MEMORANDUM TO REGIONAL COMMISSIONERS, PBS
REGIONAL REALTY SERVICES OFFICERS

FROM: SAMUEL J. MORRIS, III
ASSISTANT COMMISSIONER FOR OFFICE OF
REAL ESTATE ACQUISITION – PR

SUBJECT: Energy Star® Requirement for Lease Acquisition


2. Background.
   a. Section 435 of EISA mandates that no Federal agency enter into a leasing contract on or after December 19, 2010, for a building that has not earned the Energy Star label in the most recent year, unless the space requirement is in compliance with specific exceptions provided in the EISA statute.
   b. Four exceptions to the requirement for the Energy Star label are allowed:
      • No space is offered in a building with an Energy Star label in the delineated area that meets the functional requirements of an agency, including location needs;
      • The agency will remain in a building they currently occupy;
      • The lease will be in a building of historical, architectural, or cultural significance verified by listing or eligibility for listing on the National Register of Historic Places; or
      • The lease is for 10,000 rentable square feet or less.
   c. If a building will not have an Energy Star label in accordance with one of the exceptions above, the successful offeror must nevertheless renovate the space for all energy efficiency and conservation improvements that would be cost effective over the life of the lease.
   d. We recognize the challenges involved in implementing this RSL and that the EISA statute did not appropriately take into account the numerous leasing scenarios that can occur during a lease procurement. In addition, we know that this RSL will raise more questions than it answers and we are prepared to work with the regions to address these questions.
   e. The requirements of this RSL do not apply to land leases, rooftop antenna leases, and parking garage leases, since the U.S. Environmental Protection Agency (EPA) does not issue Energy Star labels for these types of space.

3. Effective Date/Expiration Date. This RSL and instructions are effective immediately and will expire 5 years after the date of issuance unless modified, canceled, or reissued earlier.
4. **Cancellation.** Not applicable.

5. **Applicability.** This RSL applies to all real property leasing activities.

6. **Policies/Procedures.** See Attachment 1.

Attachment 1 – Instructions - Energy Star Requirement for Leases
Attachment 2 – Solicitation for Offers (SFO) Paragraphs for Energy Star Requirement
Attachment 3 – SFO Paragraphs for Leases Under the Simplified Lease Acquisition Threshold (SLAT)
Instructions - Energy Star Requirement for Leases

1. **The Energy Star® Rating.** Energy Star is a joint program of the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy to improve energy performance in buildings and reduce greenhouse gas (GHG) emissions. Energy Star is a technical assistance and recognition program that offers owners and managers of all buildings access to free tools and resources to help them benchmark and evaluate their energy performance and reduce energy use and GHG emissions. Energy Star’s Portfolio Manager tool provides a cost effective means to track data required for reporting energy use, GHG emissions, and compliance with the Guiding Principles for High-Performance Sustainable Buildings. For buildings that achieve a professionally verified rating of 75 or higher, the Energy Star label is available as an indicator of superior energy performance. In fact, buildings carrying the ENERGY STAR label “consistently use, on average, 35 percent less energy than their peers and emit 35 percent less carbon dioxide.” (A Decade of ENERGY STAR Buildings: 1999-2009, EPA, page 6).

2. **Solicitation for Offers (SFO).** The Energy Independence and Security Act of 2007 (EISA) requires that (with limited exceptions) Federal agencies lease space only in buildings that have earned the Energy Star label within the most recent year. Since the General Services Administration’s (GSA’s) goal is to promote energy efficiency and sustainability in all of its leases, GSA leasing specialists and lease contracting officers must include the paragraphs as instructed in Attachment 2 of this RSL in SFOs issued on or after the effective date of this RSL, where the anticipated award date is on or after December 19, 2010. SFOs already issued as of the effective date of this RSL must be amended to include the appropriate paragraphs if it is anticipated that the lease will be awarded on or after December 19, 2010.

