

Introduction: General Information, Lease Authorities, and Responsibilities

1. About This Desk Guide	1
a. Purpose and Scope.....	1
b. Applicability	1
c. Content Control and Revisions	1
d. Special Situations.....	1
e. Using This Desk Guide	1
f. Systems and Tools.....	2
2. Basis for Leasing Authority.....	3
a. Statutory Authority.....	3
b. LCO's Exclusive Authority.....	3
c. Land Leases	3
d. Other Delegations of Authority	3
e. Legislative and Executive Impacts on the Leasing Program	4
f. Procedural Limitations on Leasing Authority	4
3. Basic Policies.....	5
a. Federal Management Regulation.....	5
b. GSA Acquisition Manual	5
c. Negotiated Procurement	5



4. PBS Milestones	6
5. Electronic Offer Submission	6
6. General Roles and Responsibilities	7
a. Organizational Roles	7
b. Realty Professionals	7
c. Other GSA Participants	8
Addendum: Laws, Statutes, Executive Orders, and Regulations Governing Lease Acquisitions	10
A. Federal Statutes	10
B. Executive Orders	14
C. Regulations	15
D. Policies	15

1. About This Desk Guide

a. Purpose and Scope

This Desk Guide contains authorities, policies, technical and procedural guides, and administrative limitations governing the acquisition by lease of real property. It replaces all previous Public Buildings Service (PBS) leasing guides and incorporates other existing guidance.

The process overviews in this Desk Guide do not completely cover all of the possible considerations and alternative courses of action that realty professionals must be aware of to successfully complete all possible lease actions. However, they should be able to use the material in this Desk Guide to help them tie together the typical considerations, process steps, and review requirements that they could normally expect to encounter.

b. Applicability

The provisions of this Desk Guide apply to all PBS personnel engaged in the acquisition and administration of lease contracts. This Desk Guide also applies to agencies leasing space under delegated authority from the General Services Administration (GSA).

c. Content Control and Revisions

This Desk Guide is issued and maintained by PBS. The version that appears online (link to online TOC) is always the most recent and authoritative. If you are using a printed hardcopy of this Desk Guide, note the revision date at the bottom of the page; there may be more recent versions and updated content online.

Chapters and revisions are issued by Lease Acquisition Circular (LAC) in Adobe Acrobat (PDF) format for loose-leaf printing. LACs are numbered sequentially by year (e.g., LAC-2010-01) and filed on the Desk Guide Web site at the link above.

For further information, or if you have questions or suggestions, contact the PBS Office of Real Estate Acquisition—Center for Realty Policy (askPR@GSA.gov).

d. Special Situations

Unusual and special situations may arise that are not covered specifically by existing instructions or procedures. In these cases, the regional officials should consult with the Office of Regional Counsel and request special instructions from the Central Office.

e. Using This Desk Guide

User Aids

Throughout this Desk Guide you will find various features to make it easier to use:

- Text boxes provide emphasis on key issues, best practices, legal issues, and insights for the reader.

1. About This Desk Guide

- A glossary defines key terminology ([link to glossary](#)).
- Appendices contain document templates, sample letters and notifications, and links to current GSA forms online.
- Tables of contents link to the content in the electronic document.
- Hyperlinks in the electronic document link to online regulations, authoritative guidance documents, and informational Web pages.

Roles Referenced in This Document

In addition to the Leasing Specialist (LS) and Lease Contracting Officer (LCO) titles, this guide uses the term “realty professional” to identify responsible personnel when functions are not specific to either the LS or LCO. These may differ from region to region. For example, some regions use realty technicians, leasing assistants, and other staff titles to perform leasing tasks.

Microsoft Word Settings

To make visible all Microsoft Word document content (such as graphics or pictures), and to allow the various links and cross-references to function properly, follow these procedures:

- **Keep all associated Desk Guide files in the same folder (on your hard drive or CD-ROM).** The links probably will not work if you open a file by double-clicking directly on an email attachment. They also may not work if you open the files directly in a network folder via an offsite remote connection.
- **Turn off Word’s Document Map feature.** It interferes with the links within graphics.
- **Set Word options to enable the display of graphics.** Uncheck the option to display Picture Placeholders if it is checked, and make sure that the option to display Drawings and Text Boxes is checked.
- **View the document in Print Layout View (not Normal, Draft, Outline, or Web Layout).**
- **If you wish to print the documents as they appear, set Word options to enable printing pictures.** Under options for printing, be sure that Drawing Objects is selected to include with the printed document.

f. Systems and Tools

The following tools are critical to leasing and are referenced throughout this Desk Guide.

- **STAR (to be succeeded by REXUS):** The asset management database that holds the PBS real estate inventory. REXUS is a new project PBS is undertaking to replace the existing STAR inventory system in a manner that more closely aligns with business processes, streamlines the interactions between systems, and integrates with the PBS technical architecture. Among other things, REXUS produces the Lease Digest (R620), which is sent to the Finance Center for initiating payments to the lessors for leased space.

- **Occupancy Agreement (OA) Tool:** An automated system that harbors a concise statement of the business terms governing the relationship between PBS and the tenant agency for a specific space assignment. The OA serves as the billing document on which subsequent rent payments are based.
- **eLease:** An electronic tool that standardizes a national leasing transaction lifecycle and automates the daily tasks of realty professionals through document management and storage, electronic templates, a workflow engine, communication facilitation, and systems integration.

2. Basis for Leasing Authority

a. Statutory Authority

The Administrator of General Services is authorized by 40 U.S.C. § 585 to enter into lease agreements to accommodate Federal agencies in buildings (or improvements) that are in existence or will be erected by the Lessor. The agreement may not bind the Government for more than 20 years. The Administrator has delegated leasing authority to Regional Commissioners, who, as Heads of Contracting Activities, further delegate the authority by issuing leasing warrants to LCOs.

Option periods: Renewal option periods, exercisable at the sole discretion of the Government, in the original contract can be used to extend this time beyond 20 years. However, in no case can the exercised firm term of the lease exceed 20 years.

b. LCO's Exclusive Authority

The LCO has exclusive authority to enter into, amend, and administer leases on the Government's behalf to the extent provided in his or her certificate of appointment as a contracting officer. Nothing in this Desk Guide is intended to limit the LCO's authority to designate, consistent with statute and regulation, a Contracting Officer's Representative.

c. Land Leases

This multiyear authority is applicable to the leasing of land when the land has been or will be improved by the Lessor with a building, pavement, or utilities, for example. For the purposes of multiyear leasing authority, the improvements must facilitate occupancy. Unimproved or vacant land may be leased only on a fiscal-year basis; however, the lease may contain nonbinding yearly renewal options to be exercised at the Government's discretion.

d. Other Delegations of Authority

Delegation of Lease Administration Authority to GSA Employees

LCOs may designate Contracting Officer's Representative authority to perform lease management and administration not involving amendments to the lease. Designees must have received Federal Acquisition Certification in Contracting Officers Technical Representatives (FAC-COTR) training.

Delegation to Federal Agencies

Delegations of lease acquisition authority to Federal agencies are made to the head of the agency or designee. The authority delegated may be for an individual lease action or a class of similar leases, such as Department of Defense recruiting activities. Agency heads are required to exercise the delegated authority per this Desk Guide, where it implements applicable laws, Executive orders (EOs), regulations, Office of Management Budget circulars, and other GSA policies that implement laws, EOs, and regulations. Refer to www.gsa.gov/leasing for leasing policies and forms. Applicable regulations include, but are not limited to, the Federal Management Regulation (FMR) at <http://www.gsa.gov/portal/category/21221>, the GSA Acquisition Manual (GSAM) at <https://www.acquisition.gov/gsam/gsam.html>, and others as specifically required in the FMR and GSAM for leases.

FMR Bulletin 2008-B1, dated November 19, 2007, limits lease acquisition delegations to 19,999 rentable square feet or less of general-purpose space. Specific agencies have been granted categorical and special-purpose lease acquisition delegations in the FMR. Agencies must request specific authorization to exercise the special-purpose delegated authority if the requirement is for 2,500 rentable square feet or more. If the requirement is 2,499 rentable square feet or less, then the agency may proceed without specific written authorization from GSA.

e. Legislative and Executive Impacts on the Leasing Program

In addition to the legal authority for leasing real property cited above, the process of acquiring space by lease is governed by the laws, Executive orders, regulations, and policies in the list appended to this introduction.

f. Procedural Limitations on Leasing Authority

Verification of Acquisition Action

New leases must not be executed by GSA to satisfy a space request before an official request for space and a certification of funding is received from the client agency. Exceptions are allowed to satisfy lease continuing requirements, such as an extension where the rent stays the same, as stated in Chapter 7.

Prospectus Approval

As a matter of policy, a lease prospectus must be approved by both the Committee on Public Works and Transportation of the House of Representatives and the Senate Committee on Public Works and the Environment if the average net annual rental will exceed the current threshold amount (\$2.79 million in 2011). This requirement applies to all leases, including renewal, succeeding, and superseding actions.

Requirements for lease prospectus approval are discussed in Chapter 11, Prospectus-Level Leases.

3. Basic Policies

To meet these goals, it is PBS policy to lease quality space that:

- Is the best value for the Government, all factors considered;
- Is located in the Central Business Area (CBA) of communities, unless the customer can operate in a rural area or can justify a non-CBA location based on mission needs;
- Is accessible to and usable by individuals with disabilities;
- Is sustainable in design, construction, and operations and maintenance requirements; and
- Provides a safe work environment.

GSA works within a regulatory framework to lease space. This guide provides more information on these regulations in later chapters, but a summary of the key regulations are provided below.

a. Federal Management Regulation

Federal Management Regulation (FMR) Part 102-73 contains the regulatory policy applicable to the acquisition of leasehold interests in real property for all Federal agencies, including PBS, operating under or subject to the authorities of the Administrator of General Services. This Desk Guide is the procedural guide for operating within the structures of the FMR.

b. GSA Acquisition Manual

The GSA Acquisition Manual (GSAM) (GSAR 570) contains agency acquisition regulation, policy, practices, clauses, provisions, and forms governing the leasing process.

c. Negotiated Procurement

Contracting by negotiation is appropriate and required for acquiring space in a building through a lease contract. The LCO will usually need to conduct discussions with offerors about their proposals and consider factors other than price in making the award.

GSAR 570.203-4, "Negotiation, evaluation, and award," describes negotiation requirements in more detail. In general, realty professionals must:

- Keep records on all communications and documents from the initial contact through award, and place a written record of all communications and exchanges in the lease file. This includes meeting notes, emails, the abstract of offers, the request for final proposal revisions, and similar documents. (FAR 15.306 and 15.307 state procedures for such exchanges, including clarifications, communications, negotiations, discussions, and revisions).

4. PBS Milestones

- Promptly notify in writing any offeror excluded from the competitive range or otherwise eliminated from the competition.
- Evaluate offers against the solicitation, and document the lease file to demonstrate whether proposed contract prices are fair and reasonable.
- Determine whether the price is fair and reasonable.
- Award the lease to the responsible offeror whose proposal is the most advantageous to the Government, considering price and other factors included in the solicitation. There must be a written offer and acceptance through the formal conveyance of a lease document for an award to occur.

It is critical to review with prospective offerors the Government's requirements, pricing matters, evaluation procedures, and requirements governing the submission of offers. Most importantly, the space must meet minimum technical standards acceptable to the LCO.

4. PBS Milestones

PBS has established 15 standard customer milestones for tracking project delivery along all business lines. These milestones track the project throughout its major stages, from developing requirements through acquisition planning, issuing the SFO, awarding the lease contract, completing design and construction, and starting rent and occupancy.

To track leasing progress, PBS has mapped these 15 standard milestones to 24 specific leasing task project milestones. These project milestones provide greater detail on actual dates for subtasks within the various project phases. The 9 additional leasing-specific milestones concern status reporting for most types of PBS projects, including new and existing space.

5. Electronic Offer Submission

An offeror is authorized to transmit its lease proposal as an attachment to an email. Offeror's email shall include the name, address, and telephone number of the offeror and identify the name and title of the individual signing on behalf of the offeror. Offeror's signed lease proposal shall be saved in a generally accessible format (such as in a portable document format (pdf)), which displays a visible image of all original document signatures, and shall be transmitted as an attachment to the email. Only emails transmitted to, and received at, the GSA email address identified in the request for lease proposals will be accepted. An offeror submitting a lease proposal by email shall retain the original, signed proposal and make it available to GSA upon request. An offeror choosing not to submit a lease proposal via email may still submit it by U.S. mail or other express delivery service of the offeror's choosing.

Leasing Specialists shall include the paragraphs authorizing electronic offer submissions in solicitations and Requests for Lease Proposals.



6. General Roles and Responsibilities

This section describes the general roles and responsibilities of PBS realty professionals and other participants in lease acquisition actions. The subsequent chapters of this Desk Guide identify specific responsibilities with respect to various lease actions. Realty professionals have a fiduciary responsibility to negotiate in a fair and equitable manner whether in person, electronically, or through any other social media.

The duties imposed on warranted leasing officials or those acting on behalf of warranted leasing officials encompass all real estate-related activities and transactions. GSA has expanded its available resources by entering into broker contracts.

a. Organizational Roles

The responsibility for managing the lease acquisition program is vested in the Office of Real Estate Acquisition, at the Central Office level and in PBS at the regional level. The specific functions of these offices are prescribed in Chapter 23 of the GSA Organization Manual (OHR P 5440.1). These functions must be conducted according to the applicable policies provided in this Desk Guide.

Responsibilities of the Office of Real Estate Acquisition

In addition to its program policy and management responsibilities, the Office of Real Estate Acquisition may advise on specific lease transactions when requested by a regional office or as otherwise required.

Responsibilities of the Regional Offices

The Delegations of Authority Manual (ADM P 5450) places total operating responsibilities with the Regional Commissioner in the regions. Therefore, with the exception of the requirements for prospectus approval, total responsibility for execution of the leasing program rests with the Regional Commissioner. The high degree of authority and responsibility vested in LCOs requires that only well-qualified individuals be designated and retained in such positions and that the performance of their duties be subject to continuing review and evaluation. LCOs must be designated per the Contracting Officer Warrant Program established by [GSAM Subpart 501.6](#).

Except as explicitly outlined under this guidance, Leasing Specialists should follow regional protocol for the preparation, concurrence, review, and approval of correspondence, transmittals, and other file documentation.

b. Realty Professionals

Leasing Specialists

LSs, whose job classification is GS-1170, Realty Specialist, assist LCOs and may perform all duties that do not legally obligate the Government. The LS should understand the local and regional requirements for approval and correspondence.

6. General Roles and Responsibilities

Lease Contracting Officers

LCOs perform the warranted duties that obligate the Government, including executing and administering lease contracts. Their job classification is also GS-1170, Realty Specialist. LCOs safeguard the interests of the United States in its contractual relationships. In this role, LCOs obtain all necessary legal, technical, and financial advice within GSA necessary for the sufficiency of lease contracts and for compliance on the part of the Lessors.

Lease Administrator/COR

The Lease Administrator acts as the Contracting Officer's Representative to enforce the Lessor's compliance with the terms and conditions of the lease. These duties include a variety of reporting, tracking, and customer relationship duties that are defined further in Chapter 17, Lease Administration. Lease administration actions are addressed in the Lease Management Guide: http://pbsportal.pbs.gsa.gov:7777/pls/portal/docs/page/PV/documents/final_version_Lease_Management_Guide_072806.pdf

c. Other GSA Participants

Numerous other GSA participants draw on their specialized expertise to assist PBS throughout the lease acquisition process.

Brokers

GSA has entered into National Broker Contracts, employing the services of contract brokers/real estate agents to perform full lease acquisition services and coordinate the purchase or exchange of site options sometimes associated with lease construction. The brokers may not bind the United States or perform any other inherently governmental functions. See Chapter 16, National Broker Contract Leases.

Engineers and Architects

Engineers and architects provide the expertise with buildings needed to help define the client agency's requirements. They may also participate in market surveys, reviews of tenant improvement costs, designs, buildouts, and construction inspections.

Space Planners

Space planners provide the expertise needed to develop layouts and conduct test-fits to verify that the client agency will fit within in the space being surveyed or considered. Space planners assist with requirements development and design for the client agencies. They also review the computer-aided design drawings submitted by offerors to confirm the square footage of the space being offered and delivered.

Portfolio Staff

GSA's real estate portfolio managers drive the long-term strategic planning for GSA's building inventory. They lead in the lease-versus-own decision for new leases. They perform scoring analyses as required and take the primary role in securing funding support from the Office of Management and Budget (OMB) and Congress for prospectus-level projects. They also assist with locality issues.



6. General Roles and Responsibilities

Facilities Management and Service Program (Environmental)

Environmental team members may be requested to participate in the requirements development, market survey, solicitation, and buildout process as the project dictates.

Budget and Financial Management

LSs must work with budget and financial management staff and the customer agency to confirm that adequate funding is secured for the leasing transaction, including any lump-sum payments. In addition, LSs must provide the appropriate obligating document to the budget and financial management staff, who enter obligations into the accounting system record (Pegasys).

Addendum: Laws, Statutes, Executive Orders, and Regulations Governing Lease Acquisitions

The Federal Statutes, Executive orders, regulations, and policies that must be followed include but are not limited to the following. These statutes, regulations, and policies may be updated.

A. Federal Statutes

1. Reorganization Plan No. 18 of 1950 (40 U.S.C. § 301 note)

Transferred to GSA all functions with respect to acquiring space in buildings by lease, and all functions with respect to assigning and reassigning space in buildings.

2. Federal Property and Administrative Services Act of 1949 (40 U.S.C. § 585)

Provides GSA with 20-year leasing authority.

3. Public Buildings Act of 1959 (40 U.S.C. § 3307)

Requires congressional committee approval of leases with annual rental, excluding services and utilities, in excess of certain dollar thresholds before appropriations may be made. Further requires congressional committee approval for lease alteration projects in excess of certain dollar thresholds. The thresholds are indexed annually.

4. Competition in Contracting Act of 1984 (41 U.S.C. § 251 et seq.)

Directs GSA to acquire lease space through the use of full and open competitive procedures.

5. Public Buildings Cooperative Use Act of 1976 (40 U.S.C. § 3306)

Directs GSA to acquire and use space in suitable buildings of historical, architectural, or cultural significance where feasible and prudent; encourages the location of commercial, cultural, educational, and recreational activities in public buildings; and encourages the public use of public buildings for cultural, recreational and educational activities.

6. Small Business Act (15 U.S.C. §§ 631–647)

Requires a positive effort by Federal contractors to place subcontracts with small and small disadvantaged business concerns. The act also requires publication of Federal procurement requirements, requires Lessors who are large businesses to submit small-business subcontracting plans, and provides for liquidated damages for failure to meet subcontracting plan goals.

7. Rural Development Act of 1972 (42 U.S.C. § 3122)

Requires Federal agencies to give first priority to rural areas in locating facilities. See also Executive Order 12072 regarding the location of Federal facilities in urban areas.



↪ Addendum: Laws, Statutes, Executive Orders, and Regulations Governing Lease Acquisitions

8. Contract Disputes Act of 1978 (41 U.S.C. § 601–613)

Requires disputes arising from Federal contracts to be adjudicated by established processes and procedures.

9. Prompt Payment Act (31 U.S.C. §§ 3901–3907)

Requires that Federal payments to contractors be made in an expeditious manner, provides penalties for late payment by the Government, and requires that the Government be entitled to discounts for early payment.

10. Assignment of Claims Act of 1940 (31 U.S.C. § 3727)

Allows contractors to assign rights to payment, including rent, to established financing institutions.

11. The Architectural Barriers Act of 1968 (42 U.S.C. §§ 4151–4152)

Requires that public buildings be made accessible to the physically handicapped through construction and alterations to provide for suitable accessibility, restrooms, plumbing, water fountains, elevators, etc. The requirements of this act are implemented through the Architectural Barriers Act Uniform Federal Accessibility Standard.

12. Fire Administration Authorization Act of 1992 (15 U.S.C. § 2227)

Requires that an entire building have sprinklers or provide an equivalent level of life safety when Federal funds are used to lease 35,000 square feet or more of space in a building (under one or more leases) and some portion of the leased space is on or above the sixth floor. Also requires that all hazardous areas have sprinklers in all Government leases.

13. Earthquake Hazards Reduction Act of 1977 (42 U.S.C. § 7705b)

Requires adoption of standards for assessing the seismic safety of existing buildings constructed for or leased by the Government that were designed and constructed without adequate seismic design and construction standards.

14. Energy Policy Act of 1992 (42 U.S.C. § 8253)

Required the Federal Government to meet 20-percent energy reduction targets by the year 2000. This includes federally leased space.

15. Occupational Safety and Health Act of 1970 (29 U.S.C. §§ 651–678)

Requires GSA to ensure that space leased and assigned to agencies provides safe, healthful working conditions, including building features such as lighting, guard rails, indoor air quality, fire safety features, emergency elevator requirements, etc.

16. The National Environmental Policy Act of 1969 (42 U.S.C. § 4321)

Requires an assessment of the environmental impacts associated with major Federal actions, including Government leasing.

17. National Historic Preservation Act of 1966 (16 U.S.C. §§ 470–470w-6)

Requires listed historical properties to be protected from harm as a result of Federal actions, including leasing.

18. Randolph-Sheppard Act (20 U.S.C. § 107)

Requires that licensed blind vendors be authorized to operate vending facilities on any Federal property, including leased buildings. The act imposes a positive obligation on GSA to acquire space in buildings that have suitable sites for vending facilities.

19. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. § 4601)

Requires the payment of relocation benefits to persons displaced as a result of Federal actions. This act is potentially applicable to persons displaced as a result of GSA lease-construction projects on sites designated by the Government.

20. Intergovernmental Cooperation Act of 1968 (40 U.S.C. §§ 901–905)

Requires GSA to consult with planning agencies and local elected officials and to coordinate Federal projects (usually large projects requiring congressional prospectus approval) with development plans and programs of the State, region, and locality where the project is to be located.

21. Drug-Free Workplace Act of 1988 (41 U.S.C. §§ 701–707)

Requires contractors to make certifications regarding actions they are taking to reduce the possibility of drug use at the site of the performance of work. The requirements of the act do not apply to contracts below the simplified lease acquisition threshold.

22. Prohibitions Against Payments to Influence (31 U.S.C. § 1352)

Requires contractors to certify that funds have not and will not be paid to any person to influence the award of a Federal contract.

23. Officials Not to Benefit (41 U.S.C. § 22)

Prohibits any member of Congress from receiving any benefit arising from a Federal contract.

24. Covenant Against Contingent Fees (41 U.S.C. § 254(a))

Requires that no one other than full-time bona fide employees or established bona fide agents maintained by the contractor be retained to solicit or obtain a Federal contract. This requirement is not applicable to contracts below the simplified acquisition threshold for leasing.

25. Anti-Kickback Act of 1986 (41 U.S.C. § 51)

Prohibits a contractor from soliciting or receiving kickbacks from subcontractors in return for subcontract awards. The requirements of this act are not applicable to contracts below the simplified acquisition threshold for leasing.

26. Anti-Lobbying (18 U.S.C. § 1913)

Prohibits the use of appropriated funds to lobby Congress.



↪ Addendum: Laws, Statutes, Executive Orders, and Regulations Governing Lease Acquisitions

27. Examination of Records (Public Law 103-355 2251)

Authorizes the head of an agency and the Comptroller General to inspect records of Federal contractors. This authority is not applicable to contracts below the simplified acquisition threshold for leasing.

28. Davis-Bacon Act of 1931 (40 U.S.C. §§ 3141–3148)

Provides for payment of prevailing wages to laborers on Federal construction projects. This act is potentially applicable to lease acquisitions when an offeror proposes to construct a building or completely reconstruct or rehabilitate an existing building for the predominant use of the Government.

29. Contract Work Hours and Safety Standards Act of 1962 (40 U.S.C. §§ 3702-3708)

Imposes 40-hour workweek and time-and-a-half overtime requirements on certain contracts. This act is potentially applicable to lease acquisitions when an offeror proposes to construct a building or completely reconstruct or rehabilitate an existing building for the predominant use of the Government. The act does not apply to contracts below the simplified acquisition threshold.

30. Copeland Act of 1934 (18 U.S.C. § 874; 40 U.S.C. § 3145)

Makes it unlawful for a contractor to force a kickback from any person employed in the construction or repair of a public building or public work. The act also requires contractors and subcontractors to furnish compliance statements with respect to wages paid to employees. This act is potentially applicable to lease acquisitions when an offeror proposes to construct a building or completely reconstruct or rehabilitate an existing building for the predominant use of the Government.

31. The Debt Collection Improvement Act of 1996 (Public Law 104-134, April, 26, 1996)

Requires payments be made by electronic funds transfer.

32. American Recovery and Reinvestment Act of 2009 (Public Law 111-5, February 17, 2009)

Provides \$108 million in funding for the rental of space related to leasing temporary space in connection with projects funded under the ARRA.

33. The Energy Policy Act of 2005 (Public Law 109-58, August 8, 2005)

Includes new energy performance standards for Federal buildings and requires sustainable design principles to be applied to the design and construction of all new and replacement buildings.

34. The National Defense Authorization Act for Fiscal Year 2008, Section 844 (Public Law 110-181, January 28, 2008)

Requires the head of an Executive agency to make certain that justification and approval documents relating to the use of noncompetitive procedures in contracting are available within 14 days of the contract award on the Web site of an agency and on a governmentwide Web site.

35. Energy Independence and Security Act, 2007) (Public Law 110-140,)

Requires that GSA lease buildings that are energy efficient and promotes the use of renewable energy systems.

B. Executive Orders

1. Executive Order 11246—Equal Employment Opportunity (1965, 30 Federal Register 12319), and Executive Order 11375—Equal Employment Opportunity (1967, 32 Federal Register 14303)

Prevents Federal contractors from discriminating against any employee or applicant for employment because of race, color, religion, sex, or national origin.

2. Executive Order 11988—Floodplain Management (1977, 42 Federal Register 26951)

Precludes GSA from leasing space in buildings located within floodplains unless there are no practicable alternatives.

3. Executive Order 11990—Protection of Wetlands (1977, 42 Federal Register 26961)

Precludes GSA from leasing space in wetland areas unless there are no practicable alternatives.

4. Executive Order 12072—Federal Space Management (1978, 43 Federal Register 36869)

Requires that first consideration be given to locating Federal facilities in central business districts within urban areas.

5. Executive Order 12699—Seismic Safety of Federal and Federally Assisted or Regulated New Building Construction (1990, 55 Federal Register 835)

Requires that new buildings constructed for lease to the Government be designed and constructed in accordance with appropriate seismic design and construction standards.

6. Executive Order 12902—Energy Efficiency and Water Conservation at Federal Facilities (1994, 59 Federal Register 11463)

Requires that appropriate consideration be given to efficient buildings in the leasing process. Increased Federal energy reduction goals to 30 percent by the year 2005.

7. Executive Order 12941—Seismic Safety of Existing Federally Owned or Leased Buildings (1994, 59 Federal Register 62545)

Adopts standards of the Interagency Committee on Seismic Safety in Construction (ICSSC) as the minimum level acceptable for use by Federal departments and agencies in assessing the seismic safety of their owned and leased buildings and in mitigating unacceptable seismic risks in those buildings.

8. Executive Order 13006—Locating Federal Facilities on Historic Properties in Our Nation's Central Cities (1996, 61 Federal Register 26071)

Subject to the Rural Development Act and Executive Order 12072, directs Executive agencies to give first consideration to locating Federal facilities in historic properties within historic districts when operationally appropriate and economically prudent.



↪ Addendum: Laws, Statutes, Executive Orders, and Regulations Governing Lease Acquisitions

9. Executive Order 13423—Strengthening Federal Environmental, Energy, and Transportation Management (2007, 72 Federal Register 3917)

Includes new energy performance standards for Federal buildings and requires sustainable design principles to be applied to the design and construction of all new and replacement buildings.

10. Executive Order 12977—Interagency Security Committee, (1995, 60 Federal Register 54411), as amended by Executive Order 13286—Amendment of Executive Orders, and Other Actions, in Connection With the Transfer of Certain Functions to the Secretary of Homeland Security (2003, 68 Federal Register 10619)

Established the Interagency Security Committee to establish policies for security in and protection of Federal facilities.

11. Executive Order 13327—Federal Real Property Asset Management (2004, 69 Federal Register 5897)

Requires Federal agencies to report their real property holdings.

C. Regulations

1. General Services Administration Acquisition Regulation (48 CFR Part 570)

Note: The Federal Acquisition Regulation is not applicable to acquisitions of leasehold interests in real property by the General Services Administration except as provided in Part 570 of the General Services Administration Acquisition Regulations or specific lease solicitations for offers.

2. Federal Management Regulation (41 CFR Subchapter C, Real Property, Parts 102-71 through 102-85)

3. Comprehensive Procurement Guideline for Products Containing Recovered Materials (40 CFR Chapter I Part 247)

D. Policies

1. Homeland Security Presidential Directive, HSPD-12

Creates a policy for a common identification standard for Federal employees and contractors.

2. OMB Circular A-11 (Capital Lease Scoring)

Provides the rules for budget scorekeeping for leases.

3. Realty Services Letters

4. Lease Acquisition Circulars

5. Site Acquisition Policy Letters

6. PBS Leasing Desk Guide



Table of Contents

Introduction: General Information, Lease Authorities, and Responsibilities	i
Chapter 1: Requirements Development	1-i
Chapter 2: New or Replacing Lease	2-i
Chapter 3: Simplified Lease Acquisition	3-i
Chapter 4: Streamlined Lease	Reserved
Chapter 5: Succeeding Lease, Superseding Lease	5-i
Chapter 6: Change in Square Footage—Expansion and Reduction	6-i
Chapter 7: Lease Extension	7-i
Chapter 8: Alterations in Leased Space	8-i
Chapter 9: Renewal Options	9-i
Chapter 10: Lease Holdovers, Standstill Agreements, and Condemnations	10-i
Chapter 11: Prospectus-Level Leases	11-i
Chapter 12: Disaster Leasing	12-i
Chapter 13: Source Selection	Reserved
Chapter 14: Lease Construction	14-i
Chapter 15: Hoteling	15-i
Chapter 16: National Broker Contract Leases	16-i



Chapter 17: Lease Administration 17-i

Chapter 18: Sustainability and Environmental Hazards..... Reserved

Chapter 19: Security..... Reserved

Chapter 20: On-Airport Leasing for TSA and Other Agencies20-i

Appendix A: Glossary of Terminology A-1

Appendix B: Checklists..... Reserved

Appendix C: Forms, Samples, and Models Reserved

Appendix D: Fire Protection and Life Safety D-i

Appendix E: Accessibility Standards E-i

Appendix F: Determination of Operating or Capital Lease Classification for Budget Scoring F-i



CHAPTER 1:

Requirements Development

1. Overview	1-1
a. Decision to Lease	1-1
b. Preliminary Inventory Check	1-1
c. U.S. Postal Service Inventory	1-1
d. Requirements Development Process	1-2
e. When to Bring in Other Resources	1-2
2. Transaction Management Process	1-2
3. Request for Space	1-3
a. Square Footage	1-4
b. Type of Space	1-4
c. Agency Special Requirements and Specifications	1-5
d. Parking	1-6
e. Delineated Area	1-6
f. Security	1-6
4. Data Gathering	1-6
a. Program of Requirements	1-6
b. Deliverables	1-8
5. Confirming Agency Requirements	1-9
a. Program of Requirements	1-9
b. Funding	1-9
c. Schedule	1-10
d. Requirements That Indicate Lease Construction	1-10
6. Requirements Development Assistance	1-10



- a. Subject Matter Experts 1-10
- b. Strategic Requirements Development Process 1-11
- c. Resources..... 1-11



1. Overview

GSA's ability to deliver space that will meet client agencies' needs directly correlates to how well PBS understands our clients' requirements. Developing these requirements may call for a professional analysis of the client agency's mission, goals, business processes, and space standards. Some client agencies have well-established, highly developed requirements that will require less research by the Leasing Specialist (LS). Others, however, will require extensive research and collaboration with space development specialists such as architects, space planners, or interior designers. This information is summarized into a requirements package that the LS will use to deliver the space. In every case, the goal is to incorporate clear and enforceable requirements into the solicitation for offers (SFO). This chapter provides solid principles that will assist the LS in gathering and using critical information to develop technical requirements that will meet that goal.

During this preplanning phase, the focus is on obtaining strategic-level requirements, such as the delineated area, total square footage, and major components of that requirement. It is not necessary to obtain specific design-related requirements, such as a space plan or carpet specifications.

a. Decision to Lease

When GSA and the client agency first discuss a need for space, GSA's first obligation is to check its inventory of Government-owned and Government-controlled leased space. If no suitable Government-owned space is available to satisfy the client agency's need, a leasing action will be required. If Government-controlled leased space is available and able to meet their needs, a backfill lease action will be necessary. Backfills are discussed in Appendix G.

This Desk Guide is applicable when GSA has decided that leasing space is the appropriate action to meet the clients' needs, because Federal space is either unavailable or unable to satisfy the need.

b. Preliminary Inventory Check

Until the space requirement is fully developed and the square footage established, it may sometimes be difficult to decide whether the agency's need can be satisfied in vacant space. However, in most instances, at the initial agency contact, it will be evident to an LS familiar with the space inventory in a locale whether there is potential suitable vacant space available to meet the agency's need.

c. U.S. Postal Service Inventory

After checking the availability of GSA-controlled Federal space and determining there is no suitable vacant space, GSA is also required to extend consideration to the available space in buildings owned by the U.S. Postal Service (USPS). See Federal Management Regulation (FMR) 102-73.20 and Agreement Between the General Services Administration and the United States Postal Service Covering Real and Personal Property Relationships and Associated Services, dated July 1985.



d. Requirements Development Process

The Requirements Development Process is a business process for collecting, developing, and documenting space-related client requirements through the use of standardized tools, templates, and guidance available to the LS. It is the first step in the leasing process and may take anywhere from 2 to 8 months to develop, depending on the complexity of the requirements and the extent of interest and involvement by stakeholders (for example, labor unions). The anticipated requirements development period is in addition to the time allocated to procure new leased space, traditionally 18–24 months before lease expiration.

For lease acquisition purposes, requirements development means gathering the pertinent information from the client so that GSA can procure the correct amount and type of space from a responsible source in a location that will meet the mission needs of the agency. Clearly defined space requirements must be communicated to the market during the market survey and solicitation process in order for offerors to ascertain whether their space is adequate and for GSA to hold the successful offeror accountable to deliver the space as specified.

Some agencies have well-developed requirements, while others do not know how to convey their space needs to GSA. When the client agency comes to GSA for services or GSA calls upon the client agency because of an impending lease expiration, forced move, or other circumstance, the LS must meet or otherwise coordinate with the appropriate agency space management specialist to gather the requirements information.

e. When to Bring in Other Resources

The LS will need to bring in other specialists at times to assess or validate the client's needs..

When developing requirements for a continuing need, the LS should make every effort to visit the current space in question and discuss the anticipated breadth of changes with the agency.

During requirements development, the LS should ask the Regional Account Manager (RAM) whether there is a memorandum of understanding (MOU) between the agency and GSA and, if so, how it would affect the delivery of space.

Your Colleagues Can Help

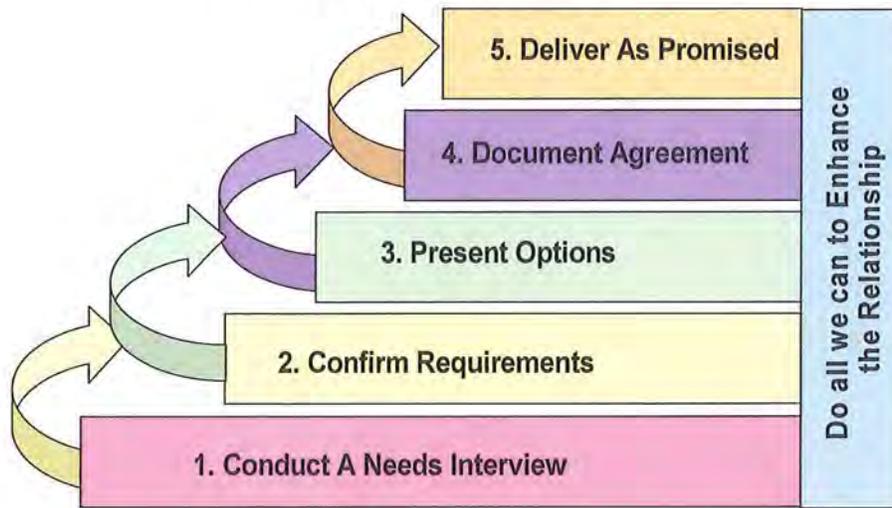
Leasing Specialists should seek advice and counsel from their colleagues when there is a mismatch between what a client needs and the requirements they documented. There is a network of experienced Leasing Specialists who can help you with issues.

When a client agency does not provide the necessary requirements information or approval of requirements developed by GSA, escalate contacts with the agency through higher administrative channels, up to and including Central Office, to reach a solution.

2. Transaction Management Process

The Transaction Management Playbook (TMP) captures the five key interactions with the client that ensure that we are meeting their needs and solving their problems, rather than just filling their orders. These five steps are documented in the graphic below.

Five Key Interactions With Clients



Documenting agreement of the customer's approved solution from this interaction binds GSA and the customer together and establishes the roles and responsibilities of both parties. The formal, branded proposal package commits GSA and our customer to delivery elements, including objectives, financial obligations, project milestones, methods of communication, and project team composition and responsibilities. For more information on this package, see the TMP Product Appendix—Proposal Package. The Transaction Management Playbook also includes other specific documentation and correspondence requirements for each of the interactions. It is available online at http://pbsportal.pbs.gsa.gov:7777/portal/page?_pageid=80,472323&_dad=portal&_schema=PORTAL.

3. Request for Space

The request for space produces documentation for the Lease File Tab I-A, SF-81 or Other Request for Space, and Tab I-B, Special Requirements (Specs).

**PBS Milestone 1:
Customer Request**

Every agency is obligated to plan and budget for upcoming space needs at least 18 months in advance of the need date. For new requirements, expansions, or alterations, agencies are usually proactive in requesting space from GSA. However, GSA often must initiate a space action with the agency as the expiration of an existing lease is approaching and a replacing lease is required. Typically, GSA should begin reaching out to expiring lease tenants approximately 24 months in advance of the expiration to determine whether a continuing need exists and to remind the agency of the need to provide GSA with a request for space. Some procurements, especially those for new construction, will require additional time. Prospectus procurements may need to begin 36, 48, or even 60 months in advance. Note: To meet the space delivery schedule, the LS will need to contact the agency before these lead times begin.

3. Request for Space

LSs initiate a new lease action only after receiving a bona fide request for space from an agency. The request may be a formal SF-81, [Request for Space](#); this form is no longer required, although some agencies still use it. Other request methods are acceptable, including phone calls, letters, or emails from the agency. Regardless of the format of the request, it should originate from an authorized ordering official—someone who has the appropriate authority to request space and obligate the agency financially. The LS should always deal with an authorized ordering official and exercise caution toward any request coming directly from a local agency. In most cases, agencies have space acquisition specialists who will initiate requests at a national or regional level. If the authority of the requesting party is questionable, the LS should contact the appropriate Regional Account Manager for the client agency to verify that the requestor is authorized, and should document the lease file accordingly. The LS should refer requestors who do not possess the proper authority to their appropriate internal contact.

Know Your Customer

Before starting, conduct some research about the client agency and its mission. Good sources include:

- Client agency Web site
- Customer Profile System (CPS) on the PBS Portal
- Regional Account Management Pages (RAMP) on InSite

Client agency requirements, at a minimum, must include the following components:

- Square footage;
- Type of space;
- Client agency special requirements;
- Parking; and
- Delineated area.

a. Square Footage

The amount of square footage a client agency needs can be determined by the number of personnel involved, the office and support space required, and circulation space. In identifying the amount of space required to house the agency's personnel and equipment, care must be taken to confirm that the space requirement provided by the client is expressed as ANSI BOMA Office Area square feet, not rentable square feet. If the agency does not have the expertise to provide this information, then the LS will need to seek professional guidance from the region's GSA requirements development subject matter expert, or from a contracted workplace consultant or space planner. This standard of space measurement is discussed in more detail in Chapter 2, New or Replacing Lease.

b. Type of Space

The type of space and designated square footage should also be established. Types of space include the following:

- Office;



- Storage;
- Support office areas;
- Computer rooms;
- Mission-related areas;
- Laboratories; and
- Warehouse space.

The type of space is as important as the square footage required, because it will shape the rest of the space selection and procurement process. For example, an agency may require a mixed-use space with a majority of office space, but if this same space will have an active warehouse/dock with heavy traffic, then a Central Business District location may not be appropriate. The LS must consider such agency mission-related needs.

c. Agency Special Requirements and Specifications

The LS must request the agency to indicate any requirements identifying needs beyond the shell and tenant improvement language in the SFO. Not all special requirements must be identified before starting a lease acquisition. However, at a minimum, the LS needs to know the special requirements and “go/no-go” factors that an offeror’s location must meet in order to support a client agency’s mission. Examples of these include:

- Loading dock at the building;
- Floor restrictions;
- Proximity to public transportation;
- 24-hour computer rooms (size, equipment, and heat loads); and
- Daytime cleaning.

Common Requirements Development Pitfalls

- Incorrect amount of space requested
- Special requirements (“must haves”) that are not clearly defined
- Unclear delineated area (too broad or too narrow)
- Incorrect use of award factors
- Outdated data about the client agency
- Conflicting information from the local agency contact versus the agency headquarters

It is also important to understand the distinction between an agency’s **special requirements**, which must be met in all instances, and its **preferences**, which could be used as award factors in the procurement. For example, a Leadership in Energy and Environmental Design (LEED) silver certification may be required, but gold would be preferred. Refer to Chapter 13, Source Selection, for information on the use of award factors.

The final version of the special requirements may be filed under Tab 3 of the lease file along with the SFO. If this is the case, place a memo in Tab 1 indicating where to find this information.

d. Parking

The number of parking spaces for official Government vehicles must be established. Parking specifications should also state whether the parking must be structured, secured, or reserved.

Generally, employee parking is not part of the lease requirement.

e. Delineated Area

The client agency's approved space requirements must identify a delineated area for the space acquisition. Sites to be included as part of a market survey must be within this delineated area, per FMR 102-83.25, and consider all Executive orders and regulations governing location policy.

Refer to chapter 2, part 2, section 3 for more detailed guidance regarding the delineated area.

f. Security

At a minimum, the client agency and project's security level must be established in consultation with the Federal Protective Service (FPS) and the client agencies. Additional client agency security needs and requirements must be identified, as they can affect which buildings will be considered.

Consultation With FPS

FPS will assist GSA and the client agency in reviewing or developing security-related requirements for a particular location to enhance employee security and/or safeguard sensitive Government information, developing the independent Government estimates for such services, conducting prelease security surveys, and performing background investigations.

Looking Ahead

If the leased building will be Security Level IV or 100-percent occupancy Level III, sensitive but unclassified (SBU) information requirements apply; the GSA order is available online at: http://internotes.gsa.gov/Insite/gsad.nsf/wp_InsiteDirectivesDisplay/1CF91A1623F28CE5862575C80060849F?OpenDocument. Homeland Security Policy Directive-12 clearance will also apply to contractors and others requiring regular access to the space.

4. Data Gathering

a. Program of Requirements

In some instances, the agency will prepare its Program of Requirements for the procurement or otherwise supply most or all of the data necessary for describing its requirements. When it does not, establishing requirements involves a comprehensive and complex interaction between GSA and the client agency. A thorough development process will result in a clear understanding of the client agency's needs, time frames, and any special requirements.

When agency-provided information is insufficient, the LS should perform more extensive research according to the steps outlined below. Although these steps are crucial when agency information is incomplete, they can be useful for all projects.

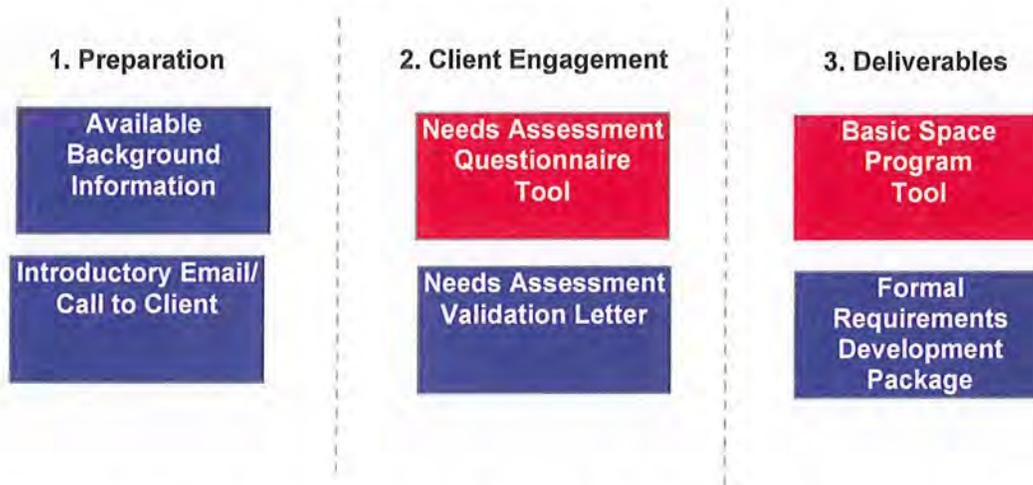
Early Action

Some requirements call for funding in advance, such as to analyze space utilization, and the overall process can be lengthy. So it is important for GSA to work with customers well in advance.

During data gathering, LSs collect information by performing interviews, conducting work sessions, and completing forms. Requirements development subject matter experts (SME) may assist by using this information to develop a space-planning report and technical requirements for interior buildout, if necessary.

