


MANAGEMENT DIRECTIVE

Commonwealth of Pennsylvania Governor's Office

Subject: Leasehold Improvements	Number: 625.6 Amended
Date: May 1, 2009	By Direction of:  James P. Creedon, Secretary of General Services
Contact Agency: Department of General Services, Bureau of Real Estate, Telephone 717-787-4394	

These amended procedures should increase efficiency and improve completion times for leasehold improvement property projects. Marginal dots are excluded due to major changes.

1. **PURPOSE.** To define the responsibilities and procedures for requesting and making improvements to leased facilities.
2. **SCOPE.** This directive applies to all agencies that are required to enter into real estate leases through the Department of General Services (DGS).
3. **OBJECTIVE.** Provide policy, responsibilities and procedures for requesting and making improvements to leased facilities.
4. **DEFINITIONS.**
 - a. **Leasehold Improvement.** Commonwealth agency-requested alterations, additions, renovations, or installations of equipment, workstations, furnishings, or other personal property for a non-Commonwealth owned facility which a Commonwealth agency leases.
 - b. **Lessor.** The non-Commonwealth party to a real estate lease entered into with the Commonwealth, through DGS.
5. **POLICY.**
 - a. The standard DGS office space lease contains a clause that authorizes the Commonwealth to make leasehold improvements but only with the consent of the lessor.

- b. Before obtaining the consent of the lessor, the agency must first obtain the written approval of DGS, Bureau of Real Estate (BRE).
- c. The agency shall obtain the lessor's consent either by having the lessor sign the DGS Consent Form, STD-539, or by having the lessor sign a letter consenting to the agency leasehold improvements.
- d. The agency shall submit a copy of the lessor-signed consent form or letter to DGS, BRE which shall include the copy in the Bureau's official lease file.
- e. The agency shall follow procedures referenced in *Manual 215.3, Procurement Handbook*, in contracting for the construction of the leasehold improvements.
- f. If modification of the lease terms is needed in order for the lessor to make the leasehold improvements or to consent to the improvements, then a lease amendment is required.

6. RESPONSIBILITIES.

a. Using Agency.

- (1) The using agency shall prepare plans and specifications for needed leasehold improvements.
- (2) The using agency shall submit the plans and specifications to the DGS, BRE for approval.
- (3) If the DGS, BRE approves the proposed agency leasehold improvements, the agency shall submit the plans and specifications to the lessor and request the lessor to sign the DGS Consent Form, STD-539, or a letter consenting to the leasehold improvements.
- (4) If the requested agency leasehold improvement require a modification to the terms of the lease (increase in space, increase in rental, increase in estimate operating expenses, for examples), the agency shall submit the request to the DGS, BRE for preparation of a lease amendment.

b. The Bureau of Real Estate (BRE).

- (1) The DGS, BRE shall review and approve the plans and specifications for the construction of leasehold improvements in leased premises.
- (2) The BRE shall prepare lease amendments when the Bureau-approved leasehold improvements require modification to the lease terms.
- (3) The BRE shall maintain a copy of the lessor-approved consent forms and letters.

7. PROCEDURES. Requests for leasehold improvements must be forwarded to the Department of General Services, Bureau of Real Estate, Room 505, North Office Building, Harrisburg, PA 17125, for approval.

a. Action By: Using Agency.

- (1) Determines work required to construct leasehold improvements. Develops specifications for the work and prepares floor plan/office layout.
- (2) Submits specifications, floor plan/office layout, to the DGS, BRE for approval.

b. Action By: Bureau of Real Estate.

- (1) Reviews plans and specifications.
- (2) Notifies the agency in writing of its approval/disapproval to proceed with leasehold improvements.

c. Action By: Using Agency.

- (1) Submits plans and specification and the DGS Consent Form, STD-539 or letter to lessor for review and signature.

d. Action By: Lessor

- (1) Signs and returns DGS Consent Form, STD-539, or letter, to using agency.

e. Action By: Using Agency.

- (1) Submits the signed consent form or letter to the DGS, BRE.

f. Action By: Bureau of Real Estate.

- (1) Retains a copy of the signed consent form or letter for the BRE lease file.

g. Action By: Using Agency.

- (1) Upon receipt of signed consent form or letter consenting to the leasehold improvements, follows the construction contracting procedures set forth in *Manual 215.3, Procurement Handbook*.
- (2) Coordinates the construction activity with the lessor keeping the lessor informed of the status of the work.

This directive replaces, in its entirety, *Management Directive 625.6*, dated February 28, 2001.