3. **Energy Star Label Requirements.** To earn the Energy Star label, a building owner or representative must follow the instructions on the Energy Star Web site at http://www.energystar.gov/eslabel. EPA estimates that it will typically take 10-15 business days to process a properly completed application and award the Energy Star label. Therefore, this requirement must be clearly stated in the earliest steps for procurement of space.

4. **Time of Submission.** No later than the due date for Final Proposal Revisions, offerors must submit their proof of an Energy Star label. If they do not offer space with an Energy Star label, they must submit a written statement identifying energy efficiency and conservation improvements that will be made. If no improvements can be made, the offeror must demonstrate in writing to the Government, using the Energy Star Online Tools in the SFO paragraph entitled “ENERGY EFFICIENCY AND CONSERVATION” or “ENERGY EFFICIENCY AND CONSERVATION - SLAT LEASES,” why no energy efficiency and conservation improvements are cost effective.

5. **Exceptions.**
   
a. EISA allows a Federal agency to lease space in a building that does not have an Energy Star label if:
♦ No space is offered in a building with an Energy Star label in the delineated area that meets the functional requirements of an agency, including location needs. This will not be known until offers come in.

♦ The agency will remain in a building they currently occupy.

♦ The lease will be in a building of historical, architectural, or cultural significance verified by listing or eligibility for listing on the National Register of Historic Places.

♦ The lease is for 10,000 rentable square feet or less.

b. If a building will not have an Energy Star label in accordance with one of the exceptions above, the successful offeror must nevertheless renovate the space for all energy efficiency and conservation improvements that would be cost effective over the life of the lease, including but not limited to improvements in lighting, windows, and heating, ventilation, and air conditioning systems. Offerors are required to address in their offer whether or not any energy efficiency and conservation improvements can be made. If none of these improvements can be made, the offeror must demonstrate in writing to the Government, using the Energy Star Online Tools in the SFO paragraph entitled “ENERGY EFFICIENCY AND CONSERVATION” or “ENERGY EFFICIENCY AND CONSERVATION – SLAT LEASES,” why no energy efficiency and conservation improvements can be made. The lease contracting officer must document in the lease all energy efficiency and conservation improvements to be made by the lessor, which must be accomplished according to the following timetable:

♦ With the exception of succeeding and superseding leases, the requirement must be met prior to occupancy.

♦ In the case of succeeding and superseding leases, the requirement must be met no later than one (1) year after signing the lease.

c. If no improvements can be made, offerors must demonstrate in writing to the Government using Energy Star Online Tools identified in this attachment why no energy efficiency and conservation improvements can be made. The lease contracting officer must evaluate the explanation for reasonableness based on the definitions of “cost effective” and “operational cost savings” as defined in this attachment. If the lease contracting officer determines the explanation to be unreasonable, then the lease contracting officer shall deem the offer nonresponsive. When performing this evaluation, the lease contracting officer should consult with the Office of Regional Counsel and technical experts including, but not limited to, the regional sustainability officer and available technical contract resources.

d. For offer evaluation purposes, this means an Energy Star labeled building will compete (on price and other factors) with a building or buildings that meet(s) one of the exceptions in subparagraph 5(a) above. In some procurements, only buildings with an Energy Star
label may be competing or a single building with an Energy Star label may be the only building remaining in competition. Lease contracting officers are reminded that they must carefully evaluate price and determine that the price is fair and reasonable before making an award.

