

# **PART II**

## **SCHEDULE A**

**PART II SCHEDULE A:****SECTION 1: OPERATIONS AND MAINTENANCE (O&M) PLAN****1.1 MAINTENANCE BY LESSOR**

This lease will require the Lessor to maintain the building, building equipment and systems, and the exterior premises over the term of the lease in accordance with the General Clauses (GSA form 3517B) and Section 4 of the Basic SFO. The Government requires assurance that the building will be kept in good condition with high quality, professional management and maintenance over the full term of the lease. Consequently, the proposed O&M Plan for the building will be carefully evaluated.

Offerors shall submit O&M Plan with initial offers. The O&M Plan shall describe the organization and structure the workforce of both operations and maintenance personnel. Organization charts; staffing plans indicating trades, number of personnel, and experience levels; and operating schedules shall be provided for evaluation. In order to assure professional management, the Lessor or designated property management firm must have a local, designated property manager available. The property manager shall have maintenance personnel (building superintendent) on site during normal working hours of 6:00 AM to 7:30 PM, except Saturdays, Sundays, and federal holidays.

The O&M Plan shall identify and provide addresses and contact information for entities that will maintain the leased premises (designated local property management firm, building superintendent, and any contractors or subcontractors).

The O&M Plan shall outline procedures for dealing with scheduled and non-scheduled maintenance and repairs.

**1.2 SCHEDULED MAINTENANCE****1.2.1 O&M PLAN**

The O&M Plan shall indicate how the scheduled (routine) maintenance and repair of the building will be managed. For each activity in the O&M plan, the Lessor shall identify the responsible entity and frequency of the maintenance.

**A. EXTERIOR MAINTENANCE**

Exterior maintenance, including landscaping and grounds, irrigation system, trash removal, exterior lighting, parking lot, pest control, window washing, and general litter pick up shall be discussed.

**B. INTERIOR MAINTENANCE:**

Interior maintenance shall be described, including HVAC, plumbing, electrical, pest control, Schedule B items, and any maintenance associated with other services provided by the Lessor.

**C. QUALITY CONTROL:**

Describe how the Lessor will provide quality control to ensure that all services described in the O&M Plan are, in fact, provided, and how the Lessor will maintain quality and appearance of the entire building over the term of the lease.

**1.3 NON-SCHEDULED MAINTENANCE**

For non-scheduled repairs, the O&M Plan shall describe how service calls (emergency and routine) will be addressed. Identify contact information for both normal working hours and for off-hours and holidays. Quantify response times for on and off-site maintenance entities.

**1.3.1 SERVICE CALLS****A. EMERGENCY CALLS**

Service calls will be classified as emergency calls when the condition constitutes an immediate danger to personnel, threatens to damage property, or has a direct impact on operations or security. Classification of calls as emergency shall be at the sole discretion of the government. During normal working hours, Lessor's on-site superintendent shall respond immediately upon notification. Emergencies occurring at other than normal working hours shall be responded to (on scene) within 60 minutes of receipt of call. Lessor shall repair or neutralize the emergency condition before departing the site. If necessary, Lessor shall acquire material by quickest available means and include work outside normal hours. If further labor or materials are required after the emergency is neutralized, the Lessor shall have the repairs completed within three (3) working days or within such other reasonable time as agreed to by the government. The Lessor shall have available generally used spare parts and common building materials to support emergency requirements. Lack of standard material shall not be a cause for non-performance.

**B. ROUTINE CALLS**

Service calls will be classified as routine when the condition does not qualify as an emergency call. Eighty-five (85%) of all routine calls shall be completed within five (5) working days after the receipt of the call, with remainder being completed within ten (10) working days

**1.4 EXPENSES**

The Lessor shall specify in detail, utilizing the Maintenance Cost Worksheet (attached), those items that are included in the O&M Plan for both annual operating and maintenance expenses, and reserves for replacement. The totals of these estimated expenses shall be entered on the appropriate lines on GSA Form 1217, Lessor's Annual Cost Statement.