This basic process is shown in the illustration below:

Requirements Data-Gathering Process



The tools and templates can be found on the PBS Center for Workspace Delivery's Web site: http://pbsportal.pbs.gsa.gov:7777/portal/page?_pageid=80,469970&_dad=portal&_schema=PORTAL. The following discussion outlines the main steps in each phase.

Preparation

Background information is often available and can be collected before contacting the client agency. The following information can be gathered by speaking with the PBS property manager, Regional Account Manager, Lease Contracting Officer, or other PBS colleagues. PBS databases, e-tools, electronic inventories, and billing document systems, as well as the client Web site, are also good resources for collecting the following background information:

- The client agency's organization chart and mission statements, which help explain the agency's programs and goals and provide a general context for understanding its space needs;
- Current and future staffing requirements;
- Agency space standards and design guides;
- General agency information (agency mission, initiatives or trends, Tenant Satisfaction Survey, person authorized to approve the Occupancy Agreement (OA));
- Floor plans and/or furniture plans; and
- Current space assignment information.



Client Engagement

An LS may conduct interviews with key personnel. The Needs Assessment Questionnaire is available as a guide to assess client needs in terms of the critical factors driving the request, such as the amount of space, the lease term, budget, space quality, or other similar factors. Not all of the questionnaire items will be necessary for each project. The worksheet is a place to collect lists of personnel, their job titles, support areas, and furniture to be housed.

Documenting the Requirements

One approach to confirming the requirements is to use the Needs Assessment Questionnaire tool as a discussion guide between PBS and the client agency. It allows PBS to work with client agencies consistently across all 11 regions and can be used by anyone who conducts requirements development.

A Needs Assessment Validation Letter can be used after interviewing the client. The letter provides a broad written summary of PBS' interpretation of the client's needs, thereby allowing the client agency to verify that our understanding of the requirements is correct. Note: The LS may modify this template to document specific issues, if required.

If the scope of the need warrants, the LS may also consult with space planners and perform a space utilization study. This may involve examining the agency's current location to assess its efficiency and/or to determine whether the existing location can meet the new requirements.

b. Deliverables

Basic Space Program Tool

The Basic Space Program tool details the client agency's space calculations. The Basic Space Program is used in lieu of the Request for Space (SF-81) and includes more detailed information, such as the size and characteristics of office space. If a client agency provides an SF-81 or a space calculation sheet, the data should be entered into the Basic Space Program to confirm data accuracy and obtain a clear understanding of the requirement. Sometimes a customer may forget circulation or miscalculate the total amount of space needed. PBS employees must verify the accuracy and methodology behind client-developed requirements.

Formal Requirements Package

The collected information is compiled into a formal requirements package that is used to document agreed-upon strategy-level requirements with the client, identify the Program of Requirements, and develop an SFO that contains clear and enforceable client agency requirements.

The formal requirements package should include a TMP cover sheet, summary of the Needs Assessment Questionnaire, and the Basic Space Program. This summary must, at a minimum, include the items listed above:

- Basic Space Program:
 - Square footage;
 - Type of space;

- Agency special requirements and specifications;
- Parking, security, and hours of operation needs; and
- Delineated area.

It may also include the following information:

- Agency mission, goals, and major business processes;
- Agency objectives and constraints related to new requirement;
- Workspace description—general outline of offices, cubicles, and support space;
- Adjacency needs;
- Personnel headcount and organization chart; and
- Furniture and equipment needs

The requirements development deliverable for the client is a formal requirements package, as described above. The formal requirements package must be filed in Tab 1 of the lease file.

This document, along with GSA’s solicitation for offers, becomes the foundation for the lease and will affect the agency’s occupancy for years into the future.

5. Confirming Agency Requirements

a. Program of Requirements

The client agency reviews and approves the formal requirements package, including the Program of Requirements (POR), and this information is then used to complete the formal request for space. The client agency confirms the final space requirements by letter or email to the LS. The letter or email should be placed in the lease file under Tab 1.

b. Funding

The task of confirming requirements includes verifying that the client agency has appropriate funding. Funding must be obligated by the client agency for every space action. Even if no SF-81 is submitted, the space request must confirm funding availability with an authorized agency official’s signature on the first draft of the OA.

**PBS Milestone 2:
Funds in Place**

**PBS Milestone 3:
Requirements
Finalized**

**PBS Milestone 4:
Initial Financial
Agreement With
Customer (e.g.,
Draft OA or Draft
RWA)**



Additionally, if a client agency is expected to exceed its tenant improvement allowance with the buildout, Reimbursable Work Authorization (RWA) funding should be discussed.

c. Schedule

The client agency should also receive a project schedule, even if it includes only the PBS Customer Milestones schedule at the beginning of the project.

(http://pbsportal.pbs.gsa.gov:7777/portal/page?_pageid=80,582112&_dad=portal&_schema=PORTAL).

Lump-Sum RWA

Agency requirements whose cost exceeds the standard Tenant Improvement allowance must be reimbursed by a lump-sum RWA.

Regional Special Requirements

The LS should confirm any specific requirements that may be regionally driven.

d. Requirements That Indicate Lease Construction

If the client agency requirements, viewed in the context of the current market, indicate that lease construction should be considered as a solution, the LS must understand that one or more of the following actions may be triggered:

- Below-prospectus lease construction review;
- Prospectus-level lease construction submittal;
- Compliance review for Categorical Exclusion (CATEX) and National Environmental Policy Act (NEPA) requirements; and
- Scoring evaluation per Office of Management and Budget (OMB) Circular A-11, "Preparation, Submission, and Execution of the Budget."

Refer to Chapter 2, New or Replacing Lease, and Chapter 14, Lease Construction, for details on these reviews.

6. Requirements Development Assistance

a. Subject Matter Experts

The Center for Workspace Delivery, Office of Client Solutions, has organized a network of professionals available for advice and consultation on requirements development issues. The SMEs are experienced individuals with workplace design backgrounds who can help with:

- Reviewing space programs for accuracy and logic errors;
- Consulting with a client on workspace questions (for example, "Would you help me find a consolidated, central filing solution," or "We're teleworking—how can I shrink my square footage?");



- Advising on whether additional workplace analysis is needed, or strategic requirements development (described below); and
- Pursuing resources for analysis related to strategic requirements development.

b. Strategic Requirements Development Process

The Center for Workspace Delivery also has a more sophisticated, strategic set of requirements development tools to obtain indepth workplace and organizational analysis. This toolkit was previously known as Workplace 20.20, POR+, or Deep Dive. To leverage the costs of a more involved, strategic engagement with the client, this type of requirements development is most appropriate for client agency organizational units that:

- Are undergoing a change in mission and may benefit from a space move to improve the space layout to increase their effectiveness;
- Have a national program, which may benefit from a larger strategic engagement to affect future solicitations nationally;
- Are particularly large and complex; or
- Request assistance in analyzing and redesigning their workplace.

LSs should consult with their region's requirements development subject matter expert if the project exhibits one or more of these traits.

c. Resources

The following resources are available to assist LSs in developing requirements on the Workplace Delivery Center's Web site at

http://pbsportal.pbs.gsa.gov:7777/portal/page?_pageid=80,469970&_dad=portal&_schema=PORTAL:

- A one-source repository for tools and guidance;
- List of SMEs;
- Library of agency space standards; and
- Library of workplace photos.



CHAPTER 2:

New or Replacing Lease

The New or Replacing Lease Process.....	2.v
Part 1: Acquisition Planning/Pre-Solicitation Requirements.....	2.1-1
1. Overview	2.1-1
2. System Requirements.....	2.1-2
3. Components of Acquisition Planning	2.1-3
a. Acquisition Planning Defined.....	2.1-3
b. Acquisition Plan Development.....	2.1-3
c. Funding Considerations.....	2.1-6
d. Prospectus Process/Preparation	2.1-7
e. Determining Source Selection Approach	2.1-7
f. Schedules	2.1-8
g. Required Notification	2.1-8
Part 2: Market Survey Process	2.2-1
1. Overview	2.2-1
2. Importance of a Market Survey.....	2.2-2
3. Prepare for Market Survey	2.2-3
a. General Preparation	2.2-3
b. Defining the Delineated Area.....	2.2-4
c. Location Policy Considerations	2.2-5
d. Notification to City Official.....	2.2-9
e. Advertising and Identification of Potential Competition Sources.....	2.2-9
f. Evaluating and Recording Potential Sources.....	2.2-10
4. Conducting the Market Survey.....	2.2-12
a. Survey Participants.....	2.2-13
b. What to Look For and Ask About	2.2-14
5. Market Survey Report Requirements.....	2.2-15



- a. Description of project..... 2.2-15
- b. Authority..... 2.2-15
- c. Background..... 2.2-15
- d. Market Survey 2.2-15
- e. Conclusion/Summary 2.2-16
- f. Prepared By and Approved By 2.2-16
- 6. Post-Survey Response to Those Who May not Meet the Requirements 2.2-16
- Part 3: Solicitation Process 2.3-1**
 - 1. Overview 2.3-1
 - 2. How to Build the Solicitation for Offers 2.3-3
 - a. Types of SFOs..... 2.3-3
 - b. Compiling the SFO Boilerplate 2.3-5
 - c. Procurement Summary 2.3-5
 - d. Attachments to the SFO—Selection of Forms 2.3-5
 - e. SFO Review and Approval by Agency 2.3-7
 - 3. SFO Distribution..... 2.3-7
 - 4. Amending the SFO..... 2.3-8
- Part 4: Pre-Negotiation/Negotiations Process 2.4-1**
 - 1. Overview 2.4-1
 - 2. Preparations for Negotiations 2.4-3
 - a. Understanding the Goals..... 2.4-3
 - b. Market Knowledge..... 2.4-4
 - c. Setting Negotiation Objectives 2.4-5
 - 3. Screening Offers Received and Subsequent Negotiations..... 2.4-5
 - a. Reviewing Offers 2.4-6
 - b. Determining Competitive Range 2.4-9
 - c. Conducting Negotiations..... 2.4-10
 - 4. Final Proposal Revision 2.4-12
- Part 5: Award Determination 2.5-1**
 - 1. Overview 2.5-1
 - 2. Reviewing Final Offers 2.5-2
 - a. Present Value Analysis..... 2.5-3
 - b. Historic Preference 2.5-3
 - c. Revise Scoring Analysis 2.5-4
 - 3. Final Steps Before Award 2.5-4
 - a. Pre-award Requirements..... 2.5-4
 - b. Financial Responsibility Determination 2.5-5
 - c. Price Negotiation Memorandum (PNM)..... 2.5-6

d. Recommendation Letter and OA.....	2.5-7
e. Obtain BA53 funding validation	2.5-7
4. Assemble Lease Contract Documents.....	2.5-7
5. Lease Award Process	2.5-8
a. Successful Offer	2.5-8
b. Notify Unsuccessful Offerors	2.5-9
c. FedBizOpps Synopsis of Award	2.5-9
d. Debriefing/Protests	2.5-10
e. Distribution of Lease Copies.....	2.5-11
f. Post-Award Notifications	2.5-11
Part 6: Design, TI Negotiations, and Notice to Proceed	2.6-1
1. Overview	2.6-2
a. Shell Definition.....	2.6-2
b. Tenant Improvements.....	2.6-2
2. Setting Up Post Award.....	2.6-3
a. Capability to Perform	2.6-3
b. Move Coordination	2.6-4
c. Project Management Support.....	2.6-4
d. SBA Verification—Certificate of Competency	2.6-4
e. Green Lease Requirements	2.6-4
3. Design Intent Drawings (DIDs)	2.6-5
a. Purpose	2.6-5
b. Preparation	2.6-5
c. DID Review Process.....	2.6-6
d. Interior Finishes	2.6-6
4. Construction Drawings (CDs)	2.6-6
a. Definition and Purpose	2.6-6
b. Preparation	2.6-6
c. GSA Review Process	2.6-6
5. TI Negotiation.....	2.6-7
a. TI Bid Process	2.6-7
b. GSA Reviews	2.6-9
c. Negotiation.....	2.6-9
6. Notice to Proceed (NTP).....	2.6-10
a. Notice to Proceed (NTP) Letter	2.6-10
b. TI Overage.....	2.6-11
Part 7: Construction Phase.....	2.7-1
1. Overview	2.7-1
2. Kickoff Meeting.....	2.7-2



a. Attendees.....	2.7-2
b. Agenda	2.7-3
c. Meeting Minutes	2.7-4
d. Other Items.....	2.7-4
3. Progress Inspections.....	2.7-4
4. Change Orders.....	2.7-5
a. Lessor Changes	2.7-5
b. Government Changes	2.7-6
5. Acceptance Inspection.....	2.7-7
a. Receive Notice from Lessor	2.7-7
b. Invite Inspection Participants.....	2.7-7
d. Inspection and Acceptance	2.7-8
e. Acceptance Determination	2.7-8
f. Re-inspect as Necessary.....	2.7-9
Part 8: Lease Commencement and Closeout	2.8-1
1. Overview	2.8-1
2. Lease Commencement Supplemental Lease Agreement	2.8-2
3. Processing Lease Payment and Client Billing	2.8-3
4. Close-out of Existing Lease	2.8-4
5. Post-Occupancy Deliverables	2.8-4
Attachments	2.8-6
Procurement Summary Page.....	2.8-7
FedBizOpps Template	2.8-8
Sample Price Negotiation Memorandum Template	2.8-9

The New or Replacing Lease Process

A new or replacing lease calls into play all aspects of the leasing process, from acquisition planning to post-award tenant improvements and occupancy.

It is important to understand the three main categories of leases that PBS executes.

- **New or replacing leases** are defined as leases with new terms and conditions and new lease contract numbers, applicable for either a new requirement or to replace an existing expiring lease.
- **Succeeding leases** are defined as non-competitive (sole-source) lease acquisitions secured to cover continued occupancy of the current premises at the end of a lease term without a break in continuous tenancy. They establish new terms and conditions and have a new lease contract number. Such a lease would generally be used where acceptable new locations are not identified, or where acceptable locations are identified but a cost-benefit analysis indicates that award to an offeror other than the current Lessor will result in substantial relocation costs or duplication of costs to the Government, and the Government cannot expect to recover such costs through competition.
- **Superseding leases** are defined as new leases that replace an existing lease **before expiration**. It is procured following non-competitive sole-source procedures. They establish new terms and conditions and have a new lease contract number. The Government considers executing a superseding lease to replace an existing lease when the Government needs numerous or detailed modifications to a space that would cause complications or substantially change the existing lease, or where better terms are available in a market.

This chapter describes the procedures, techniques, instructions, and guidelines governing the acquisition of leased space. Readers will gain an understanding of when a new or replacing lease is advisable or required, as compared to succeeding or superseding leases, extensions, responses to holdovers, and other lease processes. Note that leases whose value is less than the simplified lease acquisition threshold (SLAT) may be handled by the simplified process discussed in Chapter 3. Also note that the process and requirements for handling a lease under the National Broker Contract (NBC) are briefly discussed in Chapter 16, National Broker Contract Leases.

The space requirements addressed in Chapter 1, Requirements Development, should be completed or being refined before starting this process.

As the diagram below illustrates, the general process for a new or replacing lease involves six major stages. This chapter discusses each one. It is important to understand that these stages are simplified labels of convenience for distinct groups of related activities. In actual practice, these steps are not perfectly separate and linear—it is not uncommon for some activities of one stage to extend into one or more subsequent stages and to require concurrent effort on several simultaneous responsibilities. (CTRL+click on a topic title in the diagram to go to that part of this chapter.)

New or Replacing Lease—Process View



Part 1: Acquisition Planning/Pre-Solicitation Requirements

1. Overview	2.1-1
2. System Requirements	2.1-2
3. Components of Acquisition Planning	2.1-3
a. Acquisition Planning Defined	2.1-3
b. Acquisition Plan Development	2.1-3
c. Funding Considerations	2.1-6
d. Prospectus Process/Preparation	2.1-7
e. Determining Source Selection Approach	2.1-7
f. Schedules	2.1-8
g. Required Notification	2.1-8

1. Overview

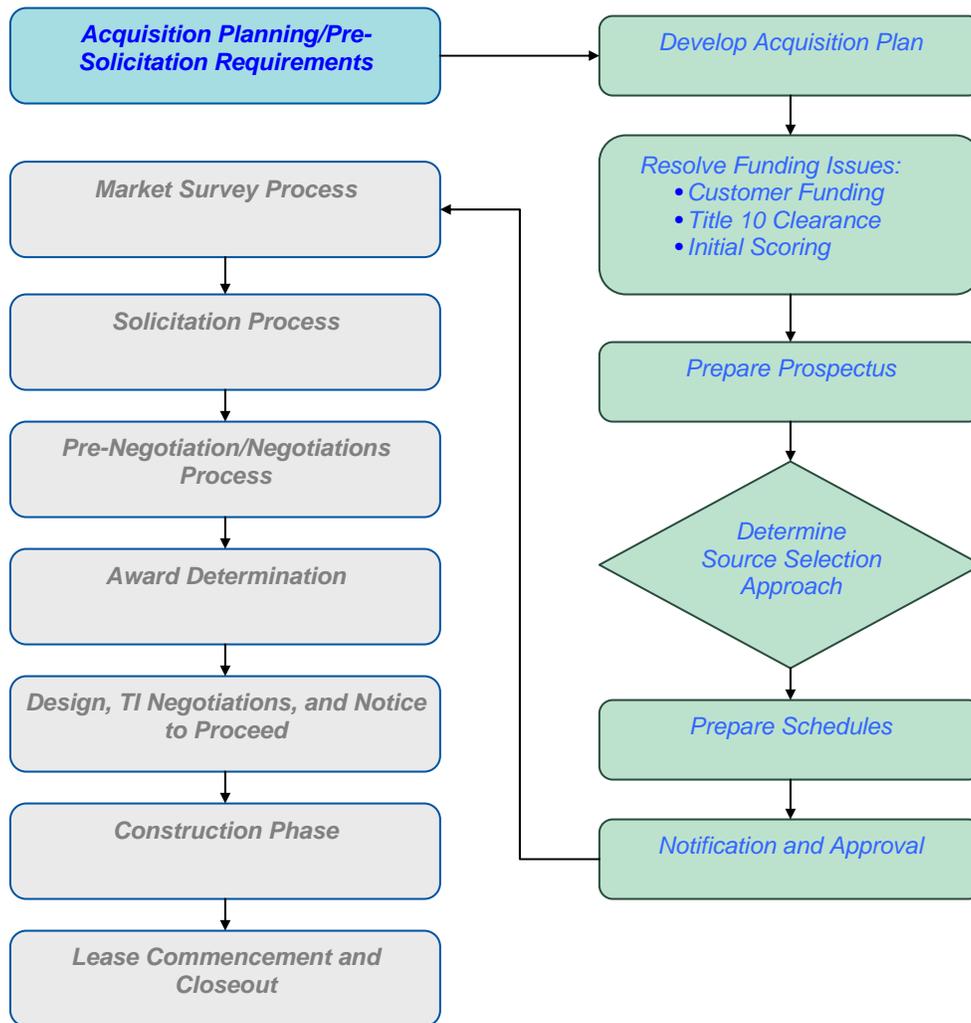
This part describes the elements of acquisition planning that establish the proper groundwork and strategy for a lease. It defines acquisition planning and identifies significant components and steps in the acquisition planning process, including the following:

- Developing the acquisition plan, with consideration for promoting full and open competition, or preparing justifications for other than full and open competition;
- A preliminary cost estimate;
- Funding issues, such as ascertaining customer funding and budget scoring;
- Preparing a lease prospectus as necessary;
- Verifying Title 10 clearance for leases to the armed services;
- Determining the acquisition approach; and
- Managing the lease action in eLease and STAR.

A number of the activities at this stage must proceed concurrently, rather than in a linear sequence.

The following illustration shows the major steps in lease acquisition planning and pre-solicitation preparation. Each step label is linked to the section that discusses the topic.

Acquisition Planning/Pre-Solicitation Process



2. System Requirements

The use of eLease is mandatory for managing all lease actions, including projects resulting in new leases, projects resulting in a modification to an existing lease, and lease administration actions.

The eLease system breaks the leasing process down in to the following phases:

1. Requirements
2. Pre-Solicitation

3. Acquisition
4. Build-out
5. Occupancy

The processes under each phase require you to perform certain tasks in eLease, some of which require updating STAR. Some of the documents uploaded or scanned in eLease can be a source of documents in the Rent Bill Management Communication Tool accessible through the PBS Portal at <http://pbsportal.pbs.gsa.gov>. See the eLease Phases and Tasks document.

3. Components of Acquisition Planning

a. Acquisition Planning Defined

In general terms, acquisition planning is the process of coordinating the activities of people involved in acquiring an interest in real estate to make the acquisition timely and cost-effective. It includes developing the overall strategy for managing the acquisition. It may also address how to dispose of an asset when it is no longer needed.

Applicable Laws and Regulations

The core components of acquisition planning are defined in the FAR. Though the FAR does not fully apply to leasing, GSA has adopted several components of the FAR as a matter of policy in the General Services Acquisition Regulation (GSAR) Part 570, including the FAR parts related to Acquisition Planning.

Acquisition Planning for PBS Leasing

In the context of PBS leasing, acquisition planning entails considering what to acquire (the type and amount of space), how to acquire it (lowest cost or best-value tradeoff), the type of acquisition (full and open competition or sole source), the type of lease action to employ, and when the space must be available. Such planning is important for obtaining sufficient suitable space when the client agency needs it, and at a reasonable economical cost.

Early planning is critical. Acquisition planning activities should begin as soon as a client agency's need is identified, including initial exploration of the agency's needs and consideration of the most advantageous acquisition approach.

b. Acquisition Plan Development

All leases, regardless of dollar value, require acquisition planning. Leases over the SLAT link (to chapter 3 when completed) must have a written acquisition plan approved at the appropriate level (see table "[Thresholds and Approving Officials](#)"). Documents produced during acquisition plan development must be included in Lease File Tab II-C, "Acquisition Plan," and, if applicable, Tab II-D, "Justification for Other Than Full and Open Competition."

For leases whose values are less than the SLAT, the region has the flexibility to determine the level of approval and the format for these acquisition plans.



An acquisition plan must include at a minimum the elements identified in FAR 7.105, “Contents of Written Acquisition Plans” (at https://www.acquisition.gov/comp/seven_steps/library/FAR7-105.pdf), as well as parts 7.106, “Additional requirements for major systems” and 7.107, “Additional parts for acquisitions involving bundling” if applicable. (Where a particular element is not applicable, state so.)

The following table provides dollar value thresholds and responsible official levels for approving and waiving written plans.

Thresholds and Approving Officials

Threshold (Including All Options)	Approving Official
Below the SLAT defined in GSAM Part 570.102 (currently \$100,000 average net annual rent)	Lease Contracting Officer
From SLAT up to and including \$5.5 million	One level above Lease Contracting Officer
Over \$5.5 million up to and including \$20 million	Contracting Director/Real Estate Director
Over \$20 million up to and including \$50 million	Regional Commissioner or Deputy Regional Commissioner
Over \$50 million	Head of Contracting Activity (HCA)
Any dollar value acquisition that is complex, critical to agency strategic objectives and mission, highly visible, or politically sensitive	Head of Contracting Activity (HCA)

The acquisition plan is not meant to be a progressive document that requires updating for every change in schedule. However, the plan should be revised and re-approved under the following circumstances

- There is a material change in acquisition strategy, including but not limited to a change from a lowest price technically acceptable procurement to a best-value tradeoff or a significant expansion or contraction of delineated area.
- There is a change that affects total contract value, and therefore adds additional concurrences and a higher level of approval. (This would require new approval but not necessarily a revision to other parts of the plan.)

Note that SLAT thresholds are Net Annual rents while other thresholds may be aggregate rent over the term.

Acquisition plan template (add link to existing template). To facilitate compliance, a sample acquisition plan template is included in Appendix C. This template should be used as the basis for all lease acquisition plans in excess of SLAT, no matter the size or dollar value and tailored to particular procurements when managing lease projects. The template is not restricted to the amount of space provided for input on the template, so use as much space as necessary to clearly explain the decision-making process that went into the formulation of the plan.

The requirement for a written acquisition plan may be waived in cases of unusual and compelling urgency.¹ The Regional Commissioners/Assistant Regional Commissioners or a designee can also waive the requirement if he or she determines the region has a mechanism in place that

¹ [GSA Order OGP 2800.1, Acquisition Planning](#).

includes the minimum elements. (The region may determine the type of mechanism.) STAR does not qualify, as it does not provide the level of detail required.

When the requirement for a written plan is waived, an oral acquisition plan must be prepared and approved. A written summary of the oral plan must be prepared, including the name of the approving official and the nature of the urgency involved. The written summary may be prepared after award.

Full and Open Competition

There are two basic types of acquisitions: full and open, and other than full and open.

“Full and open competition” means that all responsible sources are permitted to compete. The Leasing Specialist must promote full and open competition in leasing, except under certain circumstances as outlined under FAR 6.302 in accordance with the Competition in Contracting Act (CICA) (41 U.S.C. §§ 251, et seq.). Unless the Lease Contracting Officer uses the SLAT procedures in Chapter 3 of this desk guide, the requirements for full and open competition stated in CICA and this chapter apply.

In particular those requirements include:

- Following advertising and publicizing practices necessary to promote competition for the location, type, and amount of space; and
- Using restrictive provisions or conditions only to the extent necessary to satisfy the client agency’s needs or as authorized by law.

The critical question for determining whether competitive procedures were used is whether all offerors were given an opportunity to submit offers—that is, the procurement was known to the public, and solicitations were available to all interested offerors. Therefore, a procurement may be considered full and open if adequate public notice and opportunity to express an interest were given, yet only one potential offeror receives a solicitation and/or only one offer is received, even if the only offer is from the existing Lessor.

Other Than Full and Open Competition

In accordance with the FAR Part 6, Lease Contracting Officers must not begin negotiations for a sole source contract, commence negotiations for a contract resulting from an unsolicited proposal, or award any other contract without providing for full and open competition unless they do all of the following:

- Justify the use of such actions in writing in accordance with one of the exceptions.
- Certify the accuracy and completeness of the justification.

Obtain the appropriate approvals. Approval levels increase based upon the total lease contract value, including all renewal options (see FAR 6.304, GSAM 502.1, and GSAM 506.

- These justifications must be published in [FedBizOpps](#) within 14 days after lease award. FedBizOpps website’s Frequently Asked Questions (FAQs) webpage provides guidance on how to search for documents and upload OTFO documents (which are referred to the Fedbizopps website as “Justification and Approval” or “J&A”) on the FedBizOpps website.

- In the case of lease awards permitted on the basis of unusual and compelling urgency, GSA lease contracting officers must publish Justifications for Other than Full and Open Competition on the Federal Business Opportunities website (www.fedbizopps.gov) within 30 days after lease award.
- GSA lease contracting officers, in consultation with the Regional Counsel's Office, must screen all justifications for contractor proprietary data and remove all such data, references, and citations as are necessary to protect the proprietary data in accordance with the Freedom of Information Act, before publication. In addition, GSA lease contracting officers must also be guided by the exemptions to disclosure of information contained in the Freedom of Information Act (5 U.S.C. 552) and the prohibitions against disclosure in determining whether other data should be removed.

c. Funding Considerations

These actions should be executed during the Requirements Development phase. Confirming funds is a critical part of solid project management

Customer Funding: Does the Customer Have Money?

The OA needs to reflect the best estimates we have based on the most realistic market data available at the time.

Leasing Specialists should understand that this initial estimate must be refined continually during the project. Whenever Leasing Specialists obtain better benchmark data, the STAR project and OA need to be updated to reflect this information.

Title 10 Clearance for Armed Services: Does DOD Have Clearance to Spend Money?

This step produces documentation for Lease File Tab I-C, Title 10 Clearance for Armed Services. Base Realignment and Closure (BRAC) leases are exempt from Title 10 clearance, regardless of their annual rental amount.

Title 10 USC 2662(e) requires DOD authorizing committees' prior approval of any general use (or general purpose) space leased for DOD by GSA at an annual rental in excess of \$750,000 (excluding the cost of utilities and other operation and maintenance services). Even if the lease starts with a net annual rental under \$750,000, if rental will cross the threshold through rent escalation during the term, the lease is still subject to this approval.

Acquiring the Title 10 clearance is a DOD responsibility, not GSA's. DOD must obtain the Title 10 clearance and provide a copy to GSA for the lease file before the realty professional begins procurement; however, if the DOD ordering official advises GSA that the clearance request is before their authorizing committees, GSA can begin the procurement, but the Lease Contracting Officer cannot award a lease without first receiving the clearance.

Scoring: Is This an Operating or Capital Lease?

This step produces documentation for the Lease File I-G, Scoring Evaluation.

Every lease action must be evaluated against the budget scoring criteria detailed in Appendix B of [OMB Circular A-11, Criteria and Scoring Ramifications for Operating and Capital Leases](#). This evaluation determines whether a lease should be treated as an operating lease (annual operating expense) or capital asset lease (capital acquisition) for budget scorekeeping purposes. If any one of the criteria is not met, the lease risks being scored as a capital lease. Capital leases are unacceptable because they require the Government to budget the entire expense of the lease in the first year of the lease term.

The 20-Year Limit

GSA is authorized to enter into lease agreements for terms of up to 20 years in a building (or improvement) which is in existence or being erected (40 U.S.C. 585(a)).

Designated employees in each regional Office of Portfolio Management, in coordination with the Leasing Specialists, must perform all scoring evaluations and make the determination that a lease is either an operating or a capital lease. See Revised Policy on the Determination of Operating Leases and Lease Scoring <http://www.gsa.gov/portal/content/104197> for guidance for determining an appropriate budget scorekeeping treatment.

d. Prospectus Process/Preparation

This step produces documentation for the Lease File II-G, Prospectus/Notification of Approval.

A prospectus is a summary of the proposed lease action that must be approved by Congress. A lease prospectus is required when an agency's (or several agencies') total space requirements and buildout needs for functional office space will result in a contract with a net annual rent exceeding the prospectus threshold that applies to the fiscal year of lease award. If a prospectus is required, you should work with the Regional Office of Portfolio Management to prepare all required documents. If the base rent components (full service minus operating costs) times the rentable square feet in the proposed lease equals or exceeds the annual prospectus threshold, you must submit a prospectus. It is important to understand that, as a matter of policy, an advertisement for a prospectus level lease cannot be published until OMB has cleared the prospectus and GSA has submitted the signed prospectus to Congress for Committee Authorizations. A lease prospectus is also required for any alterations to an existing lease location that are projected to exceed half of the prospectus threshold that applies to the fiscal year of lease award.

Net Rent: To determine net rent, take the proposed full service rent (including real estate taxes, amortized tenant improvements, as well as the costs of any GSA lump sum payments and then subtract out only the operating expenses paid directly to the Lessor.

Prospectus Threshold: Realty Specialists must consult with the Regional Office of Portfolio Management for the applicable prospectus threshold as the threshold adjusts annually.

Please refer to Chapter 11 for a further discussion on prospectuses and leases.

e. Determining Source Selection Approach

This step produces documentation for Lease File Tab II-L, Source Selection Plan (Signed) and Related Correspondence.

The first decision is whether the award will be based only on price (lowest price technically acceptable—LPTA), or whether price will be one of several factors that GSA has discretion to

balance (best-value tradeoff). Discussions with client agencies will help determine the most advantageous source selection approach.

If this is a best-value tradeoff award, the Lease Contracting Officer in consultation with the client agency, must determine what technical award factors will be used and their relative ranking/weights (past performance must be one of the factors, in addition to price). The Leasing Specialist must work with the customer to determine the award factors that best support the acquisition strategy. Further, the Lease Contracting Officer must determine the relative importance of the overall technical proposal to price (e.g., substantially greater than, approximately equal to, or substantially less than).

The source selection plan may be a simple, abbreviated plan for a go/no-go decision to award the lease to the offeror with the LPTA offer; or it may be a more thoroughly documented plan to follow a best-value tradeoff process, if it is in the best interest of the Government to consider awarding the lease to an offeror other than the lowest priced offer or other than the highest technically rated offer.

See Chapter 13 on source selection, as well as FAR 15.101.1 and 15.101.2 under “Subpart 15.1—Source Selection Processes and Techniques,” at http://www.arnet.gov/far/current/html/Subpart%2015_1.html#wp1095850.

f. Schedules

The schedule is a critical component of the acquisition plan and should reflect the 15 PBS milestones described in this desk guide’s introduction.

<http://pbsportal.pbs.gsa.gov:777/pls/portal/PORTAL.home>

The Acquisition Planning Wizard (APW) is available to assist in the preparation of highly complex or involved acquisition plans.

g. Required Notification

After discussions and appropriate plan of action has been agreed upon, an acquisition plan will be written by the Leasing Specialist and approved at the appropriate level as shown in the table of threshold approval officials.

The planner or Lease Contracting Officer must submit the written plan or the summary of an oral plan electronically to the Office of Acquisition Policy—Office of Governmentwide Policy within 7 days of approval (acquisitionplans@gsa.gov). Acquisition Policy does not approve the plan.

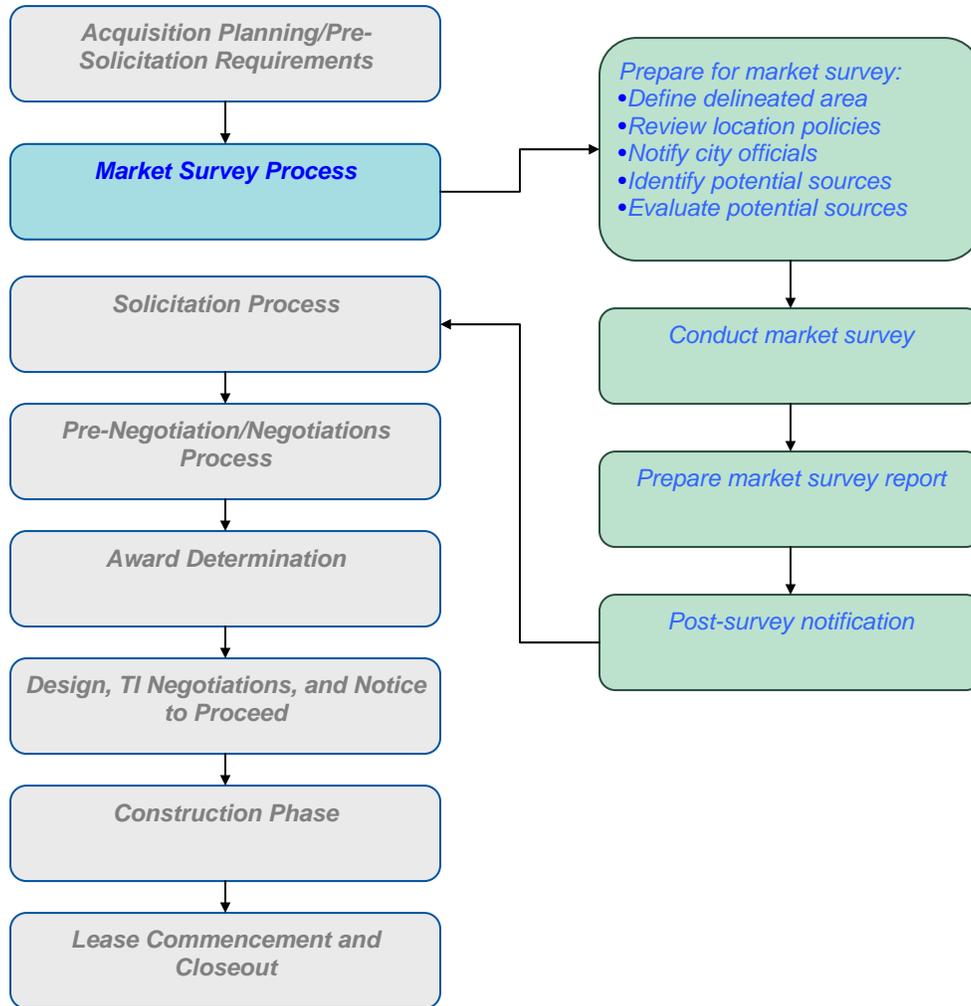
Part 2: Market Survey Process

1. Overview	2.2-1
2. Importance of a Market Survey	2.2-2
3. Prepare for Market Survey	2.2-3
a. General Preparation.....	2.2-3
b. Defining the Delineated Area	2.2-4
c. Location Policy Considerations	2.2-5
d. Notification to City Official	2.2-9
e. Advertising and Identification of Potential Competition Sources	2.2-9
f. Evaluating and Recording Potential Sources	2.2-10
4. Conducting the Market Survey	2.2-12
a. Survey Participants	2.2-13
b. What to Look For and Ask About.....	2.2-14
5. Market Survey Report Requirements	2.2-15
a. Description of project	2.2-15
b. Authority	2.2-15
c. Background	2.2-15
d. Market Survey	2.2-15
e. Conclusion/Summary	2.2-16
f. Prepared By and Approved By	2.2-16
6. Post-Survey Response to Those Who May not Meet the Requirements	2.2-16

1. Overview

Part 2 reviews the key steps in the market survey process. As the illustration below indicates, this process begins with reviewing the policies that set priorities for locating Government offices and ultimately produces all properties to be solicited. These properties will eventually receive an SFO. This entire process is documented in a Market Survey Report. Each step label is linked to the section that discusses the topic.

Market Survey Process



2. Importance of a Market Survey

Understanding the market involves both general market research and formal market surveys.

Market research is any methodical effort to gather information about the market or customers, in order to gain insight or improve business decisions. It may involve consulting commercial databases, real estate brokers, and other sources of expertise. It may or may not involve directly contacting commercial Lessors. Market research generates useful information for setting negotiation objectives by helping to identify ranges of fair and reasonable costs for the type of space desired. See “[Market Knowledge](#)” in the discussion of negotiations.

The term “market survey” refers the process of gathering information about and visiting specific properties in the market to determine whether suitable property is competitively available and how to satisfy the lease requirement in the most competitive manner. Market surveys must not be

used to target a single specific property to lease. The characteristics of each building inspected for a market survey must be documented on [Form 2991, Lease Market Survey for Existing Building](#), or for Simplified leases, see Chapter 3, Simplified Lease.

The background information developed in a comprehensive market survey will lay the foundation for a successful procurement. It will help you thoroughly understand what kind of space is available in the market area and how much it costs. In turn, this information will give you a solid basis for lease negotiations.

Ranges of market rental rates based on information obtained during the survey or from other available sources are used to develop the estimated rental range, fair market values, and negotiation objectives.

[GSAM 570.301](#) requires that one or more market surveys be conducted to identify potential locations capable of meeting a space requirement for the Government, with the results of the surveys documented in a manner appropriate to the size and complexity of the acquisition.

The survey should be conducted in person and should reveal rental costs typical of the area as well as cost comparisons for major or similar buildings at various floor levels.

The Leasing Specialist is responsible for directing and overseeing market surveys. The outcome of the market survey process is list of buildings that meet the general requirements of the SFO. This is a critical step in the leasing process.

3. Prepare for Market Survey

a. General Preparation

Leasing Specialists may collect market survey information on the availability of space from multiple sources, such as responses to [FedBizOpps](#) and newspaper advertisements, circulars, and commercial on-line listings; consultation with brokers, realtors, building owners, and other Government officials; the local economic development authority (EDA); Chamber of Commerce; regional listing files; and independent observation of buildings by GSA Leasing Specialists and the local client agency.

If expressions of interest in response to the [FedBizOpps](#) advertisement number less than two (2), Lease Contracting Officers must concentrate on finding space from the sources listed above. In the event that adequate competition is not identified, the Leasing Specialists must work with the client agency to expand or revise the delineated area where possible (or document the file as to why expanding or revising the delineated area is not possible), then proceed to re-survey the market as appropriate.

All locations that are offered in response to advertising and that meet the minimum requirements regarding delineated area, quality and availability must be surveyed.

The Leasing Specialist should schedule appointments for walkthroughs of each of the potential offerors' spaces. Regardless of the square footage required, the Leasing Specialist should allow time for doing further canvassing of the delineated area to determine whether other potential buildings are available that could satisfy the agency needs in addition to those already identified by local brokers or Lessors.

b. Defining the Delineated Area

This step produces documentation for Lease File Tab I-E, Justification of Delineated Area.

The delineated area is defined by the specific interconnecting boundaries within which space will be obtained to satisfy an agency space requirement. The Leasing Specialist should develop the delineated area during the requirements development process (See Chapter 1). The requiring agency identifies the delineated area based on its mission needs. GSA approves this based on location policy, with consideration of CICA. Avoid vague boundaries, such as a radius expressed in miles or blocks. Buildings which face and/or have street addresses on the boundary streets are deemed to be within the delineated area.

CICA requires that an agency “specify its needs and solicit bids or proposals in a manner designed to achieve full and open competition for the procurement” (41 U.S.C. § 253a(a)(1)(A)). It also requires that agency solicitations “include restrictive provisions or conditions only to the extent necessary to satisfy the needs of the executive agency or as authorized by law” (41 U.S.C. §253a(a)(2)(B)). The following regulations, policies, and factors affect agencies’ delineated area:

1. FMR Part 102-83—Location of Space,
http://www.gsa.gov/Portal/gsa/ep/channelView.do?pageTypeld=17113&channelId=-24559&specialContentType=FMR&file=FMR/FMRTOC102-_83.html#wp436256
2. Rural Development Act
3. Executive Order 12072
4. Other Considerations
 - a. Congressional Districts
 - b. Available Space
 - c. Agency requirements Floodplains

Historic Circumstances Requiring Justifications

If the client agency seeks space in an urban location, it must provide a written justification if the delineated area is not fully encompassed within the boundaries of the central business area, also sometimes called the central business district (CBD) or central enterprise area (CEA).

Agency Justifications

Agencies bear a heavy burden in justifying a location outside a central business area. Accordingly, the agency’s written justification must set forth facts and considerations sufficient to demonstrate that first consideration has been given to the central business area and support the determination that the agency program functions cannot be efficiently performed within that area. Specifically, justifications must address, at a minimum, “the efficient performance of the missions and programs of the agencies, the nature and function of the facilities involved, the convenience of the public served, and the maintenance and improvement of safe and healthful working conditions for employees” (Executive Order 12072, Federal Space Management).

The sufficiency of some justifications will be readily apparent—for example, with a Federal Aviation Administration request for a location at an airport that is outside a central business area.

Justifications are insufficient if they are based on executive or personnel preferences or other matters that do not have a material and significant effect on the efficient performance of agency program functions.

Requesting agencies must comply with all requirements of Executive Order 12072 before submitting their request for space in urban areas. Agency justifications must be submitted to and reviewed by GSA. As the procuring agency, GSA must approve the final delineated areas and conduct all acquisitions in accordance with Executive Order 12072 and other applicable laws and regulations.

The potential for disagreements over the delineated area may be minimized by advising agencies beforehand about the requirements of Executive Order 12072. When disagreements arise, they should be resolved early in the requirements development process at the lowest possible GSA management level.

During the review process, GSA will proceed with requirements development and other activities related to the requesting agency's space request.

c. Location Policy Considerations

This step produces justification documentation for Lease File Tab I-E.1, Rural Development Act (RDA).

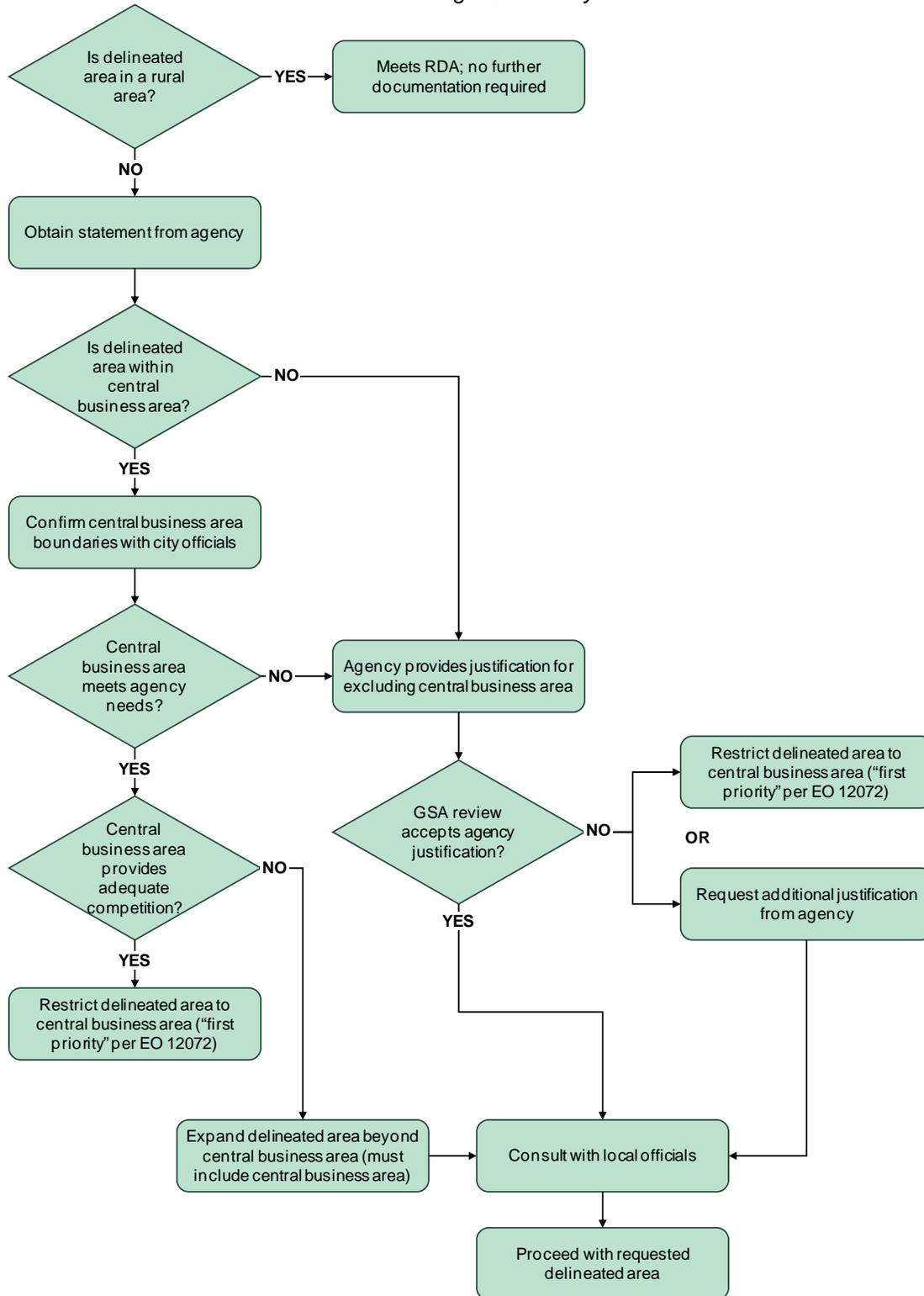
Policy considerations governing the space location, as discussed below, should already have been addressed initially during requirements development. The mission needs of the client agency are the primary factors that determine whether a particular location can fulfill the agency's space requirements.