6. **Extensions, Expansions, and Renewal Options.** An Energy Star label is not required when the agency will remain in a building they currently occupy.

   a. **Extensions.** Since extensions are interim housing solutions generally effective for 6-18 months, GSA has categorically determined energy efficiency and conservation improvements would not be cost effective over the life of an extension. Lessors’ documentation of such shall not be required.

   b. **Expansions.** Expansions are typically small amounts of space that are being added to accommodate an agency’s program requirements by amending an existing lease to increase the square footage. Requirements to make energy efficiency and conservation improvements are not required for expansions within “the scope of the lease”; expansions that are determined to be outside the scope of the lease require opening lease terms to renegotiation and in those situations the requirements of this RSL would apply.

   c. **Renewal Options.** Renewal options that were evaluated pursuant to an SFO are not new leases; therefore, the requirements of EISA are not triggered for those options. Evaluated renewal options are provisions in existing leases permitting continued occupancy of space at specified terms and conditions. The Lessor is not required to make energy efficiency and conservation improvements. For unevaluated renewal options the provisions of this RSL would apply.

7. **Leases Under the Simplified Lease Acquisition Threshold.** GSA leasing specialists must include the paragraph in Attachment 3 of this RSL in SFOs issued on or after the effective date of this RSL, where the anticipated award date is on or after December 19, 2010.

8. **Definition of terms.**

   a. The term "cost effective" means an improvement that will result in substantial operational cost savings to the landlord by reducing electricity or fossil fuel consumption, water, or other utility costs.

   b. The term "operational cost savings" means a reduction in operational costs to the landlord through the application of cost effective improvements that achieves cost savings over the firm term of the lease sufficient to pay the incremental additional costs of making cost effective improvements.

   c. The term “most recent year” means that the date of award of the Energy Star label by EPA must not be more than 1 year prior to the lease award date. For example, an Energy Star label awarded by EPA on October 1, 2010, is valid for all lease awards made on or before September 30, 2011.
9. **Energy Star Online Tools.** The ENERGY STAR Building Upgrade Manual and Building Upgrade Value Calculator are tools which can be helpful to offerors as they consider energy efficiency and conservation improvements to their buildings.


b. **Building Upgrade Value Calculator.** The Building Upgrade Value Calculator, developed by EPA, is a product of the partnership between ENERGY STAR, BOMA International, and the BOMA Foundation. This calculator was developed as part of BOMA’s Energy Efficiency Program (BEEP), a series of courses designed to help commercial real estate practitioners improve their buildings’ energy efficiency performance. The calculator tool was developed to help property professionals assess the financial value of investments in a property’s energy performance. The Building Upgrade Value Calculator estimates the financial impact of proposed investments in energy efficiency in office properties. The calculations are based on data input by the user, representing scenarios and conditions present at their properties. The Building Upgrade Value Calculator is available on the Energy Star Web site at [http://www.energystar.gov/financialevaulation](http://www.energystar.gov/financialevaulation).


10. **Lease Contracting Officer Follow-up on Succeeding and Superseding Leases.** Within 1 year of award, the lease contracting officer must request new lessors to submit documentation regarding completion of energy efficiency and conservation improvements.
Solicitation for Offers (SFO) Paragraphs for Energy Star Requirement

Note: The blue text in this attachment is policy that will appear as blue text in the SFO.

1. **“Other Award Factors” SFO Paragraph.** The Energy Independence and Security Act of 2007 (EISA) mandates that no Federal agency enter into a lease on or after December 19, 2010, in a building that has not earned the Energy Star® label, unless the space requirement is in compliance with specific exceptions provided in the EISA statute; therefore, this RSL deletes “Promotion of Energy Efficiency and Use of Renewable Energy” as an award factor.

   **THIS PARAGRAPH MUST BE USED WHEN LEASE AWARD WILL BE BASED ON PRICE AND OTHER AWARD FACTORS (I.E., BEST VALUE TRADEOFF SOURCE SELECTION APPROACH).**

   **OTHER AWARD FACTORS (SEP 2010)**
   
   A. The lease will be awarded to the responsible Offeror whose offer will be most advantageous to the Government.

   **ACTION REQUIRED:** INSERT "SIGNIFICANTLY MORE IMPORTANT THAN PRICE" OR "APPROXIMATELY EQUAL IN IMPORTANCE TO PRICE" OR "SIGNIFICANTLY LESS IMPORTANT THAN PRICE."