**1.5 FUNDED MAINTENANCE ACCOUNT**

The O&M Plan must detail how the Funded Maintenance Account (FMA) will be established and how it will be managed. Upon acceptance of the facility by the Government, the Lessor shall immediately establish a FMA in trust for VA in an interest-bearing account provided by the Government and place the equivalent of one hundred twenty-five percent (125%) of the Annual Reserve Grand Total (Line 71) from the attached Maintenance Cost Worksheet into the FMA. At the next quarterly installment and each year thereafter during the lease term, including any renewal options, the amount of the annual reserve grand total is to be paid into the FMA in quarterly increments. The funds are to be made available for all Lessor provided maintenance services, repairs, and replacements. At the end of the VA's lease term, including all renewal options, the remaining balance in the FMA account will be released to the Lessor; and the Government will make no claims against the remaining funds.

**1.6 ADJUSTMENTS**

At the beginning of the second year and all subsequent years of the lease term, including all renewal options, the operating costs base will be adjusted based on the Consumer Price Index (CPI). Refer also to Paragraph 4.3 of the Solicitation For Offers.

**1.7 SHORT FALLS**

Shortfalls to cover any unforeseen maintenance, repair or replacement expenditure over and above what is listed in a particular category will be the responsibility of the Lessor.

**1.8 PROPERTY MANAGEMENT AGREEMENT**

Based upon all the information submitted with the offer, the Government shall require the successful Lessor to execute the "Property Management Agreement," a copy of which is attached.

**1.9 ATTACHMENTS**

Attachments: Maintenance Cost Worksheet  
Sample of the Property Management Agreement

**MAINTENANCE COST WORKSHEET**

1. SOLICITATION FOR OFFERS	2. BUILDING NAME AND ADDRESS (No., street, city, state, and zip code)			
<b>PART I – ANNUAL OPERATING EXPENSES</b>		<b>MATERIALS</b>	<b>Labor</b>	<b>Total</b>
<b>A. Cleaning, Janitor and/or Char Service</b>				
3. Salaries (Enter on Line 5 GSA form 1217)				
4. Supplies (wax, cleaners, cloths, etc.) (Enter on Line 6 GSA form 1217)				
5. Contract Services (window washing, waste and snow removal) (Enter on Line 7 GSA form 1217)				
<b>B. Heating System Maintenance and Repair</b>				
6. Salaries (Enter on Line 8 GSA form 1217)				
7. Filters, belts, lubricants, fluids, supplies				
8. Labor (includes contracted work)				
9. Subtotal Heating System (Add Lines 7 and 8. Enter result here and on Line 10 GSA form 1217)				
<b>C. Electrical System Maintenance and Repair</b>				
10. Bulbs, Tubes, Starters (Enter on Line 12 GSA form 1217)				
11. Ballasts, fixtures, devices, etc.				
12. Small tools and expendable supplies				
13. Labor (includes contracted work)				
14. Subtotal Electrical System (Add Lines 11 to 13. Enter result here and on Line 14 GSA form 1217)				
<b>D. Plumbing System Maintenance and Repair</b>				
15. Soap, towels, tissues not in Line 4 above (Enter on Line 16 GSA form 1217)				
16. Fixtures, pipe and fittings				
17. Small tools and expendable supplies				
18. Labor (includes contracted work)				
19. Subtotal Plumbing System (Add Lines 16 to 18. Enter result here and on Line 17 GSA form 1217)				
<b>E. Air Conditioning System Maintenance and Repair</b>				
20. Filters, belts, lubricants, fluids, supplies				
21. Labor (includes contracted work)				
22. Subtotal A/C System (Add Lines 20 to 21. Enter result here and on Line 19 GSA form 1217)				
<b>F. Elevators</b>				
23. Salaries (operators, starters, etc) (Enter on Line 20 GSA form 1217)				
24. Small tools and expendable supplies				
25. Labor (includes contracted work)				
26. Subtotal Elevators (Add Lines 24 and 25. Enter result here and on Line 21 GSA form 1217)				
<b>G. Miscellaneous</b>				
26. Building Engineer/Manager (Enter on Line 22 GSA form 1217)				
27. Security (Watchmen, Guards) (Enter on Line 23 GSA form 1217)				
28. Social Security Tax and Workmen's Compensation Insurance (Enter on Line 24 GSA form 1217)				
29. Landscape and Grounds (materials, fertilizers, supplies)				
30. L/S and Grounds Labor (includes contracted work)				
31. Lawn and Landscaping (Add Line 30 and 31. Enter result here and on Line 25 GSA form 1217)				
32. Other (Explain on separate sheet. Include Schedule B Special Requirement Items) (Enter amount here and on Line 26 GSA form 1217)				
<b>33. Subtotal – Annual Operating Expenses</b>				