If a new lease delineated area crosses over congressional districts, regional managers (congressional liaison staff) may want to contact the impacted congressional district representatives.

Process Summary

The following chart illustrates the process for determining RDA and central business area priority approval.

Determining RDA Priority



Rural Development Act

The Rural Development Act (RDA) of 1972 (7 U.S.C. 2204b-1) and implemented in FMR 102-83 directs Federal agencies to give first priority to locating new offices and other Federal facilities in rural areas. Client agencies must affirm that they have given first priority to locating in a rural area. If rural locations do not support their mission requirements, then GSA must give proper consideration to the type of urban location as further explained below.

Rural Area Priority

As provided in 7 U.S.C. 1991(a) (13) (A), a rural area is defined as: (a) a city, town, or unincorporated area of 50,000 inhabitants or less, and (b) an urbanized area immediately adjacent to a city, town, or unincorporated area with a population greater than 50,000 inhabitants.

FMR §102-83.60 defines “urbanized area” as follows:

“An urbanized area is a statistical geographic area defined by the Census Bureau, consisting of a central place(s) and adjacent densely settled territory that together contain at least 50,000 people, generally with an overall population density of at least 1,000 people per square mile.”

If the agency’s delineated area encompasses a rural area as defined above, no further documentation is needed.

Urban Location Statement

The written statement from the requesting agency affirming that first priority has been given to rural areas and that an urban location is required should include the requesting agency’s name, identify the geographic area (city or town), and identify the space requirement. The statement may be provided in the form of a letter, facsimile, or e-mail. It must be signed by—or in the case of an e-mail, addressed from—an authorized ordering official. The statement will serve as a record for the file.

The Rural Development Act does not override agency mission requirements, nor does it conflict with Executive Order 12072, which applies only after an agency has decided to locate in an urban (non-rural) area. When an agency’s mission requires an urban location, Executive Order 12072 dictates that first consideration be given to a central business area within the urban location.

This statement is required for all lease acquisitions, and a copy of the statement must be retained in the lease file.

Urban Locations—Executive Order 12072

First Consideration to Central Business Area

In its leasing activities, GSA must manage Federal space to conserve existing urban resources and encourage the development and redevelopment of cities. Toward that end, Executive Order 12072 requires that “the process for meeting Federal space needs in urban areas must give first consideration to a centralized community business area and adjacent areas of similar character, including other specific areas that may be recommended by local officials.”

“First consideration” means that when existing Government-owned or -controlled space is unavailable, an agency request for space in an urban area must be satisfied within the applicable central business area, unless the requesting agency provides GSA with a written justification

explaining why the agency program functions involved cannot be efficiently performed within the central business area. This requirement affects all space requests, including those for expiring leases. In instances where there is inadequate competition, after consultation with local officials, delineated areas may be expanded beyond central business areas.

Circumstances Requiring Justification To Be Outside the CBA

If the client agency seeks space in an urban location, it must provide a justification if the delineated area is not fully encompassed within the boundaries of the central business area.

Historic Properties Check

This step produces documentation for Lease File Tab II-E, Historic Properties Check.

GSA provides both first consideration for historic properties and a requirement that certain procedures be followed regarding new construction, repairs, and alterations to historic properties.

To comply with ADM 1020.2 Procedures for Historic Properties, check the National Register of Historic Places (www.nationalhistoricregister.com) to determine whether historic properties exist within the delineated area and whether there is a need to provide the price preferences of the GSAR clause 552.270-2, Historic Preference. This is a useful starting point, but even properties that are not registered may be subject to the special requirements enumerated in the HISTORIC PREFERENCE clause of the SFO, so the leasing specialist may also need to consult the GSA Regional Historic Preservation Officer (RHPO).

Historic property means any prehistoric or historic district, site, building, structure, or object included in, or eligible for inclusion in, the National Register of Historic Places maintained by the Secretary of the Interior (36 CFR 800.16(l)(1), as cited in the SFO). Offerors may demonstrate that a property not listed in the National Register is nonetheless eligible for inclusion by submitting either of the following.

- 1) A letter of opinion signed by the State Historic Preservation Officer (SHPO) stating that the property appears to meet the National Register criteria;
 - a. 36 CFR 60 requires the SHPO to issue a response within sixty days of receiving a properly documented Request for Nomination application.
- 2) A copy of the National Register Announcement listing the property address with the notation "cover documentation accepted," or "listed."
 - a. The National Register produces a weekly Announcement listing all properties for which a formal nomination was received, and those approved and listed.

Executive Order 13006, Locating Federal Facilities on Historic Properties in Our Nation's Central Cities, requires the Federal Government to "utilize and maintain, wherever operationally appropriate and economically prudent, historic properties and districts, especially those located in our central business areas." This requirement does not apply to acquisitions for space in rural areas identified under the requirements of the Rural Development Act.

The National Historic Preservation Act (NHPA) does not similarly distinguish between historic properties in urban and rural areas. As described in the SFO paragraph, new construction, alterations, and repairs to historic properties must follow strict guidelines, in order to comply with NHPA.

The Archeological Resources Protection Act (ARPA) applies to both historic properties and those sites which may be eligible for inclusion in the National Registry of Historic Places. This means that even sites not listed in the Registry, and sites that have not been considered for inclusion, may still be protected by ARPA.

d. Notification to City Official

This step produces documentation for Lease File Tab I-D, Notification to City Official.

In accordance with Executive Order 12072, GSA personnel must consult with “appropriate Federal, State, regional, and local (City) Government officials and consider their recommendations for and objections to a proposed site selection or space acquisition.” For leases, this typically applies only to local officials. State or regional officials may be consulted as determined appropriate by the Lease Contracting Officer.

How to find the “appropriate” officials

In most regions, asset managers (Portfolio) can help you identify the appropriate local officials to notify.

This consultation requirement applies to agencies looking for space in urban areas. If the space requirement can be met in a rural area, consultation with local officials is not required. [Urban](#) area is defined in FMR Part 102-83—Location of Space, www.gsa.gov/federalmanagementregulation.

The Leasing Specialist must consult with officials by providing them with written notice, affording them a proper opportunity to respond, and considering all recommendations for and objections to the proposed space action. This consultation is part of requirements development and must be initiated early. A letter to the mayor, city council, or city planning board, as appropriate in the locality, is usually needed to meet this requirement and document the consultation.

The consultation must also verify the central business area boundaries. If there is any doubt as to the geographic boundaries of the central business area and areas of similar character in a community, the appropriate decisional official or body (such as the mayor or city council) in the local Government must be consulted.

e. Advertising and Identification of Potential Competition Sources

This step produces documentation for Lease File Tab II-H, Copy of Advertisement or FedBizOpps Printout.

Thresholds

If a proposed lease is estimated to exceed 10,000 ABOA square feet, then the Lease Contracting Officer must publicize the proposed acquisition in [FedBizOpps](#).

For leasehold acquisitions where the solicitation requires the construction of a new building on a preselected site, the contracting officer, in accordance with the timeframes established in FAR 5.203, must publicize the proposed acquisition in FedBizOpps.gov regardless of size or value.

Threshold Options

The statutory threshold for advertising is \$25,000 total contract value, but the Small Business Administration and the Office of Federal Procurement Policy have approved a threshold of 10,000 SF for leases.

However, the Lease Contracting Officer may publicize proposed lease acquisitions of any dollar value or square footage in [FedBizOpps](#) or local newspapers if, in the opinion of the Lease Contracting Officer, doing so may promote competition.

FedBizOpps Template

Lease advertisements must be consistent to facilitate industry understanding of our requirements. Therefore, a standardized FBO advertisement is attached at the end of this chapter. The document can be completed, and then text can be copied and pasted directly into the text field of FBO to summarize all of the Government's requirements.

Publicizing/Advertising Time

[FedBizOpps](#) postings should allow a reasonable time for the market to become aware of, and respond to, the Government's need for space (at least 20 days between initial posting and when responses are due). The existing Lessor should be notified about this advertisement because Lessors do not often check [FedBizOpps](#) regarding their properties.

If advertising for a SLAT procurement (see Chapter 3), consider the individual acquisition and establish a reasonable response time.

In cases of unusual and compelling urgency (see Chapter 12 on emergency leasing), provide as much time as reasonably possible under the circumstances and document the urgency of the situation in the contract file.

If the delineated area, square footage, or major building features change after the initial advertisement, you must re-advertise.

f. Evaluating and Recording Potential Sources

This step produces documentation for Lease File Tab II-I, Responses to Advertisement.

Leasing Specialists must document the responses to the advertisement in the lease file. The responses will provide a general sense of the market. They will cast light on whether the respondents meet the basic requirements, in terms of the delineated area, required square footage, and other requirements. The responses will also help establish whether the market has the capability to support the lease need.

Other Sources

In addition to identifying prospective sites from advertising responses, the Leasing Specialist should check market information available in electronic databases, such as Loopnet (at <http://www.loopnet.com/>) and CoStar Realty Information, Inc. (at <http://www.costar.com/>). Other valuable sources are economic development commissions or other similar community organizations, as well as real estate brokers.

Each expression of interest should be identified by name, contact information, and date of contact.

Once all respondents and prospective locations are identified, the Leasing Specialist or Lease Contracting Officer should determine which buildings will be surveyed based on the delineated area and other minimum requirements of the SFO like availability and square footage. Doing this step now will minimize time wasted during the subsequent building tour.

Floodplain Check

This step produces documentation for Lease File Tab II-F, Floodplain Check.

Executive Order 11988, “Floodplain Management,” directs GSA, and other agencies, to avoid leasing space in buildings located within floodplains unless it is determined that there is no practicable alternative. Where there is no practicable alternative to a site in a floodplain, a specific 8 step process must be followed to comply with the Executive order. The Regional Administrator makes the determination that no practical alternative exists. Close coordination with the Environmental staff is required in any case that might involve a floodplain or wetland. Refer to the *Floodplain Management Desk Guide*, http://pbsportal.pbs.gsa.gov:7777/pls/portal/docs/page/PL/Documents/PL/library/Floodplain_Management_Desk_Guide.pdf and ADM 1095.6, *Considerations of Floodplains in Decision Making*, http://internotes.gsa.gov/Insite/gsad.nsf/wp_InsiteDirectivesDisplay/5B05E2374C8179DE85256CD7004A2A0B?OpenDocument

The Leasing Specialist must identify potential floodplain and wetland impacts for projects, identify alternatives that avoid the floodplain and wetland, and coordinate compliance with the National Environmental Policy Act (NEPA) process.

If space is leased for a “critical” Government function such as records storage, medical facilities, or others listed in the *Floodplain Management Desk Guide*, the Leasing Specialist should consult that guide for instructions.

Floodplains

A survey may be necessary to identify the floodplain boundaries. For more detailed information on compliance with the Executive order, refer to the *Floodplain Management Desk Guide*.

Sources for floodplain maps include:

- Web maps from FEMA (free)—Available at <http://www.hazard.fema.gov>
- Adobe pdf maps from FEMA (free)—Available at <http://msc.fema.gov>
- Floodinsights—Available at www.floodinsights.com; requires an account and a fee. Provides the zone, FEMA map panel number, and a small map with the site indicated.

Regional NEPA coordinators are also available to assist in determining whether sites are in floodplains.

Wetlands

Executive Order 11990, “Protection Of Wetlands, directs GSA and other agencies, to minimize the destruction, loss or degradation of wetlands. avoid leasing actions that could result in the discharge into a wetland.” Wetlands are areas that are inundated by surface or groundwater with a frequency sufficient to support, and under normal circumstances do or would support, a prevalence of vegetative or aquatic life that requires saturated or seasonally saturated soil conditions for growth and reproduction. Wetlands generally include swamps, marshes, bogs, and similar areas such as sloughs, potholes, wet meadows, river outflows, mud flats, and natural ponds. Wetlands are often associated with floodplains, but may also occur in other situations. For instance, a wetland may be formed and maintained by a high water table in areas with shallow depressions in the topography. Wetlands may be identified from maps in the U.S. Fish & Wildlife Service’s National Wetlands Inventory (www.nwi.fws.gov) or by contracting for a survey. For

more detailed information on compliance, see Executive Order 11990, the PBS *Wetlands Impact Management Desk Guide* and ADM 1095.5, *Consideration of Wetlands in Decision Making*. http://internotes.gsa.gov/Insite/gsad.nsf/wp_InsiteDirectivesDisplay/E677CD3744D7AF4485256AAE004E72D6?OpenDocument When both Executive Orders 11988 and 11990 would apply—for example, if an action overlaps floodplains and wetlands, such as in coastal areas where most wetlands are located in floodplains—both orders should be followed, but the more detailed floodplains order takes precedence if there appears to be any conflict or question about execution of the orders. The PBS *Wetlands Impact Management Desk Guide* also provides additional guidance in this area http://pbsportal.pbs.gsa.gov:7777/pls/portal/docs/page/PL/Documents/PL/library/PBS_Wetlands_Impact_Management_Desk_Guide.pdf

Environmental Check

This step produces documentation for Lease File Tab II-K, Categorical Exclusion Checklist.

The National Environmental Policy Act (NEPA) requires an assessment of the environmental impact of every proposed Federal action that could affect the environment.

The Leasing Specialist must initiate conversations with the Regional Environmental Advisor/Officer for the NEPA evaluation early in the leasing process, before the opportunity to consider alternatives has been overtaken by the urgency of the lease requirement. Most GSA leases either acquire space in an existing building which does not change the type or intensity of use, or are lease extensions, renewals, and succeeding leases. These are categorically excluded from a formal NEPA assessment. They will be considered either an “automatic” CATEX, meaning a type of action that experience has shown never poses a significant impact on the quality of the human environment; or a “checklist” CATEX, meaning a type of action that requires completion of a checklist to ascertain that extraordinary circumstances do not exist.

The Council on Environmental Quality guidelines, at 40 CFR 1508.4, support a categorical exclusion for most leases. The guidelines define a categorical exclusion to encompass actions that “do not individually or cumulatively have a significant effect on the human environment and which have been found to have no such effect in procedures adopted by a Federal agency ... and for which, therefore, neither an Environmental Assessment nor an Environmental Impact Statement is required.”

The environmental impact review is addressed in greater detail in Chapter 18 of this desk guide. Leasing Specialists should also familiarize themselves with the [PBS NEPA Deskguide](http://pbsportal.pbs.gsa.gov:7777/pls/portal/docs/page/PL/Documents/PL/library/NEPA_DeskGuide_1.pdf) http://pbsportal.pbs.gsa.gov:7777/pls/portal/docs/page/PL/Documents/PL/library/NEPA_DeskGuide_1.pdf and consult their regional NEPA officers for assistance and more complete direction.

The Lease Contracting Officer must document this CATEX checklist step in the lease file as early as possible in the lease acquisition process. However, no documentation is required for leases in which an automatic CATEX applies.

4. Conducting the Market Survey

As part of the market survey process, the Leasing Specialist or broker contractor should physically inspect each property as appropriate (building and/or site) to determine whether it can meet the requirements of the SFO.

The Leasing Specialist or broker contractor will arrange for the physical market survey. This involves, among other things, identifying the actual sites to be toured; establishing schedules and agendas; determining who will participate; and conducting preparatory discussions with client agencies to set expectations for the survey (size of group, who is conducting the survey, roles and responsibilities, and so on).

The current Lessor must be notified of the acquisition, even if the current location is incapable of meeting the current minimum requirements (for example, the agency has outgrown the space and not enough expansion space exists, or agency mission requirements have changed).

The characteristics of each building inspected for a market survey must be documented on [Form 2991, Lease Market Survey for Existing Building](#), or for SLAT leases [GSA Form 3627, Market Survey](#). If touring sites, bring a land survey form. The land market survey is required for all new lease construction projects and new construction proposed by the market in response to the advertisement.

The template for a market survey itinerary can be found in Appendix C.

a. Survey Participants

Who Should Participate?

The Leasing Specialist or broker contractor should invite all relevant parties to attend. Leasing Specialists should always physically participate in the market survey, regardless of whether the acquisition will be conducted by our broker contractor.

Representatives of the client agency must attend the physical inspection phase of the market survey. This representative should be authorized to commit the agency by signing the completed market survey forms.

The GSA Property Manager or representative and the Federal Protective Service must be invited to participate at their option.

Other potential invitees include space planners, engineers (including fire protection engineers), and architects.

Send Out Forms Before Site Survey

It is appropriate to send the market survey form for completion to all potential offerors before the actual physical site survey. Potential offerors are not required to return the form or complete it in its entirety.

The LS/LCO or Broker Contractor shall physically inspect each property as appropriate (building and/or site) to determine if it can meet the requirements of the SFO, and shall invite all relevant parties to attend, including, the tenant agency representatives, facilities management and services representative, and a representative of the Federal Protective Service.

Preserving Procurement Integrity

Procurement regulations prohibit divulging acquisition information to a potential offeror that is not provided to all potential offerors at the same time. During a market survey, only the potential that the specific offeror's property could meet the requirements of the SFO may be discussed with the property owner or representative. Discussions with property owners or their representatives may not include information about other properties being surveyed or any other aspect of the procurement. Prior to conducting the survey, the Leasing Specialist or broker contractor conducting the survey should remind all participants of these requirements for procurement

integrity and obtain signed non-disclosure forms. Note also that the number or identity of offerors participating in the procurement may not be disclosed at any time before award without consultation with the Office of Regional Counsel.

b. What to Look For and Ask About

The survey should examine the individual locations in terms of their potential to meet general requirements that are common to all lease acquisitions, as well as those that are unique to the client agency.

In conducting a market survey, the Leasing Specialist should not focus too heavily on the details of the interior finishes, as these can be easily changed. Instead, take note of the more permanent features of the building, such as systems, building core, floorplate, and accessibility.

The Leasing Specialist should fill out the appropriate market survey form in its entirety, capturing information such as:

- Amount of available space and floor location;
- Confirmation that the site is within the delineated area;
- Accessibility for the disabled or handicapped (entrances, toilet rooms, drinking fountains, etc.);
- Fire and life safety requirements (sprinklers, means of egress, etc.);
- Proximity to public transportation, parking, and amenities; and
- Asking rental rate information.
- For locations that do not conform to the requirements, the Leasing Specialist must also ascertain whether the owner is willing and able to correct the deficiency and bring the location into compliance.

For each property toured, the Leasing Specialist determines whether the building meets (or can be altered to meet) the minimum requirements of the client agency. If the building does not and cannot meet minimum requirements, the survey form must adequately document the reasons.

Client Agency Concurrence

It is crucial that GSA obtain agency concurrence on the market survey. This concurrence can be documented on the survey form itself, on the market survey report, or in separate correspondence. If the customer disagrees with the Lease Contracting Officer's preliminary decisions regarding whether a property generally meets the requirements of the agency, the CO and the agency representative must negotiate some agreement ... Proceeding without agreement puts the procurement at risk should the agency reject the offer of space at the conclusion of negotiations.

5. Market Survey Report Requirements

This step produces documentation for Lease File Tab II-J, Market Survey, Market Survey Report, and Agency Concurrence.

The market survey report is required to be completed and filed for all procurements. If it is an NBC project, the broker is responsible for completing both Form 2991 (<http://www.gsa.gov/Portal/gsa/ep/formslibrary.do?viewType=DETAIL&formId=3564B2F44EC78643862572ED003FCC86>) and the market survey report. The Leasing Specialist must write a detailed market survey report, including phone survey results that address the following areas:

a. Description of project

- State details of the project, such as:
- Type of action (new or new/replacing, etc.);
- Agency; and
- Delineated area (including a map showing the building location).

b. Authority

State GSA's authority to enter into leases on behalf of the Federal Government: 40 U.S.C § 585.

c. Background

- Include current lease information, if applicable.
 - Contract number, square footage, expiration date, etc.
- Identify steps taken to identify sources (where/when advertisement ran and/or how many brokers were contacted, etc.).
- State the date that the agency requirement was received.
- Reference unique requirements or go/no-go issues (such as column spacing—minimum or maximum, setbacks, public transportation, specific floor requirement).

d. Market Survey

- Include general information about the survey.
- List the attendees (with appropriate titles), the date, and the number of buildings.
- Name buildings that gave us an expression of interest but were not included on the market survey and discuss the reason.
- For each building/site toured indicate:

Market Survey Process↳ 6. Post-Survey Response to Those Who May not Meet the Requirements

- Agent or owner information.
- Name, title, company name, address, phone number.
- Estimated rental rate and operating cost information.
- Information in the description of each building:
 - Available square footage and floors
 - Building age and condition
 - Fire safety features (sprinklers, exits)
 - Accessibility compliance
 - Application of special requirements.
- Indicate whether the land market survey form was used. Include photographs of each property.

e. Conclusion/Summary

- Identify the buildings that generally meet the requirements of the agency and those that do not appear to meet the requirements. A summary table of buildings toured is helpful.
- Identify full service (gross) asking rents in comparable, surrounding buildings, if known.
- Include other available market data.
- Include a chart if desired.
- Assess the level of expected competition.
- Assess the viability of offerors (do we mean offers?)
- Include construction schedule, if building is under construction.

f. Prepared By and Approved By

Include a line at the end of the market survey for the signature of the Leasing Specialist and/or Lease Contracting Officer.

6. Post-Survey Response to Those Who May not Meet the Requirements

A letter or email must be sent to prospective offerors after the market survey to address expressions of interest when we determine that the property does not or may not be capable of meeting the requirements of the agency. The letter should address, at a minimum, areas where the building owner agrees that they are incapable of meeting SFO minimum requirements, and other areas identified during the market survey that do not appear to meet or be capable of meeting the requirements. Regardless of the CO's determination, anyone who requests an SFO must be provided a copy of the SFO and allowed to submit an offer. If an offer is received that

does not meet a stated minimum requirement, it may be determined to be technically unacceptable and eliminated from the competition. ([GSAM 570.3](#))

Part 3: Solicitation Process

1. Overview	2.3-1
2. How to Build the Solicitation for Offers	2.3-3
a. Types of SFOs	2.3-3
b. Compiling the SFO Boilerplate.....	2.3-5
c. Procurement Summary	2.3-5
d. Attachments to the SFO—Selection of Forms	2.3-5
e. SFO Review and Approval by Agency.....	2.3-7
3. SFO Distribution	2.3-7
4. Amending the SFO	2.3-8

1. Overview

A Solicitation for Offers (SFO) is a document used to invite the submission of offers for a lease acquisition. It is commonly referred to as a request for proposals. The term “Solicitation for Offers” for leasing means a request for proposals. The SFO describes the Government’s requirements and performance criteria against which a Lessor is expected to perform, as well as the evaluation criteria that the Government will use to evaluate offers. It is critical that the acquisition plan is finalized at this stage before the SFO is prepared.

The Leasing Specialist or broker contractor develops the SFO package tailored to the requirements of each particular solicitation using the appropriate forms and paragraphs required by GSA policy as implemented in the SFO template and eLease. After obtaining agency concurrence, the Leasing Specialist or broker contractor sends it to all prospective offerors identified on the market survey and any other party that requests a copy.

The SFO forms the basis of the entire process of lease negotiation and is the foundation of the lease. It defines for the market the Government’s minimum requirements, so that the Government gets the correct type, quantity, and quality of space and services. It also includes offer forms and solicitation provisions and clauses that are required for government contracts. The SFO helps protect the Government’s interests during the term of the lease.

GSA uses a solicitation format, including a procurement summary, that is sufficiently flexible to meet varying lease requirements and to promote the maximum possible competition in the space market. The SFO consists of sets of requirements for the space, together known as the requirements package. The requirements package is the primary vehicle for developing and communicating space standards.

A current version of the SFO and required forms are included in Appendix C. The SFO templates also include “instructions” which appear in nonprinting blue text. The most current version of the

SFO and related documents can also be accessed in eLease at <http://pbsportal.pbs.gsa.gov> or downloaded from the GSA Forms Library online at <http://www.gsa.gov/Portal/gsa/ep/formsWelcome.do?pageTypeld=8199&channelPage=/ep/channel/gsaOverview.jsp&channelId=-25201>.

The type of space your client agency needs will drive critical decisions in the SFO process. The following space types are examples that will result in different SFO documents:

- Offices
- Storage/warehouses
- Parking
- Unique sites such as airports, TSA hangars, border stations, and vacant land; or space for agencies with unique requirements, such as FEMA, TSA, and others

Once the SFO is prepared, the Leasing Specialist or broker contractor sends a draft to the client agency for review and approval. The draft SFO and agency comments are then submitted to the Leasing Specialist. If necessary, the Leasing Specialist or broker contractor (see Chapter 16) updates the SFO with agency and Leasing Specialist comments and resubmits it to the Lease Contracting Officer for review and approval.

Once the Contracting Officer approves the SFO, the Leasing Specialist issues it. The date for receipt of offers must comply with GSAM Part 570 requirements.

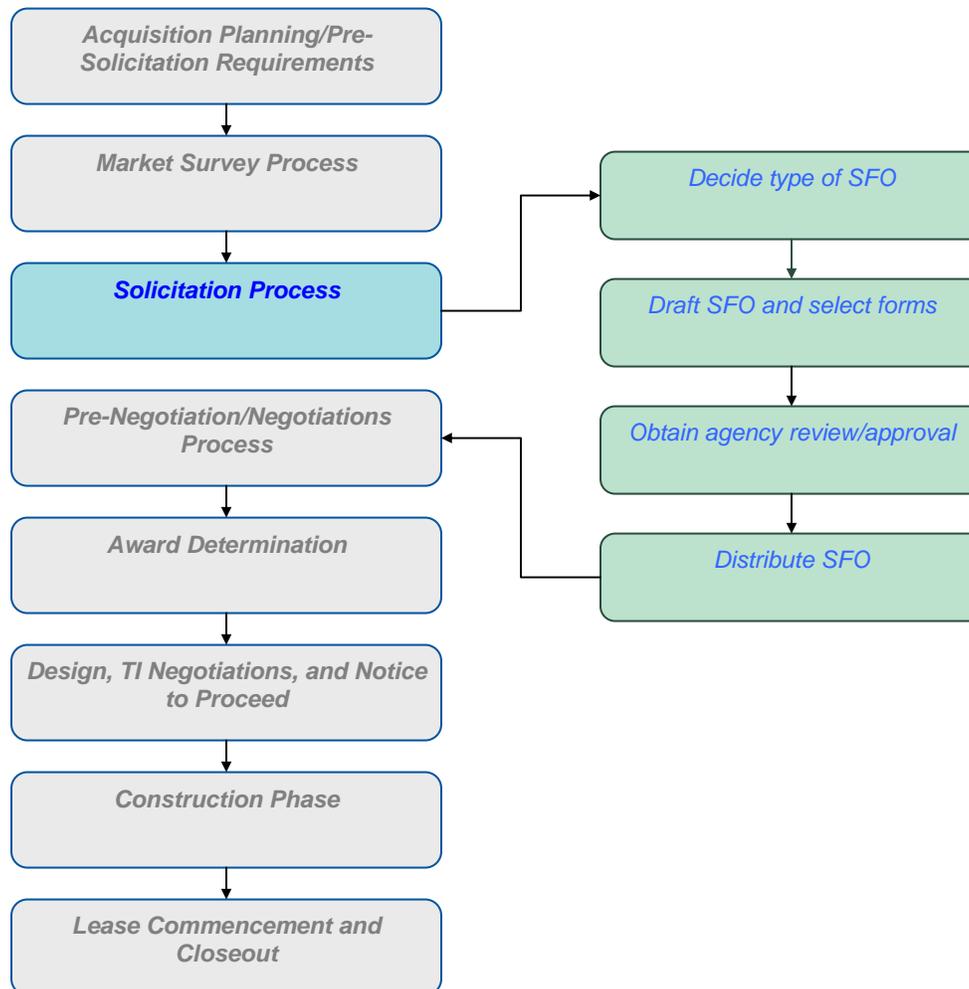
In some circumstances an SFO amendment may need to be prepared, if requirements change.

The following illustration shows the steps in the solicitation process. Each step below is linked to the section that discusses the topic.

Establishing the Offer Due Date

Except in special circumstances such as simplified acquisitions or emergency leases, the Leasing Specialist must provide offerors no less than 20 calendar days between issuing the solicitation and the deadline for receiving initial offers.

Solicitation Process



2. How to Build the Solicitation for Offers

The SFO templates in eLease (add link to PBS Portal) are the most current and should be the starting point for developing SFOs for most transactions. The manual SFO template option includes the draft content (in nonprinting blue text), as well as instructions for each section that guide the user through modifying the SFO template for specific lease actions as needed.

a. Types of SFOs

There are three types of SFOs that are available for use.

- Tenant Improvement (TI);
- Modified TI (for specific clients, but not in eLease); and

- SLAT.

Note that the type of space being leased (the size and complexity of the requirement) will help the Leasing Specialist decide which SFO type to use (see Part 1).

- Depending on which SFO is chosen, the Leasing Specialist will confirm the requirements with the client using the boilerplate SFO. The Leasing Specialist will then work with the client to create an offer package.
- This section addresses the boilerplate SFO forms, the package and clauses will be addressed later.

(Specialized SFOs are also being considered for lease construction, warehouse space, TSA airport leases and parking.)

TI-SFO—Leases Greater Than \$100,000 Net Annual Rent

The TI-SFO is the most common SFO that GSA uses today and should be considered standard for most procurements. It can be generated in eLease using either the manual or the SFO Wizard. This SFO type identifies a tenant improvement allowance (TIA) that the offerors must include as part of their offer. The TI-SFO contains carefully separated price components for the basic “building shell” and an allowance for tenant improvements to the shell. The client agency will use their TI allowance—determined by the tier allowance as found in the Occupancy Agreement tool—to fund the buildout of its space, performed by the successful offeror in accordance with the Government-approved design intent drawings. Rather than require all the details regarding the buildout before award, these can be determined post-award by using the TI-SFO type.

Modified TI Approach

With a modified TI approach, in contrast to a TI-SFO, the tenant improvements are defined, negotiated, and priced upfront before lease award. A modified TI approach SFO still separates the shell and tenant improvement costs. The buildout is defined in the solicitation form up front. This requires developing well-defined TI requirements beforehand. The offeror can then price these requirements in their bid. These SFOs are currently being considered in limited situations for some agencies (such as the FBI). The modified TI approach SFO is currently not in eLease.

In a modified TI approach lease, the Lessor makes a property ready for the client agency to begin business by having the agency furnish only furniture, phone, and inventory, if any. Tenant improvements are provided at the Lessor’s expense according to plans and specifications previously agreed upon by the parties. Unlike a TI-SFO, where the tenant pays for costs in excess of the allowance amount, in a modified TI-SFO the landlord bears the risk of construction.

SLAT—Leases Equal To or Less Than \$100,000 Net Annual Rent

Simplified lease acquisition procedures are the procedures for awarding leases at or below the simplified lease acquisition threshold, or SLAT, which is currently \$100,000 average annual rent for the term of the lease, including option periods and excluding the cost of operational services.

As described in the General Services Administration Acquisition Manual (GSAM), Part 570.2, Simplified Lease Acquisition Procedures, GSA has the authority to award leases at or below the SLAT using a simplified process. The purpose of the SLAT procedure is to reduce administrative costs, while improving efficiency and economy. The SLAT procedure is a streamlined approach to the solicitation process and accelerated delivery.

b. Compiling the SFO Boilerplate

At the core of the SFO package is the boilerplate, which fully describes the government's space requirements so that offerors can provide a well-formed, fixed priced proposal. In addition to defining the required square footage, lease term, delivery schedule, delineated area, and level of services and utilities, the SFO outlines minimum technical specifications and codes for the building systems, structure, and interior fit-out. The agency's unique and special requirements are also incorporated into the document. While detailed in scope, the technical specifications outlined in the SFO boilerplate are performance-based, not prescriptive, meaning that offerors must provide the technical solution to meet the minimum specifications.

Consult on SFO Deviations

The PBS Office of Real Estate Acquisition should be consulted when significant deviations from the SFO are proposed.

In addition to describing space requirements, the SFO boilerplate communicates when offers are due; specifies the forms, submittals, and other documentation required as part of an offer package; and describes the evaluation methodology the Government will use in making its award decision.

The SFO boilerplate template contains a series of paragraphs, mandatory and non-mandatory, organized by sections. Following the PBS policies in the nonprinting blue text instructions contained throughout the template, Leasing Specialists build the boilerplate SFO by choosing the appropriate paragraphs and filling in the blanks to reflect the requirements of the procurement.

Individual SFO revisions or the addition of SFO paragraphs and region-specific paragraphs should be reviewed by the Office of Regional Counsel for consistency and legal sufficiency before inclusion.

c. Procurement Summary

The Procurement Summary (template attached to this chapter) provides the market a clear, concise, and immediate understanding of the requirements of the Government. The summary was developed in response to leasing industry forums and requests that GSA provide a "snapshot" view of what and when the Government was seeking space. The summary provides all of the critical information to a potential Offeror "at a glance" and negates the need for reading multiple pages within the document to determine if they can meet the requirements of the procurement. The summary has all of the key elements listed in an easy to read grid, such as square footage, delineated area, parking requirements and term of the lease (firm and non-firm term). The summary also lists the offer due date and the occupancy date, important dates for the market to see and know at this stage.

The Procurement page must be included with every Solicitation for Offers package by printing and attaching to the front of the Solicitation for Offers and Lease package for all types of leases and lease models, including electronic packages.

d. Attachments to the SFO—Selection of Forms

The Leasing Specialist must attach other important documentation to the boilerplate in order to complete the SFO package. Leasing Specialists must use the clauses and provisions on the appropriate version of the GSA Forms 3516, 3517, and 3518, although use of the forms themselves is at the Lease Contracting Officer's discretion.



Solicitation Process

2. How to Build the Solicitation for Offers

Standard Form 2 and a TI SFO must be used for leases greater than \$100,000 net annual rent. Customized SFOs for a class of activities or a specific client may also be used when approved by PBS Central Office (for example SFOs for the FBI). Leasing Specialists may not use GSA Forms 3517A and 3518A because they do not contain all of the provisions and clauses required by law for leases exceeding the SLAT. The Lease Contracting Officer may, however, determine that it is appropriate to delete or modify any of the GSAR real estate clauses numbered 1 through 21 on Form 3517 (or 3517B).

- **Solicitation Provisions.** The Solicitation Provisions (GSA Form 3515 or 3516A) outline the basic ground rules for all lease procurement actions. Key definitions and instructional information are found here covering such topics as late proposals, parties authorized to execute leases, protests, and floodplains.
- **General Clauses (Acquisition of Leasehold Interests in Real Property).** The General Clauses (GSA Form 3517 or GSA Form 3517B) govern the lease in the post-award and post-occupancy environment. The clauses within this document include the following categories: Definitions, General, Performance, Inspection, Payment, Standards of Conduct, Adjustments, Audits, Disputes, Labor Standards, and Subcontracting. It is important to remember that certain clauses are required by law, and cannot be altered, modified, or deleted. Many clauses can be altered when appropriate and advantageous to the government. However, in doing so, the Leasing Specialist or Lease Contracting Officer must ascertain whether the proposed deviation imposes unacceptable risk to the Government. Any proposed modification must be reviewed and approved by Office of Regional Counsel before approval by the Lease Contracting Officer. All approved modifications must be provided to all offerors.
- **Offer forms.** The Leasing Specialist must include all the forms to be filled out and returned by the offerors by the due date outlined in the SFO boilerplate. These forms, which are described under **part 3** of this desk guide, include:
 - [GSA Form 1364](#), Proposal to Lease Space, with instructions ([GSA Form 1364G](#));
 - [GSA Form 1217](#), Lessor's Annual Cost Statement, with instructions;
 - [GSA Form 3518](#), "Representations and Certifications (Acquisition of Leasehold Interests in Real Property)," listing 11 required representations and certifications;
 - [GSA Form 12000](#), Prelease Fire Protection and Life Safety Evaluation for a Low Rise Office Building, or [GSA Form 12001](#), Prelease Fire Protection and Life Safety Evaluation for a High Rise Office Building; and
 - Prelease Building Security Plan.

Use of Forms and SFO

	Equal to or less Than \$100,000 Net Annual Rent	All other leases
Should use	<ul style="list-style-type: none"> • GSA Form 3626 • GSA Form 3517A or 3517C • GSA Form 3518A • Supplemental Requirements (if needed) 	<ul style="list-style-type: none"> • Standard Form 2 (SF2) • GSA Form 3516 or 3516A • GSA Form 3517 or 3517B (may delete or modify clauses 1-21 with approval) • GSA Form 3518 • (Use all forms above if not provided by

		other means) • TI or Standard SFO
May use	<ul style="list-style-type: none"> • TI-SFO in conjunction with SF2 • GSA Form 3516 or 3516A • Clauses 1-21 from GSA Form 3517 or 3517B 	• Customized SFOs
Don't use	<ul style="list-style-type: none"> • GSA Form 3517 or 3517B except clauses 1-21 • GSA Form 3518 	<ul style="list-style-type: none"> • GSA Form 3517A or 3517C • GSA Form 3518A

e. SFO Review and Approval by Agency

Before issuance to any offeror, the responsible Leasing Specialist must forward the SFO to the requesting agency for approval. The Leasing Specialist should indicate a deadline for agency response, allowing adequate time for a thorough review. The Leasing Specialist will incorporate appropriate changes into the final version of the SFO. In the event the Leasing Specialist does not receive timely comments and/or approval from the agency, the Lease Contracting Officer may decide to issue the SFO and address changes via an amendment.

3. SFO Distribution

This step produces documentation required for Lease File Tabs III D and E.

**PBS Milestone 6:
Design RFP Issued**

Unless a SLAT lease is used, SFOs should not be handed out during the market survey. The survey may reveal certain weaknesses in the draft SFO, which may need revision before issuance.

Once the SFO has been finalized, the Leasing Specialist should distribute the SFO with a cover letter to offerors. The Lease Contracting Officer has ultimate responsibility to verify and validate the SFO before it is released. The SFO should reflect the name of the Lease Contracting Officer.

The SFO Distribution List identifies the date the SFO was issued, as well as the name and contact information of everyone receiving an SFO—all potential offerors, client agency personnel, FPS, GSA Property Manager, and anyone else as determined by the Lease Contracting Officer who received an SFO—and the date the SFO was issued. This list should include all contact information for the potential offerors.

This list (or transmittal letters) and a copy of the approved SFO should be attached to Lease File Tab III E.

If the SFO is issued electronically (via CD-ROM or email), a copy of the disk must be filed in Lease File Tab III D, as well as a paper copy of all issued

SFO requests

Current Lessors that are incapable of meeting the requirements of the SFO may be issued a letter explaining that they may not meet the current requirements.

However, anyone who requests an SFO—including the current Lessor and those that may be determined not to meet the requirements—must be given an SFO.

documents.

4. Amending the SFO

Any addition, alteration, or deletion of information contained in an SFO after it is released to the market is accomplished through a written amendment. Leasing Specialists should strive to prepare a careful and thorough SFO, so that amendments are the exception, rather than the rule.

An amendment must:

- Reference the SFO number;
- Be consecutively numbered;
- List the city and state;
- Bear receipt acknowledgment by the recipient; and
- Be sent to all offerors in an open procurement or to all interested parties if the procurement has not yet opened.

The amendment is incorporated into the SFO and will become part of any existing or subsequent lease document.

Please note that a material change in requirements may require more than an amendment. A new advertisement or a cancellation of the solicitation may be required.

Part 4: Pre-Negotiation/Negotiations Process

1. Overview	2.4-1
2. Preparations for Negotiations	2.4-3
a. Understanding the Goals	2.4-3
b. Market Knowledge	2.4-4
c. Setting Negotiation Objectives	2.4-5
3. Screening Offers Received and Subsequent Negotiations	2.4-5
a. Reviewing Offers.....	2.4-6
b. Determining Competitive Range	2.4-9
c. Conducting Negotiations	2.4-10
4. Final Proposal Revision	2.4-12

1. Overview

Offers rarely contain perfect solutions to the solicitation. The goal of negotiations is to reach an agreement representing the best value to the Government, in terms of price and other factors. In most transactions, the Leasing Specialist negotiates with the offeror to establish a fair and reasonable price and agree on all contract terms. Negotiations must confirm that GSA and the offeror all agree on the essential elements of the contract, such as its term, the services that the offeror will provide, and the escalation base. However, leases can be awarded based on initial offers if the solicitation allows by the inclusion of Alternate 1 to 552.270-1 Instructions to Offerors—Acquisition of Leasehold Interests in Real Property., This decision should normally be made during acquisition planning and must be made prior to issuance of the SFO.

The negotiation process involves evaluating and analyzing proposals to verify that all required parts are included and assessing the offeror's responsiveness; determining the competitive range; preparing the initial abstract of offers; notifying offerors of deficiencies; conducting direct negotiations with each offeror; compiling required documentation; requesting final proposal revisions; and determining the offerors responsibility.

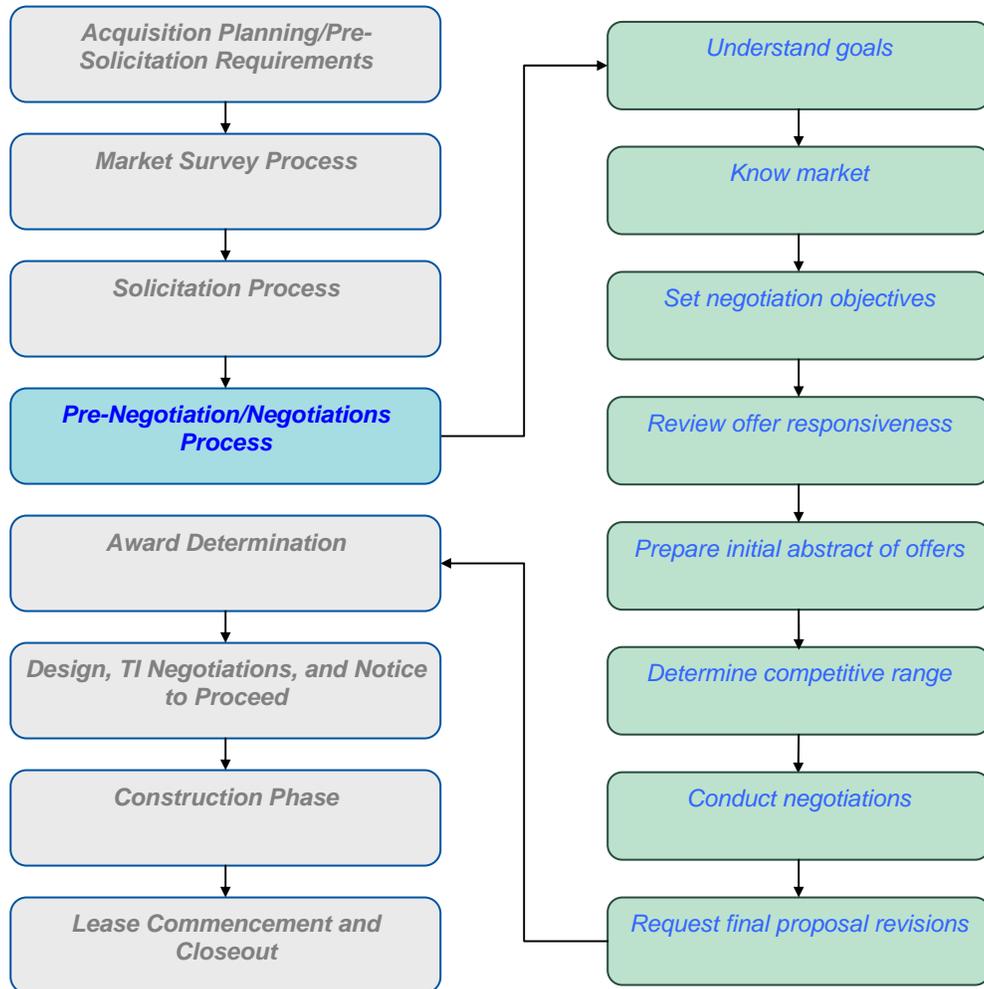
When conducting negotiations, the roles must be clear. The Leasing Specialist is responsible for conducting negotiations with all offerors in the competitive range (see "Determining Competitive Range"). The Leasing Specialist or broker contractor is the only party authorized to negotiate with an offeror concerning the space to be leased. The competitive range is an initial baseline for judging the reasonableness of cost or price estimates. It is discussed further below in "[Screening Offers Received and Subsequent Negotiations](#)" under "Determining Competitive Range."

Preparation is essential for successful negotiations. Before engaging offerors in negotiations, GSA must establish its initial negotiation position. Negotiation objectives (see "[Setting Negotiation](#)

Objectives) are usually targets within a price range that the Leasing Specialist expects offered rates to fall within, based on market research. Pre-negotiation steps include understanding the solicitation goals, knowing the market, and setting negotiation objectives.