   B. The combination of factors below are __________________________ than price.

   **ACTION REQUIRED:** INSERT A STATEMENT WHICH INDICATES THE RELATIVE ORDER OF IMPORTANCE OF OTHER AWARD FACTORS, E.G., “ARE LISTED IN DESCENDING ORDER OF IMPORTANCE" OR “ARE EQUALLY IMPORTANT.”

   **PLEASE NOTE THAT, IF AWARD FACTORS ARE BEING USED, ONE OF THE AWARD FACTORS MUST BE PAST PERFORMANCE.**

   C. The following award factor(s) __________________________.

   **ACTION REQUIRED:** LIST THE OTHER AWARD FACTORS. PAST PERFORMANCE MUST ALWAYS BE AN AWARD FACTOR.

   1. __________________________.

   2. __________________________.

   3. __________________________.

   4. __________________________.

   5. __________________________.

2. **“Green Lease Submittals” SFO Paragraph.** This RSL revises several subparagraphs to reflect the new Energy Star requirement and to relocate the guidance on how to obtain Energy Star ratings.

   a. The guidance on how to obtain a Statement of Energy Performance or Energy Star label is moved to the “Energy Efficiency and Conservation” SFO paragraph.

   b. The Statement of Energy Performance or Energy Star label submittals required under subparagraph A were previously to be submitted at initial offers. However, time may not allow an Offeror to assemble energy performance data, submit data for EPA review, and obtain EPA’s review and approval before initial offers. Accordingly, these submissions will be required no later than the due date for Final Proposal Revisions; however, the paragraph may be altered to require submissions before Final Proposal Revisions if
sufficient time is allowed for Offerors to prepare and obtain documentation. The Energy Star label requires the Offeror to assemble energy performance data, submit data for EPA review, and obtain EPA's review and approval.

c. The renewable power source submittal requirement is relocated to this paragraph from the "Energy Efficiency and Conservation" SFO paragraph.

THIS PARAGRAPH IS MANDATORY AND MAY BE ALTERED, INCLUDING THE DUE DATE FOR SUBMISSIONS IF SUFFICIENT TIME IS ALLOWED FOR OFFERORS TO PREPARE/OBTAIN DOCUMENTATION. ALTERED TEXT MUST CONTAIN SUBSTANTIALLY THE SAME INFORMATION.

GREEN LEASE SUBMITTALS (SEP 2010)

A. NO LATER THAN THE DUE DATE FOR FINAL PROPOSAL REVISIONS, THE OFFEROR SHALL SUBMIT TO THE CONTRACTING OFFICER:

1. If this SFO requires a LEED® Certification, the name of the proposed LEED® Accredited Professional (AP) team member and qualifications document for integrative design practice.

2. Proof of the Energy Star label from EPA for the most recent year. For new construction, a Statement of Projected Energy Performance reflecting an Energy Star benchmark score of 75 or higher. Refer to "Energy Efficiency and Conservation" in the MECHANICAL, ELECTRICAL, PLUMBING section of this SFO.

3. If the offered building will not have an Energy Star label in accordance with one of the statutory exceptions listed in the "Energy Efficiency and Conservation" paragraph in the MECHANICAL, ELECTRICAL, PLUMBING section of this SFO, a written statement addressing which energy efficiency and conservation improvements can be made to the building must be submitted. If no improvements can be made, the offeror must demonstrate to the Government using the Energy Star Online Tools in the SFO paragraph, entitled "ENERGY EFFICIENCY AND CONSERVATION," why no energy efficiency and conservation improvements are cost effective. This explanation will be subject to review by the contracting officer. If the explanation is considered unreasonable, the offer may be considered technically unacceptable.