## MAINTENANCE COST WORKSHEET

34. SOLICITATION FOR OFFERS			
35. Annual Operating Expenses (from Part I, Line 33 above)			
	<b>Replacement COST</b>	<b>Useful Life (Years)</b>	<b>ANNUAL Reserve</b>
<b>A. Exterior and Grounds</b>			
36. Parking Lot and Road Repair and/or Resurfacing			
37. Sidewalks			
38. Landscaping / Lawn Care (Equipment)			
39. Exterior Painting			
40. Windows			
41. Roof			
<b>B. Building and Equipment</b>			
42. Doors			
43. Floor Coverings (other than Carpeting)			
44. Carpeting			
45. Interior Painting			
46. Wall Coverings			
47. Ceilings			
48. Blinds / Drapes			
49. Dock Leveler			
50. Elevators			
51. HVAC (include refrigeration equipment and cooling towers)			
52. Air Handling Equipment			
53. Exhaust Systems			
54. Special HVAC Systems			
55. Plumbing Systems (supply, waste and vent)			
56. Hot Water Heater			
57. Fire Protection (fire suppression systems)			
58. Electrical Systems (distribution and power)			
59. Generator			
60. Fire Alarm System			
61. Communications and Signal Systems			
62. Security Systems			
63. Light Fixtures			
64. Schedule B Special Requirement Items			
<b>C. Other / Miscellaneous (attach additional sheets if necessary)</b>			
65.			
66.			
67.			
68.			
69.			
<b>70. Subtotal Capital Reserve</b> (Add Lines 36 to 69. Enter result here and on Line 30 of GSA Form 1217)			
<b>71. Annual Reserve Grand Total</b> (Add Line 35 and 70. Enter result here).			

**SAMPLE OF  
PROPERTY MANAGEMENT AGREEMENT (PMA)  
OUTPATIENT CLINIC**BOSTON, MA  
LEASE NO. VA-101-14-R-0185**1. COMMENCEMENT DATE AND MANAGEMENT FEE:**

The date of commencement for this Property Management Agreement (PMA) shall coincide with the initial term date of Lease No. VA-101-16-R-0001, as determined by the initial lease document or subsequent supplemental lease agreement.

The Government agrees to pay to the Lessor as part of the rental payment a Management Fee (as specified on GSA Form 1217, Lessor's Annual Cost Statement, Line 32). This fee is for the management of all operation expenses, maintenance, repair and reserves for replacement of the leased premises (as specified in Section 1 and Line 30 of Section II of GSA Form 1217), beginning upon VA occupancy of the leased premises. The totals on Lines 27 and 30 on GSA Form 1217 shall reflect the annual costs to operate and maintain the leased premises. The Government's payment of the Management Fee in return for the operations and maintenance services provided by the Lessor and/or his designated property management firm shall remain in force for the length of the lease term, including all renewal options.

**2. GENERAL MAINTENANCE OBLIGATION:**

The Lessor is solely responsible for the maintenance and repair of the leased premises as well as any and all Lessor improvements erected on the leased premises, and those items listed in Schedule B (See Paragraph 4, Maintenance by Lessor, of the Solicitation for exclusions). The Lessor, at its own expense, shall at all times protect, preserve, maintain, and repair the leased premises, together with any and all improvements located thereon (excluding equipment furnished and installed by the Government, sterilizers, and washer/sanitizers), and shall keep the same in good order and condition. The Lessor shall exercise due diligence at all times in the protection of the leased premises, together with any and all improvements located thereon, against damage or destruction by fire and other causes.

**3. MAINTENANCE, CAPITAL REPAIR, AND REPLACEMENT:**

Upon the Government's acceptance of leased premises, the Lessor shall immediately establish a Funded Maintenance Account (FMA) in an interest-bearing account, in a financial institution approved by the Government, and begin to make payments into the FMA in such form and pursuant to such terms as the Government may require.