The following illustration shows the steps in pre-negotiations and negotiations. Each step below is linked to the section that discusses the topic.

Pre-Negotiations and Negotiations Process



2. Preparations for Negotiations

a. Understanding the Goals

Depending on the procurement method stated in the SFO, proposals may be evaluated on price alone, or a combination of price and technical tradeoffs, which are also referred to as award factors (see “[Reviewing Final Offers](#)”). If you are conducting a best-value tradeoff procurement, consult the desk guide section on award factors in Chapter 13. These specific award factors must be identified in the SFO (TI-SFO).

It is especially important to have knowledge of these areas of preparation:

Fair and Reasonable Price

It's a requirement that you as the Lease Contracting Officer can affirm that the price is fair and reasonable.

- Market—familiarize yourself with the market survey findings and other background information.
- The requirements—strive to thoroughly understand the needs of the client agency and other stakeholders.
- The choices—options that arise when you compare the requirements with the market. As recent trends provide increasing frequency of procurements in which Government requirements are beyond market standards (because of security, LEED, accessibility, or other needs) or if new construction is possible, consult with technical experts as necessary to quantify what cost impact that is likely to have to procurement beyond the market range and factor that into the negotiation objectives.
- The process—anticipate the upcoming steps you will need to take, and be familiar with best practices for conducting negotiations.
- The goals—develop a clear understanding of the specific goals you want to achieve during negotiations. Know what you want, and what you are willing to trade off to reach an agreement. Keep in mind the target and maximum prices. Set your position and hold to it. Re-familiarize yourself with the SFO.
- The other party—know what offerors want, their needs, and what they are willing to trade off to reach an agreement.
- The strengths and weaknesses of the Government's position—your relative bargaining position is likely to be stronger in competitive solicitations, when you can afford to take a harder line, as opposed to a sole source scenario.

b. Market Knowledge

Market research plays a central role in setting negotiation objectives by helping to identify ranges of fair and reasonable costs for the type of space desired. In addition to information gathered during the market survey, Leasing Specialists can refer to the sources below.

- Competing offers received in response to the SFO, and documenting this comparison;
- Research commercial trade publications to become familiar with the market. Consult the Building Owners and Managers Association (BOMA) for operating costs; the Means Cost Manual for construction costs; the Society of Industrial and Office Realtors (SIOR); Reis Inc.; and market reports such as those from CoStar and Loopnet.
- Current market information, including rental quotes and cost estimates obtained on the market survey and from real estate market data sources (such as CoStar or Torto Wheaton Research (TWR)); and/or
- Recent GSA and/or private-sector lease contract rental rates.

Is TI in the rate?

Typically, the private sector includes some TI in the stated shell rate, so make sure to ask for the breakdown from any brokers or owners you consult. This is important because we could be leaving money on the table (the shell rate could include a TI amount).

c. Setting Negotiation Objectives

Lease file checklist Tab IV.

Before engaging offerors in negotiations, GSA must establish its initial negotiation position. Negotiation objectives typically are targets within a price range that the Leasing Specialist expects rates to fall into, based on the market research. The Lease Contracting Officer's determination of a fair and reasonable price should parallel these price objectives.

The scope and depth of objectives are directly related to the project dollar value, importance, and complexity. For example, prospectus projects demand greater background information and may involve subcontracting goals, green initiatives, or other issues that are not factors on smaller contracts.

Develop written negotiation objectives for the overall acquisition and specific to each component of the offers received (operating costs, TI, shell). Leasing Specialists must develop negotiation objectives for the following items:

- Shell rental rate;
- Tenant improvements;
- Building-specific security
- Amortization rate;
- Base cost of services;
- Base year taxes;
- Hourly overtime rate;
- Adjustment for vacant premises; and
- Parking.

Pricing Objectives

Objectives must be established before negotiations.

3. Screening Offers Received and Subsequent Negotiations

Negotiations are conducted on behalf of the Government by the Leasing Specialist or broker contractor. GSA negotiates the rental price for the initial term, any renewal periods, and any other aspect of the offer as deemed necessary. Oral or written negotiations should be pursued with all offerors that are within the competitive range by the due date.

The Leasing Specialist must keep records on all communications and documents from the initial contact through award. This includes meeting notes, emails, the abstract of offers, the request for final proposal revisions, and similar documents.

a. Reviewing Offers

The Leasing Specialist must evaluate offers for completeness and technical compliance. A general assessment considers the following:

- Is the offer timely as defined in the Solicitation Provisions, GSA Form 3516?
- Is the offer complete? (Have all forms been completed?)
- Does the offer comply with the SFO terms and conditions?
- Does the offer satisfy all of the Government's requirements?
- Are the offerors' mathematical calculations correct?
- Does measured space meet the requirement?

Abstract of Offers

The Abstract of Offers is a requirement of the Lease File as well as a useful tool that captures the capability of each offeror and assesses their ability to meet the requirements in the SFO. It compares each proposal and revised proposal against the SFO requirements, and helps identify deficiencies with each offer by determining whether the offer meets the terms of the SFO. The Leasing Specialist should create the abstract for each offeror in eLease and update it throughout the process.

The SFO *Section 3.0 How to Offer and Submittal Requirements* describes in detail offer submittal requirements. Below is also a summary of items involved in assessing offer compliance, most of which are documented on the Abstract of Offers.

Scaled Plans for Space Offered

Reviewing the scaled drawings is a critical part of the offer review to verify that space being offered meets the requirements of the SFO. The following are things to consider when reviewing the floor plans:

- The block of space offered is the same space that was toured.
- Plans are to scale and that all structural elements (stairs, elevators, columns, load-bearing walls, windows, restrooms, etc.) are shown and meet ABAAS and fire safety standards.
- The space offered meets client agency special requirements (layout and configuration specifications).
- Measured floor plans confirm that the space is within SFO square footage requirements.

Quick Tip

Don't compare one offer against another. Compare each offer against the market and the solicitation.

Don't forget to update the abstract of offers each time an offer is received or revised.

Conversion Matters—Quick Validation

The rates for rentable square feet (RSF) should be less than the rates for ANSI/BOMA Office Area (ABOA) square feet.

GSA Form 1364, Proposal to Lease Space

GSA Form 1364 contains the rental information and other critical offer elements. In addition to verifying that all mathematical calculations and building information—including address, square footage, and parking—are correct, the following should be considered:

- Rentable (RSF) and ANSI/BOMA Office Area (ABOA) square feet and common area factor are in alignment.
- Cost components (shell, operating, and TI) are in both rentable and ABOA rates, and the Building Specific Security rate is provided.
- The TI amount meets SFO requirements, and rental reflects the TI amortization term.
- Parking capacity number and cost are in compliance with the SFO.
- Lease term and cancellation rights are in compliance with the SFO.
- Applicable fees and other costs are provided.
- Deviations are noted and will need to be addressed.
- The form is signed and dated by an individual having authority to bind the offeror.

GSA Form 1217, Lessor's Annual Cost Statement.

GSA Form 1217 captures an offeror's variable and fixed operating cost expenses for both the building in its entirety, and the offered space, primarily for the purpose of determining the base rate for future CPI operating cost escalations.

Lines 5 through 26 of the form identify the components of the operating cost portion of the rental rate. The total amount listed on line 27, column B, when divided by the rentable square footage, represents the Lessor's total cost to provide services and utilities to the Government's space, also reflected on GSA Form 1364. Lines 28 through 32 list ownership charges (taxes, insurance, reserves for replacement, etc.) that are not subject to CPI escalations, but are subsumed in the shell rate. This form should be thoroughly reviewed for full and fair allocation of utilities and services.

GSA Form 3518, Representations and Certifications

GSA Form 3518 addresses socioeconomic and other statutory requirements associated with Government contracts, through offeror representation and/or self-certification. The form must be completed in its entirety, including the following critical elements:

- Offerors represent on this form whether they are classified as a small or large business. For leases, [GSAM 570.102](#) defines a small business as one (including its affiliates) organized for profit, independently owned and operated, not dominant in the commercial lease market, and that has average annual gross receipts below current thresholds (\$20.5 million) for the 3 preceding fiscal years.
- Offerors identified as other than small businesses are required to submit small business subcontracting plans for contracts with a gross value of \$550,000 (FAR 19.704). The plans should be collected by the Leasing Specialist and forwarded to the GSA regional Business

Service Center (BSC) for review as early as possible. Any necessary changes must be discussed with the offeror during negotiations. The successful offeror's plan must be approved by the BSC. No contract may be awarded until the Lease Contracting Officer approves an acceptable plan, which must then be incorporated into the contract. If the plan submitted is unacceptable, the small business coordinator should be notified.

- All offerors must identify their ownership structure (corporation, partnership, etc.) and provide the corresponding Tax Identification Number (TIN). Additionally, all offerors must register with Dun & Bradstreet, Data Universal Numbering System (DUNS) and in the Central Contractor Registration System (CCR). Acceptable information must be for the owner of record; therefore, the Leasing Specialist must verify the validity and consistency of the information as compared with the owner of record in the offeror's offer. The Leasing Specialist should not accept without question information pertaining to a parent company or umbrella corporation. Leasing Specialists should inform offerors that CCR registration requires annual updating in order to maintain an active CCR status.

This form must be signed and dated by a person having authority to bind the offeror.

GSA Form 12000/12001 Pre-Lease Fire Protection and Life Safety

In order to confirm that the proposed space conforms with the requirements under NFPA 101 and the Federal Fire Safety Act of 1992, offerors are required to submit GSA Form 12000 (low-rise occupancy) or 12001 (high rise-occupancy) Prelease Fire Protection and Life Safety Survey Evaluation, along with one or more scaled drawings of the entire floor or floors in which space is being offered in the building and of the floor level of exit discharge identifying all exits, stairs, and elevators. These forms identify relevant building information such as construction type, floor location, fire suppression and detection equipment, etc.

The Leasing Specialist should forward each offeror's GSA Form 12000/12001 and floor plans to a GSA fire protection engineer or contractor for review and comment. Feedback provided must be considered and discussed with the offeror for clarification or corrective action as required. In the event that the offeror is awarded the lease, the offeror should be advised that evidence of any corrective action required by the Government will be a prerequisite to the Government accepting the space as substantially complete.

Equivalent Level of Safety Evaluation Procedures

When an offeror proposes an equivalent level of safety, the Leasing Specialist must require the offeror to submit, for Government review and approval, a fire protection engineering analysis, performed by a qualified fire protection engineer, demonstrating that an equivalent level of safety for the offered building exists. (See 41 CFR 102-80) for guidance on an equivalent level of safety analysis.)

Prelease Building Security Plan

The Leasing Specialist must submit the completed Prelease Building Security Plan, which also identifies relevant building characteristics, to the Federal Protective Service (FPS) for review. FPS may use this to conduct a physical inspection and may provide the Leasing Specialist with information or recommendations that may help the Leasing Specialist with negotiations. This notification must be in the lease file.

Evidence of Capability to Perform

Offerors are also required to submit three items to demonstrate that they have the capability to perform the requirements in the SFO. The first is satisfactory evidence of at least a conditional

commitment of funds in an amount necessary to prepare the space. The *Evidence of Capability to Perform* paragraph in the SFO Section 3 identifies the minimum elements that the commitment must include. This commitment is a critical factor in the Financial Responsibility Determination discussed in Part 5: Award Determination. The second item that offerors must submit is evidence of compliance with local zoning laws. Lastly, offerors must submit evidence of ownership or control of the site.

Additional Submittals

In addition to those items identified above; offerors must submit a Seismic Safety Certification; tax information; an amenities map; a parking plan; and architectural plans for modernization, if the offered building does not meet the requirements of SFO Paragraph *Quality and Appearance Building*. These items are more fully described in SFO Section 3.0 *How to Offer and Submittal Requirements*.

The process of examining offers to make sure they are responsive and competitive may involve communications with offerors under the guidelines of FAR 15.603. Be sure to understand the difference between “discussions,” “clarifications,” “communications,” and “negotiations/discussions.” The Leasing Specialist and broker can negotiate with offerors, but the Lease Contracting Officer has overall responsibility for conducting and recording negotiations.

Review each offer concerning the handling of services and utilities. Fully serviced leases are preferred, and every effort should be made to encourage them as appropriate. Since Government-furnished services and utilities become the responsibility of the local GSA field office, adding extra costs and more workload, the ramifications of accepting less than fully serviced leases should be given serious consideration before proceeding with negotiations on a less than fully serviced lease. Such offers are considered non-responsive when the SFO does not allow for alternate offers or non-fully-serviced offers.

Excluded Parties List System

GSA must also ascertain that the offeror has not been disqualified or excluded from participation in Federal contracts. The primary source for determining the offeror’s status is the EPLS—Excluded Parties List System (formerly known as the “debarred bidders list”). It was established to verify that agencies do business only with responsible contractors and do not allow a party to participate if any executive department or agency has debarred, suspended, or otherwise excluded that party from participation.

Leasing Specialists must review the EPLS at least twice—after receiving offers, and before award. They must verify the offeror’s statements appearing in form 3518, Representations and Certifications, under paragraph 7, “Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters.”

The EPLS is accessible online at <https://www.epls.gov/>. Guidance for using EPLS is found in FAR Subpart 9.4, “Debarment, Suspension, and Ineligibility.” The Department of Treasury Specially Designated Nationals List (SDN) has been incorporated into the ELPS. Apparently the list includes many names that can trigger false reports on individuals with common names. Therefore, if the offeror is listed as an SDN, contact the Office of Real Estate Acquisition who will coordinate with the Office of General Counsel to determine whether this is the individual actually excluded.

b. Determining Competitive Range

The competitive range makes the procurement process more efficient by reducing the potential offers to just those most highly rated.

The Lease Contracting Officer sets the competitive range, usually drawing a dividing line between competitive and non-competitive offers where there is a natural break among the proposals. GSA must negotiate with all offerors who fall within the competitive range.

The Lease Contracting Officer may eliminate offerors from the competitive range if deemed appropriate in either best value trade-off or lowest priced technical acceptable acquisitions.

The competitive range also establishes an initial baseline for judging the reasonableness of cost or price estimates. Armed with this information, the Lease Contracting Officer can begin to prepare for negotiations.

If the Lease Contracting officer sets a competitive range, then he or she must provide notification to excluded offerors in accordance with [FAR 15.503\(a\)](#) and [FAR 15.306\(c\)](#). The competitive range is established by the Lease Contracting Officer on the basis of cost or price and other factors (if any) that are stated in the SFO and includes all of the most highly rated proposals, unless the range is further reduced for purposes of efficiency. Offerors who are not included in the competitive range must be notified in writing.

c. Conducting Negotiations

As offers are evaluated for completeness and accuracy, some issues must be dealt with immediately. If an offeror clearly made an error or omitted important information from the offer, the offeror must be contacted and asked to correct the submission and/or submit the forms or data missing from the offer by a set date. Errors and omissions must be listed for each offeror and can be addressed during discussions. Leasing Specialists or broker contractors must conduct independent negotiations with each offeror in the competitive range. Advise offerors orally and in writing of weaknesses, significant weaknesses and deficiencies in their offers.

All offerors will receive a reasonable opportunity to submit any cost or price, technical, or other revisions to their offer that may result from the negotiations. However, negotiations will be closed with submission of final proposal revisions (“best and final” offers).

Negotiations should reflect an evaluation based on three general types of analysis:

- Price analysis—a comparison of the offeror’s prices to something external to the proposal. Example: total rental rate compared to market rates.
- Offer cost review—evaluating on an element-by-element basis the costs supporting the proposal. For example: shell rate, parking rates, fees, amortization rates, and concessions offered on GSA Form 1364, the operating costs listed on Form 1217, or land and construction costs provided for lease construction projects.
- Technical analysis—comparison of the offeror’s technical proposal to the specifications and requirements, in addition to the non-price related award factors if included in the SFO. (See Chapter 13 on source selection.)

When to Negotiate?

While GSA has the authority to award without negotiations, Lease Contracting Officers should always assess the potential risks of awarding without negotiations or discussions.

Quick Tip

Make sure the person filling out and signing the form has authority to do so and can enter into negotiations.

A primary goal is to confirm that offers received comply

with the requirements stated in the SFO. A great deal of communication with the offeror centers on ascertaining that submitted proposals meet this goal. Alternative proposals may be considered if allowed by the SFO and it is determined that they meet the intent of the SFO/customer's requirements. If an alternative proposal is acceptable, contact the Office of Regional Counsel to discuss how material the change is and whether an amendment to the SFO is needed to allow all offerors to compete on the alternative basis.

Alternative offers may be received that amend the General Clauses. If such offers are received, the Contracting officer must determine if the changes are in the Government's best interest. If it is determined that the changes are in the best interest of the Government, the Contracting Officer must amend the SFO to allow all offerors to bid on the same amended General Clauses. If it is determined that the changes are not to be allowed, the Contracting Officer should advise the offeror that failure to conform to the General Clauses without change is unacceptable and that the offer will be deemed ineligible for award for failure to meet the requirements of the SFO. Material changes made in the final proposal revision may be detrimental to the offeror and should be reviewed with the Office of Regional Counsel.

A further important goal is to ascertain that the offered rate and corresponding elements of the proposal are fair and reasonable.

Keep in mind that minor items should not be allowed to hold up the negotiations (see [FAR 15.405\(b\)](#)). Rather than letting a single issue stall the entire process, look at the overall rate the Government will pay, to determine whether the overall offer remains fair and reasonable.

Best Practices in Negotiating

Skillful negotiation is an art that grows with experience. However, several established best practices will guide the Leasing Specialist or Lease Contracting Officer during negotiations. Make use of these techniques:

- The Leasing Specialist should understand the SFO and be prepared to explain to offerors the SFO, agency requirements, and the offer process as needed.
- Plan and conduct meetings with offerors professionally and efficiently. Make an appointment with each offeror, allowing at least an hour. Negotiations can be held via phone, in writing, or in person.
- Ask questions and engage in "active listening." Request supporting documentation.
- Confirm that the offeror knows that a proposal that does meet a minimum requirement will be ineligible for award.
- Make sure all discussions are documented for each offeror, and follow up with each offeror in writing. Obtain clarifications, changes, and concessions in writing.
- For competitive actions, there can be no final agreement until you have received final proposal revisions from all offerors and negotiations are closed.

Quick Tip

It may be helpful to do a preliminary present value analysis

Negotiating Practices Prohibited in the FAR

Several approaches or practices must be avoided. Do not engage in any practices prohibited by [FAR 15.306\(e\)](#), which forbids:

- Favoring one offeror over another.
- Revealing an offeror's technical solution, including unique technology, innovative and unique uses of commercial items, or any information that would compromise an offeror's intellectual property to another offeror.
- Revealing an offeror's price without that offeror's permission. However, the Lease Contracting Officer may inform an offeror that its price is considered by the Government to be too high, or too low, and may reveal the results of the analysis supporting that conclusion. Any determination that an offer is too high or too low must be made relative to the market, not in comparison to other offers received. It is also permissible, at the Government's discretion, to indicate to all offerors the cost or price that the Government's price analysis, market research, and other reviews have identified as reasonable ([41 U.S.C. 423\(h\)\(1\)\(2\)](#)).
- Revealing the names of individuals providing reference information about an offeror's past performance.
- Knowingly furnishing source selection information in violation of [FAR 3.104](#) and [41 U.S.C. 423\(h\)\(1\)\(2\)](#).

Avoiding Pitfalls

To preserve procurement integrity Leasing Specialists must never reveal the number of offerors or the other prices being offered in an attempt to "auction" the award. Leasing Specialists have a fiduciary responsibility to our client and the taxpayers to thoroughly negotiate each aspect of an offeror's proposal to provide the best value to the Government.

4. Final Proposal Revision

After conducting negotiations, the Lease Contracting Officer will send offerors a request for final proposal revisions. Before doing so, the Lease Contracting Officer should have at least one responsive offer.

A sample letter requesting final proposal revisions can be found in eLease.

The final proposal revision is the last opportunity for offerors to revise their proposals before award. After an offeror submits its final proposal revision, no further negotiations are allowed with the offerors—only clarifications to achieve an accurate understanding.

Part 5: Award Determination

1. Overview	2.5-1
2. Reviewing Final Offers	2.5-2
a. Present Value Analysis	2.5-3
b. Historic Preference.....	2.5-3
c. Revise Scoring Analysis.....	2.5-4
3. Final Steps Before Award	2.5-4
a. Pre-award Requirements	2.5-4
b. Financial Responsibility Determination	2.5-5
c. Price Negotiation Memorandum (PNM)	2.5-6
d. Recommendation Letter and OA	2.5-7
e. Obtain BA53 funding validation.....	2.5-7
4. Assemble Lease Contract Documents	2.5-7
5. Lease Award Process	2.5-8
a. Successful Offer	2.5-8
b. Notify Unsuccessful Offerors	2.5-9
c. FedBizOpps Synopsis of Award.....	2.5-9
d. Debriefing/Protests.....	2.5-10
e. Distribution of Lease Copies	2.5-11
f. Post-Award Notifications	2.5-11

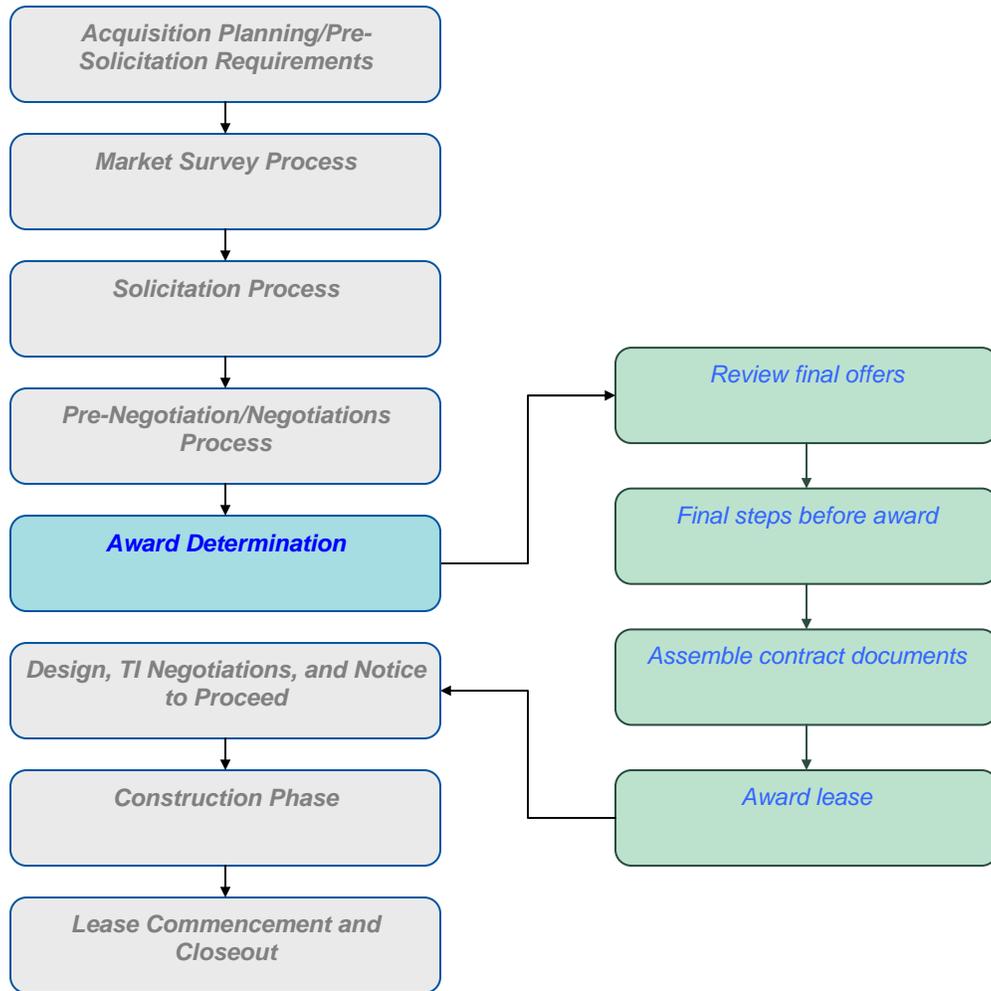
1. Overview

This chapter explains the steps for determining the successful offer and awarding the lease contract.

Upon receipt of final proposal revisions, GSA completes a final analysis and ranks offerors using the criteria specified in the SFO. Several pre-award requirements are reviewed that deal with the small business subcontracting plan (if required), equal employment opportunity compliance, affirmative action plan for the disabled, and the excluded and blocked parties lists. GSA assembles all of the lease contract documents. Once they are executed by GSA and the Lessor, unsuccessful offerors are notified, and a synopsis of the lease award is published on [FedBizOpps](#).

These steps are shown in the flow chart below. Each step label is linked to the section that discusses the topic.

Successful Offer and Award Determination Process



2. Reviewing Final Offers

This step produces documentation for Lease File Tab V.

If using the best-value tradeoff method, the Leasing Specialist should follow the guidance in Chapter 13, Source Selection. Leasing Specialists must:

- Evaluate offers solely in accordance with the factors and subfactors stated in the SFO.
- Evaluate prices and document the lease file to demonstrate that the proposed contract price is fair and reasonable.

a. Present Value Analysis

The purpose of the present value analysis (PVA) is to compare unequal rent streams among offers to determine the lowest offer. The present value amount provides a single cost representation of various rent streams, variations in operation costs, lump sum payments, and amortizations that allows the Government to understand the true price of all offers in today's (present value) dollars. The PVA calculation compares offers based on an ANSI/BOMA usable square foot rate and standard escalation assumptions. The Leasing Specialist and broker contractor should always use the eLease PVA calculator to create a permanent record of the offers within eLease. The manual PVA calculator should be used only in rare circumstances.

Update the Abstract of Offers

Update your abstract of offers in eLease to reflect the final offers. This will generate data feeding into the present value analysis (PVA) discussed in this section.

b. Historic Preference

Price Preference for Historic properties

The Government will compute price evaluation preferences by reducing the prices of the offerors qualifying for a price evaluation preference by the applicable percentage. The price evaluation preference will be used for price evaluation purposes only. The Government will award a contract in the amount of the actual price proposed by the successful offeror and accepted by the Government.

To qualify for a price evaluation preference, offerors must provide satisfactory documentation in their offer that their property qualifies as one of the following:

1. A historic property within a historic district.
2. A non-historic developed or undeveloped site within a historic district.
3. A historic property outside a historic district.
4. A property that is eligible for inclusion in the [National Register of Historic Places](#).

See guidance and examples in "Procedures for Giving Price Preference to Historic Properties in Lease Acquisitions" in Appendix C.

Evaluating Historic Price Preference

The Government gives a price preference to historic property, based on the total annual square foot (ANSI/BOMA Office Area) cost to the Government. This preference is calculated as a reduction in the PVA for the historic property as follows:

1. First to suitable historic properties within historic districts, a 10 percent price preference.
2. If no suitable historic property within a historic district is offered, or the 10 percent preference does not result in such property being the lowest price technically acceptable offer, the Government gives a 2.5 percent price preference to suitable non-historic developed or undeveloped sites within historic districts.

Award Determination

↳ 3. Final Steps Before Award

3. If no suitable non-historic developed or undeveloped site within a historic district is offered, or the 2.5 percent preference does not result in such property being the lowest price technically acceptable offer, the Government gives a 10 percent price preference to suitable historic properties outside historic districts.
4. Finally, if no suitable historic property outside historic districts is offered, no historic price preference is given to any property offered.

c. Revise Scoring Analysis

The Leasing Specialist must initiate and receive the final scoring analysis from the Portfolio group before award.

3. Final Steps Before Award

This section will result in documentation required for the following Lease File V and VI.

Once the successful offeror has been determined, the Leasing Specialist must coordinate several actions.

a. Pre-award Requirements

Once an apparent successful offeror has been identified, the Leasing Specialist must coordinate several pre-award requirements.

Small Business Subcontracting Plan

The Leasing Specialist should confirm that there is an approved small business subcontracting plan in place before award.

Small business subcontracting plans are required only for large businesses.

Thresholds

Small business subcontracting plans are required only for lease procurements with an aggregate contract value of \$550,000 or more.

Offerors self-certify on [GSA form 3518](#) whether they are a small or large business, according to their dollar volume of business and volume of production. For leases, [GSAM 570.102](#) defines a small business as a concern, including affiliates, that:

- Is organized for profit;
- Is independently-owned and operated;
- Is not dominant in the field of leasing commercial real estate; and
- Has average annual gross receipts for the preceding 3 fiscal years which are less than the size standard established by the Small Business Administration pursuant to 13 CFR Part 121.

The size standards may be found at <http://www.sba.gov/size/sizetable2002.html>. For most lease procurements, the NAICS code is 531190 (see footnote number 9). The current threshold is \$20.5 million annual average receipts for the 3 preceding fiscal years.

Other Notifications

Several issues require special notifications. For example, the Randolph Sheppard coordinator should be contacted during SFO preparation and after award.

Equal Employment Opportunity Compliance Review

GSA Form 3517 contains EEO compliance provisions that pertain to Federal leases. Department of Labor regulations ([41 CFR 60](#)) require contractors to develop a written affirmative action program for each of their establishments. They must analyze and document minority group representation in all job categories, hiring practices during the past year, and employee upgrading and promotion during the past year.

If the contemplated award is less than \$10 million and the offeror has certified compliance with the EEO requirements, the Lease Contracting Officer may consider the offeror responsible as to nondiscrimination. If the award will be greater than \$10 million, GSA must submit the following information to the appropriate Department of Labor regional Office of Federal Contract Compliance Programs (OFCCP):

- Names and addresses of the offeror and each known subcontractor;
- Name of the person signing the offer;
- Dollar amount of the offer;
- Date when the bid will expire; and
- Date by which the Lease Contracting Officer must receive advice from the OFCCP in order to award a valid and binding contract. Note, the OFCCP must respond within 15 days or approval can be assumed.

The OFCCP will review the available information on the prospective prime contractor's compliance status and will notify the Lease Contracting Officer or approving officer of any deficiencies.

The Lease Contracting Officer will notify the offeror of any deficiencies found and direct the offeror to coordinate further action with the OFCCP. The contract cannot be awarded unless the OFCCP notifies the Lease Contracting Officer that the offeror has responded or has agreed to respond satisfactorily to the OFCCP requirements.

b. Financial Responsibility Determination

The Lease Contracting Officer must make a financial responsibility determination. This is needed to determine, among other things, whether offerors have the financial capability to perform during the lease.

- Responsibility criteria and standards are stated in [GSAM 570.108](#), and FAR 9.2. The primary source for financial responsibility, a signed letter on bank letter head from a third party bank

Award Determination

↳ 3. Final Steps Before Award

official, will suffice for the costs in question. The Leasing Specialist may want to consider asking for the following to be addressed in the bank letter:

- Cash assets;
- Accounts receivable (moneys owed the offeror);
- Cash value of all inventories;
- Worth of real property (land and improvements) and equipment owned by the offeror; and
- Current liabilities, including offeror debts, stockholders equity, or amount of stock held by shareholders, and retained earnings to be reinvested back into the company.
- Another potential source is the Pre-award Survey of a Prospective Contractor (SF-1403), which can be submitted to the GSA, Financial Information Control Branch. The form is not tailored to a lease acquisition, and some sections will not apply. The Leasing Specialist should provide estimated annual and total contract value on the form and any other financial information that would be useful to the finance office. The current version of the SF-1403 can be downloaded from the GSA Forms Library at <http://www.gsa.gov/Portal/gsa/ep/formslibrary.do?viewType=DETAIL&formId=BCEC2472F6CB224385256A1F0068EC48>.

If an offeror is found to be nonresponsible, that determination must be documented in the lease file.

c. Price Negotiation Memorandum (PNM)

Lease File Tab VI

A price negotiation memorandum (PNM) is required for all lease actions, including post-award TIs. The PNM should reflect an accurate record of all negotiations with each offeror. It summarizes negotiations and explains why an award was or was not made, including go/no-go factors (floodplains, CCR). Anyone reading the document should be able to understand the issues of negotiation and the outcomes, whether the offer was fair and reasonable, and the basis for that determination.

A sample PNM can be found in Appendix C. (The sample is structured for a lease holdover extension, but much of the same structure is useful for lease procurement actions.)

The PNM documentation must include the following:

- The purpose of the negotiation.
- A description of the acquisition, including appropriate identifying numbers (e.g., SFO number). The description of the project should be the goal (extension, new/replacing, succeeding, etc.).
- A summary of the contractor's proposal, any field pricing assistance recommendations, including the reasons for any pertinent variances from them, the Government's negotiation objective, and the negotiated position. When determination of price reasonableness is based on price analysis, the summary should include the source and type of data used to support the determination. Where the determination of price reasonableness is based on cost

analysis, the summary should address each major cost element, the major deficiencies with the original offer and how they were addressed. Additionally, the Leasing Specialist should include rate changes and critical changes for every iteration of the offer.

- Make sure the PNM covers modifications in accordance with SFO amendments.
- The most significant facts or considerations controlling the establishment of the negotiation objectives and the negotiated agreement, including an explanation of any significant differences between the negotiation objective and the agreement.

Documentation of Fair and Reasonable Pricing

The Leasing Specialist must document in the PNM whether prices are fair and reasonable by comparing; the apparent successful offer against:

- Competing offers received in response to the SFO;
- Negotiation objectives, and
- Any other information not captured during the negotiation objectives process (including Lease comparables (private sector or GSA lease rates))

d. Recommendation Letter and OA

The Leasing Specialist prepares a letter recommending the space for occupancy as well as a signed OA reflecting the final negotiated terms and conditions of the lease and submits it to the agency contact for signature before award. This procedure verifies that the client agency understands and agrees with the terms of the lease.

Note: The lease cannot be sent to the successful offeror before the return of an agency-approved OA.

**PBS Milestone 8:
Signed Agreement
(OA or RWA)**

e. Obtain BA53 funding validation

The Antideficiency Act prohibits involving the Government in any obligation to pay money before funds have been appropriated for that purpose.

The BA53 account is used to pay lessors for leased space. . Certification of available funds is performed after receiving final proposal revisions but before awarding the lease.

Get a Building Number

If this leased space is new to the inventory, be sure to get a PBS inventory system building number.

4. Assemble Lease Contract Documents

This step provides documentation for Tab VII of the lease file.

When GSA pre-award reviews have been completed, the Lease Contracting Officer drafts the lease agreement. Most commercial leases use contract documents provided by the Lessor, but in

GSA lease acquisitions the lessee (the Government) supplies its own documents. The Lease Contracting Officer is responsible for confirming that the lease is carefully prepared and properly reflects the understanding of the parties. The documents must carefully reflect all terms and details agreed to, including revisions or modifications of terms arrived at during negotiations.

Best Practice

Check the lease before execution to make certain that the Lessor has not made changes.

The Leasing Specialist should assemble the lease contract documents, which incorporate the understanding of the parties. Under GSA procedures, a lease must include the following:

- [Standard Form 2 \(SF 2\)](#), “U.S. Government Lease for Real Property”;
- The SFO and amendments;
- General Clauses (Acquisition of Leasehold Interests in Real Property) version that was included with the SFO;
- Required Representations and Certifications submitted by the successful offeror;
- Mutually agreed to Lessor clauses (deviations approved by the Lease Contracting Officer);
- Floor plans and legal description of the space that the offeror submitted in its offer; and
- Pertinent portions of the offer, such as renderings of the building, site plans, and/or a subcontracting plan if required.

Approximate vs. Exact Space

The SF-2 is a placeholder for several concepts that will be reconciled later. Examples include:

- Approximate versus exact square footage
- Occupancy date
- Rent commencement date
- Annual rent based on TI expenditure.

Create a single document (2 or more copies) that combines the SF 2, SFO, GSA Form 3517, GSA Form 3518, etc. All pages of the lease must be numbered and stamped for the offeror to initial.

5. Lease Award Process

Awarding a lease means creating a legally binding agreement with terms and conditions that GSA and the Lessor must honor. It obligates the Lessor to provide the stated space and services required by our client agency, and obligates the Government to pay the agreed amount in rent.

a. Successful Offer

The acceptance of the offer and award of the lease occurs upon execution (signing) of the lease by the Lease Contracting Officer and mailing or otherwise furnishing written notification of the executed lease to the successful offeror. The steps below outline the lease award process.

- Send a pre-award lease transmittal letter to the apparent successful offeror. The letter identifies the offeror as the apparent successful offeror and is accompanied by two copies of the proposed lease. (Keep an additional copy of the lease for the GSA lease file.) The space for “Date of Lease” on the SF-2 should remain blank until execution. This letter must be carefully drafted so that it cannot be construed as the actual lease award, which does not occur and become binding until execution by the Lease Contracting Officer.
- The intended awardee must sign both copies of the proposed lease, with signatures witnessed; initial every page of the lease and floor plans; and return both copies to GSA.
- The Lease Contracting Officer checks the lease page by page to make sure that no changes have been made to the contract. The Lease Contracting Officer executes both copies of the lease, initials all pages, and inserts the date in the “Date of Lease” space on the upper left of the SF-2 form.
- One signed copy is sent to the Lessor using a transmittal letter.
- The Leasing Specialist scans the lease into eLease.

b. Notify Unsuccessful Offerors

The Lease Contracting Officer must notify unsuccessful offerors in writing when their offers are excluded from the competitive range or eliminated from the competition. Within 3 days of award, the Lease Contracting Officer must notify the offerors whose proposals were within the competitive range but were not selected for award. Post-award notices and rejection letters must be sent to each unsuccessful evaluated offeror and must include the name of the official awardee and the rent rate accepted. Other information may be included as necessary and at the discretion of the Lease Contracting Officer.

Post award notices must include:

- The number of offerors solicited;
- The number of proposals received;
- The name and address of each offeror receiving an award;
- The items, quantities, and any stated unit prices of each award. If the number of items or other factors makes listing any stated unit prices impracticable at that time, only the total contract price need be furnished in the notice. However, the items, quantities, and any stated unit prices of each award shall be made publicly available, upon request.
- The reason(s) the offeror’s proposal was not accepted, unless the price information described above readily reveals the reason. In no event shall an offeror’s cost breakdown, profit, overhead rates, trade secrets, manufacturing processes and techniques, or other confidential business information be disclosed to any other offeror.

c. FedBizOpps Synopsis of Award

Notification of contract awards is important for keeping the public informed of how the Federal Government is spending tax dollars, and for allowing potential subcontractors to learn about

projects and provide the opportunity for them to make bids. It is the job of the Lease Contracting Officer or Leasing Specialist to synopsize awards when appropriate.

[FAR 5.301](#), “Synopsis of Contract Awards,” describes the procedures for releasing award information. The FAR requires GSA to publicly disclose any lease contract awards exceeding \$25,000 (in aggregate rent) that are likely to result in the award of any subcontracts. All awards for leased space are considered likely to result in the award of subcontracts, with the exception of those for parking.

Best Practice

Post the lease contract award on FedBizOpps within 1 week of making the award—sooner, if possible.

d. Debriefing/Protests

Conducting Debriefings

Requests for debriefing are handled in accordance with [FAR 15.506](#). In general, GSA must debrief any unsuccessful offeror from which GSA has received a written request within 3 days after the offeror received notification. The debriefing should take place within 5 days after GSA receives the request.

During the process of informing non-selected offerors why they were not selected, it behooves the Lease Contracting Officer to be as forthcoming as possible to the offerors and express appreciation for their effort and time. This cultivates a partnering environment between the Government and marketplace fostering an understanding of Government needs and processes that is likely to enhance future procurement competitiveness. It also serves to assuage an offeror who may be disappointed in the outcome and provide an adequate level of transparency to dissuade a potential protest.

Debriefings of offerors may be done orally, in writing, or by any other method acceptable to the Lease Contracting Officer. The Lease Contracting Officer should normally chair any debriefing session held, with individuals who conducted the evaluations providing support. At a minimum, the debriefing information must include:

- The Government’s evaluation of the significant weaknesses or deficiencies in the offeror’s proposal, if applicable;
- The overall evaluated cost or price (including unit prices) and technical rating, if applicable, of the successful offeror and the debriefed offeror, and past performance information on the debriefed offeror;
- The overall ranking of all offerors, when any ranking was developed by the agency during the source selection;
- A summary of the rationale for award; and
- Reasonable responses to relevant questions about whether source selection procedures contained in the solicitation, applicable regulations, and other applicable authorities were followed.

The debriefing should not make point-by-point comparisons of the debriefed offeror's proposal with those of other offerors, and must not reveal any information prohibited from disclosure or exempt from release under the Freedom of Information Act. Such information includes:

- Trade secrets;
- Privileged or confidential manufacturing processes and techniques;
- Commercial and financial information that is privileged or confidential, including cost breakdowns, profit, indirect cost rates, and similar information; and
- The names of individuals providing reference information about an offeror's past performance.

Accommodating Late Requests

An offeror that fails to submit a timely request is not entitled to a debriefing. The request may still be accommodated. This delay, however, does not automatically extend deadlines for filing a protest.

An official summary of the debriefing must be included in the contract file.

Protests

In the event of an award protest, the Lease Contracting Officer must consult with the Office of Regional Counsel. Award protests are handled in accordance with GSAM 533.1 and [FAR 33.1](#). Use of alternative dispute resolution methods outlined in Executive Order 12979, "Agency Procurement Protests" is encouraged for both pre- and post-award protests. Protests must be received within 10 days after contract award or within 5 days after a debriefing date offered to the protester under a timely debriefing request. Protests are discussed further in Chapter 22, Claims and Disputes.

Additional Protest Information

Further information about handling protests can also be found in Form 3516.

e. Distribution of Lease Copies

The original executed lease is placed in the lease file. The Lease Contracting Officer should provide copies to local and headquarters representatives of the client agency; the GSA field office; FPS; and other appropriate team members so that they can take further necessary actions regarding space layout and design, alterations, move coordination, telecommunications planning, space security, and supporting service or utility contracts.

f. Post-Award Notifications

Prepare COR Designation Letters

In the GSA organization, once a lease is awarded the COR assumes responsibility for lease management. The COR designation can be applied to any person with the qualifications and training needed to administer the lease. Unless the Lease Contracting Officer will enforce and administer the lease, a COR must be designated. See Chapter 17, Lease Administration.

Net Leases

Don't forget to notify the Property Manager that they need to set up a utility contract.

Government-Provided Services

Inform the Property Manager if the Lessor has declined to provide any essential services, such as utilities, so the Property Manager can make the necessary arrangements.

Posting of Justifications for Other Than Full and Open Competitions

Section 844 of the National Defense Authorization Act for Fiscal Year 2008 stipulates the requirements regarding the public availability of justification and approval documents after the award of Federal contracts, except for information exempt from public disclosure.

A posting of the award for all leases and supplemental lease agreements awarded from an OTFO competition must be advertised in [FedBizOpps](#). That policy requires publication of such justifications within 14 days after lease award. The FedBizOpps website's Frequently Asked Questions (FAQs) webpage provides guidance on how to search for documents and upload OTFO documents (which are referred to on the FedBizOpps website as "Justification and Approval" or "J&A"). In the case of lease awards permitted on the basis of unusual and compelling urgency, Lease Contracting Officers must publish these justifications within 30 days after lease award.

Lease Contracting Officers, in consultation with the Office of Regional Counsel, must screen all justifications before publication to remove contractor proprietary data, references, and citations as needed to protect the proprietary data in accordance with the Freedom of Information Act.

Part 6: Design, TI Negotiations, and Notice to Proceed

1. Overview	2.6-2
a. Shell Definition	2.6-2
b. Tenant Improvements	2.6-2
2. Setting Up Post Award	2.6-3
a. Capability to Perform.....	2.6-3
b. Move Coordination	2.6-4
c. Project Management Support	2.6-4
d. SBA Verification—Certificate of Competency	2.6-4
e. Green Lease Requirements.....	2.6-4
3. Design Intent Drawings (DIDs)	2.6-5
a. Purpose	2.6-5
b. Preparation.....	2.6-5
c. DID Review Process	2.6-6
d. Interior Finishes.....	2.6-6
4. Construction Drawings (CDs)	2.6-6
a. Definition and Purpose.....	2.6-6
b. Preparation.....	2.6-6
c. GSA Review Process	2.6-6
5. TI Negotiation	2.6-7
a. TI Bid Process.....	2.6-7
b. GSA Reviews	2.6-9
c. Negotiation	2.6-9
6. Notice to Proceed (NTP)	2.6-10
a. Notice to Proceed (NTP) Letter.....	2.6-10
b. TI Overage	2.6-11

1. Overview

After award of the lease, several actions occur to make the space ready for occupancy by the client agency. The overall goal is to take space from the raw “building shell” condition to a finished, usable state by constructing and installing the finishes and fixtures known as “tenant improvements” (TIs), which are funded by the TI allowance in the lease.

a. Shell Definition

The PBS shell definition is found in its entirety in the lease [SFO](#) and Pricing Guide (http://www.gsa.gov/graphics/pbs/Pricing_Desk_Guide_4th_Edition.pdf). Among the items included in the shell cost are the completed base structure and enclosure components. In general, the SFO specifies that unless an item is specifically identified as a tenant improvement, it is considered a shell item.

