Leasing Basics
Living In A Leased Facility

Department of Administration
Division of General Services
Leasing Section
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This training material is to provide guidance to State agencies acquiring and residing in a leased space and is intended as an informational guide only. It does not replace or supplement established statutes and regulations governing procurement and is not intended to provide legal advice. For additional information not addressed in these training materials, please refer to the current version of Title 36, Chapter 30 of the Alaska statutes; Title 2, Chapter 12 of the Alaska Administrative Code; and sections 81 and 82 of the Alaska Administrative Manual.

The Lessor's Responsibility

- Provide a point of contact for maintenance issues or emergencies.
- Provide tenantable space that is free of hazards and is properly maintained.
- The space must maintain a pleasant temperature, between 68 to 72 degrees.
- The space must have good air circulation.

The Lessor's Responsibility

- Services included in most leases
  - All utilities except telephone
  - Daily janitorial service
- Parking
  - Proper number as listed in the lease
  - Properly marked
  - In some cases, this includes exclusive use by the agency. In most multi agency buildings and in all of Juneau leases, spaces are marked for State of Alaska and are not specific for the agency.

The Lessor's Responsibility

- Maintenance of all mechanical systems
  - All fire alarm systems and extinguishers.
  - HVAC system
  - Elevators (if applicable)

The Lessor's Responsibility

- Renovation
  - Replace or damaged or worn walls, ceiling, floor covering, window coverings, or built-in building fixtures damaged areas every 5 years as required by the lease.
  - Be reasonable with renovation requests – good quality carpet is not replaced every 5 years if it is not work. You should also not expect significant renovations if the lease is set to expire in a year or two.
  - Renovations will cause some disruption in your office during the scheduled renovation period.

The Occupant's Responsibility

- Your most important responsibility is to <u>read the lease</u> and understand what is covered.
- We will send you a welcome letter soon after you move that will tell you the name of your lessor, the primary point of contact and a few of the very basic requirements of the lease.
- Don't instruct the lessor to perform work not covered by the lease. If it is not part of the lease, **you may get the opportunity to pay for it and you may be charged with a procurement violation.**

The Occupant's Responsibility

- The next most important thing you can do is to **develop a good relationship with the lessor and their staff.** This is a long term lease - you are going to be dealing with these people for a long, long time.
- You are responsible for first level contact with the lessor or their designee for maintenance.
- There should be only one person working with the lessor. Make sure the rest of the people in your office know they are to contact you and not the lessor.
- Know how to contact the lessor after hours. Lessors want to know when there are serious problems.
- Know when the lessor goes on vacation and who to contact in their absence. If you develop the right relationship, the lessor will usually volunteer this information.

The Occupant's Responsibility

- Know what is required of the lease.
- Be observant as to what is happening in your lease space.
- Is the janitorial service being performed according to the contract?
- Is the snow being removed promptly according to the contract? They are required to remove what is reasonable to maintain safety or to meet local codes.
- Is the temperature maintained within the required zone?

The Occupant's Responsibility

- Some buildings have computerized systems that shut the Heating, Ventilation and Air Conditioning systems off at night and/or on weekends to reduce utility costs. Make sure you know what the hours are and how to get systems turned on if you have an emergency requirement.
- Be alert to gradual deterioration, loose door molding, loose bathroom fixtures, loose railings, damaged walls or worn carpet.
- You need to be observant of parking problems. Are outsiders parking in your space? Are employees parking in the proper spaces? Are employees parking properly to occupy only one space?
- Be alert to Homeland Security issues. Are there suspicious persons in your area? Are there suspicious items left in your area?

The Occupant's Responsibility

- If you have identified potential problems, here is what to do with that information:
  - If it is a Homeland Security issue, call the police quickly.
  - For everything else call the lessor. Hopefully the lessor conducts periodic inspections, but depends on you to speak up when something is wrong.
  - When repeated calls to the lessor become necessary, it is time to contact the Contracting Officer for assistance.
  - Documents to the file are a must if any type of severe enforcement becomes necessary.
  - Keep a log of all calls made to the lessor, including the date and time of the problem and the lessor's response. Documentation is essential if additional enforcement action is required.

The Occupant's Responsibility

- Understand ADA Rules
- The lessor is required to provide a facility with an ADA accessible route from the parking lot into your leased space and configure your space to provide accessible routes within the space.
- ADA requirements vary, but generally aisles must be not less than 36 inches wide and must include turn around and passing areas not less than 60 inches wide.
- Your agency is responsible to keep isles and other free space open. That means you cannot use aisles for file cabinets, furniture, plants, or boxes if that use reduces ADA access.