The Lessor's obligations with respect to the leased premises shall be in effect and enforceable during the lease term, including all renewal options. **The Lessor shall initially place a sum equivalent to one hundred twenty-five percent (125%) of the Annual Reserve Grand Total from the FMA Worksheet into the Funded Maintenance Account.** Thereafter, the Lessor shall continue to make quarterly payments, at the rate of \$\_\_\_\_\_ per quarter, into the FMA, as defined in Paragraph 4 of this Property Management Agreement. **[The quarterly payment of \$\_\_\_\_\_ is determined by taking the Annual Reserve Grand Total from the FMA Worksheet**

**[(Line 71 in Maintenance Cost Worksheet) (\$ ) and dividing that figure by 4].**

The FMA shall be held in trust for the Government for the sole purpose of providing yearly operations funding to maintain the leased premises and to pay for capital repairs and replacements as detailed in this Agreement and as set forth elsewhere in the lease agreement. The Lessor is required to maintain the funds in the FMA as reflected above and as defined in Paragraph 4 of this PMA.

- a. Building equipment and maintenance requirements, as well as ground maintenance requirements, and pest control (interior and exterior), are to be met by the Lessor in accordance with the Solicitation, Lease No. **VA-101-14-R-0185**, and the Lessor's Operations and Maintenance (O&M) Plan as submitted with its offer and attached hereto in this PMA. See Section 4 of the Basic Solicitation for further definition of Lessor's cleaning responsibilities. Such maintenance and repair is to include, but not be limited to, cleaning, regular preventative maintenance, testing as required, and repair of: (1) mechanical, plumbing, electrical, and other building service equipment and systems; (2) roof, foundation and exterior walls, doors and windows; (3) paved parking areas, drives and roads; (4) landscape and grounds: lawn, shrubbery, trees, irrigation system, and pedestrian walkways; (5) interior and exterior painting; (6) wall, floor and ceiling finishes; (7) sewer and utility lines on property; and (8) any other systems deemed property of the Lessor or specified to be maintained by the Lessor.
- b. The Lessor or designated property management firm must have a local, designated property manager available to promptly correct deficiencies or attempt to correct deficiencies after oral or written notice of such condition from the Government Contracting Officer (CO) or his/her designated representative(s). The property manager shall have a maintenance person on site during normal working hours of 6:00 AM to 7:30 PM, except Saturdays, Sundays, and federal holidays to perform preventive maintenance recommended by manufacturer, maintenance and repair, and to respond to emergencies. The property manager or maintenance person must respond to emergency calls occurring at other than normal working hours, within 60 minutes of receipt of notification and complete work the same day, if possible. After an emergency condition has been neutralized, emergency repairs requiring additional labor and/or materials must be completed in no more than 3 days. Responses to emergency and routine maintenance/repair calls during normal working hours must be made within 30 minutes of the occurrence, with 85% of all repairs completed within 5 working days and the remainder within 10 working days. The maintenance person is responsible for securing additional technical expertise and/or additional manpower to affect the maintenance or repair, within the time limits specified, at the Lessor's expense. If no substantial attempt has been made to correct the deficiencies within the specified times above, action will be taken by the Government, as specified in Paragraphs 5 and 6 of this agreement, to correct such deficiencies; and the cost of repairs will be deducted from the next month's rental payment. At the VA's sole discretion, if the maintenance person's performance is deemed unacceptable, the Lessor shall immediately replace said person with a new maintenance person. Determination as to whether or not a call is emergency or routine shall be at the sole discretion of the VA.
- c. The Lessor's maintenance responsibility includes initial and replacement supplies of all items, materials, and equipment necessary for such maintenance. All maintenance work will be done in accordance with applicable codes, and inspection certificates will be displayed as appropriate. The Lessor shall provide the labor, material and supervision to adequately maintain the structure, the utility systems, and the interior and exterior of the building.



The Lessor shall provide the labor, material, and supervision necessary to perform manufacturer's recommended maintenance and to test/inspect those items required to be tested/inspected by codes, other publications or VA requirements. The Lessor shall maintain logs on-site of all required inspections, tests, preventive maintenance, etc. The logs shall clearly state the item being inspected, tested, or maintained, specific location, description of inspection performed, specific code or other reference requiring the inspection, date, and name of person performing the work. Copies of the logs shall be provided to the VA on a quarterly basis.