The “Warm Lit Shell”

The GSA definition of a “warm lit shell” may vary from industry definitions. The SFO defines exactly what we mean.

b. Tenant Improvements

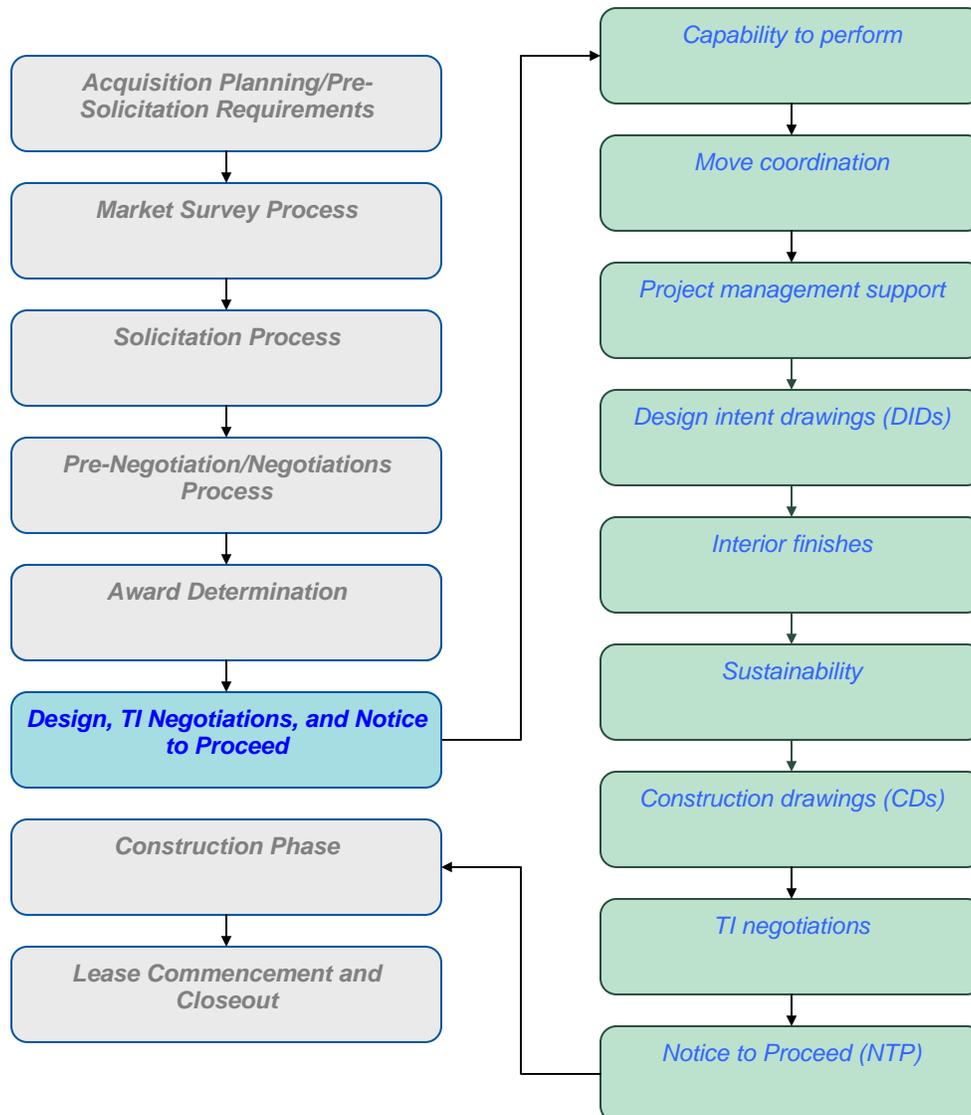
TIs encompass the initial improvements to the shell that are performed to deliver the leased space. They are distinct from later alterations that occur during the lease term, which are funded from different sources (discussed in Chapter 8, Alterations).

The following are the major steps in this part of the process:

- Design layout preparation—Design intent drawings (DIDs) for the tenant improvements are generally prepared by the Lessor. Once they are approved, the Lessor finalizes construction drawings (CDs) for building out the space.
- TI submittal, review, negotiation, and notice to proceed—The Lessor submits proposed competitive pricing of TI costs. Upon review and approval, GSA authorizes the Lessor to proceed with construction.

The following illustration shows the space design and build-out process. Each step label is linked to the section that discusses the topic.

Post-Award Process



2. Setting Up Post Award

a. Capability to Perform

After award, the winning offeror must provide additional information regarding its capability to perform the lease, including:

1. A firm commitment of funds in an amount sufficient to perform the work. Within 30 days from lease award, the winning offeror must provide a conditional commitment of funds, equal to or greater than the tenant improvement allowance. A firm commitment of funds must be delivered to the Lease Contracting Officer within 60 days of award. After final acceptance and

mutually agreed measurement of the leased space, recertify the availability of funds. It is necessary at this point to capture changes to the acceptance/effective dates, square footage, rental amount, or fiscal year crossover.

2. The names of at least two proposed construction contractors, as well as evidence of the contractors' experience, competency, and performance capabilities with construction similar in scope to that required.
3. The license or certification to practice in the state where the facility is located from the individuals and/or firms providing architectural and engineering design services.

Failure to meet any of these scheduled actions may be considered grounds for terminating the contract for default. The Office of Regional Counsel will review issues arising during contract administration that affect job progress, and the Lease Contracting Officer should consult them as needed.

b. Move Coordination

Client agencies are responsible for funding their own physical moves and telecommunication costs. Client agencies in both federally owned and leased space can expect to fund all move costs at the end of their OA term.

c. Project Management Support

GSA has established guidelines regarding the issues that Leasing Specialists need to consider when allocating resources to support the construction/project management phase of lease projects (size, complexity, availability of local GSA associates and/or IDIQ contractors, etc.). Among the primary concerns is that the Leasing Specialist have access to those with sufficient technical expertise to adequately oversee the Lessor's construction activities. See the "Criteria for Tenant Improvement (TI) Project Management Support" in Appendix C.

d. SBA Verification—Certificate of Competency

Another concern is whether a small business is competent to perform the services that the SFO requires. For example, a small business firm may be the low offeror in terms of price, but the Lease Contracting Officer may judge that it lacks the capacity, or some other element of responsibility, to fulfill the acquisition, and therefore would not be awarded the contract. If a small business is found non-responsible, the procedures found in [FAR 19.6](#) apply. The Lease Contracting Officer must notify the SBA, which would then review the small business's responsibility. If the result is favorable, the SBA issues a certificate of competency that in effect reverses the Lease Contracting Officer's decision regarding the prospective contractor's lack of responsibility.

e. Green Lease Requirements

The green lease or sustainability requirements of our leases are important and sensitive to our customers, our stakeholders, and the general public. Therefore, post-award activities must include review and enforcement of these requirements.

3. Design Intent Drawings (DIDs)

a. Purpose

DIDs are drawings that show partitions and doors, schematic demolition, voice, data, and electrical outlet locations, level of finishes, generic furniture layout, and any additional details necessary to communicate the “design intent” to the Lessor’s architect for the purpose of preparing construction documents.

It is important to manage customer expectations regarding the design features. All design elements will have consequences for the build-out costs. The DIDs are also an opportunity to make sure that the agency takes full advantage of the TI allowance to improve its final use of the space.

Design intent drawings are developed using the drawings provided by the Lessor. They detail the tenant improvements to be constructed by the Lessor within the Government-designated area and become the basis for the final construction drawings. DIDs do not contain mechanical, electrical, or plumbing specifications or drawings. They do not carry furniture or computer and telecommunication specifications; nor do they contain signage, artwork, keying, or hardware schedules.

b. Preparation

The lease specifies whether the DIDs are prepared by the Lessor or the Government.

- Lessor—Lessors typically prepare DIDs as part of shell rent. This approach generally offers an acceptable delivery time, and uses the expertise of professional architecture/engineering staff who are familiar with the building. In this approach, however, the Lessor may offer design features or items whose cost will exceed the TI allowance.
- Government
 - GSA—GSA may use in-house space planners or contract services to prepare the DIDs. These services are paid by the client agency via RWA. The SFO should reflect that the Government will prepare and provide the DIDs to the Lessor so the client agency has a potentially lower shell rent. This approach may give GSA more control over the schedule. However, planning is required to allocate technical resources and/or funding availability.
 - Client agency—The client agency is familiar with its space and design requirements. However, GSA has less control over the schedule and delivery date. If the client agency prepares the DIDs, the SFO must reflect that the Government will prepare and provide the DIDs to the Lessor so the client agency has a potentially lower shell rent.

Start This Discussion Early

The issue of who will prepare the DIDs should be broached early in the lease acquisition process, during initial requirements development. The selected approach should be stated in the SFO. The choice will affect design meeting scenarios and schedules.

Remember to consult with your concessions coordinator during DID preparation for any Randolph Sheppard requirements.

c. DID Review Process

For Security Level 3 clients in single-tenant buildings and Security Level 4 clients, DIDs should be treated as sensitive but unclassified (SBU) documents. Ideally, however, GSA and the agency should have determined whether this procurement (or particular drawings) involved SBU information early on, during assessment of the agency's special needs and requirements.

Fire Life/Safety Reviews

DIDs should be submitted to the GSA Fire Protection Engineer for review and approval. This review will examine furniture plans, and other details that show exit paths, emergency lighting, and sprinklers. Any changes to layout or DIDs from fire and life-safety and/or FPS review must be re-submitted to the client agency for concurrence.

The client agency must approve DIDs by signature or email, and the Lessor cannot proceed to other steps until it receives final approved drawings from the Lease Contracting Officer.

d. Interior Finishes

Interior finishes should be provided by the Lessor and selected by the agency during design. Sample selections should be documented in the lease file. The Leasing Specialist should seek technical expertise to confirm that the finish selections chosen comply with the SFO standards.

4. Construction Drawings (CDs)

a. Definition and Purpose

Construction drawings (CDs), which are sometimes referred to as “working” or “sealed” drawings, provide the specifications, engineering calculations, and construction details necessary to construct the space. They are also the basis for determining code compliance, obtaining building permits, evaluating contractual performance, and determining legal liability for occupants' safety and welfare. CDs reflect both the lease requirements and specifications in the DIDs. They must also conform to accessibility standards in the lease.

b. Preparation

GSA must send a letter to the Lessor transmitting approved DIDs and also requesting that CDs be developed.

c. GSA Review Process

GSA and the client agency review the CDs. The Leasing Specialist will engage a design professional either in-house or contract to review these documents for input and comment.

The GSA review is not an “approval.” It is limited to evaluating the construction documents’ conformance to the specific requirements of the lease and to the approved design intent drawings, and it must be completed within the time frame specified in the lease. Should the GSA or the client agency require that modifications be made to the Lessor’s construction documents, GSA will provide this notification in writing to the Lessor, and will request a specific time period to correct all noted defects before a subsequent review. Preparation of the construction drawings is priced as part of the TI allowance.

Fix It Now

Carefully reviewing the DIDs and CDs for adherence to the SFO will avoid costly mistakes and change orders. It’s less expensive to find and correct mistakes on the CDs now than to discover them after construction begins.

Upon completion of any required corrections, GSA ascertains conformance of the construction documents to the design intent drawings. Regardless of GSA’s review of the construction documents, the Lessor is solely responsible and liable for the technical accuracy of the construction documents in meeting all requirements and provisions of the lease and the Government-approved design intent drawings. The Lessor then obtains the necessary permits and may begin construction of the shell space. The tenant improvement cost negotiation must still take place. As part of the CDs, the Lessor’s architect will produce the finish schedule.

CDs Don’t Belong in the Lease

It is not appropriate to incorporate construction drawings into a lease. Doing so shifts unnecessary risk to the Government.

5. TI Negotiation

a. TI Bid Process

According to FAR 15.406-3, the Contracting Officer must document in the contract the required and the principle elements of the negotiated agreement to demonstrate fair and reasonable pricing. The Contracting Officer and Lessor can negotiate the final cost of TI based either on detailed cost or pricing data, or on the results of a competitive proposal process handled by the Lessor.

[FAR 15.406-1](#) states, “The Contracting Officer shall establish pre-negotiation objectives before the negotiation of any pricing action.”

Competitive Process

Evidence of Competitive Bidding Process or Cost or Pricing Data for TI Costs. This may be a letter or e-mail from the Lessor, a copy of the bids obtained (three competitive bids), cost and pricing information if applicable, etc. See [FAR 15.400](#).

In lieu of submitting detailed cost or pricing data and entering into negotiations to determine a final cost for the subject work, the Government may negotiate a price based upon the results of a competitive proposal process. In this case the following conditions must be met:

- The Tenant Improvements scope of work includes the lease, the SFO, all SFO attachments, the construction drawings/documents, and written specifications. In cases of discrepancies, the Lessor must immediately notify the Lease Contracting Officer for resolution. All

differences will be resolved by the Lease Contracting Officer in accordance with the terms and conditions of the lease.

- No building shell items must be included in the pricing for the Tenant Improvements.
- Each proposal must be submitted in the attached Tenant Improvement Cost Summary table by the proposed general contractors (or subcontractors) and reviewed by the Government. The general contractors must submit the supporting bids from the major subcontractors. The Government reserves the right to determine whether bids meet the scope of work, that the price is reasonable, and that the Lessor's proposed contractors are qualified to perform the work. The Government reserves the right to reject all bids, at its sole discretion.
- A minimum of two qualified general contractors must be invited to participate in the competitive proposal process. Each participant must compete independently in the process. In the absence of sufficient competition from the general contractors, a minimum of two qualified subcontractors from each trade of the Tenant Improvement Cost Summary table must be invited to participate in the competitive proposal process.
- The Government reserves the right to be represented at all negotiation sessions between the Lessor and potential contractors.
- The Lessor must demonstrate to the Government that best efforts have been made to obtain the most competitive prices possible, and the Lessor must accept responsibility for all prices through direct contracts with all contractors.
- The Lessor must complete the competition and the cost proposal process in the time frame specified in the "Construction Schedule of Tenant Improvements" paragraph in the SFO.
- Once the Government determines that there is adequate competition, and upon the Government's acceptance of the Lessor's cost proposal based upon that competition (provided the Lessor selects the competition's lowest priced bid of a contractor qualified to perform the subject work), the Lease Contracting Officer must issue to the Lessor a notice to proceed for the work.
- The Lessor must complete the work within the time frame requirements illustrated in the "Construction Schedule and Acceptance of Tenant Improvements" paragraph in the SFO.

CORS should consult with their regional A/E or estimator to determine an acceptable range for the Lessor's overhead and profit fees.

Tenant Improvements Cost Summary (TICS) Table

Lease build outs for general purpose office space tenant build out or alterations in existing office space must use the TICS table as a tool for calculating and recording a Lessor's proposed tenant improvement (TI) and shell costs.

An Independent Government Estimate using the same TICS table must be provided using Design Intent Drawings along with construction documents, if available, or other scope documents with sufficient detail for estimating purposes.

The TICS table segregates TI from Shell costs per the Pricing Desk Guide to eliminate the inclusion of shell improvements in TI costs. The cost segregation is also helpful for conducting negotiations.

The table is closely modeled after the Construction Specifications Institute's (CSI's) Masterformat. The table allows for the functional elements of alterations to be clearly separated into shell and TI categories and makes price evaluation more intuitive and standardized.

Completion of the table is self-explanatory. The Lessor inputs the proposed costs for each of the indicated elements, which are broken out into shell and TI categories. The Lessor then submits the completed table using the instructions set out in the solicitation for offers Tenant Improvements Pricing Requirement paragraph.

In addition, the table outlines all the respective trades that must be represented for a competitive proposal process among subcontractors for TI work, if there is an absence of sufficient competition from the general contractors. FAR 15.406-3 states that the contracting officer must document in the contract file the principal elements of the negotiated agreement as well as provide required elements. Further, it requires documentation for fair and reasonable pricing. The TICS table provides a practical tool for meeting these requirements.

b. GSA Reviews

The Leasing Specialist with appropriate technical support should review the competitive bids to determine their reasonableness. The following items should be considered in reviewing TI requirements:

- Confirm that the Lessor received bids from two or more general contractors or that the general contractor received bids from two or more sub-contractors for each major discipline.
- Confirm that TI and shell bids were broken out in a TI Cost Summary (TICS) Table.
- Confirm that shell items are not included in TI costs.
- Review the TI bid against an Independent Government Estimate (IGE) if applicable.
- Check that fees align with those stated in the offer.
- Check whether fees were negotiated pre- or post-award.

c. Negotiation

Once the reviews are complete, the Leasing Specialist should inform the Lessor of any discrepancies. Revised bids may be required in order to comply with the above parameters. Any revised bids should be reviewed to verify that price adjustments were made and bids are in compliance. The Leasing Specialist should also note if any the bids failed to comply or if all bidders submitted revised bids and competition was maintained until the end of the process

Even if the bids are lower than the TI allowance, the Leasing Specialist must negotiate with the Lessor to verify that the lowest bid is fair and reasonable as it is in compliance with the above parameters. The Leasing Specialist may request technical support to assist during negotiations.

TI PNM

This step produces documentation for Lease File Tab VII.

[FAR 15.406-3](#) states, “The Contracting Officer shall document in the contract file the principal elements of the negotiated agreement,” as well as providing required elements. It also requires documentation on pricing used by the Lease Contracting Officer to determine that pricing is fair and reasonable.

Appendix C contains a template for a PNM to document the fair and reasonable pricing determination. It contains nonprinting blue instructional text to assist those preparing the PNM for the Lease Contracting Officer’s signature. This template is available in eLease. An alternative document may be used, but it must conform to the [FAR Part 15.4](#) requirements.

The Leasing Specialist or contract support person must prepare the PNM and obtain the Lease Contracting Officer’s signature before issuing a Notice to Proceed (NTP) for tenant improvements.

6. Notice to Proceed (NTP)

The notice to proceed can be granted if:

- Competition for the construction contract award is deemed adequate.
- The Lessor’s cost proposal is accepted (it is based on the lowest bid by a qualified contractor and determined to be reasonable).
- Final DIDs are approved, and all CDs are completed.
- Funds are available. Funds are secured via a signed occupancy agreement and/or RWA. The Leasing Specialist must reconcile (match) Reimbursable Work Authorizations received against the Tenant Improvement Allowance.
- Set up pre-construction meeting.

The notice is given in writing and binds the Government contractually. The content of the notice letter depends on whether the construction contract was awarded competitively or on the basis of cost and pricing, and whether the cost is below or exceeds the TI allowance. If it exceeds the TI allowance, the notice must be accompanied by an SLA. The notice must state the price that has been agreed upon, not a “not to exceed” figure.

a. Notice to Proceed (NTP) Letter

Most leases contain language requiring a Lease Contracting Officer to issue an NTP upon determination of adequate competition (or per the FAR, cost and pricing data in the absence of competition) and acceptance of the cost proposal.

Appendix C contains a template NTP letter. It contains nonprinting blue instructional text to assist those preparing the NTP for the Lease Contracting Officer’s signature. This template is available in eLease. An alternative document may be used, but it must contain essentially the same information.

b. TI Overage

In many cases, the actual TI cost exceeds the TI allowance. Leasing Specialists must keep the client agency apprised of this during negotiations. Before issuing the NTP, the Leasing Specialist must confirm that the client agency has authorized this additional expenditure and obtained sufficient RWA funds for the excess TIs. Under these circumstances, an SLA ordering the excess TIs must accompany the NTP. At the time of NTP, the amount obligated by the SLA or letter must be entered into Pegasys to account for the obligation against the RWA and to get the Pegasys Document Number (PDN). The overage amount and PDN must be documented in the SLA.

Appendix C contains a template SLA to order excess TIs. It contains nonprinting blue instructional text to assist those preparing the SLA for the Lease Contracting Officer's signature. This template is available in eLease.

TI-RWA Tracker

GSA uses a spreadsheet template to track obligations against the RWA. Additional guidance in eLease deals with amending RWAs and verifying that charges are made against the right RWA.

1. Using the TI-RWA workbook (see Appendix C for link), enter the Lessor's cost proposal on the TI Tracker sheet. Use this spreadsheet to summarize changes to the Lessor's TI cost proposal, whether by application of unit prices contained in the lease or by negotiations. In instances where the NTP for tenant improvements is for an amount less than the TI allowance, some changes during construction may be charged against the available TI allowance. Use the TI Tracker to make adjustments in the appropriate Unifomat system element so we always know the TI amount expended.

The cells for the Lessor's fees do not contain formulas since the basis for the fees may vary from one project to another. Enter the correct formula or amount as needed. The ANSI/BOMA Office Area (ABOA) square feet, the TI allowance, and the adjusted Lessor's costs will carry over to the RWA Input sheet and the RWA Tracker sheet.

2. Once the Lease Contracting Officer determines that the offered TI cost is fair and reasonable, prepare the TI PNM, the NTP, and, if needed, the SLA to order excess TIs once we receive an RWA from the agency as well as its concurrence for the expenditure.
3. If the Lease Contracting Officer receives RWAs from the agency for a project, use the RWA input sheet to enter the RWA number, the date PBS accepted the RWA, and the RWA amount and purpose. Once GSA obtains the RWA number from IRIS, provide the agency with a copy of the RWA that includes the RWA number, its signature, and PBS's signature.
4. Once the Lease Contracting Officer inputs RWA information on the RWA input sheet, the RWA Tracker sheet will provide the available balance of the RWA funds.
6. If the Lease Contracting Officer orders additional items after issuance of the NTP, GSA must always evaluate those additional costs to determine that they are fair and reasonable.
7. GSA must always obtain prior concurrence from the agency before expending any funds in the RWAs. Appendix C contains a template for obtaining the agency's concurrence.
8. The Lease Contracting Officer must always obtain a Pegasys Document Number before ordering any alterations or other items using the RWA funds and must record the obligations against the RWA at the time incurred. *Do not wait until the space is accepted to enter the*

ordered items and amounts into Pegasys, as this understates the Government's financial obligations.

9. The Lease Contracting Officer be sure that to use RWA funds intended for the project at hand. Do not charge one RWA with expenses for another project until such time as the agency has properly amended the original RWA to allow expenses for the project at hand.
10. In many instances, GSA receives RWAs for costs other than TIs in connection with the project. If this is the case, be sure that any orders for items such as systems furniture and move contractors are shown on the RWA Tracker so an accurate balance is always available to the customer agency. Coordinate these orders with the ordering associate and provide the RWA available balance to that associate.
11. Each time the Lease Contracting Officer places an order against an RWA, provide an updated copy of the RWA Tracker to the customer agency for its records. This tool enables GSA to tell our customer agencies how we spent their money and the amount of any available balance. The RWA Tracker was designed to coordinate that information for both PBS' and the agencies' financial books.
12. Since GSA will be tracking all RWA expenditures, the agency will also have a running total of the TIs, so reconciliation and preparation of a final OA will not be delayed at space acceptance. RWA administration requires consistent and timely communication between the Leasing Specialist and the budget analyst.

Part 7: Construction Phase

1. Overview	2.7-1
2. Kickoff Meeting	2.7-2
a. Attendees	2.7-2
b. Agenda	2.7-3
c. Meeting Minutes	2.7-4
d. Other Items	2.7-4
3. Progress Inspections	2.7-4
4. Change Orders	2.7-5
a. Lessor Changes	2.7-5
b. Government Changes	2.7-6
5. Acceptance Inspection	2.7-7
a. Receive Notice from Lessor	2.7-7
b. Invite Inspection Participants	2.7-7
d. Inspection and Acceptance	2.7-8
e. Acceptance Determination	2.7-8
f. Re-inspect as Necessary	2.7-9

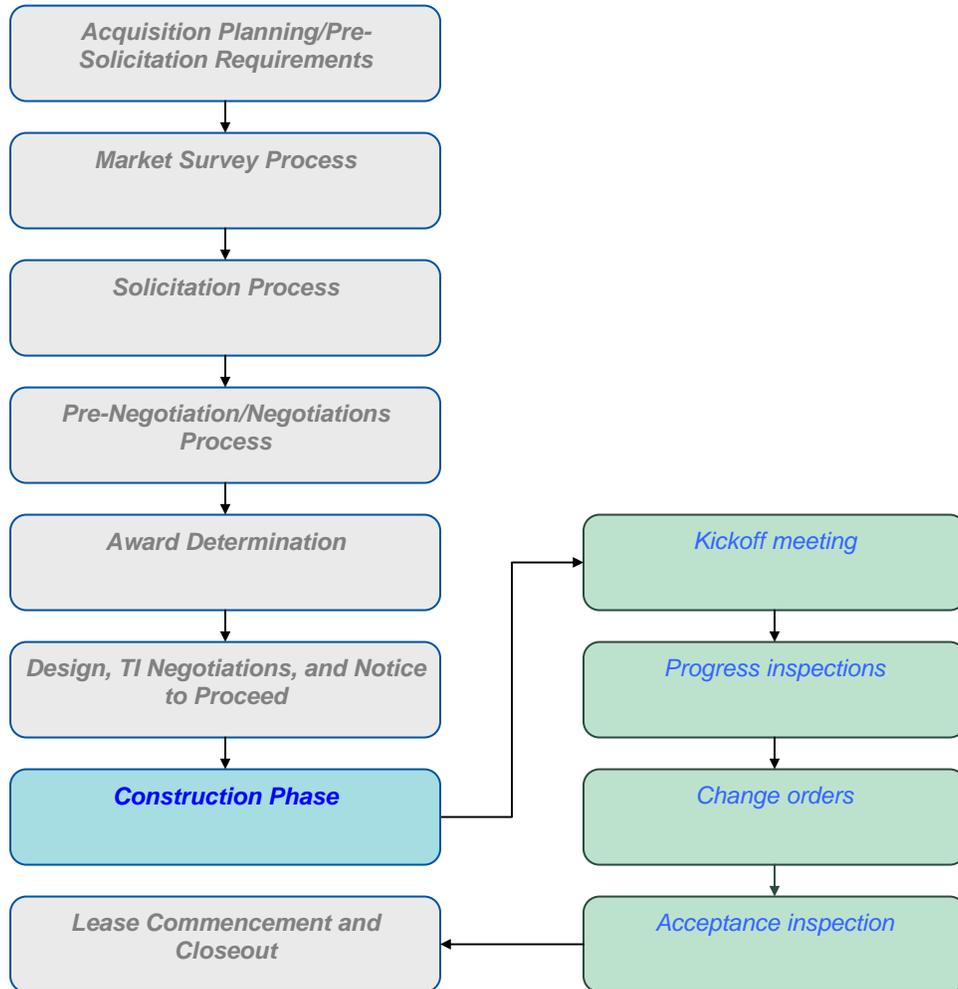
1. Overview

The construction phase of the project—which begins after the Lease Contracting Officer issues a Notice to Proceed for the tenant improvements—involves the build-out of the space by the Lessor. This part will discuss key elements of this phase, which include the construction kickoff meeting, progress inspections, changes orders, and the acceptance inspection.

Technical support is integral to the success of this phase of the project. The Leasing Specialist must work cooperatively with team members; field office representatives, engineers, space planners, and others throughout this phase to note construction progress and deficiencies.

The following illustration shows the construction phase. Each step label is linked to the section that discusses the topic.

Construction Phase



2. Kickoff Meeting

The kickoff meeting is an important part of the construction phase, as it establishes the protocol and expectations for all team members for this part of the process. The timing of this meeting is important; it should occur before commencing any TI construction but after the Lease Contracting Officer has issued the Notice to Proceed. The sections below discuss the proposed attendees and agenda.

a. Attendees

The complexity of a project may determine the appropriate attendees. The following people typically attend:

- GSA Leasing Specialist and/or Lease Contracting Officer;

- GSA Technical Team (engineer, space planner, etc.);
- GSA field office representative;
- Agency representatives;
- FPS inspector;
- National broker (if applicable);
- Construction manager (CM), if applicable;
- Lessor:
 - Lessor's general contractor (GC);
 - Lessor's Architect;
 - Lessor's Project Manager (PM);
 - Lessor's subcontractors.

b. Agenda

The main purpose of the kickoff meeting is to establish roles, responsibilities, procedures, and the construction schedule. The following are typical agenda items for the kickoff meeting:

- Introductions and attendance;
- Roles and responsibilities: Establish points of contact (phone numbers, emails, etc.), roles, and decision-making individuals for Lessor and GSA team;
- Change order procedures: Emphasize that the Lease Contracting Officer is the only person authorized to approve change orders and obligate additional funds;
- Construction schedule review: Identify any critical time frames when a progress inspection should occur (such as before drywall is installed);
- Progress inspections, reports, and construction meetings schedule: These time frames are referenced in Section 5.0 of the SFO, in the *Progress Reports* paragraph;
- Review of finish selections or finish selection and approval process;
- Furniture delivery and installation timing in relation to construction schedule;
- Phone, data, and security systems installation in relation to construction schedule;
- Unique security concerns (controlled access, clearance of workers, and safeguarding Sensitive But Unclassified information);
- Material Safety Data Sheet (MSDS) submittals (if necessary and applicable);

- Walk-through of space.

c. Meeting Minutes

Meeting minutes must be taken at the kickoff meeting and any subsequent construction meetings. In accordance with Section 5.0 of the SFO, *Progress Reports* paragraph, the Lessor is responsible for taking and distributing minutes of these meetings.

d. Other Items

If the *Labor Standards* paragraph is in Section 1.0 of the SFO and applies to the offered space, the submittal process for *Davis-Bacon Interview Forms and Wage Payment* should also be discussed (GSAM 522.406 and <http://www.armet.gov/GSAM/current/html/Part522.html#wp1859266>). Please see Chapter 14, Lease Construction, for more information.

If a subcontracting plan was required as part of the offer, *Standard Forms 294 and 295, Reporting on Subcontracting Goals*, should also be discussed. (See http://pbsportal.pbs.gsa.gov:7777/portal/page?_pageid=80,110603&_dad=portal&_schema=PORTAL.)

3. Progress Inspections

During construction, the Government may conduct regularly scheduled progress inspections or inspections at critical points. Though Leasing Specialists will not always conduct progress inspections, they will need to stay informed of any issues these inspections uncover before the build-out is completed.

Periodic progress inspections are important for:

- Verifying compliance with the lease construction schedule and lease construction drawings; and
- Observing the quality of construction work, and reducing the amount of costly rework.

Right of Access

The SFO specifies that the Government may access any space within the building during interior construction to perform inspections or install Government-furnished equipment.

The Lessor should record minutes for each meeting with GSA regarding progress inspections. During construction, if the Lessor discovers instances where the Government's directives conflict, the Lessor should immediately notify the Lease Contracting Officer so that the Government can decide to how to proceed beyond the building shell.

Each project may have specific items that are important to observe during a progress inspection. The following items are some examples:

- Wall locations or any critical "hold to" dimensions;
- Wall type (perimeter walls/slab to slab/ceiling height);
- Progress of work (in line with construction schedule);

- Ballistic material under the drywall;
- Wire mesh;
- Soundproofing;
- Outlet locations (core drills);
- Cabling;
- HVAC units (such as those dedicated to a server room); and
- Restroom ABAAS compliance.

4. Change Orders

Technically, a change order is a “unilateral written order by a project owner directing the contractor to change contract amount, requirements, or time. Such changes must be within the scope of the contract and in accordance with the contract’s changes clause to be legally implemented without the consent of the contractor.”² GSA more broadly includes changes requested by the Lessor in the definition. Any costs associated with a change must be determined to be fair and reasonable. A change may also result in a reduction of costs to the Government.

As indicated in the definition above, when GSA orders a change from a Lessor (or agrees to a change initiated by a Lessor), the Lease Contracting Officer must provide a written order to the Lessor identifying the scope of the change, costs, schedule, and any other pertinent provisions. If a change results in neither a cost or schedule modification nor a devaluation of the products and services to which the Government is entitled under the lease, GSA may issue a no-cost change order to the Lessor. In any case, the lease and/or design documents should be updated to reflect the change.

a. Lessor Changes

Whenever a change is initiated by the Lessor, the Lease Contracting Officer should be notified and apprised of the scope of the change. The Leasing Specialist and/or Lease Contracting Officer can then discuss the implications of the change with the client agency to confirm that the client’s goals can still be accomplished. If not, the Leasing Specialist and/or Lease Contracting Officer should discuss with the Lessor alternatives that will be acceptable to the client and, if possible, mutually beneficial to the Lessor. If it becomes necessary for the Government to compromise any lease requirement to accommodate the Lessor, the Leasing Specialist and/or Lease Contracting Officer should expect and require an equivalent value of compensation from the Lessor, either monetary in the form of reduced rent or other benefit of equal or greater value to the Government. All changes should be memorialized in the lease through a Supplemental Lease Agreement and in the design documents.

² BusinessDictionary.com

In some cases, the Lessor may suggest changes that will enhance the Government's beneficial occupancy but for which the Lessor derives no direct benefit. In these instances, the concepts under "Government Changes" below should be employed.

b. Government Changes

When a change is initiated by GSA, it is generally on behalf of the client agency and usually the result of a refinement of the agency's mission, a change in requirements or of value engineering. The scope of the change must be clearly written and provided to the Lessor for pricing. It may be necessary to require the Lessor to provide drawings or other submittals sufficient for GSA to determine that a meeting of the minds has been achieved regarding the change desired. GSA should be prepared to remunerate the Lessor for design costs, even if a change order is not ultimately issued. The Leasing Specialist and/or Lease Contracting Officer should negotiate the design costs with the Lessor in advance, notify the agency of the costs, and secure funding before issuing a notice to proceed with design.

As with design costs, GSA requires that the agency execute an updated Occupancy Agreement, RWA, or other funding instrument before issuing the change order to the Lessor. Additionally, the following considerations apply:

- A change order must be reviewed and approved in writing or, in an emergency, orally, and then confirmed in writing by the Lease Contracting Officer.
- Payment for change orders must be discussed and agreed upon by the Government and Lessor before the work is started. The discussion must determine whether the Government will be paying lump sum via an RWA or whether the cost will be amortized through the rent.
- The tenant agency cannot request a change to the scope of the project that will result in additional costs unless approved in writing by the Lease Contracting Officer. If the Lessor makes changes to the scope of the project on the request of the tenant agency, completes the work, and does not get advance approval in writing by the Lease Contracting Officer, then the Government is not liable for the cost of those changes. This should be conveyed to the Lessor during the first construction meeting.
- The Lessor or its architect/general contractor must maintain a change order log and keep it current throughout the term of the project.
- Change orders must be substantiated by an IGE to determine that pricing is fair and reasonable. The pricing for the change order does not have to be automatically accepted; it can and should be negotiated.
- The change orders and payment for them must be memorialized in a Supplemental Lease Agreement either as they occur or at the completion and final reconciliation of the project.
- Government change orders may not be initiated by anyone other than the Lease Contracting Officer.

An oversight in the Lessor's preparation of TI pricing does not constitute a change in costs to the Government. However, if a Lessor's request for additional payment in a particular instance is fair reasonable considering the total TI costs, and if funding is available from the client agency, the Lease Contracting Officer may consider it prudent to compensate the Lessor.

If the agency missed something in its original requirements or DID, it should be advised that this change could result in additional costs and that it will be at the agency's expense.

If unforeseen or unforeseeable costs are incurred during the construction phase, the costs of any potential change orders should be discussed with the agency and agreed upon with the Lessor before issuance. For instance, if the Lessor was not aware that it had to get a floor x-rayed before core drilling, then the cost for the x-ray would be discussed and negotiated.

5. Acceptance Inspection

In the final inspection for space acceptance, the Government verifies that the space meets all the performance requirements of the lease agreement and the design intent drawings. This inspection is a crucial turning point, because it establishes whether the space is "substantially complete," meaning that all work has been finished, and the space will serve its intended function and rent will commence. Extreme care is required in arriving at this decision, since failure to notice flaws or shortcomings in the construction can have costly ramifications later on after the client agency has moved into the space.

**PBS Milestone 13:
Substantial
Completion**

Conducting the final acceptance inspection consists of the six steps discussed below.

a. Receive Notice from Lessor

Before completing interior construction, the Lessor must advise the Government in writing to inspect the space. The lease itself will specify the number of days before completion that the Lessor must issue this notice, and the number of days the Government has to inspect and either accept or reject it. During construction GSA should be monitoring the schedule, conducting periodic inspections, and keeping themselves and other stakeholders informed about progress.

b. Invite Inspection Participants

Inspections can be done by the Lease Contracting Officer or designated official, but the Lease Contracting Officer makes the ultimate decision on accepting space. The schedule for the acceptance inspection may accommodate the participation of the following parties:

- Leasing Specialist (who may be represented by the technical representative);
- Engineer/CM/space planner;
- Field office representative;
- Agency representative;
- Lessor, possibly accompanied by a general contractor;
- Federal Protective Service;
- Fire Protection Engineer; and

- Broker (if applicable).

d. Inspection and Acceptance

Conducting the inspection involves walking around the interior space, common areas, and exterior. The Leasing Specialist or designee should make a note of all deficiencies to create a “punch list” for further action.

The following are the types of issues to look for during the inspection:

- Measurements—The final measured space must contain the minimum ANSI/BOMA office area square footage required by the lease.
- The overall condition of the space—Should be clean, complete, ready to move in.
- Finishes—Should be fully installed, with the specified materials, in a workmanlike manner.
- Partitions, doors, and hardware—Should be the correct type.
- ABAAS compliance—Entrances and ramps, restrooms, elevators. An accessibility checklist identifies the most common specific issues that need to be considered in designs. They involve parking, entrances, doors, elevators, drinking fountains, ramps, restrooms, and miscellaneous other requirements. A full checklist can be found in Appendix B.
- Restrooms—Should be fully equipped and stocked, with working fixtures.
- Adequate light levels.
- HVAC balancing.
- Electrical outlets—Should be operable, the correct type, and placed properly.
- Special requirements.
- Security items, such as blast film.

Round 'Em Up

Keep all inspection participants together—everyone’s notes should be based on the same observed evidence.

e. Acceptance Determination

Before GSA can accept the space, it must be “substantially complete.” This means that all work necessary for the Government’s access, occupancy, use, and enjoyment has been completed, except for minor matters that don’t interfere with access, occupancy, use, or enjoyment. If it is not capable of being used for its intended purpose and delivering its intended benefits, then it is not substantially complete and GSA may not accept the space.

Additionally, the lease requires the Lessor to provide a valid certificate of occupancy. Some jurisdictions follow a two-phase process that involves issuing a temporary certificate of occupancy, which is acceptable. If the local jurisdiction does not issue certificates of occupancy, the Lessor must have a licensed fire protection engineer verify that the space meets all applicable local codes and ordinances to provide an acceptable level of safety. It is important to understand that

the certificate of occupancy is essential and required for GSA acceptance of the space, but it is not in itself sufficient for that purpose. The certificate of occupancy verifies that the space meets local legal and code requirements, but it does not verify compliance with the lease.

Documenting the Decision

GSA must document its acceptance decision with the completed [GSA form 1204](#), [Condition Survey Report](#) or similar form signed by the Lessor, client agency, and GSA.

If the space is deemed substantially complete, the Government accepts the space and requests a schedule for resolving punch list items, and the Lessor turns over keys to the client agency. The remaining punch list items and a schedule for fixing them can be documented in an SLA, if the additional work will go on for more than 7 days or beyond the move-in date.

If the GSA rejects the space as not substantially complete, then GSA must explain to the Lessor what is required to reach substantial completion. The Lessor should immediately undertake remedial action and, when the space is ready, issue a subsequent notice to inspect to the Government.

Provide the field office with copies of all correspondence.

f. Re-inspect as Necessary

GSA does not always accept space after the first inspection. Re-inspect to determine substantial completion, if the space was initially rejected, or to resolve all remaining punch list items. Document the items that have been completed, the ones that are still pending, and any new problems discovered.

Good Practice

As dictated by the SFO, the Leasing Specialist should get as-built drawings.

Part 8: Lease Commencement and Closeout

1. Overview	2.8-1
2. Lease Commencement Supplemental Lease Agreement	2.8-2
3. Processing Lease Payment and Client Billing	2.8-3
4. Close-out of Existing Lease	2.8-4
5. Post-Occupancy Deliverables	2.8-4

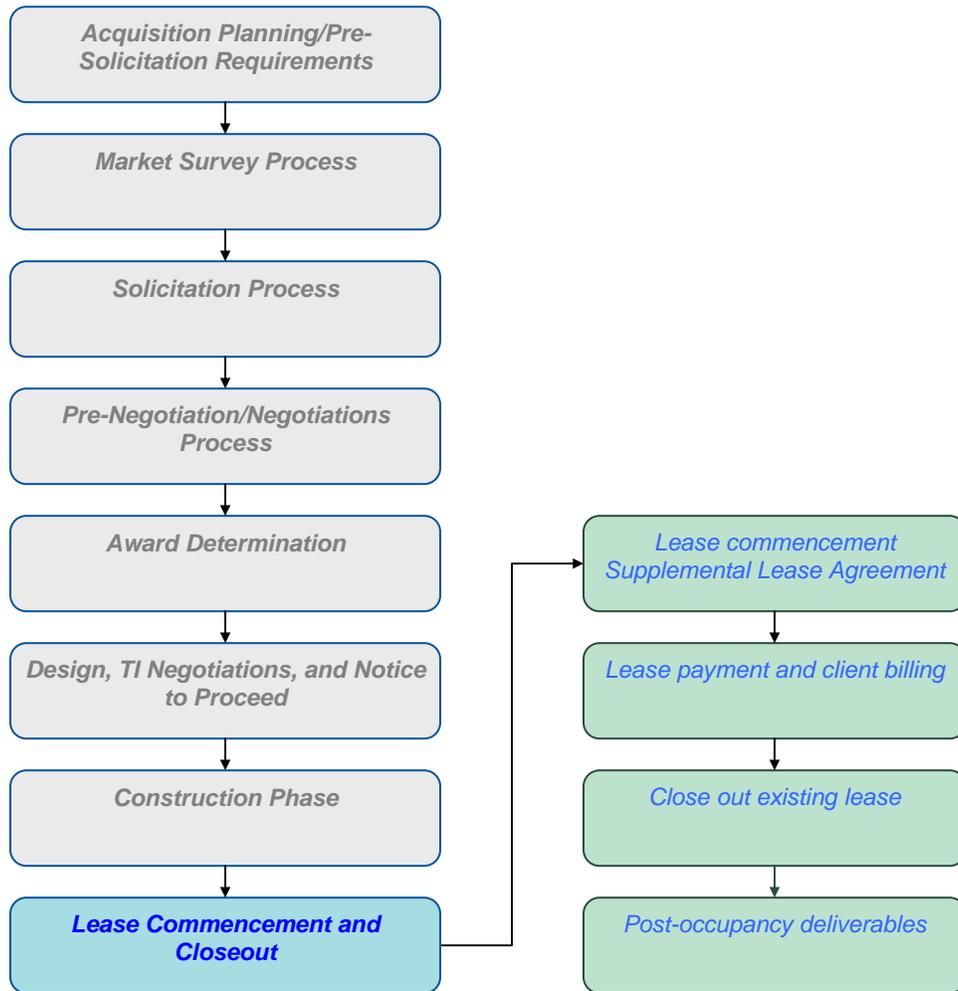
1. Overview

Once GSA determines that the space is substantially complete and accepts it, the official start date for occupancy and paying rent must be established. GSA must help the client agency plan and coordinate the dates for its move. Moving in the client agency's furniture and equipment can amount to de facto acceptance of the space.

- Lease activation—Upon acceptance of the space, the lease is activated, the client agency occupies the space, and rent payment begins.
- Project closeout—The lease acquisition project is closed out.
- Post-occupancy deliverables—The Lessor provides a number of standard items after occupancy.

The following illustration shows the lease commencement and closeout phase. Each step label is linked to the section that discusses the topic.

Lease Commencement and Closeout



2. Lease Commencement Supplemental Lease Agreement

The Supplemental Lease Agreement (SLA), GSA Form 276, is the vehicle used to change or modify an existing lease for any purpose. In this case, it will be used for starting payment of the lease. A typical rent commencement SLA amends the lease by specifying the effective and expiration dates of the lease, the square footage, and the actual rental rates, which are broken down to show subcomponents such as shell and operating costs, building-specific security, amortization of tenant improvements; and giving other rental payment information. Once

**PBS Milestone 14:
Rent Start**

completed and signed by all parties, the Leasing Specialist must transmit the SLA to all who are listed to get copies on that lease.

3. Processing Lease Payment and Client Billing

The Leasing Specialist must receive a signed OA before a lease or SLA is executed. A previously signed Pro Forma OA, with each component equal to or greater than the amount to be billed for that component, meets this requirement. Otherwise, the Leasing Specialist must produce and have the agency sign a new OA, reflecting the new terms, before an SLA is executed. In some instances, PBS must act timely to protect the government's financial interests without the benefit of a signed OA. A clear example is the case in which PBS must execute a new lease (and move a reluctant tenant agency) to avoid a holdover tenancy. In such cases, the approval of the regional portfolio manager must be obtained before proceeding with the action. Refer to section 2.1.3 of the fourth edition Pricing Desk Guide for further details on the OA signature requirement.

All documents must be loaded into eLease.

At this stage, the Leasing Specialist can close out the project in STAR.

Payment information is pulled from CCR; therefore realty professionals and support contractors must include the DUNS number for the Lessor (and for the payee, if different from the Lessor) in the R620. For payment purposes, realty professionals and support contractors must verify that the name of the Lessor on the R620 exactly matches either the legal name or "doing business as" (DBA) name listed in CCR. If the R620 only contains the DBA name and CCR only contains the legal name, payment cannot be made.[move elsewhere to pre-award section in chapter?]

Registration in CCR requires three addresses: mailing address (for correspondence); physical address (location of the business entity, not the leased space location); and a remittance address (required if the payee is different from the Lessor and for check payments if necessary). Realty professionals and support contractors must verify that the Lessor's address shown on the R620 matches the physical address listed in CCR. Additionally, for leases where the payee differs from the Lessor, realty professionals and support contractors must verify that the payee is also actively registered in CCR before award and that the payee address shown on the R620 matches the remittance address listed in CCR. The mailing address listed in CCR will be used for correspondence such as tax form 1099s.

Additionally, if a Lessor is registered in CCR but fails to properly update information or annually renew or reactivate an expired registration, the automated payment process will not release a payment. Once a payment is rejected by the automated payment system, payments must be manually generated. For Finance to make a manual payment, the R620 payee information and EFT documentation on file must match the remittance and EFT information in CCR exactly. If the documentation on file does not match, the Lease Contracting Officer must provide revised documentation for Finance to make the manual payment, or the Lessor will have to renew its information or reactivate its expired registration in CCR. Once annual registration is renewed or reactivated, automated payments will again be generated.