B. AFTER AWARD, THE LESSOR SHALL SUBMIT TO THE CONTRACTING OFFICER:

1. Product Data sheets for floor coverings, paints and wall coverings, ceiling materials, all adhesives, wood products, suite and interior doors, subdividing partitions, wall base, door hardware finishes, window coverings, millwork substrate and millwork finishes, lighting and lighting controls, and insulation to be used within the leased space. This information must be submitted NO LATER THAN the submission of the Design Intent Drawings for the leased space, as outlined in the "Construction Schedule and Acceptance of Tenant Improvements" paragraph of the DESIGN, CONSTRUCTION, AND OTHER POST AWARD ACTIVITIES section of this SFO.

2. Material Safety Data Sheets (MSDS) or other appropriate documents upon request for products listed in the Indoor Air Quality During Construction paragraph.

3. Reuse Plan required in accordance with the "Existing Fit-out, Salvaged, or Re-used Building Material" paragraph in the DESIGN, CONSTRUCTION, AND OTHER POST AWARD ACTIVITIES section of this SFO.

4. Any waiver needed when not using materials from the CPG and RMAN lists of acceptable products in accordance with the "Recycled Content Products" paragraph in the ARCHITECTURAL FINISHES section of the SFO.

5. Radon test results as may be required by the "Radon in Air" and "Radon in Water" paragraphs in the FIRE PROTECTION, LIFE SAFETY, AND ENVIRONMENTAL ISSUES section of the SFO.

6. Construction Waste Management Plan:
Prior to construction commencement, a proposed plan following industry standards to recycle construction waste. The construction waste management plan shall quantify material diversion goals and maximize the materials to be recycled and/or salvaged (at least 50 percent) from construction, demolition, and packaging debris. Where the small quantity of material, the extraordinarily complex nature of the waste disposal method, or prohibitive expense for recycling would represent a genuine hardship, the Government, upon written request of the Lessor and approval of the contracting officer, may permit alternative means of disposal.

7. Building Recycling Service Plan:
A building recycling service plan with floor plans annotating recycling area(s) as part of Design Intent Drawings to be reflected on the Construction Drawing submission.
8. A signed statement provided to the contracting officer, completed by the Lessor for the leased space, explaining how all HVAC systems serving the leased space will achieve the desired ventilation of the space during the flush-out period called for in the "Indoor Air Quality During Construction" paragraph in the DESIGN, CONSTRUCTION, AND OTHER POST AWARD ACTIVITIES section of this SFO.

9. In accordance with the incorporation of commissioning requirements called for in the "Mechanical, Electrical, Plumbing: General" paragraph in the MECHANICAL, ELECTRICAL, PLUMBING section of this SFO, a written commissioning plan submitted to the contracting officer prior to the completion of Design Intent Drawings that includes:

   a. A schedule of systems commissioning (revised as needed during all construction phases of the project, with such revisions provided to the contracting officer immediately); and
   
   b. A description of how commissioning requirements will be met and confirmed.

NOTE: SUBMITTAL REQUIREMENT 10 BELOW APPLIES TO ALL LEASE CONSTRUCTION PROJECTS OF 10,000 RENTABLE SQUARE FEET AND ABOVE AND TO AGENCIES REQUESTING USE OF LEED® FOR COMMERCIAL INTERIORS (LEED®-CI). DELETE OTHERWISE.

   10. At completion of LEED® documentation and receipt of final certification, two electronic copies of all supporting documentation for certification on compact disk.

   11. If renewable source power is purchased, documentation within 9 months of occupancy.

3. "Energy Efficiency and Conservation" SFO Paragraphs. This paragraph was formerly entitled “Energy Cost Savings.”

   a. This RSL revises the paragraph and separates it into 2 paragraphs, one of which is required if a newly constructed building is the only solution that will meet the customer agency’s needs, and one for all other leases.

   b. The paragraphs reflect the new Energy Star requirement and include guidance for Offerors on how to obtain Energy Star ratings and make other energy efficiency and conservation improvements when Energy Star is not required.

   c. The renewable power source submittal requirement is relocated from this paragraph to the “Green Lease Submittals” SFO paragraph.

