy criteria, new green lease paragraphs, SFO modifications issued in acquisition letters since 1997, and the latest GSAR changes.
2. Background.
  - a. The standard SFO boilerplate was last updated in January, 1997, prior to full implementation of the pricing policy. Since then, all regions have developed SFO versions incorporating the pricing policy. However, this has led to inconsistent application of the shell and tenant improvements (TI) definitions when dealing with customer agencies and lessors. This SFO is issued to provide standard language and methodology for applying the pricing policy to lease acquisitions.
  - b. Acquisition Letter PX-2000-02, *Energy, Environmental, and Sustainable Design in Lease Acquisition* issued the first installment of leasing energy and environmental SFO language to implement Executive Order 13123, *Greening the Government Through Efficient Energy Management* and EO 13101, *Greening the Government Through Waste Prevention, Recycling, and Federal Acquisition*. This SFO incorporates this new language with some minor revisions.
  - c. This SFO also incorporates all changes issued by memorandum or e-mail since the release of the 1997 version. It also includes several other changes resulting from regional and staff office contributions.
3. Effective Date/Expiration Date. This acquisition letter is effective for SFOs created after the date of issuance and will expire in 1 year unless otherwise extended or canceled.
4. Cancellation. None. However, this acquisition letter revises the SFO version issued with PER 97-02, *Revised SFO, Lease Forms, and Procedures for Can't Beat GSA Leasing*. The guidance in that letter is unchanged.
5. Coverage. All real property leasing activities.

6. Instructions/Procedures. General instructions for using the SFO and explanation of the structure, content, and significant revisions are provided in Attachment 1. Attachment 2 is a recommended format for the RATE STRUCTURE attachment (identified as Attachment #1 in the “How to Offer” paragraph of the SFO).

Attachments (2)

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## TENANT IMPROVEMENT SFO INSTRUCTIONS AND REVISIONS

### General Instructions

1. This SFO, like the previous version, contains several macros to assist the user. The template's hidden blue text contains specific instructions for executing paragraph additions, deletions, and inserting text, among other things. Specialists need to take the time to read the instructions and familiarize themselves with the macro features, some of which are new. It is important that the instructions are closely followed or the macros and formatting elements of the SFO may be compromised. It is recommended that a master of the regionally adapted version be retained and protected on the local LAN as a "read only" document, which the specialist can then save to their local drive.
2. This SFO is a hybrid of several regional SFO designs for applying the pricing policy. It has been developed to provide greater consistency in the application of the pricing policy and in our dealings with customers. However, it is a recommended format and within statutory and regulatory limitations, regional offices and contracting officers may modify the SFO as necessary to accommodate agency preferences and local conditions.

### SFO Changes

#### A. General.

1. There are several significant modifications to this SFO to accommodate the pricing policy conventions:
  - a. The *How to Offer* paragraph now requires the submission of Attachment #1- Rate Structure. Among other things, the attachment requires the offeror to provide a price per square foot rate for the building shell, and services and utilities. Also, offerors must submit an annual percentage rate to be used by the lessor to amortize the tenant improvements, and a cost per square foot to amortize the tenant improvements.
  - b. A new *Building Shell Requirements* paragraph was added that defines the lessor's building shell requirements.
  - c. A new paragraph entitled *Tenant Improvements Prior to the Government's Initial Acceptance of Space*, that identifies lessor's requirement for providing cost and pricing data, or in lieu of cost or pricing data, procedures and conditions for submitting competitive proposals for the tenant improvements.
  - d. Several paragraphs throughout the SFO (e.g., regarding painting, floor coverings) have been rewritten so that the "building shell" and "tenant improvement information" requirements are separated to distinguish lessor costs from the Government's costs.