4. Close-out of Existing Lease

If the new lease replaces an existing lease, Leasing Specialists must also coordinate the disposition of the old lease. This entails conducting a post-move inspection with your Property Manager or designee at the previous lease location. All Government equipment and furniture must be removed, and the space left clean, allowing for normal wear and tear. Failure to remove all Government assets and clean the space could put GSA in a holdover position if the lease has already expired, meaning that the previous Lessor could file a claim for additional rent payments.

If damage has occurred to the space beyond normal wear and tear, an agreement for compensation should be arranged. This is ordinarily a lump-sum paid to the Lessor to cover the costs of improving the space to its original state.

Document the final disposition and return of keys to the Lessor in the lease file on the condition survey form (GSA 1204), which is signed by the Lessor. After the post-occupancy inspection, close out the lease and complete an action for terminating the lease at expiration. The Lessor should also be requested to sign a release of claims document (GSA Form 1142 or equivalent).

Rent Bill Management requires one of the following:

- GSA Form 1142, Release of Claims;
- GSA Form 1204, Condition Survey Report, or
- A letter indicating the keys are being returned sent certified mail, return receipt requested.

Update STAR to reflect the termination of the old lease.

If GSA has exercised its termination rights to move out before the lease expiration date, complete an “Early Lease Termination” action. (Lease terminations are discussed in Chapter 11, Additional Lease Actions.)

5. Post-Occupancy Deliverables

- The lease requires the Lessor to provide a number of standard items after occupancy. Additionally, other post occupancy deliverables may be required as part of the client agency’s special requirements. The Leasing Specialist should maintain a list of deliverables throughout the SFO development, negotiation, award, post-award, and change order process for reference to confirm that the Government receives all of the information that it is paying the Lessor for.
- The SFO may include items, such as the following, which the Lessor must provide:
 - As-built drawings;
 - Schedule of periodic services;
 - Completion of LEED documentation,;

As-Builts

At this point the Lessor should provide GSA with the final as-built drawings that document the actual construction as performed (as distinct from the initial construction drawings). This is an important requirement of the lease that needs to be enforced, as these drawings are increasingly important to our customers.

- Energy Star documentation;
- Recycling plan; and
- Warranties.
- Additional agency special requirements may include items such as:
 - Verification of HVAC loads for specific rooms, such as 24 hour computer server rooms; and
 - LEED certifications and renewals in subsequent years.
- The Leasing Specialist should remind the Lessor of post-occupancy deliverables and monitor their delivery. If the Lessor fails to deliver any items, the Leasing Specialist should investigate the remedies stated in the lease and enforce the terms appropriately.



Attachments

Procurement Summary Page

**Solicitation for Offers No. XXXXXXXX
[DATE]**

City, State:	
Delineated Area:	
Minimum Sq. Ft. (ABOA):	
Maximum Sq. Ft. (ABOA):	
Space Type:	
Parking Spaces (Total):	
Parking Spaces (Surface):	
Parking Spaces (Structured):	
Parking Spaces (Reserved):	
Full Term:	
Firm Term:	
Option Term:	
Additional Requirements:	

Lease Summary

A. Statement of Requirements.

The Government is seeking a lease for space meeting the following requirements:

Offered space must meet Government requirements for fire safety, accessibility, seismic and sustainability standards per the terms of the Lease. A fully serviced lease [is/is not] required.

Offered space shall not be in the [100/500] year flood plain.

B. Projected Dates.

Offers Due:	
Occupancy (Estimated):	

C. Government Contact.

:	Contracting Officer
:	Leasing Specialist
:	Broker



FedBizOpps Template




U.S. GOVERNMENT

General Services Administration (GSA) seeks to lease the following space:

State:	[.....]
City:	[.....]
Delineated Area:	[.....]
Minimum Sq. Ft. (ABOA):	[.....]
Maximum Sq. Ft. (ABOA):	[.....]
Space Type:	[Office, Warehouse, Retail, Other]
Parking Spaces (Total):	[.....]
Parking Spaces (Surface):	[.....]
Parking Spaces (Structured):	[.....]
Parking Spaces (Reserved):	[.....]
Full Term:	[.....]
Firm Term:	[.....]
Option Term:	[.....]
Additional Requirements:	[.....]

Offered space must meet Government requirements for fire safety, accessibility, seismic and sustainability standards per the terms of the Lease. The proposed leased space shall be fully serviced. Offered space shall not be in the [100/500] year flood plain.

Expressions of Interest Due:	[.....]
Market Survey (Estimated):	[.....]
Offers Due:	[.....]
Occupancy (Estimated):	[.....]

Interested parties should send expressions of interest to:

[Name]
 [Title]
 [Address]
 [Telephone]
 [Fax]
 [Email]



Sample Price Negotiation Memorandum Template

TASK ORDER NO.

STAR PROJECT No. **INSERT AGENCY NAME**

INSERT CITY, STATE

REQUIREMENT/PURPOSE OF NEGOTIATION:

The **INSERT AGENCY** requires a minimum of **00,000 ANSI/BOMA** square feet of **office, warehouse, parking, etc** space for **personnel, furnishings and equipment** in **INSERT CITY, STATE**. The term is for **INSERT YEARS (00) years, INSERT FIRM YEARS (00) years firm**. The offered space must meet Government requirements for fire and life safety and accessibility requirements, and must have **INSERT UNIQUE REQUIREMENTS**. A minimum of **00** parking spaces must be available for Government use.

BACKGROUND:

INSERT NAME OF NATIONAL BROKER CONTRACTOR (IF APPLICABLE) received task order from the General Services Administration, on **INSERT MONTH DAY YEAR** with the above space request. An advertisement was posted in Federal Business Opportunities on **INSERT MONTH DAY YEAR** and **INSERT NUMBER** Expressions of Interest were received. In addition to the FBO ad posted, the local market expert surveyed the market for all viable alternatives within the delineated area.

A market survey was conducted on **INSERT MONTH DAY YEAR**. **INSERT NUMBER** buildings were identified that could potentially meet the requirements of the task order:

1. **LIST BUILDINGS BY ADDRESS**
- 2.

The market survey report and market survey forms are located in the Lease file.

METHOD:

Full and open competition

NEGOTIATION OBJECTIVES:

Preliminary negotiation objectives were developed at project inception, updated in response to discussions with the Government during the Task Order and Project Orientation meetings and subsequently finalized.



ITEM	OBJECTIVE RANGE	DATA SOURCE
Shell Rental Rate	[Dollar Amount]	
Tenant Improvement	[Dollar Amount]	
Amortization Rate	[Dollar Amount]	
Base Cost of Service	[Dollar Amount]	
Base Year Taxes	[Dollar Amount]	
Hourly Overtime Rate	[Dollar Amount]	
Adjustment for Vacant Premises	[Dollar Amount]	
Parking	[Dollar Amount]	
Other	[Dollar Amount]	

DESCRIPTION OF ACQUISITION:

The Solicitation for Offer (SFO) Number ____ was issued on **INSERT MONTH DAY YEAR** and initial offers were due **INSERT MONTH DAY YEAR**. **INSERT # OF OFFERS** offers were received. Initial offers are located in the Lease File.

RECORD OF NEGOTIATIONS/ SUMMARY OF NEGOTIATIONS:

Initial offers were received on **INSERT MONTH DAY YEAR, reviewed and abstracted, and deficiency letters were sent in response to these offers on **INSERT MONTH DAY YEAR**.**

INSERT NUMBER second offers were received on **INSERT MONTH DAY YEAR**. Updated negotiation objectives were prepared for each offer and negotiation sessions were held with offerors as follows:

- 1. **INSERT MONTH DAY YEAR** and OFFEROR NAME (Identifying the name, position, and organization of each person representing the contractor and the Government in the negotiations): Summarize financial negotiations and discussions with offerors which resulted in material changes to the rate proposal or lease documents. INCLUDE items such as rental rate changes or changes to agency special requirements or General Clauses. Do NOT include administrative or compliance detail such as initialing pages on government forms, correction of calculation errors, CCR registrations, or other detail unrelated to price or business terms.**

2. **INSERT MONTH DAY YEAR and OFFEROR NAME (Identifying the name, position, and organization of each person representing the contractor and the Government in the negotiations): Summarize financial negotiations and discussions with offerors which resulted in material changes to the rate proposal or lease documents. INCLUDE items such as rental rate changes or changes to agency special requirements or General Clauses. Do NOT include administrative or compliance detail such as initialing pages on government forms, correction of calculation errors, CCR registrations, or other detail unrelated to price or business terms.**

3. **INSERT MONTH DAY YEAR and OFFEROR NAME (Identifying the name, position, and organization of each person representing the contractor and the Government in the negotiations): Summarize financial negotiations and discussions with offerors which resulted in material changes to the rate proposal or lease documents. INCLUDE items such as rental rate changes or changes to agency special requirements or General Clauses. Do NOT include administrative or compliance detail such as initialing pages on government forms, correction of calculation errors, CCR registrations, or other detail unrelated to price or business terms.**

A follow-up letter was sent to each Offeror and additional clarifications were received INSERT MONTH DAY YEAR. Copies of these letters can be found in the lease file.

FINAL REVISED PROPOSALS:

Indicate any offerors who withdrew prior to BAFOs, or offers deemed non-responsive to solicitation requirements. These offers were: LIST WITHDRAWN or NON RESPONSIVE OFFERS

Accordingly, Final Revised Proposal letters were issued to the remaining insert number Offerors on INSERT MONTH DAY YEAR with a response date of INSERT MONTH DAY YEAR.

Please refer to the lease file for offer abstracts, correspondence and negotiation notes for each offer.

OFFER COMPARISON:

By the close of BAFO, INSERT NUMBER offers were received for this procurement. A present value price evaluation of these offers was conducted by INSERT BROKER NAME and submitted to COTR INSERT COTR NAME for review and approval. The results of the evaluation, ranked from lowest to highest responsive offer, are summarized below.

1. PV of \$XX.XX per ANSI/BOMA Office Area Foot: INSERT ADDRESS



Lease Commencement and Closeout

↳ 5. Post-Occupancy Deliverables

- a. Summarize additional relevant considerations here, such as “Includes one year’s free rent” or “Deemed non-responsive due to ...”
- 2. PV of \$XX.XX per ANSI/BOMA Office Area Foot: INSERT ADDRESS
- 3. PV of \$XX.XX per ANSI/BOMA Office Area Foot: INSERT ADDRESS

AWARD DETERMINATION (INCLUDING FAIR AND REASONABLE DETERMINATION):

With a net present value of \$00.00 per USF, the offer from INSERT OFFEROR NAME at INSERT ADDRESS is the lowest-priced, technically-responsive offer to the SFO, and as such, is the successful Offeror. INSERT SUCCESSFUL BUILDING NAME /ADDRESS offered the shell rate of \$XX.XX per RSF / \$XX.XX per ABOAF. The objective rental rate stated in the Negotiation Objectives ranged from \$XX.XX to \$XX.XX per RSF. This rate compares favorably with current market conditions, as supported by the Negotiation Objectives prepared for this procurement. [Free text. Insert detail, mitigating circumstances, special requirements which are not customary in the market place, premium for Build-to-Suit, etc. Insert percentage difference between objective and negotiated rates]. The Government has determined that the successful Offeror’s offer is fair and reasonable and that it is in the best interest of the Government to award this lease to the successful Offeror, to meet the requirements identified in SFO Number ____.

Prepared By:

Name:

Date

Approved By:

Contracting Officer

Date



CHAPTER 3:

Simplified Lease Acquisition

1. Overview	3-1
2. Definitions (GSAM 570.102)	3-1
3. Purpose (GSAM 570.201)	3-2
4. Policy (GSAM 570.202)	3-2
5. Procedures (GSAM 570.203)	3-2
a. Acquisition Planning for Leases	3-2
b. Market Research for Leases	3-3
6. Market Survey (GSAM 570.203-1)	3-4
7. Competition (GSAM 570.203-2)	3-5
a. Competition in Contracting Act	3-5
b. Advertising and Public Notice	3-5
8. Other Than Full and Open Competition	3-6
a. Extensions	3-6
b. Expansions	3-6
9. Soliciting Offers (GSAM 570.203-3)	3-6
a. Request for Lease Proposals	3-6
b. Simplified Lease Package	3-7
c. Basis of Award	3-8
d. Date of Possession	3-8
10. Negotiation, Evaluation, and Award (GSAM 570.203-4)	3-9
a. Negotiations	3-9
b. Evaluating the Rental Rate	3-9
c. Price Negotiation Memorandum	3-10



d. Scoring	3-10
e. Award	3-10
f. Inspection	3-11
g. Acceptance.....	3-11
11. Provisions and Clauses	3-11
Attachment: Simplified Lease Scoring Memorandum	3-12



1. Overview

The simplified lease acquisition model addresses a longstanding request from clients and the private sector for a quick and efficient method to conduct small lease acquisitions. A lease acquired under this acquisition method was previously referred to as a simplified lease acquisition threshold (SLAT) lease or "short form" lease. Those names have now been replaced with the term "simplified lease." The term "SLAT" is used only in conjunction with the monetary limit of this lease model, not for the lease model itself. This model is specifically for acquisitions with a net annual rent at or below the current threshold of \$150,000, or the threshold as amended by the General Services Administration Acquisition Manual (GSAM). This acquisition method applies to a large percentage of all lease transactions by number while encompassing a small percentage of the overall net annual rent and transacted square footage.

Using the simplified lease acquisition process for security level I and level II leases under the SLAT reduces the lease acquisition cycle time for small and less-complicated lease actions. It allows Leasing Specialists and Lease Contracting Officers to spend less time working on low-risk lease actions that have a minimal financial and square footage impact on the General Services Administration (GSA) portfolio, while increasing productivity and permitting the appropriate focus on large leases with a greater financial impact.

Success of this method assumes that GSA has received and accepted the client agency's requirements development package and that no changes can be made to the design postaward that could dramatically increase the time for delivering the space. In addition, it is important to use this model and its related lease documents as they are intended, without any significant deviations.

The simplified lease acquisition model is not appropriate for use with the following client agency requirements:

- If it is determined that client agency specific requirements are best satisfied by a build to suit or lease construction projection;
- If there is a need to make material changes to the existing clauses or paragraphs contained in the simplified lease documents;
- If client agency requirements for technical or complex buildout involve high security level factors (Interagency Security Committee 2008)¹.

2. Definitions (GSAM 570.102)

The term "simplified lease acquisition procedures" means the process for awarding leases at or below the SLAT.

¹ Executive Order 12977, Interagency Security Committee, October 19, 1995



3. Purpose (GSAM 570.201)

The term "simplified lease acquisition threshold," or SLAT, means the simplified acquisition threshold (see Federal Acquisition Regulation 2.101) when applied to the average annual amount of rent for the term of the lease, including option periods and excluding the cost of services.

3. Purpose (GSAM 570.201)

The purpose of the simplified lease acquisition procedures for smaller leases is to reduce the time involved to evaluate and award these leases, while improving efficiency and economy, when acquiring small leasehold interests in real property. This acquisition method is designed for agencies that have flexibility in their design criteria and can accept the design and buildout of existing space capable of meeting their program of requirements in exchange for the savings of time and expense.

Several critical processes are outlined below that contribute to the success of the simplified lease acquisition model. The following elements are important to the overall process:

- Working with the client agency to develop a full requirements development package in preparation for a mandatory project orientation meeting.
- Using a comprehensive market survey report and related protocols to identify properties that meet the minimum requirements of the request for lease proposals to be solicited. The concept of "one and done" is an integral part of this process, as a lease can be awarded after receipt of initial offers.
- Awarding a lease based on a fully serviced, firm-fixed rental rate that incorporates a "turnkey" process—the total cost of client agency alterations determined preaward without accepting changes postaward, based on the requirements development package provided to the offerors.

4. Policy (GSAM 570.202)

Leasing Specialists and Lease Contracting Officers will use simplified lease acquisition procedures to the maximum extent practicable for actions at or below the SLAT.

5. Procedures (GSAM 570.203)

a. Acquisition Planning for Leases

Acquisition planning is required for all acquisitions; however, written acquisition plans are not required for acquisitions under the SLAT. While written acquisition plans are not required, some form of documentation is required. Regions have the flexibility to determine the format used and must file a copy of the documentation in the lease file. The Lease Contracting Officer is the approving official for leases **below** the SLAT; approving officials one level above the Lease Contracting Officer must approve leases **at or above** the SLAT. In addition, the Head of the Contracting Activity is the authorizing official to designate higher level approving officials for established thresholds. Acquisition planning and market research are required to promote full



and open competition and, in the absence of full and open competition, must obtain competition to the maximum extent practicable.

The purpose of acquisition planning is to ensure that the Government's needs are met in the most effective, economic, and efficient manner. Regions may use their own implementation procedures for acquisition planning for simplified leases provided the following criteria are met:

- The designated official for acquisition planning is a Lease Contracting Officer or one level above.
- Acquisition planning includes identification of client agency need (documented by the client agency-specific requirements development package). Consult with requirements and logistics personnel to determine the type, quality, quantity, and delivery requirements.
- Global Project Management (gPM) principles (when applicable) involves forming a team consisting of individuals responsible for significant aspects of the acquisition, such as contracting, fiscal, legal, and technical personnel.
- Milestone schedules define points at which key decisions must be made; consult with the Lease Contracting Officer whenever significant changes are required.
- Market data is required to establish the competitive range and budget estimates; identify any budget constraints (e.g., timeout and review process for expansion actions, the addition of new space to the inventory related to federal construction, or client agency reimbursable costs).
- Market challenges or contract risks occur when changes in market conditions affect supply and demand. Determine what efforts are planned to address market conditions and if the simplified lease acquisition model is the appropriate acquisition vehicle.
- Knowledge gained from prior acquisitions can be used to further refine requirements and acquisition strategies.

Technical experts and stakeholders are good sources of information when considering technical areas (Energy Star®, sustainability, fire and life safety, seismic); market conditions (location, transportation, parking); client agency mission (proximity to schools, colocation with other Government agencies); and other business areas that could impact the acquisition.

b. Market Research for Leases

Market research is best developed before the physical market survey phase of the lease acquisition process. Market research involves preliminary review of market rental information within the boundaries of the defined delineated area. Before conducting the physical market survey, the Leasing Specialist must become familiar with the local market by telephoning local brokers, reviewing manual or electronic listing files, and advertising (if necessary).

A cursory evaluation of market conditions can be highly detrimental to any negotiation effort or immediate lease award. Leasing Specialists must conduct the market research to ensure sufficient competition to the maximum extent practicable is achieved. Even if the market research is conducted by a broker, the Leasing Specialist must review the information to ensure locations under consideration are assessed for their location and ability to meet GSA standards and client agency-specific requirements. Market research must show rental costs typical of the area, as well as cost comparisons for major or similar buildings and space at various floor levels. Thorough market research is required in all lease acquisitions. In conducting market research, consider using the following tools and methods:

- Identify available buildings. Secure listings through circulars and newspaper advertisements; consult with realtors, brokers, managers, owners, postmasters, and other Government



- officials; and perform independent observations of buildings, newspaper articles, and broker or lessor advertisements.
- Use mailing lists. Oftentimes, regional offices maintain the names and addresses of prospective suppliers of space for lease to the Government and appropriate listings categorized by location, type, and quantity. Mail public notices, or solicitations for informal proposals, to addressees having available the type and quantity of space desired to be leased within the geographical area of acquisition. Do not purchase mailing lists from any source without Central Office approval.
 - Use real estate Web sites, such as CoStar®, LoopNet, and OfficeSpace.com to review market information.

6. Market Survey (GSAM 570.203-1)

The market survey is one of the most critical steps in an acquisition. Success of the simplified lease acquisition model depends upon client agency participation and the physical inspection and completion of a comprehensive market survey report to identify a list of properties qualified to meet the client agency's program of requirements as outlined under the request for lease proposals. A well-documented market survey can immediately identify a property for consideration. Although lease acquisition allows for contracting by negotiation, the simplified lease acquisition model emphasizes the concept of "one and done." GSA can award a lease after receiving initial offers if so stated in the request for lease proposals. With few exceptions, the market survey itself must be conducted with the client agency representatives present, and available space must be thoroughly inspected. The Leasing Specialist must complete a GSA Form 2991, Lease Market Survey for Existing Building, for each building visited.

If a building does not meet the minimum requirements, the form must specify the reasons (condition, price, location, inadequacy of handicapped facilities, etc.). The form must also demonstrate that the buildings solicited meet the minimum requirements of the request for lease proposals.

- Physical inspection. Inspect all available locations to screen for minimum requirements and acceptability under award factors; gather data concerning availability, quality, quantity, and use potential, with supporting photographs; and find out the probable cost of space.
- Client agency participation. Whenever feasible, invite representatives of the client agency for which leased space is being sought to accompany the leasing specialist on the physical inspection. It is preferable that a client agency representative with signatory authority be present.

Documenting the Survey

The Leasing Specialist must fully document the market survey using GSA Form 2991, Lease Market Survey for Existing Building, to provide a uniform, orderly, and systematic record. The form must be used for each property considered and inspected. The survey is an important part of the documentation on which an award is based. If a client agency wishes not to solicit a property that was viewed during the market survey and the property is able to satisfy its requirements development package, then it is imperative that the decision not to solicit has merit. If a property meets **or could meet** the requirements of the client agency, then it cannot be excluded. Section II of the market survey form must document the reasons for properties excluded from further consideration.



Depending on the size of the acquisition, photographic documentation may be essential to give the best evidence of existing inadequacies that may or may not be curable within the stated delivery date.

Prepare detailed notes on each property, commenting on eating facilities, parking facilities, proximity to public transportation, and other factors. Provide photographs of the neighborhood if the neighborhood environment factor is significant. Note that documentation of the market survey is used to identify acceptable properties, solicit an offer and award a lease. The market survey forms can also be used to obtain client agency concurrence on acceptable properties.

7. Competition (GSAM 570.203-2)

a. Competition in Contracting Act

GSA operates under the Competition in Contracting Act of 1984, which requires GSA to acquire supplies and services, including leased space, through the use of full and open competitive procedures. Leases that do not exceed the SLAT must seek competition as follows:

- Solicit at least three sources to promote competition to the maximum extent practicable. For repeated requirements of space in the same market, and if practicable, invite offers not included in the most recent solicitation.
- If Leasing Specialists solicit only one source, include documentation in the lease file to explain the lack of competition, (*e.g.*, the Lease Contracting Officer has determined that the circumstances of the contract action determined that only one source is reasonably available).

b. Advertising and Public Notice

Advertising

Under the simplified lease acquisition model, advertising is not required for leases under 10,000 ANSI/BOMA office area (ABOA) square feet, but the Lease Contracting Officer can post a notice using the Federal Business Opportunities (FedBizOpps, or FBO) Web site at www.fedbizopps.gov and the combined FBO Advertisement/Procurement Summary template. The FedBizOpps Web site is a single Government-wide point of entry for Federal procurement opportunities of more than \$25,000.

The primary purpose of advertising and public notice is to alert and inform the public of Government space needs and to solicit the response of prospective suppliers of the required space in a manner that generates maximum practicable competition.

Information in the FBO Advertisement/Procurement Summary template can be attached to the front of the request for lease proposals and the lease itself. All lease acquisition methods require the completion of the procurement summary page. It summarizes the statement of requirements, provides estimated project dates, and identifies the designated Government points of contact for the lease acquisition. The information contained in the FBO Advertisement/Procurement Summary template can be used to summarize the lease award on FBO.

Paid advertising can be an effective tool, but it must be used with considerable judgment. No hard and fast rules exist as to when paid advertising is appropriate; however, some variables to



consider are the size of the community, delineated area, estimated buildout costs, and the amount of square footage.

8. Other Than Full and Open Competition

Under simplified lease acquisition procedures, a sole-source acquisition does not require a written Justification for Other than Full and Open Competition (Justification) to document and explain the lack of competition. However, the file must be documented to explain the lack of competition. It must be signed by a Lease Contracting Officer and added to the lease file. If the Leasing Specialist solicited at least three sources to promote competition and there is only one responsible offeror, a sole-source Justification is not required. However, if the Leasing Specialist solicited only one of three or more responsible sources, the Leasing Specialist must include documentation in the lease file stating that the Lease Contracting Officer has determined that the circumstances of the contract action deemed that only one responsible source is reasonably available.

Lease extensions and succeeding and superseding leases for the continued occupancy of leased space at an existing building under the SLAT are considered noncompetitive contracts that require file documentation. When the cost of a succeeding lease, a superseding lease, or an extension for the continued occupancy of space in a building does not exceed the SLAT, the Lease Contracting Officer must use simplified lease acquisition procedures and document the reasons for the absence of competition in the lease file. No additional file documentation or approvals above the lease contracting officer are required.

a. Extensions

Although some situations justify extending a lease, Lease Contracting Officers must not extend a lease without a good business reason. Lease extensions are short-term solutions that tend to increase the workload of leasing specialists; this workload is compounded and expanded exponentially as leases extended in prior years expire and add to the current year's expiring leases. Leasing Specialists and Lease Contracting Officers are encouraged to discuss the use of lease extensions with their supervisors.

b. Expansions

When an expansion requirement is determined to be within the general scope of the lease and does not cause the lease to exceed the SLAT, document the file to explain the lack of competition. A Justification is not required.

9. Soliciting Offers (GSAM 570.203-3)

a. Request for Lease Proposals

Under the simplified lease acquisition process, the solicitation for offers has been replaced by the request for lease proposals (RLP). The RLP contains information on the statement of requirements, what is expected of the prospective offeror, technical eligibility and preferences for award, how to offer, how its offer must be evaluated, and the method and



basis of award. As discussed under 9.b., Simplified Lease Package, it also incorporates certain solicitation provisions by reference.

The simplified lease acquisition model implements solicitation improvements by separating the solicitation process into a newly designed request for lease proposals. The model directly incorporates by reference all relevant GSA 3517, General Clauses.

The new simplified lease package consists of GSA Form L101-A, Simplified Request for Lease Proposals; GSA Form L201-A, Simplified Lease; the new GSA Form 1364A, Simplified Lease Proposal; and GSA Form 1364A-1, Simplified Lease Proposal Data, which are designed around the particular requirements for a simplified lease acquisition. The simplified lease package is designed to be used with no changes to the documents except as permitted by the blue text. The streamlined or standard models must be considered when client agency-specific requirements or market conditions result in major modifications to the simplified lease or the market analysis indicates a lease award would exceed the Interagency Security Committee's criteria for security level I and level II leases or result in a lease construction project.

The original GSA Form 1364, Proposal to Lease Space, has been redesigned to capture only information required for a simplified lease proposal. Under the simplified lease acquisition process, this document is entitled "Simplified Lease Proposal" and is designed to be incorporated into the lease itself as exhibit A.

GSA Form 1364A-1, Simplified Lease Proposal Data, is a checklist designed to address technical requirements as referenced in the RLP and proposed rental rate components required to satisfy GSA pricing requirements. The form is separate from the proposal itself and maintained in the lease file. It does not become an exhibit to the lease and may contain proprietary information that may often be protected from release under the Freedom of Information Act.

Both GSA Form 1364A and GSA Form 1364A-1 are to be completed by the offeror; prelease fire and life safety documents and seismic certification forms must accompany the offer. GSA Form 3518A, Representations and Certifications, remains a separate document that is critical to offeror representation and the Central Contractor Registration (CCR) process. Upon lease award the RLP ceases to be relevant, as it only applies to the solicitation phase of the project. It does not become a part of the lease itself. The RLP and other procurement documentation must be retained as a record of the acquisition according to the record retention order. Instruct offerors to review the proposed contract and be prepared to negotiate their best deal with their initial offer, as the Lease Contracting Officer is permitted to consider the initial offers as final offers if so stated in the RLP. Because the offeror may submit an offer by submitting executed lease documents, there is no need for an award letter.

b. Simplified Lease Package

The Lease Contracting Officer must solicit offers by giving each prospective offeror a simplified lease package that includes the following simplified lease documents:

- Combined FBO Advertisement/Procurement Summary page
- GSA Form L101-A, Simplified Request for Lease Proposals
- Client agency-specific requirements development package
- GSA Form 1364A, Simplified Lease Proposal
- GSA Form 1364A-1, Simplified Lease Proposal Data
- Fire and Life Safety form



- GSA Form L201-A, Simplified Lease
- GSA Form 3518A, Representations and Certifications

The lease includes all provisions and contract clauses required by FAR and GSAM. It also includes all of the sustainable and Energy Star® requirements (as applicable).

As necessary, review with prospective offerors the Government's requirements, pricing components, evaluation procedures, and instructions for submitting an offer.

Description of Requirements

The RLP states the type and amount of ABOA space and clearly defines office, storage, unique, or parking space requirements. When there is a necessity for contiguous space, or space on a specified number of contiguous floors, or space in a specific type of structure is required, the RLP must state so in clear, succinct terms.

The RLP must clearly state a specific amount of space in square feet (sq. ft.). If the Lease Contracting Officer believes that some tolerance is necessary, a "plus or minus" factor of up to a maximum of 5 percent is permissible.

Offerors must be advised that:

- They must offer space in terms of an annual ABOA cost distinguished by the types of space, rather than an overall monthly or per annum rate for combined types of space.
- GSA must make the evaluation of offered prices on the basis of the annual price per ABOA sq. ft., including any option periods, if solicited. The Government will perform present value price evaluation by reducing the prices per ABOA sq. ft. to a composite annual ABOA sq. ft. price.
- The Government must pay the lessor annual rent to be computed using the per sq. ft. rental rate for the firm term and the non-firm term (and, if applicable, corresponding per sq. ft. rental rates for other type of space) as referenced under Section II of GSA Form 1364A, Simplified Lease Proposal, and the actual rentable area delivered for measurement and acceptance by the Government.

c. Basis of Award

Simplified leases are awarded to responsible offerors based on the lowest price, technically acceptable basis. The best value tradeoff source selection process is inappropriate for simplified leases due to the time involved, the resources required, and the fact that these are low-risk leases. In some cases, a request for final proposal revisions may be required.

d. Date of Possession

The RLP must specify the delivery date for the premises—the beginning of the lease term. An offer that does not propose to meet the delivery date may be nonresponsive to the RLP and therefore rejected.

On occasion, the client agency has flexibility in when to move into their new space; nonetheless, clearly state an expected occupancy date as a requirement in both the RLP and on the procurement summary page/FedBizOpps advertisement. Either request delivery on a specific date or within a given number of days after award. The space acquired must meet minimum fire and life safety standards and accessibility standards stated in the most recent Architectural Barrier Act Accessibility Standards (ABAAS), and it must be properly maintained, operated, and obtained at a reasonable annual rental rate.



10. Negotiation, Evaluation, and Award (GSAM 570.203-4)

a. Negotiations

In the simplified lease approach, GSA can award a lease without negotiations, and it is at the discretion of the Lease Contracting Officer whether to do so. This is why it is important to convey to offerors that they must submit their best offer in the beginning, since there may be no negotiations and it could be their final offer. The lease file must include a detailed record of the negotiations where applicable (see subparagraph 10.c., Price Negotiation Memorandum, for more information).

Only Lease Contracting Officers have the authority to make an award based on initial offers and conclude the transaction in the field.

The offeror's submittal must include GSA Form 1364A, Simplified Lease Proposal, which becomes exhibit A to the lease, and GSA Form 1364A-1, Simplified Lease Proposal Data, which collects data for the individual price components for office and other types of space and is a checklist for technical requirements that may require additional documentation. The intent of GSA Form 1364A-1 is to document pricing components unique to client agency billing, not to capture the detailed data as in the GSA Form 1364A, and it does not become a part of the lease. Both of these documents capture all pricing components needed to evaluate, negotiate, and award a simplified lease. They are also both required for documenting the lease file, to demonstrate whether the proposed prices are fair and reasonable. Although this model is designed to be structured as a firm-fixed pricing procurement, it is still up to the Lease Contracting Officer or Leasing Specialist to determine that all aspects of the pricing the offeror submits are in the best interest of the Government and that the pricing is fair and reasonable. Negotiations may be necessary where such determination cannot be made on initial pricing.

b. Evaluating the Rental Rate

Lease Contracting Officers must evaluate the rental rate to determine that the final agreed upon price is fair and reasonable. The Lease Contracting Officer is responsible for price analysis using market research data used to set negotiation objectives, market survey reports, available appraisal information, or other relevant market research data.

The intent of the simplified lease acquisition model is to accelerate lease award and the delivery of services based on initial offers. Therefore the offeror's lease proposal must include a fully serviced, firm-fixed price rental rate that includes the cost for tenant improvements based on the requirements development package provided in the simplified lease package, shell rate, operating costs, and taxes. Leasing Specialists must strive to use the simplified lease documents as designed, with little or no modification.

Price analysis does not require the evaluation of rental rate components contained in the firm-fixed price rental rate; however, if offers fall outside the competitive range or if there is a lack of competition, then more detailed discussions or further analysis may be required. Consideration must be given to the evaluation of rental rate components for tenant improvements and related interest rates and amortization period; technical requirements such as Energy Star or fire and life safety requirements also must be addressed.



The new GSA Form L101-A, Simplified Request for Lease Proposals, and GSA Form L201-A, Simplified Lease, do not provide for Consumer Price Index (CPI) operating cost escalations or tax escalations. In exceptional cases, the Lease Contracting officer has discretion to add a CPI and tax escalation clause into the lease documents. Calculating annual CPI and tax escalations uses up time and resources that could be devoted to other tasks. For these reasons, knowledge of the market is essential when making a determination to escalate taxes and CPI. In most cases the simplified lease must be structured without an annual increase to the rental rate. The lease contracting officer may consider a percentage rent increase, of an annual CPI. The intent is to relieve both parties of the administrative burden in future years (such as the burden of collecting annual tax forms to determine the tax escalation).

To use the simplified lease acquisition process, advise the client agency from the onset that **no changes are allowed to the design of the space postaward**. The client agency is allowed to make up to three minor changes in design intent drawings, but only if they do not affect the agreed upon and accepted firm-fixed price for the tenant improvements. This restriction is to the client agency's advantage, by containing costs to a reasonable level. Since the client agency provided a full requirements development package before solicitation, design specifications are not an issue postaward. Adding on requirements postaward not only drives up the costs in reimbursable work authorizations, change order fees, and so on, but also uses up valuable buildout time.

c. Price Negotiation Memorandum

The Price Negotiation Memorandum (PNM) records the rationale for the award. It relates the history of the acquisition, including market survey results, negotiations where applicable, reasons for the building selection, and terms of the lease agreement. It becomes a part of the lease file and is subject to review and approval by the Lease Contracting Officer.

d. Scoring

If a lease qualifies as a simplified lease, regardless of the years of the term, the Lease Contracting Officer must confirm its operating lease status by reviewing and signing the Simplified Lease Scoring Memorandum (Attachment), which states that all applicable conditions have been met to qualify as an operating lease. No further action on the determination of operating lease status is required.

e. Award

Once the Leasing Specialist has identified one or more acceptable locations, he or she presents to each offeror the simplified lease package. This package could be delivered to offerors as early as when the market survey has been conducted. Offerors are to submit fully signed and initialed offer packages. After receiving and evaluating offers, the Lease Contracting Officer makes award to the responsible offeror who presents the lowest price technically acceptable offer. The Lease Contracting Officer executes the simplified lease documents, which are separate from the RLP and contain all contractual and enforceable aspects of the lease. The simplified lease documents consist of GSA Form 1364A (exhibit A); the client agency-specific requirements development package and related drawings (exhibit B); floor plans (exhibit C); and GSA Form 3518A, Representations and Certifications (exhibit D). The use of award letters has been eliminated. Award of the lease occurs upon the execution and mailing or otherwise furnishing notification of the execution.

The Leasing Specialist is responsible for ascertaining that the leased premises meet the requirements of the RLP and the lease, or that the lease includes amendments that reflect



actions the offeror must take to correct any deficiencies. If the lease is awarded in the field, the Lease Contracting Officer must inform unsuccessful offerors by telephone or in person of the Government's determination and the reasons why their space was not accepted. The Lease Contracting Officer must follow up the oral communication in writing within a reasonable amount of time.

f. Inspection

Whenever possible, the Lease Contracting Officer or designee performs the final inspection of space before occupancy. The lessor is responsible for providing a certificate of occupancy to the Lease Contracting Officer for inclusion in the lease file. If the local jurisdiction follows the International Building Code (IBC), the certificate of occupancy may substitute for the GSA fire safety inspection. In the absence of a certificate of occupancy for an IBC jurisdiction, consult with fire and life safety for guidance and add the documentation to the lease file accordingly. Stamped architectural drawings or independent verification from a licensed fire safety engineer may be considered as an appropriate substitute.

g. Acceptance

The final step in the simplified lease acquisition process is the acceptance of the space. Acceptance of the space is documented in a Lease Amendment in keeping with private sector practices instead of using a supplemental lease agreement.

11. Provisions and Clauses

The following forms are used in the simplified lease acquisition process:

- Combined FBO Advertisement/Procurement Summary—This form summarizes the statement of requirements, provides estimated project dates, and identifies the designated Government points of contact for the lease acquisition and is attached to the RLP to provide the basis for the solicitation and can be used for the FBO advertisement (as applicable).
- GSA Form 1364A, Simplified Lease Proposal—This form is redesigned for use only with simplified lease acquisitions and to become exhibit A to the lease as modified.
- GSA Form 1364A-1, Simplified Lease Proposal Data—This form is a checklist to be completed by the offeror to address technical requirements as referenced in the RLP. The form is not designed to become an exhibit to the lease, but a copy must be maintained in the lease file.
- GSA Form 3518A, Representations and Certifications—This form is used to provide offeror representation as an ongoing business concern and to certify basic information required for Government access and registration in Federal databases. The form is designed to become exhibit D to the lease.
- GSA Form L101-A, Simplified Request for Lease Proposal—This form replaces the former solicitation for offers. It provides the statement of requirements, what is expected of the prospective offeror, technical eligibility and preferences for award, how to offer, how the offer must be evaluated, and the method and basis of award. The RLP also describes the process of a GSA lease acquisition.
- GSA Form L201-A, Simplified Lease—This form is a legally binding document that applies only to security level I or level II space requirements. This document permanently replaces GSA Form 3626, U.S. Government Lease for Real Property (Short Form).



Attachment: Simplified Lease Scoring Memorandum

Memorandum for: The File

From: Lease Contracting Officer

Subject: Lease GS-xxx-xxxxx

Determination of Operating Lease Classification for Simplified Lease

The Government intends to procure the above lease through the use of the Simplified Lease Acquisition Model for the period _____ through _____. This memorandum verifies that the lease has met the following conditions and can be classified as an operating lease as further defined in OMB Circular No. A-11, Appendix B. Having satisfied the criteria listed below, the "90 percent" scoring calculation is not required.

- Ownership of the asset will remain with the lessor during the term of the lease and is not transferred to the Government at, or shortly after, the end of the lease period.
- The lease does not contain a bargain-price purchase option.
- The lease extension term does not exceed 75 percent of the estimated economic life of the asset.
- The asset is a general-purpose asset rather than being for a special purpose of the Government and is not built to the unique specification of the Government as lessee.
- There is a private sector market for the asset.
- The project will not be constructed on Government land.
- There is no provision of Government financing and no explicit Government guarantee of third party financing.
- Risks of ownership of the asset remain with the lessor unless the Government was at fault for such losses.

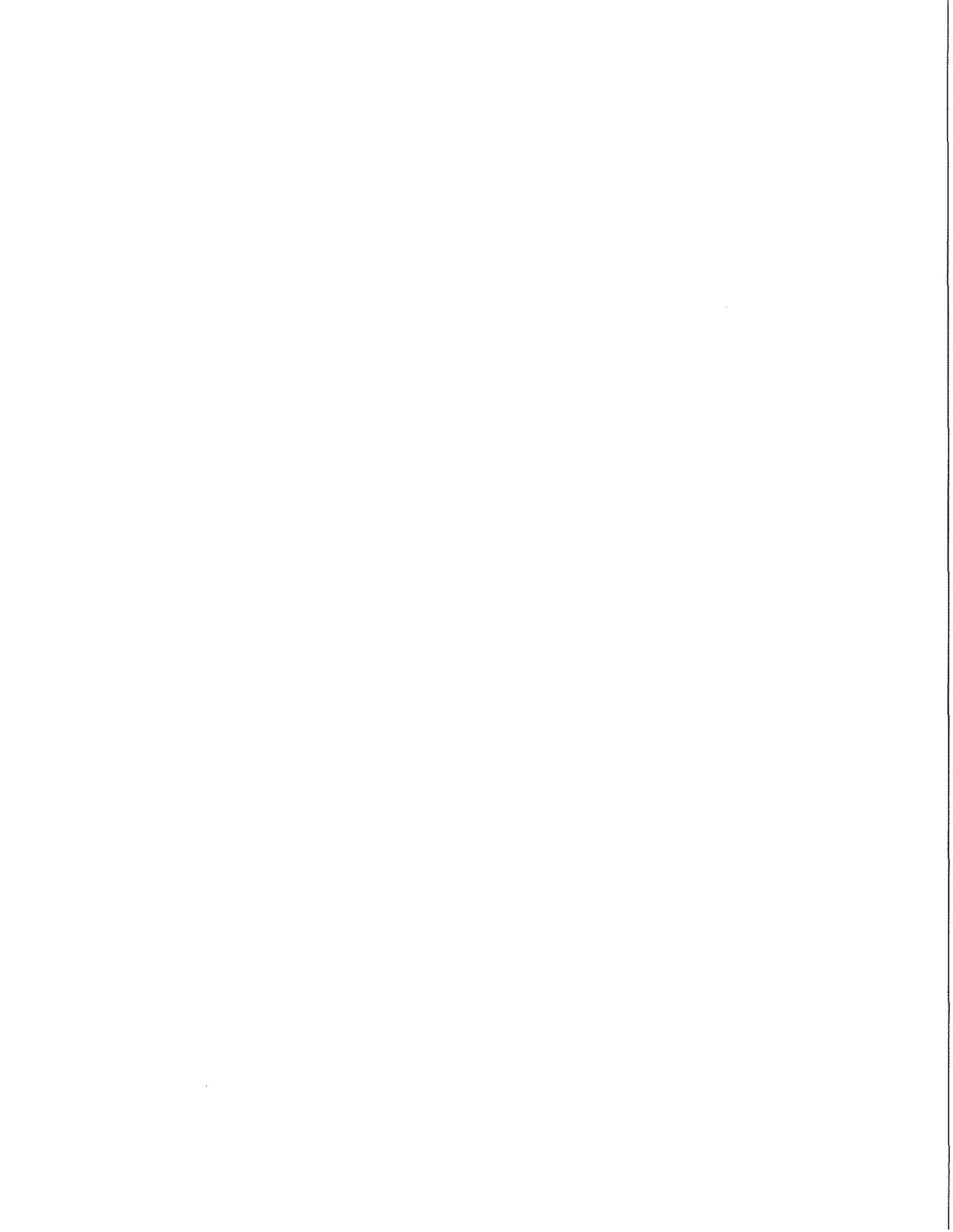
GSA Lease Contracting Officer



CHAPTER 5:

Succeeding Lease, Superseding Lease

1. Succeeding Lease.....	5-1
a. Definition.....	5-3
b. Process Rationale	5-4
c. Issues to Consider	5-4
d. Simplified Lease Acquisition Process.....	5-5
e. Advertise.....	5-5
f. Market Survey	5-7
g. Cost-Benefit Analysis	5-8
h. Justification for Other Than Full and Open Competition (Justification).....	5-12
i. Final tips	5-12
j. Certification of Funds (Prevalidation)	5-12
2. Superseding Lease	5-12
Attachment 1: Sample Justification for Other Than Full and Open Competition, Succeeding Lease.....	5-14





1. Succeeding Lease

This section focuses on the procedures for acquiring a succeeding lease.

The succeeding lease procurement process has some marked distinctions from new and replacing lease procurements; however, many more similarities exist than differences. This chapter highlights only the distinctions. Refer to Chapter 2, New or Replacing Lease, for a comprehensive discussion of the lease procurement process and supplement that information with the guidance in this chapter for a succeeding lease.

The authority for acquiring succeeding leases can be found in GSAM Part 570.

The procedures for succeeding leases reflect current policy. Future revisions will address the separation of the solicitation for offers into a request for lease proposals and a lease and address other lease reform recommendations.

The flow chart on the next page shows the process for succeeding leases. Subsequent sections of this chapter explain these steps in more detail.