ONE OF THE FOLLOWING PARAGRAPHS, ENERGY EFFICIENCY AND CONSERVATION OR ENERGY EFFICIENCY AND CONSERVATION FOR NEW CONSTRUCTION, IS MANDATORY IN ALL SFOS. PARAGRAPHS MAY BE ALTERED BUT MUST CONTAIN SUBSTANTIALLY THE SAME INFORMATION. USE THE ENERGY EFFICIENCY AND CONSERVATION PARAGRAPH UNLESS A NEWLY CONSTRUCTED BUILDING IS THE ONLY SOLUTION THAT WILL MEET THE CUSTOMER AGENCY’S NEEDS. IN THAT CASE USE ENERGY EFFICIENCY AND CONSERVATION FOR NEW CONSTRUCTION.

ENERGY EFFICIENCY AND CONSERVATION (SEP 2010)

   A. Existing buildings must have earned the Energy Star label in the most recent year or will have obtained it prior to lease award, unless the offered space meets one of the statutory exceptions listed below. All new construction shall achieve an Energy Star label within 18 months after occupancy by the Government. The Offeror is encouraged to include shared savings in the offer as a result of energy upgrades where applicable. ENERGY STAR tools and resources can be found at the www.energystar.gov Web site. The term “most recent year” means that the date of award of the Energy Star label by EPA must not be more than 1 year prior to the lease award date. For example, an Energy Star label awarded by EPA on October 1, 2010 is valid for all lease awards made on or before September 30, 2011.

   B. To earn the Energy Star label, a building owner or representative must follow the instructions on the Energy Star Web site at http://www.energystar.gov/estlabel.
C. EXCEPTIONS. The Energy Independence and Security Act of 2007 (EISA) allows a Federal agency to lease space in a building that does not have an Energy Star label if:

1. No space is offered in a building with an Energy Star label in the delineated area that meets the functional requirements of an agency, including location needs;
2. The agency will remain in a building they currently occupy;
3. The lease will be in a building of historical, architectural, or cultural significance listed or eligible to be listed on the National Register of Historic Places; or
4. The lease is for 10,000 rentable square feet or less.

D. REQUIREMENTS FOR ALL BUILDINGS EXCEPTED FROM AN ENERGY STAR LABEL.

1. If an Energy Star label building is not offered or an exception is met in accordance with subparagraph “C” above, the successful Offeror must, nevertheless, agree to renovate the space for all energy efficiency and conservation improvements that would be cost effective over the firm term of the lease.
2. Such improvements may consist of, but are not limited to, the following:
   a. Heating, Ventilating, and Air Conditioning (HVAC).
   b. Lighting Improvements.
   c. Building Envelope Modifications.

Additional information can be found on www.gsa.gov/leasing under “Green Leasing.”

3. The term "cost effective" means an improvement that will result in substantial operational cost savings to the landlord by reducing electricity or fossil fuel consumption, water, or other utility costs. The term "operational cost savings" means a reduction in operational costs to the landlord through the application of building improvements that achieve cost savings over the firm term of the lease sufficient to pay the incremental additional costs of making the building improvements.

4. If the offered space meets one of the statutory exceptions identified above, but the successful Offeror obtains the Energy Star label prior to occupancy (or no later than one (1) year after signing the lease for succeeding and superseding leases), the lessor is not required to renovate such space for the energy efficiency and conservation improvements that may have been agreed to in the lease.

E. IMPROVEMENTS SCHEDULE. All improvements must be accomplished according to the following schedule:

1. With the exception of succeeding or superseding leases, the improvements must be completed prior to occupancy.
2. For succeeding and superseding leases, the improvements must be completed no later than one (1) year after signing the lease.