- e. All of the standard allowance quantity/ratio items have been removed.
2. This SFO incorporates all SFO changes issued by memorandum or e-mail since 1997 and includes many other changes recommended by the TI SFO working group, regional comments, contractor reviews, and various technical sources. These are referenced in below in the “specific changes.”
3. The new “green lease” paragraphs and paragraph modifications issued by PX-2000-02 are incorporated in this SFO. However, some of the green lease paragraphs have been modified since that issuance. Accordingly, specialists should refer to the updated versions in the SFO. Significant changes since the initial issuance are also noted in the “specific changes.” Formatting changes to make green lease paragraphs consistent with the SFO formatting are not addressed.
4. The dates of most paragraphs have changed. Dates did not change for spelling or punctuation corrections.
5. ANSI/BOMA changed to “ANSI/BOMA Office Area” throughout the SFO.
6. All GSAR clauses were renumbered last year. Those changes are reflected in the SFO.

## B. Specific Changes

The format, wording, organization, and punctuation in many of the paragraphs have changed. However, only changes that have altered the intent or content of the paragraph are noted below.

### 1. Changes to Section 1 – SUMMARY

- a. To the *How to Offer* paragraph, added to the list of documents to be submitted with offer; Attachment #1- Rate Structure (see Attachment 2 to this acquisition letter), the SFO, additional site information, owner authorization for agents representing more than one client. Also added clarifications on the rate structure submission.
- b. A new paragraph, *Building Shell Requirements*, added to define the building shell.
- c. A new paragraph, *Tenant Improvements*, added to describe what build-out the tenant improvement allowance covers and what administrative and other fees are covered by allowance.
- d. A new paragraph, *Tenant Improvement Rental Adjustment*, added to describe how the Government will use the allowance and payment alternatives.
- e. A new paragraph, *Broker Commission*, added describing how commissions to GSA brokers are handled.

- f. The first sentence of the *Negotiations* paragraph regarding the right to award based on initial offers was removed. Additionally, per new FAR 15 regulations, subparagraph C. was modified to limit the competitive range to the most highly rated proposals.
- g. Added to the *Price Evaluation* paragraph language addressing the cost of relocation and broker fees.
- h. Corrected CFR reference in the *Accessibility for New Construction* paragraph (now properly reads Part 1191, not Part 36).
- i. Added to the *Labor Standards* paragraph language instructing offeror how to obtain full text versions of the labor standards clauses. This was done since most actions do not require the Labor Standards, and accordingly, the *Miscellaneous Labor Clauses* paragraph of the SFO has been removed.

## 2. Changes to Section 2 - AWARD FACTORS

In subparagraph A. of the *Accessibility* and *Accessibility and Seismic Safety* paragraphs, the 36 CFR reference (from Part 36 to Part 1191) and the FPMR reference (from Amendment D-88 to 41 CFR subpart 101-19.6) were corrected. Subparagraph B. was inserted to describe the UFAS provisions which are more stringent than ADAAG. Additionally, in the *Accessibility and Seismic Safety* paragraph, Table 3.1- Benchmark Buildings, and several of the seismic standards references have been updated.

## 3. Changes to Section 3 – MISCELLANEOUS

- a. Renamed the *Alterations \$100,000 or Less* paragraph *Subsequent Tenant Improvements \$100,000 or Less*. Also, removed all references to unit prices.
- b. Replaced old *Tax Adjustment* paragraph with the April, 1998 version.
- c. Modified the the *Operating Costs* paragraph by changing the index figure used from the one published for the month the lease commences to the index figure published in the month the lease commences.
- d. Renamed the *BOMA Usable Square Feet* paragraph the *ANSI/BOMA Office Area Square Feet* paragraph. Additionally, all such references throughout the SFO have been changed.
- e. A new paragraph, *Construction Schedule of Tenant Improvements*, added as an alternative to the existing *Construction Schedule* paragraph.
- f. Added to the *Progress Reports* paragraph a sentence requiring the lessor, at the Government's discretion, to conduct weekly progress meetings.

- g. Deleted the *Miscellaneous Labor Clauses* paragraph (as explained previously in the *Labor Standards* paragraph).