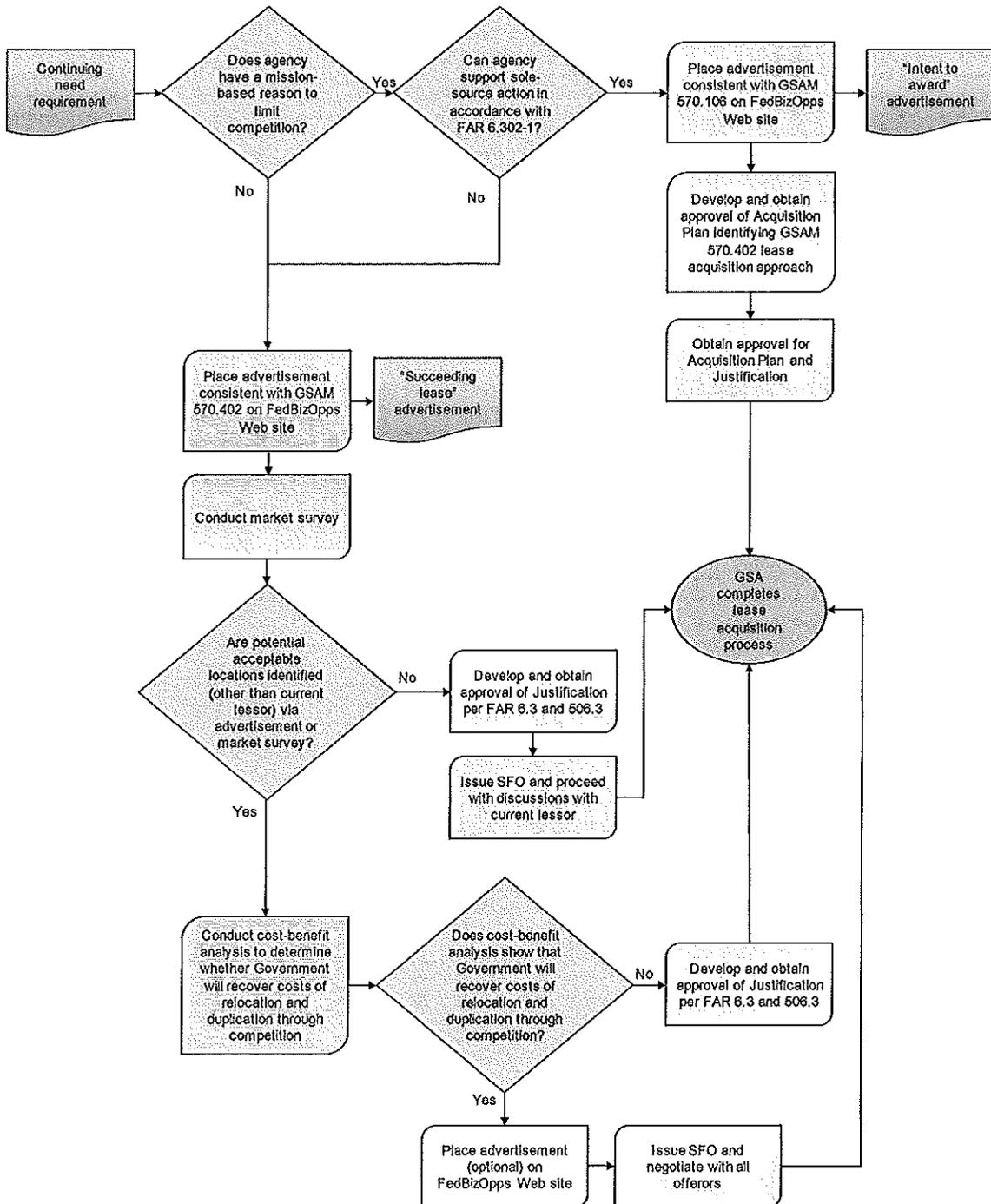
Key to flow chart acronyms:

- GSAM: General Services Administration Acquisition Manual.
- FAR: Federal Acquisition Regulation.
- Justification: justification for other than full and open competition.
- SFO: solicitation for offers.



1. Succeeding Lease

Succeeding Lease Process





a. Definition

A succeeding lease secures continuing occupancy at the current premises at the end of a lease term without a break in tenancy. To pursue a succeeding lease the Leasing Specialist must confirm the cost advantages of staying in place by advertisement, market survey, and cost benefit analysis. The Leasing Specialist must understand that if the advertising and financial analysis do not support a Justification for Other Than Full and Open Competition (Justification) under the Competition in Contracting Act (CICA), then a new lease must be pursued. The Leasing Specialist must update PBS systems with the new lease approach.

Testing Market Interest
A notice seeking "expressions of interest" is not a notice for a competitive lease acquisition. It is an advertisement whose purpose is to gauge potential market interest before making a leasing decision.

The succeeding lease establishes new terms and conditions and results in a new lease contract. With a replacing lease GSA seeks competitive offers to replace an expiring lease, but a succeeding lease action is distinguished by:

- No potential acceptable locations (other than the existing lessor) have been identified through the advertisement or the market survey. This must be documented in a Justification to negotiate directly with the current lessor, including full documentation of efforts to locate alternative sources.

OR

- The potential acceptable locations and the cost-benefit analysis indicate that the Government cannot expect to recover relocation costs and duplication of costs through competition. This must be documented in a Justification to negotiate directly with the current lessor.

The chart below summarizes some of the distinctions between succeeding and replacing lease acquisitions.

Replacing	Succeeding
Preliminary market research indicates that multiple sources in the market may be able to satisfy the agency requirements within the delineated area and that relocation and duplication costs could be recoverable over the term of the lease.	Preliminary market research indicates that only the existing location is able to satisfy the agency requirements within the delineated area OR that relocation and duplication costs could not be recoverable over the term of the lease.
GSA advertises for interested parties to submit their properties for consideration to be viewed on a market survey.	GSA advertises for expressions of interest sought and states that it will take relocation costs into account when procuring the lease.
A physical market survey of potential properties is conducted with the client agency personnel.	A physical market survey of potential locations must be performed if potential properties exist or if it is possible to recover relocation costs. Market research data must always be gathered for a cost-benefit analysis.
GSA seeks full and open competitive offers from the market.	A Justification is prepared and approved, authorizing GSA to negotiate with only the existing lessor.
Several offers may be solicited and received or the existing lessor may be the only offer received.	The existing lessor will be the only offeror.



b. Process Rationale

As discussed under Part 1 of Chapter 2 of this Desk Guide, CICA requires agencies to promote and seek full and open competition in soliciting offers and awarding Government contracts. CICA recognizes seven conditions that allow exceptions to this requirement. The exception most relevant to leasing is, "only one responsible source" and no other supplies or services "will satisfy" agency requirements (41 U.S.C. 253(c)(1)). It is under this exception that GSA may negotiate with the current lessor and secure a succeeding lease.

While the GSAM guidance on managing expiring leases is clear, some Leasing Specialists may not be aware of these authorities that enable the Government to run an advertisement, conduct market research, perform a cost-benefit analysis, and prepare a Justification to negotiate with only the present lessor.

Leasing Specialists must know that CICA exceptions do not cover instances where other than full and open competition is being considered based on:

- A lack of advance planning by the client agency; or
- Concerns related to the amount of funds available to the agency.

This chapter discusses both simplified lease acquisition and more complex succeeding lease actions, as well as factors that can help the Leasing Specialist decide whether to pursue a succeeding lease as an option.

c. Issues to Consider

General requirements for a succeeding lease are largely the same as for a new or replacing lease action. However, if the agency has no need for alterations to the existing space, requirements may be as minimal as a request for updated paint, wall covering, and carpet.

The Leasing Specialist must consider the following issues before deciding to pursue a succeeding lease:

- Is the agency satisfied with the current location? Does the agency wish to pursue a succeeding lease with the current lessor?
- Does the current lessor have a good record of past performance regarding heating and air conditioning, janitorial service, maintenance, and alterations?
- Have the agency's requirements changed significantly? If so, can the existing location meet these new requirements?
- Can the existing building or space be altered to meet the current solicitation requirements, with respect to standards such as fire safety, accessibility, sustainability, and security criteria?
- What is the condition of the building? (Determine based on a physical tour, if possible.)
- Is the current lessor willing to make needed improvements?



- Will the client agency be able to continue to perform its mission or will it have to temporarily relocate during any work that is being performed?
- If needed, does the lessor have adequate swing space available to house the client agency while work is being performed?
- Will there be unusual or redundant costs associated with the swing space that would not be encountered if the agency were to relocate instead, for example, telecommunications, data, or physical move?
- Will the work need to be done in phases?
- Is Government-owned space available that may meet the agency's requirements? Could a historic or other federal building meet the requirement and better serve the Government's fiscal, sustainability and stewardship goals?

These factors will help the Leasing Specialist develop a general sense of whether a succeeding lease is desired and feasible.

d. Simplified Lease Acquisition Process

If a succeeding lease for the continued occupancy of building space does not exceed the simplified lease acquisition threshold (SLAT), the Leasing Specialist may use the procedures described in Chapter 3, Simplified Lease Acquisition. These procedures are designed to reduce administrative costs while improving efficiency and economy when acquiring small leasehold interests in real property. They should be used to the maximum extent practicable for actions at or below the SLAT.

The following sections discuss situations involving a lack of competition and the cost-benefit analysis.

e. Advertise

Advertisements for succeeding lease actions differ from those for full and open competition as described in subparagraph 1.a. above.

GSAM requires that all leases exceeding 10,000 ANSI/BOMA office area (ABOA) square feet be advertised; however, it is advisable to advertise all succeeding lease projects. At a minimum the advertisement must:

- Indicate that the Government's lease is expiring.
- Describe the requirement in terms of type and quantity of space.
- Indicate that the Government is interested in considering alternative space if it would be economically advantageous.
- Advise prospective offerors that the Government will consider the relocation costs, including the physical move and the voice and data systems move, when deciding whether it should relocate or pursue a sole-source acquisition.
- Provide a contact person for those interested in providing space to the Government.



Sample Succeeding Lease Advertisement Template

The following sample incorporates the GSAM advertising requirements for succeeding leases. This template should be tailored to your particular procurement when managing succeeding lease projects.

Expressions of Interest Sought

The U.S. Government currently occupies office and related space in a building under lease in [city, State], that will be expiring.

The Government requires office and related space yielding a minimum of [.....]ANSI/BOMA office area (ABOA) square feet.

Minimum ABOA square feet: [.....]

Maximum ABOA square feet: [.....]

The lease term requirement is for [length of lease term] years. The space must be available for occupancy by [date]. The delineated area is [delineated area for agency requirement].

Other applicable requirements include the following features:

- Proximity to public transportation
- Sole tenancy, if this is a requirement
- Parking [number of on-site, reserved spaces (structured vs. surface) for official Government vehicles]
- Security [lobby, loading dock access, parking, setbacks etc, where and as applicable]
- [.....]

The Government is considering alternative space if economically advantageous. In making this determination, the Government will consider, among other things, the availability of alternate space that potentially can satisfy the Government's requirements, as well as costs likely to be incurred through relocating, such as physical move costs, replication of tenant improvements and telecommunications infrastructure, and non-productive agency downtime.

Interested parties should send expressions of interest to:

[Name]
 [Title]
 [Address]
 [Telephone]
 [Fax]
 [Email]

Expressions of interest must be submitted to the above address by 5:00 p.m. on [date], and must include the following information:



- Building name and address and location of the available space within the building
 - Rentable square feet available, and expected rental rate per rentable square foot, fully serviced
 - ANSI/BOMA office area (ABOA) square feet to be offered, and expected rental rate per ABOA square foot, fully serviced. Indicate whether the quoted rental rate includes an amount for tenant improvements and state the amount, if any.
 - Date of space availability
 - Building ownership information
 - Amount of parking available on-site and its cost. Include whether expected rental rate includes the cost of the required Government parking (if any).
 - Energy efficiency and renewable energy features existing within the building
 - List of building services provided
- The Government's decision regarding whether to relocate will be based, in part, on information received in response to this advertisement.

If the Leasing Specialist receives no responses for locations that can meet the requirements—for example, the space is outside the delineated area, is too small, or does not meet other requirements of the advertisement—then the Leasing Specialist must conduct additional market research (described below) to confirm that no other options exist. At this point the Leasing Specialist can begin to prepare the Justification for Other Than Full and Open Competition.

If viable responses are identified, then this information is captured for the cost-benefit analysis (described below) and may be included in a potential market survey.

f. Market Survey

For purposes of obtaining a succeeding lease, the requirement for a market survey is fulfilled through market research. The market research should generate information needed for performing the cost-benefit analysis.

Chapter 2, Part 2 of this desk guide outlines the critical steps in conducting a market survey. For succeeding leases, a building tour of potential locations is not necessary at this stage, unless further cost-benefit analysis points to the need for a competitive action.

Before executing a succeeding lease, the Leasing Specialist must conduct due diligence by touring the current lease location. The Leasing Specialist cannot base review on agency or field office reports regarding the space. The Leasing Specialist must tour the space to confirm that its condition, accessibility, fire safety features, and other attributes meet current lease standards.

When the advertisement and market research identify potentially cost-effective locations, the Leasing Specialist must conduct a market survey to evaluate the possibility that the alternatives can meet both the agency's and GSA's requirements.

↳ 1. Succeeding Lease

Three scenarios are possible at this point:

1. No potentially acceptable locations (other than existing lessor) are identified through the advertisement or the market survey. In this situation, a cost-benefit analysis is unnecessary, and the Leasing Specialist should proceed with preparing a Justification to negotiate directly with the current lessor. See Chapter 2, Part 5, under subparagraph 5.f., "Posting of Justifications for Other Than Full and Open Competitions" for more information.
2. Potentially acceptable locations are identified, but the required subsequent cost-benefit analysis indicates that the Government cannot expect to recover relocation costs and duplication of costs through competition. The Leasing Specialist must capture this information for preparing the Justification.
3. Potentially acceptable locations are identified, and the cost-benefit analysis indicates that the Government could recover relocation costs and duplication costs through competition. Under this scenario, the Leasing Specialist must cancel the succeeding lease project and initiate a replacing lease project.

g. Cost-Benefit Analysis

If potentially acceptable locations are identified through the advertisement or market research, a cost-benefit analysis becomes necessary for justifying a decision to pursue a succeeding lease action. The critical issue in this analysis is to determine whether the agency will recover the costs of relocation and duplication through the lower rents it may pay in the new lease.

A cost-benefit analysis must consider the following factors:

- The prices of other potentially available properties
- Relocation costs, including estimated costs for moving, telecommunications, and alterations amortized over the full term of the lease
- Duplication of costs to the Government, (such as for tenant improvements, loss of productivity, and disruptions)
- 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

You cannot skip this step!

Once potentially acceptable locations are identified, the cost-benefit analysis is a critical step in the succeeding lease process.

How to Establish Costs

GSA Leasing Specialists 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 professionals must:

- a. Provide a general description of the Government's needs that may be accomplished by publishing an advertisement using the sample succeeding lease advertisement template in subparagraph 1.e. above. A formal SFO is not required to obtain the informational quotation.



- b. Adjust the prices quoted for standard space for any special requirements. For example, adjust prices appropriately for office space versus holding cells. This adjustment could also be addressed in the tenant improvement budget.
- c. The Leasing Specialist must understand that most rates quoted are not fully serviced (to the government's standards) and must be adjusted to compensate for these differences. For example, fully serviced leases in the market might not include charges for snow removal, grounds maintenance, or common area maintenance as required in the SFO.
- d. For each price quote received, Leasing Specialists must document the following information:
 1. Name and address of the firm solicited (the location must be within the delineated area)
 2. Name of the firm's representative providing the quote
 3. Price quoted
 4. Adjustments made to price
 5. Description of the space and services for which the quote is provided
 6. Name of the Government employee soliciting the quotation
 7. Date of the quote
- e. The Leasing Specialist must compare the informational quotations to the present lessor's price, adjusted to reflect the anticipated price for a succeeding lease.

Templates

To facilitate compliance with GSAM 570.402-6, "Cost-benefit analysis," the sample cost-benefit analysis template appearing on the following pages incorporates the GSAM cost-benefit analysis requirements for succeeding leases. Leasing Specialists must use this template as a guide.



Cost-Benefit Analysis Template

Note: The [agency] will commit to a lease term of [number—e.g., 5] years. The full term of the lease to be negotiated will be [number—e.g., 5] consistent with [agency] commitment, and the associated tenant improvements will be amortized over [number—e.g., 5].

Example: Acquisition of [.....]ABOA Square Feet, 5-Year (Full Term) Analysis

Note: TI allowances are calculated only on ABOA square feet.

Cost-benefit Analysis Acquisition of 25,600 ANSI/BOMA Office Area (ABOA) Square Feet 5-Year (Full Term) Analysis:		
	Present Location	Alternate Location
5-year total rent/annual ABOA rate	\$3,072,000/\$24	\$ 2,398,720/\$18.74
New amortized tenant improvements	\$257,280	\$1,137,920
Cost of physical move. ¹ Include the following information in the estimate: <ul style="list-style-type: none"> • Number of people moving • Number of cabinets or estimate 2 cabinets/person • Number of boxes (or number of boxes per person) • Number of existing workstations to disassemble, move, and reassemble • Move freestanding furniture (\$/ABOA SF; # of rooms) • Temporary contingency storage fees per workstation per month, if appropriate • Furniture project management fees • Space planning project management fees 	\$5,029	\$21,604
Voice and data move. ¹ Includes both move and replacement costs, since moves sometimes trigger replacement of equipment that otherwise would have been used for a longer time. Include the following elements in the estimate: <ul style="list-style-type: none"> • Purchase and install new ISDN phone system • Purchase new handsets • New voice/data ISDN line • Relocate existing voice/data ISDN line (including phones in conference rooms, lines for fax machines, etc.) • Purchase and install new analog phone system • New voice/data analog line (fax) • Relocate existing voice/data analog line (fax) • Purchase new switch • Purchase new phones and voicemail system • Purchase new LAN printer (data line) • Relocate existing LAN printer (data line) • Purchase and install new computer equipment 	\$10,057	\$68,974



Cost-benefit Analysis Acquisition of 25,600 ANSI/BOMA Office Area (ABOA) Square Feet 5-Year (Full Term) Analysis:		
	Present Location	Alternate Location
<ul style="list-style-type: none"> Relocate existing computer equipment Relocate computer rooms (# rooms \$/ABOA SF /room) Telecommunications project management fees 		
Duplication of Reimbursable Work Authorization (RWA) alterations (above agency customization tier)	\$0	\$410,702
Temporary storage fees. Include contingency storage fees per workstation per month, if appropriate	\$0	\$0
Total 5-year cost/annual ABOA rate (no escalations included)	\$3,344,366/\$26.13	\$4,037,920/\$31.55
Full term lease savings	\$693,554	
¹ Estimate the costs of relocation by conducting market research, which involves: <ul style="list-style-type: none"> Reviewing PBS and Federal Acquisition Service client agency costs for recent relocation services Asking private companies their costs for recent relocations Searching for printed and on line advertisements for relocation services with quoted rates Calling service providers for quoted rates. 		



If a cost-benefit analysis fails to make a strong economic case for negotiating with only the current lessor, the Leasing Specialist must pursue a full and open competition.

h. Justification for Other Than Full and Open Competition (Justification)

A Justification provides the basis for the Leasing Specialist to negotiate with a single source—in this context, the existing lessor—without full and open competition. The level of approval required increases as the dollar value escalates. The Justification template for succeeding leases is attached. The Justification must incorporate the cost-benefit analysis. Negotiations with the lessor must not be conducted until the Justification is approved by the appropriate authority. The Contracting Officer must closely coordinate with the Office of Regional Counsel on drafting the actual Justification. The sample template in Attachment 1 is only for illustration and must not be used without careful consideration of the facts in each case.

i. Final tips

GSA Leasing Specialists and support contractors must include the most recent SFO paragraphs in all succeeding leases, unless waived or determined to be not applicable according to the contract terms.

Succeeding leases must also comply with all budget scorekeeping rules and prospectus requirements for succeeding lease actions. Chapter 11, Prospectus Level Leases, addresses these scoring requirements in more detail.

Since succeeding leases normally have no alterations or improvements and, therefore, no above standard Tenant Improvement costs, submission of a Reimbursable Work Authorization (RWA) is usually not required. However, if the customer has requirements and an RWA is provided, the Leasing Specialist must follow the procedures detailed in Chapter 2, Part 6.

j. Certification of Funds (Prevalidation)

The Leasing Specialist must request certification of Budget Activity 53 funds from the authorized budget official. The certification must cover the lease period approved in the acquisition plan and agreed to by the lessor. When funds are certified, the Budget Office will provide the Leasing Specialist with an approved prevalidation of funding document, often referred to as a BA 53 fundcert.

2. Superseding Lease

A superseding lease is new lease that replaces an existing lease before expiration. It is procured following non-competitive sole-source procedures. It establishes new terms and conditions and has a new lease contract number.

The Government considers executing a superseding lease to replace an existing lease when the Government needs numerous or detailed modifications to a space that would cause complications or substantially change the existing lease. The Lease Contracting Officer must ultimately decide whether to pursue a superseding lease rather than an alteration, extension, or expansion of an existing lease. Additionally, the Leasing Specialist may pursue a superseding



lease to take advantage of favorable market conditions that would result in considerable financial savings.

The superseding lease process steps are identical to the succeeding lease process steps described in the section above. The critical difference is that a superseding lease replaces an existing lease before it expires.



Attachment 1: Sample Justification for Other Than Full and Open Competition, Succeeding Lease

U.S. General Services Administration

GSA Region []

[Name of Service Center/Division]

JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

LEASE NUMBER: GS-[]

PROJECT NUMBER: [STAR Project Number]

Agency Name: [Agency]

1. IDENTIFICATION AND DESCRIPTION OF ACTION BEING APPROVED.

The General Services Administration currently leases [amount of space] rentable square feet (RSF) of office space at [street address, city, state] under lease number GS-[] for the [Agency]. The current lease expires [date]. Approval is requested to negotiate a succeeding lease with the incumbent lessor without full and open competition for continued occupancy at this leased location.

2. DESCRIPTION OF THE SUPPLIES OR SERVICES REQUIRED.

[Agency] submitted a continuing need letter on [date] for [amount of space] rentable square feet of office and related space. To satisfy the [agency] mission requirements, the facility must be within a walkable distance of the [complete sentence, as appropriate].

This requirement is for [amount of space] RSF of space for a [years of agency lease term requirement]-year term to commence on [date]. The estimated annual cost of this lease is [dollar amount based on information quotes received in response to advertisement] BOMA rentable square feet per year for an annual cost of [dollar amount based on information quotes received in response to advertisement] and a total contract value of [dollar figure based on information quotes received in response to advertisement]. The delineated area is [identify specific delineated area].

3. IDENTIFICATION OF STATUTORY AUTHORITY.

41 U.S.C. 253(c) (1): Only one responsible source and no other supplies or services will satisfy agency requirements.

4. DEMONSTRATION THAT THE ACQUISITION REQUIRES THE USE OF THE AUTHORITY CITED.

GSAM 570.402-5 allows for negotiation with the incumbent lessor when a cost-benefit analysis shows that the Government cannot expect to recover relocation and duplication costs through



CHAPTER 5: Succeeding Lease, Superseding Lease

Attachment 1: Sample Justification for Other Than Full and Open Competition, Succeeding Lease ↵

competition. GSA placed an advertisement conforming to GSAM 570.402-2 on the Federal Business Opportunities Web site (fedbizopps.gov) on [date advertisement was posted] and received [number of expressions of interest received] responses. The incumbent lessor's expression of interest indicated that the rate would be [dollar amount] RSF. The interested party that provided the lowest cost quoted a rate of [dollar amount] in its expression of interest.

Award to other than the current Lessor would require relocation of the entire requirement and would cause [Agency Name] to incur move and replication costs that would not be recovered through competition. [Provide a brief summary of any special use space such as a Sensitive Compartmented Information Facility (SCIF), Heating, Ventilation, and Air Conditioning (HVAC) enhanced conference rooms with video teleconferencing capabilities, special security requirements, etc., that would all have to be replicated if they were to move.]

[Insert Cost-Benefit Analysis]

The cost of relocating [Agency Name] using the low cost quote exceeds the cost of remaining at [current GSA leased location]. The savings to the Government is [dollar amount]. Based on this cost-benefit analysis, the Government cannot expect to recover relocation and duplication costs through competition. Therefore, the Government intends to negotiate a succeeding lease and remain at its current location.

5. DESCRIPTION OF EFFORTS TO SOLICIT AS MANY OFFERS AS PRACTICAL.

In [date of market survey], [national broker contractor name or GSA] conducted a market survey and identified four potentially acceptable locations (three plus the incumbent) that might meet the agency's needs within the delineated area. [Provide a brief summary of the potentially acceptable locations and their ability to meet the Government's requirements.] In addition, an advertisement was placed in FedBizOpps on [date of advertisement]. GSA received only [number of expressions of interest received] responses, which are:

[incumbent]
[other]

6. DEMONSTRATION THAT THE ANTICIPATED COST WILL BE FAIR AND REASONABLE.

In accordance with Federal Acquisition Regulation (FAR) 6.303-2(a) (7), the Contracting Officer determines by certifying this document that the anticipated cost to the Government of [dollar figure]/RSF for the entire requirement is fair and reasonable.

Recent market surveys conducted by [national broker contractor name or GSA] in [city], [state] showed the rental rate within the delineated area ranges from [identify rental rate ranges quoted during market survey] per RSF.

7. DESCRIPTION OF MARKET SURVEY CONDUCTED.

In [date of market survey], [national broker contractor name or GSA] conducted a market survey that identified the following four locations including the incumbent:



Attachment 1: Sample Justification for Other Than Full and Open Competition, Succeeding Lease

Address	Asking Full Service Rental Rate

Figure 1: Market Survey Comparables

8. OTHER FACTS SUPPORTING USE OF OTHER THAN FULL AND OPEN COMPETITION.

Not applicable.

9. LIST OF SOURCES THAT EXPRESSED INTEREST IN THE ACQUISITION.

10. STATEMENT OF ACTIONS TO OVERCOME BARRIERS TO COMPETITION.

Not applicable.

11. CONTRACTING OFFICER CERTIFICATION.

By signature on this Justification for Other than Full and Open Competition, the Contracting Officer certifies that the award of a succeeding lease of [amount of space] RSF is in the Government's best interest and that this Justification is accurate and complete to the best of my knowledge and belief.

_____ Date _____

[Name], Contracting Officer

12. TECHNICAL REQUIREMENTS PERSONNEL CERTIFICATION

I certify that the supporting data used to form the basis of this Justification is complete and accurate to the best of my knowledge and belief.

_____ Date _____

[Name], Realty Specialist



CHAPTER 6: Change in Square Footage— Expansion and Reduction

Overview.....	6.1-1
Part 1: Expansions.....	6.1-2
1. When Is an Expansion Considered?.....	6.1-3
2. Determining the Scope of the Lease.....	6.1-4
3. Expansions Within the Scope of the Lease.....	6.1-5
a. Agency Requirements.....	6.1-5
b. Competition.....	6.1-5
c. Availability of Space.....	6.1-5
d. Market Research.....	6.1-5
e. Documentation.....	6.1-6
f. Funding.....	6.1-6
g. Negotiations.....	6.1-6
h. Award and Construction.....	6.1-6
i. Commencement of Rent.....	6.1-7
4. Expansions Outside the Scope of the Lease.....	6.1-8
a. Agency Requirements.....	6.1-8
b. Market Survey and Cost-Benefit Analysis.....	6.1-8
c. Justifications and Documentation.....	6.1-8
Part 2: Reductions.....	6.2-1
1. Agency Requirements.....	6.2-2
2. Agency Rights and Obligations.....	6.2-3
3. Marketability of Space.....	6.2-4
4. Marketability Determination.....	6.2-5



5. Notice to the Lessor	6.2-6
a. Complete Terminations.....	6.2-6
b. Partial Terminations	6.2-7
c. Documentation	6.2-7
d. Design and Lease Commencement	6.2-7



Overview

Changing agency initiatives can result in client agencies requesting that the General Services Administration (GSA) expand or reduce space under a lease. When these changes occur during the course of a lease and when it is impractical to wait until the expiration or end of the firm term, GSA will determine if a change in square footage project on behalf of one or more agencies is the correct solution.

A change in square footage project can be in the form of an increase or a decrease of space and must be initiated by the client agency through normal space acquisition channels.

This chapter guides the user through the process of changing square footage during the course of a lease. If a given subject matter is covered in detail elsewhere in this Desk Guide, the user is referred to that chapter or appendix for comprehensive instruction rather than repeating the information here.



Part 1: Expansions

1. When Is an Expansion Considered?	6.1-3
2. Determining the Scope of the Lease	6.1-4
3. Expansions Within the Scope of the Lease	6.1-5
a. Agency Requirements	6.1-5
b. Competition	6.1-5
c. Availability of Space	6.1-5
d. Market Research	6.1-5
e. Documentation	6.1-6
f. Funding.....	6.1-6
g. Negotiations.....	6.1-6
h. Award and Construction	6.1-6
i. Commencement of Rent.....	6.1-7
4. Expansions Outside the Scope of the Lease	6.1-8
a. Agency Requirements	6.1-8
b. Market Survey and Cost-Benefit Analysis.....	6.1-8
c. Justifications and Documentation.....	6.1-8



1. When Is an Expansion Considered?

New or replacing space actions may be accomplished through a lease expansion project whenever appropriate space is available for lease in a location where GSA already leases space. Expansion requests typically come from an agency that has a mission-related need for additional space at a leased location. There may be cases where an expansion of an existing lease is warranted regardless of whether the requesting agency is already housed at the location. In other words, an expansion project is the expansion of an existing **GSA lease with the lessor**, not necessarily an existing **Occupancy Agreement (OA)** with a client agency under a given lease.



Expansions

↳ 2. Determining the Scope of the Lease

2. Determining the Scope of the Lease

Requests for expansion of space are handled differently depending on whether the expansion is within the scope of the lease or outside the scope of the lease.

An expansion is a modification of the lease contract. Whether an expansion is within the scope of a lease is a procurement-related issue. Contracting officers must consider whether expansion was within the scope of the competition that resulted in the award of the current contract. Factors to consider are the extent of the change, the performance period, the difference in cost between the awarded lease and the lease as modified, and whether the expansion is of a nature which potential offerors would reasonably have anticipated under the Changes clause. The standard Changes clause for leases over the simplified lease acquisition threshold (SLAT) provides that the Government may increase the amount of space, if the Lessor consents to the change, thereby putting the offerors on notice that the Government may request an expansion during the term of the lease.

For example, the expansion of a warehouse lease to provide for like warehouse space, or a laboratory lease to provide for like laboratory space, could be considered within the scope of the lease, regardless of the agency. The similarity of the use of the space and mission are factors that can be taken into consideration. However, the expansion of a basic office lease to provide for a technical laboratory space, warehouse, or even high-end office space such as a judge's chambers may not be within the scope of the lease.



3. Expansions Within the Scope of the Lease

The Lease Contracting Officer may determine, without further review by the Office of Regional Counsel, that an expansion request is within the general scope of the lease when:

- The expansion request is made from the same agency component or sub-division as the existing lease;
- Personnel to be housed in the expansion space have a mission-related need to be co-located with the employees in the existing space;
- The expansion request is coterminous with the existing lease term;
- The expansion request is for a reasonable amount of space in comparison to the space currently under lease; and
- The expansion request is not received immediately after the award of the lease—generally a year after the award would be considered a reasonable amount of time.

Lease Contracting Officers must consult with the Office of Regional Counsel before determining that an expansion request is within the general scope of the lease if all of the criteria of this paragraph are not met.

a. Agency Requirements

The client agency's requirements may come to GSA documented, totally conceptual, or somewhere in between. The Leasing Specialist must understand the agency's needs as described in Chapter 1, Requirements Development, and must have received verification of the funding necessary for the changes before issuing changes to the lessor.

b. Competition

If the expansion space is within the general scope of the lease, the Leasing Specialist may acquire the space through negotiations with the lessor without a Justification for Other Than Full and Open Competition (Justification) (see GSAM 570.403). However, the Lease Contracting Officer must document the file with a written determination that the expansion is within the scope of the lease.

c. Availability of Space

Expansion projects are initiated based on the premise that expansion space exists or can be constructed at the leased location and that it can satisfy the space need. The Leasing Specialist must explore potential space solutions as well as determine the proposed cost of the expansion space during an initial conversation with the lessor before initiating the project. Projected expansion rates must be used in the cost-benefit analysis discussed below.

d. Market Research

The Leasing Specialist must assess the market value of the space, including the space being expanded as well as other leases in the building and in buildings of similar character in the immediate market vicinity.



Expansions

3. Expansions Within the Scope of the Lease

e. Documentation

The Desk Guide chapters Introduction: General Information, Lease Authorities, and Responsibilities and Chapter 2, New or Replacing Lease, part 1, describe the systems required for documenting lease actions (STAR, eLease, etc.).

PBS revises the existing OA to include the expansion space. The OA Tool blends the rates of the existing and expansion space. The OA must continue to reflect the underlying lease contract.

f. Funding

An expansion to an existing lease is considered a new occupancy and PBS' policy and practice is to require the lessor to provide the full tenant improvement (TI) allowance based on the client agency's tier. (See Pricing Desk Guide (PDG) Section 2.2.1, 4th Ed.) Whether the TIs are funded through the rent or by a Reimbursable Work Authorization (RWA), the Leasing Specialist must obtain a signed OA before awarding the expansion in the Supplemental Lease Agreement (SLA). The OA must clearly indicate both the anticipated costs and method of funding. Refer to PDG for relet space, second-generation space that already has TIs installed for a prior tenant, for determination of the TI allowance and lump-sum payment options.

In special circumstances, GSA may find it necessary or even advantageous to use Budget activity 54 (minor repair and alteration) funds to contract for the work directly. This option would normally be a last resort and the Leasing Specialist must discuss it with a regional portfolio manager and Field Office staff. If BA 54 funding is to be used, the Leasing Specialist must refer to the PDG for guidance on amortization of GSA installed leasehold improvements.

g. Negotiations

The Leasing Specialist must advise the lessor that, unless specifically excluded in the SLA, requirements and terms and conditions (other than price) in the existing lease will also be in effect for the expansion space. These include technical requirements such as fire suppression systems, and services such as cleaning, electricity, and maintenance. The Leasing Specialist should advise the lessor to account for the cost of these requirements in its proposal.

h. Award and Construction

At the conclusion of negotiations, once the lessor's proposal has been determined to be fair and reasonable based upon market prices for comparable space, the Leasing Specialist must update the agency's OA with the final negotiated costs. After the agency signs the OA, the Lease Contracting Officer must issue a Notice to Proceed to the lessor and schedule the design kickoff meeting with the agency's and lessor's teams as soon as practical to maintain the project's momentum.

The Leasing Specialist or the construction manager must actively manage the construction process either directly or indirectly through other resources to remain on schedule and within budget. Regularly scheduled construction inspections are critical, and the Leasing Specialist or construction manager must compare the work to the plans and specifications, the lease, and the SLAs to verify compliance with the Government's requirements.

i. Lease Copies and Post-Award Notifications

The Lease Contracting Officer must distribute the SLA and prepare post-award notifications as prescribed in Desk Guide chapter 2, part 5, subparagraphs 5e and 5f.



j. Commencement of Rent

Once GSA accepts the space as substantially complete and operationally functional, the rent must commence immediately unless otherwise stipulated in the SLA. Commencement activities include gathering as-built drawings, activating the lease, closing out the project, and other procedures described in Chapter 2, New or Replacing Lease, part 8.



Expansions

4. Expansions Outside the Scope of the Lease

4. Expansions Outside the Scope of the Lease

a. Agency Requirements

After consultation with the Office of Regional Counsel, the Leasing Specialist may determine that acquisition of the expansion space needed is outside the general scope of the lease according to the criteria in the paragraph², “Determining the Scope of the Lease,” of this chapter and part.

Notwithstanding that the expansion is not within the scope of the lease, if the agency has a mission-related need for the personnel to be co-located, or there are other justifiable reasons for the expansion,, the Leasing Specialist must follow the steps in subparagraphs b and c below to determine which alternative is more cost effective and obtain approval to consolidate at the existing location or at a new location.

b. Market Survey and Cost-Benefit Analysis

The Leasing Specialist must conduct a market survey as described in Chapter 2, New or Replacing Lease, part 2 to determine the availability of suitable alternative locations. If alternative locations are available that can satisfy the total requirement, the Leasing Specialist must perform a cost-benefit analysis to determine if it is in the Government’s best interest to relocate. This analysis must follow the cost-benefit analysis procedures as outlined in Chapter 5, Succeeding Lease, Superseding Lease, and include the same factors, as appropriate. If the lease has cancellation rights include the cost of the unexpired portion of the firm lease term rather than the full lease term.

If the cost-benefit analysis supports an expansion, then the Leasing Specialist may proceed after preparing the documentation and approval of the Justification as described in subparagraph c below.

If the cost-benefit analysis does not support an expansion at the existing location, then the Leasing Specialist and the Regional Account Manager (RAM), as necessary, must advise the agency and obtain its approval to proceed with a replacement lease for the entire requirement. Therefore, even when expansion space is available and expansion could simplify the procurement, the Leasing Specialist must not assume that an expansion is the only option or best option.

c. Justifications and Documentation

If the Leasing Specialist pursues the expansion alternative and the lease is below the simplified lease acquisition threshold (SLAT), then the lease file must include documentation that explains the lack of competition (GSAM 570.203-2b).

However, if the Leasing Specialist pursues an expansion and the lease is above the SLAT, then an Justification is required (GSAM 506.3).

The negotiation, award, design, construction, and commencement steps for out-of-scope expansions are the same as the steps for in-scope expansions discussed above.

Once the physical and financial viability of an expansion has been established, the Leasing Specialist must create the project in the appropriate system or systems and, if the expansion will be outside the scope of the lease, prepare the Justification.



Part 2: Reductions

1. Agency Requirements	6.2-2
2. Agency Rights and Obligations.....	6.2-3
3. Marketability of Space	6.2-4
4. Marketability Determination.....	6.2-5
5. Notice to the Lessor	6.2-6
a. Complete Terminations	6.2-6
b. Partial Terminations	6.2-7
c. Documentation.....	6.2-7
d. Design and Lease Commencement.....	6.2-7



Reductions

↳ 1. Agency Requirements

1. Agency Requirements

When an agency notifies GSA that it intends to release space back to GSA, the Leasing Specialist must first verify that the requestor has the authority to request the change. The Leasing Specialist should contact the appropriate RAM for verification, if necessary, and refer requestors to their appropriate agency officials if they are unauthorized to request changes and obligate the agency.

As with expansion projects, the client agency's reduced requirements may be fully documented, totally conceptual, or somewhere in between. The Leasing Specialist must understand the agency's needs and must have received verification of funding necessary for any changes before issuing changes to the lessor. (Refer to Chapter 1, Requirements Development.) Whenever significant changes are needed to reduce the space, GSA may provide space planning services to the agency or contract with the lessor, as long as the agency funding is adequate and designated for this purpose.

Whenever an agency notifies GSA that it intends to release space for which the Government does not possess termination rights under the lease, GSA will be responsible for marketing and backfilling the space to future tenants. All decisions should be made with this in mind.

For agency repayment obligations see Pricing Desk Guide (PGD), 4th Ed., section 5.3.4, Repayments Upon Return of Space.



2. Agency Rights and Obligations

Before accepting returned space from a client agency, the Leasing Specialist must ascertain whether the agency possesses cancellation rights under its Occupancy Agreement (OA). The Leasing Specialist should research the most current OA to determine whether it is cancelable or non-cancelable, as well as the lease contract and SLAs to ascertain GSA's rights and obligations toward the lessor. Whether GSA has termination rights with the lessor through the lease has no bearing upon the agency's right to return space to GSA. The agency's rights with GSA are governed by the OA and national pricing policy.

Most OAs relieve an agency from the obligation to pay rent for terminated space beyond 4 months after notifying GSA in writing. The return of space to GSA must comply with the PDG.

Before the end of the 4-month notice period client agencies returning space must pay PBS the principal balance remaining on any TIs. For additional information on lump sum payment options for TIs, see 4th Ed. PDG Section 2.5.10. Additionally, the client agency remains liable to pay rent until it has completely removed all personnel and furnishings from the affected space and has completed all work to construct new demising walls and modify building systems. In some circumstances, accomplishing this may take much longer than 4 months. The Leasing Specialist should advise the client agency of these facts when a longer period is anticipated.

When the agency's occupancy is governed by a noncancelable OA, GSA still has discretion over whether to allow the client agency to terminate space. Several factors may affect GSA's decision in this situation, including whether:

- The lease may be terminated without consequence or expense to GSA;
- The terminating agency has agreed to cover the estimated cost obligations;
- Another agency desires to backfill the space and agency vacating the space agrees to pay any rent differential between the backfill tenant and rent the vacating agency was paying not including TIs.; or

Considering the OA and lease obligations is only the first step in determining whether GSA will accept space back from the client agency. The Lease Contracting Officer must not render a decision on this basis alone.

Reductions

↳ 3. Marketability of Space

3. Marketability of Space

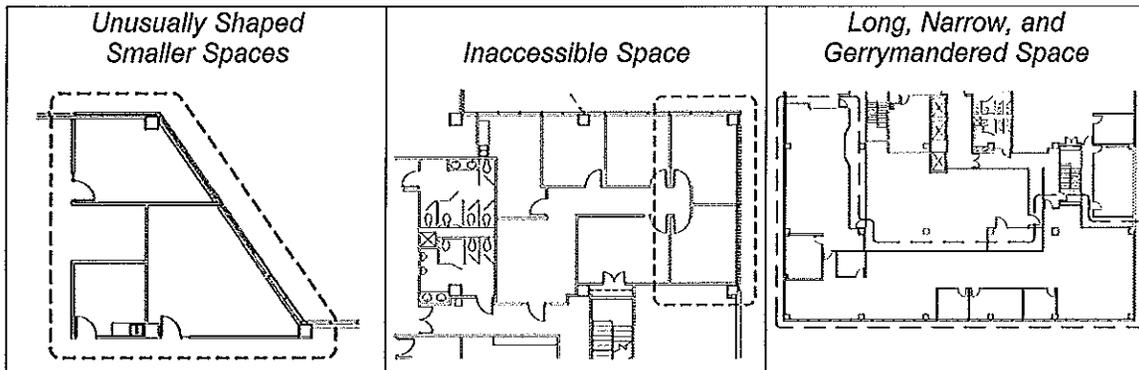
Just as critical as the agency's right to return space to GSA is the marketability of the space being returned. It is unreasonable for GSA to accept, and in turn expect a lessor to accept, space that is not marketable. Once the Leasing Specialist determines that the agency has cancellation rights in its OA, GSA's next responsibility is to determine the space's marketability as defined in the 4th Ed. Pricing Desk Guide, 5.3.2.

The following are examples of situations where the marketability of space is questionable :

- Small spaces, single offices, or closets;
- Inaccessible space at the back of the agency's other space;
- Gerrymandered space that makes a tenant's layout difficult or impossible;
- Long, narrow spaces;
- Corridors; and
- Any other space that would be difficult to backfill as a result of the characteristics of the space itself, not the finishes or building location.

The figure below illustrates some of these problematic spaces.

Nonmarketable Spaces



If an agency is the sole occupant of a building or occupies a large block of space on multiple floors, making partially returned space viable may mean requiring the agency to consolidate operations on fewer floors so that the partially returned space is not comprised of numerous small (but otherwise viable) spaces, which unduly limit GSA's opportunities for backfill. The agency must bear the costs of alterations and moving necessary to perform this work.



4. Marketability Determination

If the Lease Contracting Officer and regional asset manager determine the space is not marketable, GSA may suggest ways to reconfigure the space to make it marketable. Once these discussions are concluded with the agency and the Lease Contracting Officer determines whether the resulting space is marketable, the Leasing Specialist must notify the agency of the decision in writing and, if appropriate, provide a replacement OA indicating the new reduced square footage after the work is complete. If the space cannot be made marketable in a configuration acceptable to both GSA and the client agency, the Leasing Specialist should provide the determination that the space is not marketable to the agency in writing, and the project may be closed out in the appropriate systems. PBS may not refuse an agency release of space just because there may not be a suitable tenant and the space might remain vacant.

Marketable Space

Larger, squarer, more accessible spaces with windows are more easily marketable for backfill. The Leasing Specialist should keep this in mind when discussing marketable space with the agency.

5. Notice to the Lessor

Before GSA can terminate space with the lessor, the Lease Contracting Officer must understand the Government's rights and obligations under the lease. Several questions, including the following four questions, must be answered at this point:

- Does GSA possess termination rights under the lease?
- If so, what are the notification requirements for exercising termination rights?
- Is the agency terminating all or a portion of its space?
- If a portion, does GSA possess partial termination rights or full termination rights?

The answers to these questions will help the Lease Contracting Officer determine whether to issue notification of termination or to initiate discussions with the lessor.

a. Complete Terminations

Within Termination Rights

The simplest form of termination occurs when the client agency terminates its entire space during the Government's termination rights period. In this circumstance, the Lease Contracting Officer may notify the lessor in writing as prescribed in the terms of the lease and proceed to close out the space just as if the lease had expired. (Refer to Chapter 2, New or Replacing Lease, part 8 for closeout procedures.)

Without Termination Rights

If the lease does not grant the Government the right to terminate, or if termination rights take effect so far in the future that allowing the lease to run its course would pose an unacceptable financial burden to the Government, the Lease Contracting Officer should consult with a regional asset manager to consider whether legitimate backfill opportunities exist. When looking for backfill opportunities consider the security level of the remaining tenants and the prospective tenants in making the decision. When all options for backfill are exhausted the Lease Contracting Officer should contact the lessor to request the right to terminate. Most lessors will require GSA to make some form of lump-sum payment—called a buyout—for this right. In this circumstance, the Lease Contracting Officer should perform an analysis to establish the present value of the remaining term of the lease and compare it to the lessor's buyout requirement.

Collaboration with the Office of Regional Counsel, regional asset management, regional finance staff, and the Lease Contracting Officer's management are essential at this point so that proper budgetary actions are taken before agreeing to terms with the lessor. The Lease Contracting Officer must make a judgment as to whether it is more favorable to compensate the lessor in a lump-sum payment or to continue making monthly rent payments. The rationale must be documented in the file.

Look for Backfill Tenants

Before agreeing to a buyout payment for the lessor, the Lease Contracting Officer should consider whether other client agencies or private-sector backfill tenants are available and could mitigate GSA's financial exposure.



The final agreement should be established through an SLA and the lease closed out after the space is vacated in agreement with the established terms.

b. Partial Terminations

Within Termination Rights

When the client agency terminates only a portion of its space (or its entire space when the agency is housed in a multitenant lease), where the lease provides partial termination rights, the Leasing Specialist must notify the lessor in writing as provided in the lease, supply a floor plan that clearly delineates the space being terminated, and request a cost proposal from the lessor if any work will be required to subdivide the space. The costs must be documented in the lease through an SLA. Obtain floor plans that clearly show the remaining premises.

