

## **SPECIAL ASPECTS OF CONTRACTING FOR SUCCEEDING LEASES**

GSAM Section 570.402, entitled “Succeeding leases,” establishes the lease acquisition procedures, including advertising requirements, market survey requirements, and acquisition approaches, which GSA realty associates must follow when managing succeeding lease projects.

1. Publicizing/Advertising. This section requires that advertisements for succeeding lease projects:
  - a. Indicate the Government’s lease is expiring.
  - b. Describe the requirement in terms of type and quantity of space.
  - c. Indicate the Government is interested in considering alternative space if economically advantageous.
  - d. Advise prospective offerors that the Government will consider the relocation costs (i.e., moving, alterations, and telecommunications), when deciding whether it should relocate or pursue a sole source.
  - e. Provide a contact person for those interested in providing space to the Government.
2. Sample succeeding lease advertisement template. To facilitate compliance with GSAM section 570.402-2, entitled “Publicizing/Advertising,” we have incorporated the GSAM advertising requirements for succeeding leases into the attached Sample Succeeding Lease Advertisement Template (Attachment 2), which should be tailored to your particular procurement when managing succeeding lease projects.
3. GSAM Sections 570.402-4 and 570.402-5 identify the appropriate acquisition approach to use where there are:
  - a. No potential acceptable locations (other than existing lessor) identified through the advertisement or the market survey;
  - b. Potential acceptable locations and the cost-benefit analysis indicates that the Government will recover relocation costs and duplication of costs through competition; or
  - c. Potential acceptable locations and the cost-benefit analysis indicate that the Government cannot expect to recover relocation costs and duplication of costs through competition.
4. Cost-benefit analysis. Consistent with GSAM Section 570.402, GSA realty associates must adhere to the following requirements when developing a cost-benefit analysis to support a succeeding lease.
  - a. Costs to Consider. GSA realty associates must consider:
    - i. The prices of other potentially available properties.

- ii. Relocation costs, including estimated costs for moving, telecommunications, and alterations, amortized over the firm term of the lease.
  - iii. Costs to duplicate tenant improvements.
  - iv. Other appropriate factors, such as costs to meet lease security standards in the new location versus retrofitting the existing location to meet lease security standards.
- b. How to Establish Costs. GSA realty associates must establish the prices for other potentially available properties by requesting each prospective offeror to provide an informational quotation for standard space for comparison purposes. To establish these prices, GSA realty associates must:
- i. Provide a general description of the Government's needs that may be accomplished by publishing an advertisement using the attached Sample Succeeding Lease Advertisement Template. (You do not need a formal SFO to obtain the informational quotation.)
  - ii. Adjust the prices quoted for standard space for any special requirements.
  - iii. Document the following information if obtaining oral quotations:
    - 1. Name and address of the firm solicited.
    - 2. Name of the firm's representative providing the quote.
    - 3. Price(s) quoted.
    - 4. Description of the space and services for which the quote is provided.
    - 5. Name of the Government employee soliciting the quotation.
    - 6. Date of the conversation.
  - iv. Compare the informational quotations to the present lessor's price, adjusted to reflect the anticipated price for a succeeding lease.
- c. Templates. To facilitate compliance with GSAM Section 570.402-6, entitled "Cost-benefit analysis," we have incorporated the GSAM cost-benefit analysis requirements for succeeding leases into the attached Sample "Cost-benefit Analysis" Template for Succeeding Leases (Attachment 3), which should be used when developing a cost-benefit analysis to support a succeeding lease. In addition, we have attached a Sample "Succeeding Lease" Justification for Other Than Full and Open Competition template (Attachment 4), which should be used in those instances where the cost-benefit analysis indicates that the Government cannot expect to recover relocation costs and duplication of costs through competition. Attachment 4 is a sample only and contracting officers must consult with their respective office of regional counsel and follow applicable approval thresholds when preparing the actual justification.

5. Succeeding lease workflow. To illustrate the GSAM succeeding lease procedures in GSAM Section 570.402, we have attached a Succeeding Lease Workflow (Attachment 5) to assist GSA realty associates in effectively managing succeeding lease projects.
6. Succeeding lease SFO. GSA realty professionals and support contractors must include the most recent SFO paragraphs in all succeeding leases, unless otherwise waived or determined not applicable according to their terms.
7. Lease Scoring and Prospectus Requirements. GSA realty professionals and support contractors must comply with all budget scorekeeping rules and prospectus requirements for succeeding lease actions.
8. Impact on other RSLs. Nothing in this RSL shall be construed to modify the policy (e.g., Fire Protection, Life Safety, and Environmental Procedures in Lease Acquisition, Accessibility in Leased Space, Lease Security Standards, Budget Scorekeeping Rules, Prospectus Requirements) of another current RSL or policy document issued by PBS.