#### 4. Changes to Section 4- GENERAL ARCHITECTURAL

- a. The *Quality and Appearance of Building Exterior* paragraph modified per new green lease criteria. Refer to Acquisition Letter PX-2000-02 for additional information.
- b. A new paragraph, *Construction Waste Management*, added per new green lease criteria. Refer to Acquisition Letter PX-2000-02 for additional information.
- c. A new paragraph, *Existing Fit-out, Salvaged, or Re-used Building Material*, added per new green lease criteria. Refer to Acquisition Letter PX-2000-02 for additional information.
- d. A new paragraph, *Indoor Air Quality During Construction*, added per new green lease criteria. Refer to Acquisition Letter PX-2000-02 for additional information.
- e. Added to the *Work Performance* paragraph language giving the contracting officer the right to reject the lessor's workmen under certain circumstances.
- f. Statement added to the *Space Efficiency* paragraph giving the contracting officer sole discretion in determining what is "efficient."
- g. Inserted in the *Floors and Floor Load* paragraph the American Concrete Institute standard for level floors.
- h. Corrected the CFR reference in the *Accessibility* paragraph (now properly reads Part 1191, not Part 36).
- i. The *Landscaping* paragraph modified per new green lease criteria. Refer to Acquisition Letter PX-2000-02 for additional information.

#### 5. Changes to Section 5- ARCHITECTURAL FINISHES

- a. A new paragraph, *Recycled Content Products*, added per new green lease criteria. Refer to Acquisition Letter PX-2000-02 for additional information.
- b. A new paragraph, *Environmentally Preferable Building Products and Materials*, added per new green lease criteria. Refer to Acquisition Letter PX-2000-02 for additional information.
- c. Created the new *Layout, Finishes, and Colorboards* paragraph as an alternative to the existing *Layouts and Finishes* paragraph.

- d. A new paragraph, *Wood Products*, added per new green lease criteria. Refer to Acquisition Letter PX-2000-02 for additional information.
- e. A new paragraph, *Adhesives and Sealants*, added per new green lease criteria. Refer to Acquisition Letter PX-2000-02 for additional information.
- f. A new paragraph, *Insulation-Thermal, Acoustic, and HVAC*, added per new green lease criteria. Refer to Acquisition Letter PX-2000-02 for additional information.
- g. The *Ceilings* paragraph modified by raising the maximum to 12 feet and making the lowest acceptable height a variable factor. An additional requirement for uniformity in color and appearance added. The STC 40 requirement was removed. A statement added making the lessor responsible for all costs for removing and replacing ceilings in place. New green lease requirement for ceilings tiles with recycled content added. Refer to Acquisition Letter PX-2000-02 for additional information.
- h. Amended the *Wall Coverings* paragraph to state that the wall covering requirements in the public bathrooms applies only to bathrooms on floors occupied by the Government.
- i. Added to the *Painting* paragraph new green lease requirement for use of low VOC paint. Additionally, the 5-year cyclical painting requirement for the tenant space was removed but lessor remains responsible for repainting if peeling or permanently stained. If desired, cyclical painting is now a tenant improvement.
- j. Added to the *Doors: Exterior* paragraph more detailed specifications.
- k. A new paragraph, *Doors: Suite Entry*, added.
- l. Added to the *Doors: Interior* paragraph more detailed specifications.
- m. Added to the *Doors: Hardware* paragraph requirement for silencers.
- n. Modified the *Doors: Identification* paragraph to indicate that door identification for office entrance doors is a tenant improvement.
- o. The *Partitions: General* paragraph rewritten to apply only to the public areas.
- p. Added to the *Partitions: Permanent* paragraph additional fire safety criteria.
- q. Added to the *Partitions: Subdividing* paragraph a statement that demolition of existing improvements is at the lessor's expense. Changed the STC rating from 40 to 37.

- r. The *Carpet: Broadloom* and *Carpet Tile* paragraphs modified per new green lease criteria. Refer to Acquisition Letter PX-2000-02 for additional information. Maximum pile height requirements also added to both paragraphs.
- s. The *Resilient Flooring* paragraph was deleted and text merged with the *Floor Covering and Perimeters Paragraph*.