F. ENERGY STAR ONLINE TOOLS. To earn the ENERGY STAR label, a building owner or representative must follow the instructions on the Energy Star Web site at http://www.energystar.gov/eslabel. The ENERGY STAR® Building Upgrade Manual and Building Upgrade Value Calculator are tools which can be helpful in considering energy efficiency and conservation improvements to buildings.

1. ENERGY STAR® BUILDING UPGRADE MANUAL. This manual provides information on planning and implementing profitable energy saving building upgrades. The ENERGY STAR® Building Upgrade Manual is available at: http://www.energystar.gov/bldgmanual.
2. BUILDING UPGRADE VALUE CALCULATOR. The Building Upgrade Value Calculator, developed by the U.S. Environmental Protection Agency (EPA), is a product of the partnership between Energy Star, BOMA International, and the BOMA Foundation. This calculator was developed as part of BOMA's Energy Efficiency Program (BEEP), a series of courses designed to help commercial real estate practitioners improve their buildings' energy efficiency performance. The calculator tool was developed to help property professionals assess the financial value of investments in a property's energy performance. The Building Upgrade Value Calculator estimates the financial impact of proposed investments in energy efficiency in office properties. The calculations are based on data input by the user, representing scenarios and conditions present at their properties. The Building Upgrade Value Calculator is available on the Energy Star Web site at http://www.energystar.gov/financialevaluation.
G. The Offeror may obtain a list of energy service companies qualified under the Energy Policy Act to perform Energy Savings Performance Contracts (ESPC), as well as additional information on cost effective energy efficiency, renewables, and water conservation. For the ESPC qualified list, refer to the www.eere.energy.gov/femp Web site, or call the Federal Energy Management Program (FEMP) Help Desk at 1-877-337-3463.

H. The Offeror is encouraged to include shared savings in the offer as a result of energy upgrades where applicable.

F. The Offeror is encouraged to purchase at least 50 percent of the Government tenant's electricity from renewable sources.

USE THE FOLLOWING PARAGRAPH WHEN A NEWLY CONSTRUCTED BUILDING IS THE ONLY SOLUTION THAT WILL MEET THE CUSTOMER AGENCY’S NEEDS.

ENERGY EFFICIENCY AND CONSERVATION FOR NEW CONSTRUCTION (SEP 2010)

A. All new construction shall achieve an Energy Star label within 18 months after occupancy by the Government.

B. To earn the Energy Star Label, a building owner or representative must follow the instructions on the Energy Star Web site at http://www.energystar.gov/eslabel.

C. The Offeror is encouraged to purchase at least 50 percent of the Government tenant's electricity from renewable sources.
SOLICITATION FOR OFFERS (SFO) PARAGRAPH FOR LEASES UNDER THE
SIMPLIFIED LEASE ACQUISITION THRESHOLD (SLAT)

The following SFO paragraph is mandatory for SLAT leases. The paragraph may be
altered but must contain substantially the same information.

ENERGY EFFICIENCY AND CONSERVATION – SLAT LEASES (SEP 2010)

A. Existing buildings must have earned the Energy Star® label in the most recent year or will have obtained it prior to lease
award, unless the offered space meets one of the statutory exceptions listed in subparagraph “C” below. All new
construction shall achieve an Energy Star label within 18 months after occupancy by the Government. The Offeror is
encouraged to include shared savings in the offer as a result of energy upgrades where applicable. Energy Star tools
and resources can be found at the Energy Star Web site at www.energystar.gov. The term “most recent year” means
that the date of award of the Energy Star label by EPA must not be more than 1 year prior to the lease award date. For
example, an Energy Star label awarded by EPA on October 1, 2010 is valid for all lease awards made on or before
September 30, 2011.