#### **4. FUNDED MAINTENANCE ACCOUNT (FMA)**

- a. The Lessor shall establish a FMA as set forth in Paragraph 3. The account shall be used to provide maintenance to the lease premises throughout the term of the lease, including all renewal options, and to make all necessary capital repairs and replacements.
- b. Failure by the Lessor to make the quarterly FMA payments required within Paragraph 3 shall constitute an Event of Default by the Lessor, as defined in Paragraph 5. In such instance, the Government's remedies shall be those as set forth in Paragraph 6.
- c. Should the cost of any capital repair, replacement, or maintenance be in excess of the funds in any specific category within the FMA, the Lessor shall fund the difference for that item. The Lessor will not be permitted to use funds in the FMA to pay for out-of-cycle repair or replacement of any item identified in the FMA without written approval by VA.
- d. The Lessor shall submit in writing to the CO or his/her designee a quarterly report regarding the funding status of the FMA. Such report shall begin with the establishment of the FMA, and, thereafter, coincide with the Lessor's quarterly payments to the FMA. The report shall include evidence of all deposits to and withdrawals from the FMA and shall identify reasons for each expenditure for maintenance, repair, and replacement made to the clinic building or grounds. The Department of Veterans Affairs reserves the right to audit the FMA records at any time. Such records will be made available to an individual designated by the CO within seven (7) days of written request.
- e. At the beginning of the second year and all subsequent years of the lease term, including all renewal options, the Lessor or designated property management firm shall be required to submit an annual operating budget estimate. The budget estimate shall include monthly obligation plan by category, as similarly identified in the original FMA Worksheet submitted with the Lessor's offer, for review and approval by VA. The budget estimate and obligation plan will forecast costs of all operating expenses for maintenance, refurbishment, repair, and capital replacement required for the ensuing year.
- f. Shortfalls to cover any unforeseen maintenance expenditure in any specific category will be the responsibility of the Lessor. No withdrawals from any category beyond the operating budget obligation plan for that category will be allowed without written approval by VA. Please refer to Section 4.3 (Operating Costs).
- g. Once the annual budget is approved, VA's rental rate may be adjusted up or down as necessary to cover the increase/decrease of CPI cost expenses for the ensuing year after accrued interest has been applied. The submission of the annual operating

budget estimate and obligation plan shall occur on the anniversary date of the acceptance of the leased premises by the Government.

- h. At the end of VA's lease term, including all renewal options, the remaining balance in the FMA account will be released to the Lessor, and the Government will make no claims against the remaining funds.

#### **5. EVENTS OF DEFAULT BY LESSOR**

An Event of Default by the Lessor shall occur upon its failure to perform or observe any covenant or condition required by Lease No., VA-101-14-R-0185 including all attachments hereto, and if such failure is not cured to the satisfaction of the Government within fifteen (15) days of receipt of written notice thereof. Such cure period may, at the sole discretion of the Government, be extended in writing if such default cannot be reasonably cured within the original fifteen (15) day period and the Lessor is diligently attempting to cure the default. An Event of Default by the Lessor also shall occur upon the Lessor's filing of a voluntary or involuntary petition under any Federal or State bankruptcy law, insolvency law, or similar law.

#### **6. REMEDIES FOR DEFAULT BY LESSOR**

Upon the occurrence of an Event of Default by the Lessor, the Government may exercise any right, remedy, or privilege, which may be available to it under Lease No. VA-101-16-R-0001 or under applicable Federal, State, or local law. All remedies shall be cumulative and the election of one shall not preclude the exercise of another, at the same time or subsequently. Failure to exercise a remedy shall not constitute a waiver thereof. The Lessor shall remain liable to the extent permitted by law with respect to all covenants and indemnities.

Each calendar year during the lease term, including all renewal options, the property management and maintenance performance of the Lessor or designated property manager will be evaluated. Should the Government, in its sole discretion, find the performance less than satisfactory, the Lessor will be notified. Upon receipt of such notice, the Lessor shall either replace the designated property management firm or take immediate action to remedy those areas of poor performance to the satisfaction of the Government. In the event the Lessor performs property management duties directly, the Government's notice of less than satisfactory performance shall cause the Lessor to designate a professional property management firm to service the leased premises. Such designated firm shall meet the approval of the Government.

Attachment: Operations and Maintenance Plan [as submitted with Lessor's Offer]