6. Changes to Section 6- MECHANICAL, ELECTRICAL, PLUMBING

- a. The *Energy Cost Savings* paragraph modified per new green lease criteria. Refer to Acquisition Letter PX-2000-02 for additional information
- b. The *Toilet Rooms* paragraph modified per new green lease criteria. Refer to Acquisition Letter PX-2000-02 for additional information
- c. The three-line *HVAC* paragraph was determined to be unnecessary and deleted.
- d. The *Heating and Air Conditioning* paragraph modified per new green lease criteria. Refer to Acquisition Letter PX-2000-02 for additional information
- e. The *Ventilation* paragraph modified per new green lease criteria. Refer to Acquisition Letter PX-2000-02 for additional information.
- f. Modified the *Electrical: Distribution* paragraph to include main power distribution and panel board requirements.
- g. The *Electrical: Distribution Combination* paragraph was deleted.
- h. The *Telephone: Distribution and Equipment* paragraph has been renamed the *Telecommunications: Distribution and Equipment* paragraph. Added lessor requirement to provide space on occupied floors for terminating telecommunications service. TIA/EIA & NFPA standards for switchrooms and wire closets inserted. Revised requirements for voice and data outlets.
- i. A new paragraph, *Telecommunications: Local Exchange Access*, added. The paragraph reserves the Governments's right to contract its own telecommunications service and allows for provider access.
- j. Added to the *Electrical, Telephone, Data for Systems Furniture* paragraph instructions describing a two-phase installation process.
- k. The *Elevators* paragraph was expanded to include requirements for hours of availability and repair scheduling. Additional text concerning code requirements, safety systems, elevator speed, and interior finishes also added.



- l. Both of the *Lighting: Interior* paragraphs renamed *Lighting: Interior and Parking*. Both paragraphs also modified per new green lease criteria. Refer to Acquisition Letter PX-2000-02 for additional information.
  - m. The *Switches* paragraph was determined as outdated and unnecessary and was deleted.
7. Changes to Section 7- SERVICES, UTILITIES, MAINTENANCE
- a. Both of the *Janitorial Services* paragraphs modified to include green lease criteria for cleaning products and paper products.
  - b. Added to the *Security* paragraph a statement requiring the lessor to ensure that security cameras and lighting are not obstructed.
8. Changes to Section 8- SAFETY AND ENVIRONMENTAL MANAGEMENT
- a. The *Indoor Air Quality* paragraph modified per new green lease criteria to include lessor requirement to provide Materials Safety Data Sheets upon request for certain products. Refer to Acquisition Letter PX-2000-02 for additional information.
  - b. The text of the *Radon in Water* paragraph slightly modified per new green lease criteria.

A new Section 9, TENANT IMPROVEMENTS section is added.

The section specifies the lessor's requirements for providing cost and pricing data, or in lieu of cost or pricing data, procedures and conditions that must be followed by the lessor when submitting competitive proposals for the tenant improvements.

**SFO Attachment 1- Rate Structure**

|   |    |         |
|---|----|---------|
| 1. A lease rate for the firm term per square foot for the base building (shell) rental, including fixed costs, but excluding the cost of variable services and utilities in Item 2 below.   | \$ | Per USF |
|   | \$ | Per RSF |
| 2. The annual cost per square foot for the cost of services and utilities. This equals Line 27 of the GSA Form 1217 divided by the building size at the top of GSA Form 1364.   | \$ | Per USF |
|   | \$ | Per RSF |
| 3. An annual percentage interest rate used by Lessor to amortize the cost of tenant alterations.  |    | %       |
| 4. The cost per square foot to amortize the tenant improvement allowance.   | \$ | Per USF |
|   | \$ | Per RSF |
| 5. A full service lease rate per square foot as a summation of the amounts in paragraphs 1, 2, and 4 above (Years 1-5).   | \$ | Per USF |
|   | \$ | Per RSF |
| 6. The full service lease rate for years 6-10. This is the sum of a base building "shell" rate, on a similar basis to paragraph #1 above, added to paragraph #2 above. Includes Operating Expenses but not amortization of tenant improvements. | \$ | Per USF |
|   | \$ | Per RSF |