B. To earn the Energy Star label, a building owner or representative must follow the instructions on the Energy Star Web site

C. EXCEPTIONS. The Energy Independence and Security Act of 2007 (EISA) allows a Federal agency to lease
space in a building that does not have an Energy Star label if:

1. No space is offered in a building with an Energy Star label in the delineated area that meets the functional
requirements of an agency, including location needs;
2. The agency will remain in a building they currently occupy;
3. The lease will be in a building of historical, architectural, or cultural significance listed or eligible to be listed
on the National Register of Historic Places; or
4. The lease is for 10,000 rentable square feet or less.

D. REQUIREMENTS FOR ALL BUILDINGS EXCEPTED FROM AN ENERGY STAR LABEL.

1. If an Energy Star labeled building is not offered or an exception is met in accordance with subparagraph “C”
above, the successful Offeror must, nevertheless, agree to renovate the space for all energy efficiency and
conservation improvements that would be cost effective to the landlord over the firm term of the lease. No
later than the due date for Final Proposal Revisions, the Offeror shall submit to the contracting officer a
written statement addressing which energy efficiency and conservation improvements can be made to the
building. If no improvements can be made, the Offeror must demonstrate to the Government using the Energy
Star Online Tools in this SFO Paragraph why no energy efficiency and conservation improvements are cost
effective. This explanation will be subject to review by the contracting officer. If the explanation is considered
unreasonable, the offer may be considered technically unacceptable.

2. Such improvements may consist of, but are not limited to, the following:
   a. Heating, Ventilating, and Air Conditioning (HVAC).
   b. Lighting Improvements.
   c. Building Envelope Modifications.

Additional information can be found on www.gsa.gov/leasing under “Green Leasing.”

3. The term “cost effective” means an improvement that will result in substantial operational cost savings to the
landlord by reducing electricity or fossil fuel consumption, water, or other utility costs. The term "operational cost
savings" means a reduction in operational costs to the landlord through the application of building improvements
that achieve cost savings over the firm term of the lease sufficient to pay the incremental additional costs of making
the building improvements.

4. If the offered space meets one of the statutory exceptions identified above, but the successful Offeror obtains the
Energy Star label prior to occupancy (or no later than one (1) year after signing the lease for succeeding and
superseding leases), the lessor is not required to renovate such space for the energy efficiency and conservation
improvements that may have been agreed to in the lease.

5. If none of these improvements can be made, the Offeror must, no later than the due date for Final Proposal
Revisions, demonstrate in writing to the Government using the Energy Star Online Tools in this SFO paragraph
why no energy efficiency and conservation improvements are cost effective. This explanation will be subject to
review by the contracting officer. If the explanation is considered unreasonable, the offer may be considered
technically unacceptable.

E. IMPROVEMENTS SCHEDULE. All improvements must be accomplished according to the following timetable:

1. With the exception of succeeding or superseding leases, the improvements must be completed prior to
   occupancy.

2. For succeeding and superseding leases, the improvements must be completed no later than one (1) year after
   signing the lease.

F. ENERGY STAR ONLINE TOOLS. The ENERGY STAR® Building Upgrade Manual and Building Upgrade Value
   Calculator are tools which can be in considering energy efficiency and conservation improvements to buildings.

1. ENERGY STAR® BUILDING UPGRADE MANUAL. This manual provides information on planning and
   implementing profitable energy saving building upgrades. The ENERGY STAR® Building Upgrade Manual is

2. BUILDING UPGRADE VALUE CALCULATOR. The Building Upgrade Value Calculator, developed by the EPA, is
   a product of the partnership between ENERGY STAR, BOMA International, and the BOMA Foundation. This
   calculator was developed as part of BOMA's Energy Efficiency Program (BEEP), a series of courses designed to
   help commercial real estate practitioners improve their buildings' energy efficiency performance. The calculator
   tool was developed to help property professionals assess the financial value of investments in a property's energy
   performance. The Building Upgrade Value Calculator estimates the financial impact of proposed investments in
   energy efficiency in office properties. The calculations are based on data input by the user, representing
   scenarios and conditions present at their properties. The Building Upgrade Value Calculator is available on the