The Occupant's Responsibility

- Most fire codes prohibit stacking anything within 18 inches of fire sprinkler heads.
- Don't block heat outlets.
- Use of extension cords should be kept to a minimum and cords with a built-in surge protector are recommended.
- Monitor your fire extinguishers. It is the lessor's responsibility to maintain them, but you need to monitor them regularly.

The Occupant's Responsibility

- No electric space heaters, which can cause an overload of electrical systems and fires.
- No ionizers, which can cause severe air quality problems.
- No candles or incense, which may effect HVAC systems that
  the lessor is required to maintain.

The Occupant's Responsibility

- Develop disaster response plans. Your agency probably has several requirements that go into this plan, but from a lease point of view it should include:
  - If there is vandalizm, call the police, lessor, and the CO.
  - If there is a fire or other major damage to the building, call the fire department, lessor, and the CO.
  - Develop and train your staff on proper evacuation procedures and test it periodically to ensure safety.
  - Notify the lessor and the CO if you discover problems with the facility as a result of these tests (a seldom used door is hard to open, a fire escape railing is loose, etc.).

The Occupant’s Responsibility

- Respect the lessor’s property, treat it as you would your own home.
- Chair mats are preferred as they reduce carpet damage.
- Make sure you clean up after office parties. Janitors are required to clean normal office clutter.
- Be energy conscious and respectful of the lessor’s expense. Turn off lights and other appliances when not needed.

The Occupant's Responsibility

- Maintain a good relationship with the lessor.
  - SOP 005-02 prohibits pets in all State owned buildings. A similar document is under review for leased space. It is disruptive to other employees and can be a huge liability if someone gets hurt. Pet hair in carpets and the occasional "accident" can leave your agency liable for additional janitorial or carpet replacement costs.
  - Smoking is strictly prohibited within space leased to the State. Some cities further restrict smoking in all office buildings and the lessor may further restrict smoking anywhere on the property.

Modifications To Existing Space

- Construction authority must be delegated to the agency by DGS
- Do not obligate the State for modifications without going through your Contracting Officer.
- Before DGS delegates authority to the agency, we will need:
  - A drawing describing the work to be accomplished.
  - A letter from the lessor giving consent to the work.
  - A business license and certificate of insurance with waiver of subrogation for workers compensation from the contractor.
  - The contractor MUST pay Little-Davis Bacon Wages if the total is over $25,000.
  - Funding commitment

Modifications To Existing Space

- If the cost of the total project exceeds $5,000, DGS will also need one of the following:
  - 3 quotes for the work if the project is less than $50,000.
  - Evidence of use of the appropriate solicitation process if the project exceeds $50,000
  - A type D RAP if an alternate process is proposed, such as the lessor requiring a preferred contractor
- Once these documents are received, DGS will delegate authority and responsibility to the occupying agency if approved.
- It is then your responsibility to oversee the work and to notify the Department of Labor for Davis Bacon compliance, if applicable.
- The CO is available to answer any questions through this process.

Adding Space

- To add space to an existing lease, DGS will need the following from your Procurement Specialist:
  - A PR with complete finding of the additional space through the end of the firm term and any build out costs
  - A RAP explaining why this must be collocated within the existing lease
  - A listing of PCNs
  - Justification for any special areas of private offices
- Pending approval of the RAP by the Chief Procurement Officer, DGS will negotiate with the lessor to add the space
- <u>It is critical that you do not ask the lessor to hold space or in any other way obligate the State.</u>

Reducing Space

- To reduce space in an existing lease, keep in mind:
  - Your agency will remain responsible for full funding of the space if DGS is unable to negotiate a reduced rent for the vacated space or locate an acceptable backfill tenant.
  - You need approval from DGS and possibly the lessor to trade or transfer space within the building or with another agency.
  - DGS is required to amend the lease to document any change in occupancy or use of space.

Accounting Issues

- Contact the Contracting Officer when you have any accounting questions.

Summary

- Read the lease.
- Understand what the lease requires.
- Don’t ask for anything not covered by the lease.
- Treat the lessor’s property as you would your own.
- Help the lessor reduce costs by turning off lights and equipment when not in use.
- Develop a rapport with the lessor.
- *Leave the premises in as good condition as received, excepting normal wear and tear.*

Division of General Services Leasing & Facilities Section

- For a complete and up to date contact list of all Contracting Officers and their assigned regions, please visit the Division of General Services Leasing website: http://doa.alaska.gov/dgs/leasing/

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