Provisions for Remaining Space

The Leasing Specialist should remind the lessor that the space remaining under the lease will be subject to the surviving lease provisions and verify that the physical space and building systems are altered accordingly.

If there is an outstanding TI balance after a partial release of space, the unamortized balance of the TI may be reamortized over the remaining space in the OA as provided in PDG, section 5.3.5.

c. Documentation

Chapter 2, New or Replacing Lease, part 1 describes the systems required for documenting lease actions (STAR, eLease, negotiation records, etc.).

d. Design and Lease Commencement

See Chapter 2, New or Replacing Lease, or Chapter 8, Alterations in Leased Space, for details on design and configuration of occupied space.

If GSA excess furniture services are desired, the RAM can assist with arrangements.

See Chapter 2, New or Replacing Lease, part 8, which provides details on lease commencement activities.

CHAPTER 7:

Lease Extension

Overview	7-1
1. Policy	7-1
a. General Requirements.....	7-1
b. When To Seek an Extension.....	7-1
2. Requirements Development	7-2
a. Determine Need for Extension.....	7-2
b. Administrative Requirements.....	7-2
c. In-House versus Broker.....	7-3
3. Acquisition Planning	7-3
a. Prepare Acquisition Plan.....	7-3
b. Review Existing Lease File.....	7-3
c. Develop Negotiation Objectives.....	7-3
4. Market Analysis	7-3
5. Justification	7-4
a. Justification Approval Thresholds.....	7-4
b. Developing the Justification.....	7-4
c. Posting the Justification.....	7-4
6. Negotiation and Award	7-5
a. Request for Offer and Negotiation.....	7-5
b. Scoring—Operating Versus Capital Lease.....	7-5
c. Price Negotiation Memorandum.....	7-5



d. Certification of Funds (Prevalidation).....	7-6
e. Execute Lease Amendment.....	7-6
Attachment 1: Determination of Operating Lease Classification for Lease Extension.....	7-7

Overview

Lease extensions are employed, if necessary, when a Government tenant is unable to vacate the property by the time a lease expires. An extension is a negotiated agreement between the lessor and the Government allowing the tenant agency to continue to occupy its current location for a short term. In an extension, other terms and conditions of the lease originally agreed upon remain unchanged, unless otherwise stated in the lease extension document via Lease Amendment.

Extensions are a critical tool and a valid option for avoiding a holdover occupancy (see Chapter 10, Lease Holdover). They can perform an important function in filling a short-term gap, by allowing continued occupancy if a lease is near expiration and no other viable options are available.

It is important not to rely upon extensions as standard, everyday practice. They pose several problems and concerns and the Leasing Specialist must approach them as a lease action of last resort.

Extensions are undesirable because of several disadvantageous market factors:

- Extensions limit the negotiating power of the Government to secure favorable contract terms, rents, or other conditions.
- Typically, agreements with shorter terms carry higher rental costs.
- Lessors may not want or even be able to accept the terms sought by the Government, due to prior commitments for the space.
- Lessors may have trouble securing financing with the lack of a long-term agreement.

1. Policy

a. General Requirements

If the value of a lease extension exceeds the Simplified Lease Acquisition Threshold (SLAT), a justification for other than full and open competition is required.

For extension values below the SLAT, the Lease Contracting Officer may use the Simplified Lease procedures and document the file accordingly. The Lease Contracting Officer's documentation must be updated to reflect the SLAT procedures for extensions. See Chapter 3, Simplified Lease Acquisition, for more background on these procedures.

b. When To Seek an Extension

The Lease Contracting Officer may enter into a contract without providing for full and open competition when the property or services needed by the agency are available from only one

↳ 2. Requirements Development

responsible source, no other type of property or services will satisfy the needs of the agency, and the action is supported by a Justification for Other Than Full and Open Competition (Justification). The following are examples where this would apply to an extension:

- The agency occupying the leased space is scheduled to move into other federally controlled space, but encounters unexpected delays in preparing the new space for occupancy.
- The Government encounters unexpected delays outside of its control in acquiring replacement space.
- The Government is consolidating various agencies and the Lease Contracting Officer needs to extend the terms of some leases to establish a common expiration date.
- The agency occupying the space has encountered delays in planning for a potential relocation to other federally controlled space due to documented organizational, financial, or other uncertainties.

2. Requirements Development

a. Determine Need for Extension

In order to negotiate acceptable extension terms, the Lease Contracting Officer needs to know the status of the long-term replacing action that will deliver future space for the client agency—that is, when the future space will be available for occupancy. This factor could drive the requirement for a short-term extension to serve as an interim solution between a client agency's current requirement (the expiring lease) and its future long-term requirements.

The Leasing Specialist must arrange a lease extension of adequate length to protect the Government's occupancy, yet also negotiate extension terms effectively with the current lessor to limit duplicated rents and other costs.

b. Administrative Requirements

Create a Project

Request a project number for budgetary and tracking purposes. A separate project number is needed to track every lease extension, regardless of its length.

Obtain Signed Occupancy Agreement from Client Agency

Prepare a revised draft Occupancy Agreement (OA) reflecting the revised lease terms. Agency signature of the OA is not required when the rental rate terms of the expiring lease and extension are identical.

Deferred Maintenance Issues

Consult with the Lease Administration Manager on space issues that can be addressed during the extension period, such as deferred maintenance items identified during inspections.

Draft Extension Schedule

Prepare a milestone schedule for the extension action in eLease.

c. In-House versus Broker

Lease extensions are conducted in-house only, unless the region has provided a justification that clearly identifies the need to use a broker. The National Program Manager must make an exception before the Region may use a broker for extensions unless the long-term housing solution for that agency is being tasked to the broker. In that case a broker may also be tasked with the extension project.

3. Acquisition Planning

a. Prepare Acquisition Plan

A lease extension requires an acquisition plan. See chapter 2 for more details.

b. Review Existing Lease File

The Leasing Specialist must review and ascertain significant elements of the existing lease file and contract terms.

- Determine the Lease Amendment number for the extension Lease Amendment.
- Look for Tenant Improvement (TI) Rates—Amortized TI rates included in the initial lease will likely expire. The extension rate must not include these rates.
- Confirm that ownership information is correct and that the Form 3518, Representations and Certifications, is current—Verify that the owner's name and address in the lease is correct and current. Verify this information against the Central Contractor Registration (CCR). If the property has changed hands, or there was a name change, a lease assumption (novation) agreement or a change of name agreement is necessary. Updates to the lessor's address can be made via the extension Lease Amendment or in a separate Lease Amendment.

c. Develop Negotiation Objectives

Short-term extensions can require the Government to pay a premium rate because of both their short term and the usual inclusion of termination rights. If there were no rate adjustments during the prior term, negotiating an extension may present an opportunity for a rate adjustment (for GSA or the lessor). Prepare your negotiation objectives with these factors in mind.

4. Market Analysis

Analyze the market to determine a potential rate for the extension term. Conditions in the current market will assist in determining a fair and reasonable rate for the Government. These can be

↳ 5. Justification

established using CoStar and other market data tools, as well as leases recently awarded in the delineated area. Because rates vary across different markets and neighborhoods, a precise market study is necessary for preparing to negotiate a fair and reasonable rental rate.

The negotiated rental rate for the extension must exclude a tenant improvement allowance, since the allowance would have been recovered under the initial term of the lease. As such, the short-term extension might be less than the rental rate for the prior expired term. Nevertheless, in a very aggressive market the rental rate could be higher than average due to the short-term nature of the extension. Always make certain that the rental rate is within the market range, preferably no higher than the average rental rate, and that it is considered fair and reasonable.

5. Justification

a. Justification Approval Thresholds

If the value of a lease extension will not exceed the simplified lease acquisition threshold the lease contracting officer may use the Simplified Lease procedures and explain the absence of competition in the file. See Desk Guide chapter 2, part 1 for Justification and approval requirements for leases that exceed the SLAT.

b. Developing the Justification

The Lease Contracting Officer must document the Justification in writing, certify its accuracy and completeness, and obtain the required approvals.

The Justification must provide a sound rationale for securing an extension. The following are some of the factors that the justification could cite, as appropriate:

- Financial or other advantages of avoiding a lease holdover (this does not require a cost benefit analysis) and
- A lack of potential lessors interested in providing space under a short-term lease,

Because Justifications for projects above the SLAT require approval above the Lease Contracting Officer level, sufficient time must be allowed for obtaining these approvals.

c. Posting the Justification

The Justification must be posted on the Federal Business Opportunities (FedBizOpps) website after awarding the lease extension. Information exempt for public disclosure must be redacted. See Chapter 2, Part 5, Section 5.f, "Post-Award Notifications," for more information.

6. Negotiation and Award

a. Request for Offer and Negotiation

A request for an offer for a lease extension can be made via phone, email, or formal letter to the lessor. Negotiations must not commence until after the acquisition plan and justification have been approved.

b. Scoring—Operating Versus Capital Lease

The Lease Contracting Officer must include a memorandum in the file (see Attachment 1 to this chapter) verifying that the lease for the extension period remains an operating lease as defined in Appendix B of OMB Circular No. A-11 (2008). If the memorandum verifies that, for scoring purposes, the extension is for a term not more than 5 years, the rent to be paid under the extension is below the prospectus threshold amount applicable at the award date of the extension, and the extension meets the following criteria, a “90 percent” scoring calculation is not required to make an operating lease determination. The memorandum must indicate:

1. Ownership of the asset will remain with the lessor during the term of the lease and is not transferred to the Government at, or shortly after, the end of the lease period.
2. The lease does not contain a bargain-price purchase option.
3. The lease extension term does not exceed 75 percent of the estimated economic life of the asset.
4. The asset is a general-purpose asset rather than being for a special purpose of the Government and is not built to the unique specification of the Government as lessee.
5. There is a private sector market for the asset.
6. The project will not be constructed on Government land.
7. There is no provision of Government financing and no explicit Government guarantee of third party financing.
8. Risks of ownership of the asset remain with the lessor unless the Government was at fault for such losses.

If any of the above criteria are not met, Leasing Specialists and Lease Contracting Officers must refer to [the latest GSA scoring policy](#).

c. Price Negotiation Memorandum

The Lease Contracting Officer must document the background of the lease and explain the purpose of the extension in a Price Negotiation Memorandum (PNM). Because the extension is a sole-source acquisition, this document focuses on negotiations with the existing lessor, as opposed to the multiple offerors that the PNM for a new lease might discuss. It must capture the progression and final outcome of negotiations with the lessor, and the business rationale leading up to the final recommended decision. Its content must otherwise meet the same requirements as described in Chapter 2, Part 5, Section 3.c, “Price Negotiation Memorandum (PNM).”

d. Certification of Funds (Prevalidation)

The Leasing Specialist must request certification of Budget Activity 53 funds from the authorized budget official. The certification must cover the extension period approved in the acquisition plan and agreed to by the lessor. When funds are certified, the Budget Office will provide the Leasing Specialist with an approved prevalidation of funding document, often referred to as a BA 53 fundcert.

e. Execute Lease Amendment

The Leasing Specialist must prepare the Lease Amendment reflecting the results of the final negotiation, including revised lease expiration date, any changes to the rental rates, operating expense base, termination rights, or any other terms which have been amended.

After review and approval by the Lease Contracting Officer, the Leasing Specialist must send two copies of the Lease Amendment to the lessor for signature. Once the Lease Amendments are returned by the lessor, the Leasing Specialist must check the documents to confirm that all pages are initialed with no new changes. The Lease Contracting Officer must execute both copies of the Lease Amendment and return one signed copy to the lessor for its records. The date of Government execution must be recorded in the upper right corner of the document.

Lease Amendments for extensions include three dates: the beginning and end dates of the lease contract term and the date of signature.

The Lease Contracting Officer must submit the required documents for processing lease payments. Upon completion of processing, the Lease Contracting Officer must notify the Project Manager and Lease Administration Manager of the completed action and place the original executed lease in the lease file. The Lease Contracting Officer must provide copies to local and headquarters representatives of the client agency, the GSA field office, Federal Protective Service, and other appropriate team members.



Attachment 1: Determination of Operating Lease Classification for Lease Extension

Date:

Memorandum for: The File

From: Contracting Officer

Subject: Lease GS-xxx-xxxxx

Determination of Operating Lease Classification for Lease Extension

The Government intends to extend the above lease through for the period _____ through _____. This memorandum verifies, for consistency with scoring policy, that the lease term does not exceed 5 years and has met the following conditions and, therefore, can be classified as an operating lease as further defined in OMB Circular No. A-11, Appendix B. Having satisfied the criteria listed below, the “90 percent” scoring calculation is not required.

1. Ownership of the asset will remain with the lessor during the term of the lease and is not transferred to the Government at, or shortly after, the end of the lease period.
2. The lease does not contain a bargain-price purchase option.
3. The lease extension term does not exceed 75 percent of the estimated economic life of the asset.
4. The asset is a general-purpose asset rather than being for a special purpose of the Government and is not built to the unique specification of the Government as lessee.
5. There is a private sector market for the asset.
6. The project will not be constructed on Government land.
7. There is no provision of Government financing and no explicit Government guarantee of third party financing.
8. Risks of ownership of the asset remain with the lessor unless the Government was at fault for such losses.

The rent to be paid under the extension is below the prospectus threshold amount applicable at the award date of the extension.

GSA Contracting Officer



CHAPTER 8:

Alterations in Leased Space

1. Overview	8-1
a. Reasons for Alterations	8-1
b. Procurement Responsibility.....	8-1
c. Government's Contractual Right to Perform Alterations	8-2
d. Effect of Alterations on Leases.....	8-3
2. The Standard Alterations Process	8-4
a. Requirements and Scope Development Phase	8-4
b. Preproposal and Proposal Phase.....	8-5
c. Negotiations, Contract Preparation, and Award Phases.....	8-8
d. Post-Notice To Proceed Phase.....	8-9
3. Administrative Best Practices	8-10
ATTACHMENT: Sample Letter Appointing Contracting Officer's Representative.....	8-11





1. Overview

Alterations as discussed in this chapter of the desk guide are post occupancy layout modifications requested by an agency during the lease term. The intended result is for the space to better support the agency's mission and evolving long-term needs.

The General Services Administration's (GSA) procedures for securing leasehold alterations are described in GSAM 570.5. The reader should understand that this policy gives the Lease Contracting Officer latitude to make discretionary decisions in the Government's best interest.

a. Reasons for Alterations

The most common reasons for alterations in leased space include:

- Installing or replacing equipment;
- Using new or modified layouts;
- Accommodating requirements for additional facilities (such as conference rooms); or
- Changing mission-related requirements (such as security enhancements).

b. Procurement Responsibility

The Leasing Specialist and Lease Contracting Officer

Typically, the Leasing Specialist (LS) and Lease Contracting Officer (LCO) are responsible for procuring alterations of any size as long as those alterations are being performed directly by the lesser. The Leasing Specialist or Lease Contracting Officer are not authorized to conduct competitive procurements for alterations with anyone other than the lessor (see table 8.1). They must use a Lease Amendment as the contractual document for this work.

The Property Manager

Property Managers who have been delegated Contracting Officers Representative authority by the Lease Contracting Officer may procure alterations up to \$150,000 depending upon the level of their contracting officer's warrant. Unlike the alterations process followed by the Lease Contracting Officer, Property Managers are authorized to procure the alteration directly with the lessor or through other vendors using a competitive process, using GSA Form 300, Order for Supplies and Services, as the contractual document.

The Client Agency Official

Occasionally, the Lease Contracting Officer will delegate Contracting Officers Representative authority to a client agency official to procure minor alterations from the lessor, for an amount up to \$150,000. The authorized official, who will procure these alterations with the

Note:

Even when designated as a Contracting Officer Representative (COR), if the Property manager contracts for an alteration, they must have their own Contracting Officer's warrant and not rely upon their COR designation for authority.



lessor using a purchase order request or another agency approved form, must have a contracting officer's warrant at the appropriate level.

Contract Specialist and Contracting Officer (GS-1102)

On rare occasions, the existing lessor cannot or will not perform the alteration and this work must be procured from an alternate source by a contracting officer from the GS-1102 series. The contracting officer must procure this work through a competitive process or through other procurement vehicles such as the 8(a) program or firms on GSA schedules. The lessor may still compete for the work in a full and open competitive procurement.

The Lessor's Role

Although leases do not give lessors a right of first refusal to perform alterations, it is typically beneficial to allow lessors to perform the work. In most cases, lessors offer the lowest risk option for performing alterations because of their knowledge of their buildings and systems. Using an outside vendor could result in liability to the Government as a result of any damage or poor workmanship on the part of that vendor. The Office of Regional Counsel should be consulted to address the potential liability when procuring alterations from a source other than the Lessor.

Note: This chapter does not address the steps required for a Property Manager, client agency official or Contract Specialist to contract for alterations using a GSA Form 300.

Table 8-1	<i>LS/LCO Standard Approach</i>	<i>Contracting Officers (CO) (GS-1102s)</i>	<i>Property Managers (Field Office)</i>	<i>Client Agency Officials (authorized by the GSA LCO)</i>
How Big?: Alteration procurement size	Any dollar amount	Any dollar amount	At or less than \$150,000	At or less than \$150,000
With whom? Directly with lessor or others	Direct with lessor only	Competitive with contractors or other procurement vehicle such as 8(a) or firms on GSA schedule	Direct with lessor or competitive with others	Direct with lessor only
Using what? Lease Amendment; GSA Form 300, Order for Supplies or Services; or other approved form	Lease Amendment	GSA Form 300	GSA Form 300	GSA Form 300 or other client agency form
Exceptions/Notes		1. CO only gets involved if lessor does not perform alterations and the alterations must be secured from an alternate source. 2. The SOW must be provided by the client agency.	1. LCO must have delegated Contracting Officer's Representative (COR) authority to Property Manager 2. Property Manager must provide copies of GSA Form 300 to LS/LCO for the lease file	

c. Government's Contractual Right to Perform Alterations

GSA's unilateral right to perform alterations in space under lease is prescribed in several places throughout the standard lease contract:



- General Clauses, Paragraph 19: Alterations
- General Clauses, Paragraph 33: Proposals for Adjustment
- General Clauses, Paragraph 34: Changes

The Government, not the lessor, has the right to decide who will perform the alterations.

d. Effect of Alterations on Leases

Operating and Maintenance Costs

Certain buildouts can affect both the operating and maintenance costs of the space. For example, construction of a computer room with dedicated 24-hour heating, ventilation, and air conditioning may increase utility consumption or require special filters. The addition of equipment that requires periodic maintenance will add costs of maintenance for the lessor unless the government will perform such maintenance. Under such circumstances, the lessor may request an equitable adjustment as a result of an alteration. Even if the alteration was procured using a GSA Form 300, the Leasing Specialist may still have to prepare a Lease Amendment to make the lessor “whole” on these adjusted costs. While it is the lessor’s responsibility under the lease to make a timely claim for equitable adjustment, the Leasing Specialist must always be aware of these potential effects when procuring alterations. The Leasing Specialist or Lease Contracting Officer must be careful to prescribe in the Lease Amendment who will perform the maintenance.

Reminder: If the Leasing Specialist/Lease Contracting Officer agrees to an equitable adjustment in the operating expenses paid through the rent, revise the Occupancy Agreement and obtain the client agency’s signature on it.

Method of Funding Alterations

Unlike the initial tenant improvement (TI), which is funded primarily through an amortization in the rental rate, leasehold alterations are primarily funded through reimbursable work authorizations (RWAs). RWA funding is discussed further in this chapter, as well as in Chapter 2, Part 6, “Design, TI Negotiations, and Notice to Proceed”, under the heading “TI Overage.” Detailed RWA guidance is provided on the RWA Guidance and Policy web page at http://pbsportal.pbs.gsa.gov:7777/portal/page?_pageid=82,559762&_dad=portal&_schema=PORTAL

Joint use space alterations in a multi-tenanted leased building are funded by GSA in accordance with the Pricing Desk Guide 4th edition available at

http://pbsportal.pbs.gsa.gov:7777/portal/page?_pageid=84,701041&_dad=portal&_schema=PORTAL

Lease Amendments and Other Contractual Forms

Lease Amendments are used to document the lease terms or conditions for most standard alteration procurements. Table 8-1 summarizes the exceptions to this process. One best practice to consider is to prepare Lease Amendments for all alterations, even those procured separately by purchase order. Preparing a Lease Amendment will provide a historical record within the lease file if there are future restoration or equitable adjustment claims by the lessor.



Section 106 Compliance for Alterations in Historic Buildings

Work that may alter historic spaces, materials or site characteristics is subject to National Historic Preservation Act Section 106 review, coordinated by GSA's Regional Historic Preservation Officer (RHPO). Contact the RHPO in early planning for requests potentially affecting historic properties to identify and address preservation issues the project may raise.

2. The Standard Alterations Process

The following steps typically apply to standard alteration procurements (see LS/LCO standard approach column of Table 8-1).

a. Requirements and Scope Development Phase

Alterations Request

The client agency first submits an alterations request to GSA by letter or email and must include a scope of work (SOW). This request may or may not include a GSA Form 2957, Reimbursable Work Authorization (RWA).

Refining/Developing SOW

Next GSA must work with the client agency in developing or refining the scope of work as necessary. Depending upon the alteration required, the scope of work can contain, for example, one or more of the following: a narrative, floor plans, equipment specifications, contractor qualifications, and security clearance procedures.

The level of detail in the scope of work will vary based on the procurement process. More detailed SOWs will be needed if a solicitation for alternative sources is required.

Section 106 Consultation

Federal Management Regulation (FMR) 102-78, Historic Preservation, and GSA ADM1020.2, Procedures for Historic Properties, outline requirements and procedures for compliance with Section 106 of the National Historic Preservation Act. Every effort should be made to avoid, or if unavoidable, to minimize, adverse effects on historically significant spaces, materials, and character-defining architectural features, in accordance with the Secretary of the Interior's Standards for Rehabilitation. Depending on the magnitude of the request, additional review for compliance with the National Environmental Protection Act or coordination with local development plans may be required. Agencies in historic properties should coordinate with GSA's Regional Historic Preservation Officer early in scope development to ensure that Section 106 requirements are met prior to committing funds to a specific solution or approach that may affect historic materials or spaces.

Scope Determination

General Services Administration Acquisition Manual (GSAM) 570.502-1 outlines different justification and approval procedures, depending on whether the alterations are considered to be within the general scope of the lease. To assist in determining whether the requested alterations are within the scope of the original lease or out of scope requirements the Leasing Contracting Officer must:



- Decide whether the work is fairly and reasonably part of the lease requirement originally contracted for; and
- Evaluate the intended purpose of the alterations along with the estimated cost compared to the current use of the space.

The cost of the alterations relative to the lease value is not necessarily an indicator of whether they are within or outside the scope. The Leasing Specialist must understand that although most alterations will fall within the scope of the lease, common sense must be applied to the scope determination and the criteria listed above.

In-Scope Requirements

If the alterations are within the scope of the original lease, they may be performed by the lessor without a Justification for Other than Full and Open Competition (Justification) if:

- The lessor is willing to perform the alterations at a fair and reasonable price; and
- It is in the Government's interest to acquire the alterations from the lessor.

As a best practice recommended under this scenario, the Leasing Specialist or Property Manager should create a memorandum to the file to document the scope determination.

Out-of-Scope Requirements

If the alterations are outside the scope of the original lease, the Leasing Specialist or Property Manager is authorized to proceed with one of the following options:

- If the alteration cost will exceed the simplified lease acquisition threshold, prepare a Justification and execute a contract with the lessor;
- If the alteration cost will exceed the micro-purchase threshold, as defined in FAR 2.101 but fall below the simplified lease acquisition threshold, use simplified acquisition procedures and explain the absence of competition in the file; or
- Work with a GS-1102 Contracting Officer to procure the alterations from an alternative vendor.

b. Preproposal and Proposal Phase

Preproposal Actions

Acquisition Plan

The first step in this phase is to create an acquisition plan. The Leasing Specialist must adjust the current acquisition plan template so that it is geared toward space alterations, not lease acquisition. The plan must address relevant issues, milestones, risks, such as:

- How to decide whether the price is fair and reasonable;
- The Independent Government Estimate (IGE), competitive bidding, cost and pricing data, etc.;
- The time remaining in the lease term;



↳ 2. The Standard Alterations Process

Note: Before contracting for major alterations when the remaining lease term is cancelable, consideration must be given to:

- Early exercise of any existing renewal option;
- Cancellation of the lease and procuring new space;
- Acquiring a succeeding lease; or
- Acquiring a superseding lease before contracting for major alterations.

The Leasing Specialist should consider alternatives that include the cost of alterations amortized completely or partially over an appropriate succeeding lease term, as well as offers for a succeeding lease with the Government paying the alterations by negotiated lump sum, and then make a comparison of all alternatives, taking into account the client agencies' operating needs and all of the costs associated with each alternative. The lease contract file must reflect the rationale in support of the chosen alternative.

This strategic thought process may also be employed for alterations regardless of scope.

- The operating rent effect, if any;
- The schedule effect (if part of larger project);
- Other client-specific issues (such as the Department of Defense 1-year funding requirement); and
- The client regulatory requirements that support the alteration project.

Obtain Independent Government Estimate

The Leasing Specialist or Property Manager must obtain an Independent Government Estimate (IGE) to serve as the basis for analyzing and negotiating the lessor's cost proposal. The IGE can be created from any of the following sources:

- GSA project engineers;
- Cost estimators;
- Estimating contractors;
- Field office personnel (if the alteration is \$150,000 or less); or
- The Client agency (although agency estimates may not be detailed enough to be used for negotiation purposes).

If the estimate for the alteration is \$150,000 or less, the alterations may be requested by a local GSA field office or the authorized client agency official.

If the estimate is more than \$150,000 but **less than** the prospectus threshold (more than \$1,395,000 for Fiscal Year 2011), then the alterations must be requested by

Tip:

Sometimes the RWA money comes first. However, the RWA cannot be accepted until the SOW is completed and a supporting estimate is obtained.



the client agency's authorized ordering official.

If the estimate **exceeds the prospectus threshold** (more than \$1,395,000 for Fiscal Year 2011), the Leasing Specialist or Property Manager must consult with Portfolio Management and the Office of Regional Counsel before proceeding with the project. Additional information for alterations that exceed the prospectus threshold can be found on the PBS Insite Office of Portfolio Management Capital Allocation Division (PT) web page [http://pbsportal.pbs.gsa.gov:7777/portal/page?_pageid=84,148370&_dad=portal&_schema=PORTAL].

Request RWA From Agency

The RWA request must include the amount of the IGE plus additional overhead fees generated from the RWA calculator (http://pbsportal.pbs.gsa.gov:7777/pls/portal/PORTAL.www_media.show?p_id=7234260&p_settin_gssetid=38964&p_settingssiteid=0&p_siteid=80&p_type=basetext&p_textid=7234261). These fees typically include a 4 percent GSA project management fee, as well as an RWA overhead fee and contingency (if not already included in the estimate).

Project Manager Accepts RWA

The Project Manager's signature on the RWA indicates acceptance. Once it is signed, the responsible GSA associate (usually the regional RWA Manager) then sends the RWA to the budget analyst. The budget analyst then assigns an RWA number and returns a copy of the RWA to the client agency with a cover letter. The budget analyst also returns a copy of the cover letter and a copy of the RWA to the Project Manager, who forwards them to the Leasing Specialist or Property Manager.

Proposal Actions

Issue Request for Proposal

The Lease Contracting Officer must send the lessor a letter requesting pricing for the work. The letter must reference requirements in GSAM 552.270-13, Proposals for Adjustment, for structuring the price proposal. Include in the letter (as attachments) all requirements information from the client agency.

Receive and Evaluate Proposal from Lessor

When GSA receives the proposal from the lessor, it must be evaluated to determine whether it meets the Government's requirements. To analyze price or cost, compare the proposed cost to the IGE and any applicable audit. The profit resulting from the proposal should also be assessed, if possible.

The breakdown of costs (labor and material) must be reviewed, as well as any required designs and drawings.



c. Negotiations, Contract Preparation, and Award Phases

Price Negotiations

The negotiated price must be fair for both the Government and lessor and provide the lessor with incentive for efficient and economical performance. This requires sound judgment and a willingness to make a reasonable compromise when necessary. Before negotiating, it is important to set goals. These can include individual line item negotiating goals (for example, drywall, plumbing, and finishes), as well as total pricing goals, so that a determination of fair and reasonable pricing can be made. The negotiations must be documented in the contract file (see Chapter 2, Part 5, Award Determination, paragraph 3 c, Price Negotiation Memorandum).

Tip: Backfill occupancies

The process for contracting for alterations related to backfilling vacant space are the same as for a midterm alteration required by an agency. Funding considerations are discussed in section 2.2.3 of the Pricing Desk Guide 4th edition.

Contract Preparation

Confirm Funding

The Leasing Specialist can confirm funding for the alterations through discussions with the local budget analysts in your region. The budget analysts will need specific contract information such as the lease and Lease Amendment number, building number, lessor name, and negotiated contract costs. The Leasing Specialist must obtain a Pegasus Document Number (PDN) from the budget analyst to confirm funding. The Lease Contracting Officer must never rely on the RWA alone, as other intervening factors may have affected the balance remaining on the RWA.

Draft Contract

A Lease Amendment is the contract vehicle for alterations. The Lease Amendment must incorporate the scope of work, negotiated price the Government will pay for the alterations, time frames to complete work, invoicing instructions, drawings, any increase in operating or maintenance costs, and restoration language. General conditions are also added to the Lease Amendment to ensure successful performance and protection of the Government's interests.

Award

Lease Amendment as Obligor Document (Preferred Method)

To process this award, the Leasing Specialist must send the lessor two copies of the Lease Amendment for signature. The lessor then returns both copies to the Government. The Lease Contracting Officer executes the Lease Amendment and returns one copy to the lessor along with a transmittal letter authorizing the lessor to proceed with work. The Leasing Specialist must then send a copy of the Lease Amendment (the obligor document) to the budget analyst within 5 days of execution.

Contract Award and Obligation (Notice To Proceed Method)

In rare circumstances, it may be necessary to unilaterally issue a Notice to Proceed (NTP) before executing a Lease Amendment (or other contractual agreement). Under this process, the Lease Contracting Officer sends a letter with NTP language to the lessor (the NTP must include a



PDN and invoicing instructions), and this letter becomes the obligating document. The Leasing Specialist must send a copy of the NTP to the Budget Office within 5 days of signing the letter. For contractual continuity, the Lease Contracting Officer must also prepare the Lease Amendment for the lessor's signature that incorporates the scope of work, using the effective date of the NTP letter as the effective date of the Lease Amendment (ideally, this occurs simultaneously, with the Lease Amendments for signature accompanying the NTP). The lessor returns both copies signed by the Lessor to the Government, and the Lease Contracting Officer signs the Lease Amendment (returning one copy to the lessor). The Leasing Specialist must then send a copy of the executed Lease Amendment to the Budget Office as soon as practical.

d. Post-Notice To Proceed Phase

Designation of Contracting Officer's Representative

Only the Lease Contracting Officer is authorized to designate a Contracting Officer's Representative (COR) to assist with monitoring lessor performance and conducting progress inspections. The COR has specific but limited authority. For example, the Contracting Officer's Representative may never:

- Execute a contract or contract modification;
- Obligate Government funds;
- Make final decisions that may be subject to appeal; or
- Terminate a lessor's right to proceed.

A sample letter designating a COR is attached at the end of this chapter. The enumerated responsibilities are to be determined by the Lease Contracting Officer.

Monitoring Performance

Progress reports and construction meetings are the primary tools for monitoring performance (and actual conduct of the work). This is important to verify that the lessor is fulfilling his or her obligations. Other monitoring tools include reviewing shop drawings and conducting progress inspections. If performance issues are found, the Leasing Specialist or Property Manager must take appropriate action to enforce any contract requirements that are not being met.

Progress Inspections

To document progress inspections, the Leasing Specialist or buildings manager must keep a running list of items that vary from contract requirements.

Any defects or omissions must be captured in the progress inspection and listed for the lessor to correct. The Leasing Specialist or Lease Contracting Officer is responsible for making sure that the lessor corrects all defects and omissions. Emphasize to the lessor that no interim lists given to the lessor during any portion of the work schedule should be considered a final inspection.

Final Inspection

It is recommended that the Leasing Specialist confirm that GSA does not make final payment for alterations until the work is inspected by a qualified Government employee or independent Government contractor (see GSA Form 184, Construction Progress Report, or GSA Form 220,



Inspection Report for Work Under Contract, for this documentation). The Leasing Specialist must also verify that this inspection confirmed that the alteration was completed in a satisfactory manner. In many cases, the GSA project manager will conduct a final inspection alone and will follow up with a joint final inspection with the end user.

Acceptance and Payment

Acceptance of contract work is final and conclusive except for issues involving the warranty, latent defects, gross mistakes, or fraud. Acceptance establishes that the lessor's work meets the contract requirements or is substantially complete. Once the work is accepted, payment is authorized using GSA Form 3025, Receiving Report, and sent to GSA's Budget Office.

3. Administrative Best Practices

The following additional best practices apply to post occupancy alterations.

- **Project number**—Always create a project number for an alteration. Even if no Rent Bill Management action is occurring, creating a project number allows your supervisor to assess your workload accurately.
- **Project documentation**—It's advantageous to create a separate folder for documenting alteration activities. Contractual documents must be kept in the original lease contract file.
- **Lease Amendments**—Fully executed Lease Amendments are required for all alterations procured by a Lease Contracting Officer. Except for the exigent circumstances as noted under "Award" the Leasing Specialist must prepare a fully executed Lease Amendment before the Lease Contracting Officer issues the NTP for an alteration; consider preparing Lease Amendments for even those procured separately by purchase order to provide a historical record within the lease file, in the event of future restoration or equitable adjustment claims by the lessor.
- **Key players and their roles**—The Leasing Specialist should seek to understand the key players and their roles in this transaction. Leasing Specialist colleagues and subject matter experts can help identify who is doing what.

GSA must always first approach the lessor to request a proposal for alterations, since alterations usually require tying into the building's existing electrical, mechanical, plumbing, or fire protection systems. Using alternative sources for alterations could negate the lessor's responsibility for maintaining these systems, especially in instances of negligence or damage on the part of the Government or the Government's contractor.



ATTACHMENT: Sample Letter Appointing Contracting Officer's Representative

Dear [Name]:

This letter formalizes your appointment as the Contracting Officer's Representative (COR) for the lease listed below:

Location	Agency	Lessor Contact
[Building Name]	[Agency Name]	[Name]
[Address 1]	[Agency Contact]	[Building Name]
[Address 2]	[Building Name]	[Address 1]
[Address 3]	[Address 1]	[Address 2]
[City], [State], [Zip code]	[Address 2]	[Address 3]
	[Address 3]	[City], [State], [Zip code]
	[City], [State], [Zip code]	[Telephone]
	[Telephone]	[Facsimile]
	[Facsimile]	[Email]
	[Email]	

A copy of the lease has previously been sent to you. [Or a copy of the lease is attached.]

The responsibilities of the COR are to ensure that the lessor complies with the scope of the lease as written and include the following:

1. Perform day-to-day management of leased space, including building maintenance and operating matters relating to the building's services, utilities, equipment and other matters more specifically set forth in the FMR and GSA orders;
2. Inspect and accept work which the lessor may do under the lease contract and modifications, subject to the limitations of your authority;
3. Inspect and accept services which the lessor is obligated to provide under the lease contract;



↳ ATTACHMENT: Sample Letter Appointing Contracting Officer's Representative

4. Advise the Contracting Officer as difficulties or situations arise which may disrupt or hinder performance;
5. Issue cure letters under established procedures when delivery of routine services does not conform to lease requirements; specifically, you are authorized to enforce
 - (a) Day-to-day delivery of services and utilities necessary to maintain efficient operation of the facility;
 - (b) Periodic services (i.e., window washing, cyclical painting, snow removal, pest control, etc.); and
 - (c) Routine maintenance.

With the exception of Item 5 above, you may delegate these responsibilities to your staff as you think necessary.]

This appointment as COR is effective on the date above and shall remain in effect until it is rescinded in writing. Should your agency have any questions or requests regarding your delegation, please contact me at [Number].

Sincerely,

[Name]

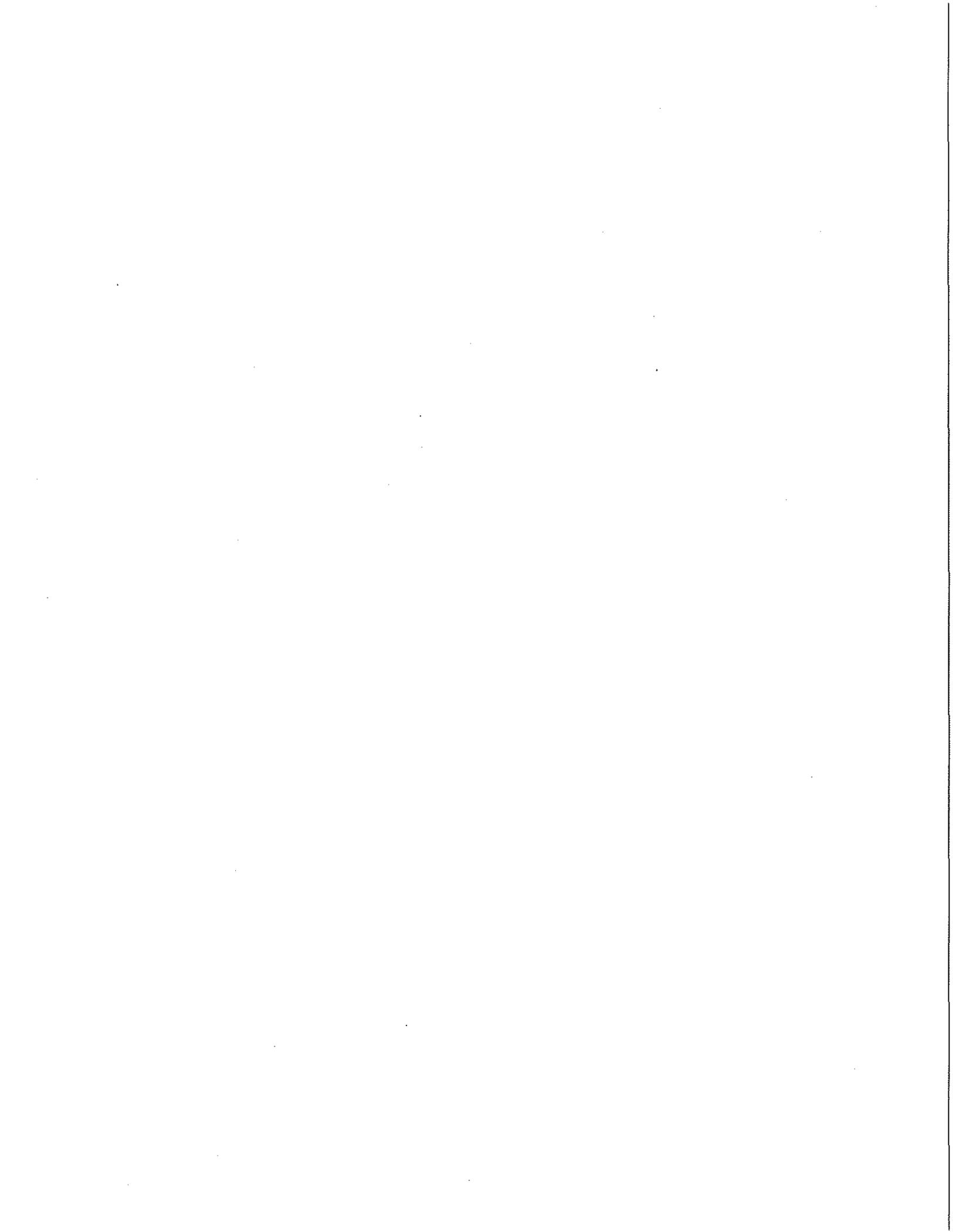
[Title]



CHAPTER 9:

Renewal Options

1. Overview	9-1
2. Renewal Option Definition	9-1
a. Definition	9-1
b. Difference Between Evaluated and Unevaluated Options	9-2
3. Steps for Exercising an Evaluated Option	9-2
a. Confirm Continuing Need	9-3
b. Confirm Prior Evaluation	9-3
c. Consider Past Performance	9-3
d. Document National Environmental Policy Act Compliance	9-3
e. Determine Scoring Classification	9-4
f. Do Not Advertise	9-4
g. Perform Market Analysis	9-4
h. Make Fair and Reasonable Price Determination	9-4
i. Prepare Occupancy Agreement	9-5
j. Prepare Acquisition Plan	9-5
k. Other than Full and Open Competition	9-5
l. Confirm Funds Availability	9-5
m. Provide Notice to Lessor	9-5
n. Process the Action	9-5
o. Distribute Lease Amendment	9-6
4. Steps for Exercising an Unevaluated Option	9-6
a. Advertisement (Federal Business Opportunities Synopsis)	9-6
b. Cost – Benefit Analysis	9-6
c. Other than Full and Open Competition	9-6





1. Overview

A renewal option allows the Government to continue a lease upon specified terms and conditions, including lease term and rent. Evaluated lease renewal options allow the Government to continue occupancy for an additional period without conducting a competitive procurement.

Renewal options can be valuable assets in times of increasing market rents or when increased demand results in limited vacancies. The right to renew must be provided in the lease.

This chapter outlines the required actions the Leasing Specialist or Lease Contracting Officer must take to obtain, evaluate, and exercise a renewal option.

2. Renewal Option Definition

a. Definition

An option is a unilateral right in a contract by which, for a specified time, the Government may elect to purchase additional supplies or services called for by the contract, or may elect to extend the term of the contract. General Services Administration (GSA) leases may contain options called "renewal options," which provide the following:

- A unilateral right for the Government to extend the contract;
- A specified term for which the contract is renewed (usually defined in years);
- A specified price at which the contract is renewed; and
- A specified time period to exercise the option.

Timely Exercise of Option

Once the time period for exercising an option has passed, the option is no longer viable.

Renewal options are frequently used in the private industry as a way of encouraging existing tenants to remain in the current space without requiring the parties to enter into a lengthy, protracted renegotiation process.

Lease renewal options are especially valuable to the Government when they have been evaluated and included in the lease and there is a continuing need for the space. GSA may include renewal options in leases when doing so is considered in the Government's best interest.

As noted above, the Leasing Specialist or Lease Contracting Officer must provide the lessor written notice, usually 90 to 180 days before term expiration, to exercise a renewal option. If the Government fails to timely exercise an option, the right will be lost.



Caution: Prospectus-Level Options

If the net annual rent for the option period exceeds the prospectus threshold and the option was not covered by an earlier prospectus, matching prospectus resolutions must be received before executing the options. To exercise options for prospectus-level leases, see Desk Guide Chapter 11, Prospectus-Level Leases, and in all cases, consult with the Capital Allocation Division.

b. Difference Between Evaluated and Unevaluated Options

Renewal options fall into two categories: evaluated and unevaluated, and the procedures for exercising these options are fundamentally different, depending upon which type of option exists under the lease contract. Competition is the key to understanding the differences. Evaluated options are competed in the original procurement. Unevaluated options are not part of the original competition, and competitive procedures must be followed before an unevaluated option is exercised.

Evaluated Option

An evaluated option exists when the solicitation for the original competitive procurement required a renewal option as part of the offer submission, and the option was considered in the price evaluation for the lease award. Evaluation of the option must be clearly documented in the original lease project file's price negotiation memorandum (PNM).

Written notice to the lessor of the exercise of the option is typically set at 90 to 180 days before term expiration, but will vary from lease to lease.

If an on option was required in the original procurement, it must have been evaluated for all offerors as part of the present value analysis (PVA) to have become a part of the lease.

Unevaluated Option

An unevaluated option is a renewal option that exists in the lease, but was not required under the solicitation and was not considered in the price evaluation for the lease award.

What to Do if Offered an Unrequested Renewal Option

- Attempt to negotiate a better price.
- Do not include the option in the PVA.
- Do not include the option in the evaluation and selection of the awardee.
- Clearly state in the PNM that the option was not included in the PVA.
- Include the option in the scoring calculation if award is recommended to that offeror.
- Include the option in the lease if the rate is favorable.

3. Steps for Exercising an Evaluated Option

IMPORTANT: The Leasing Specialist or Lease Contracting Officer must be aware of the required notification period to exercise the option as established under the lease and allow sufficient time



to complete the following steps before providing the required notice to the lessor. This is especially crucial if prospectus approval is required to exercise the option.

a. Confirm Continuing Need

The Leasing Specialist must confirm the client agency's continuing need for space and whether any additional improvements, alterations, or upgrades are needed. The Leasing Specialist must also confirm whether cyclical paint and carpet replacement are due under the lease. If agency space revisions or improvements are needed beyond those required under the lease, the Leasing Specialist must obtain a reimbursable work authorization from the client agency to cover those costs.

b. Confirm Prior Evaluation

To confirm whether the option was evaluated, the Leasing Specialist must review the original lease file to determine whether offerors were required to submit a renewal option and whether the option was included under the original present value analysis of offers. The PNM is a good place to confirm information. If the PNM is silent on this, or if there are no PVA spreadsheets in the file indicating the renewal rate, the Leasing Specialist must presume that the option was not evaluated.

c. Consider Past Performance

The Leasing Specialist must confirm that the lessor has performed acceptably during the initial term of the lease and that there are no outstanding lease administration issues. The field office and tenant satisfaction surveys are good resources for this verification. The Leasing Specialist must check the Inventory Reporting Information System database to confirm that there are no outstanding fire safety deficiencies in the current space and contact the Federal Protective Service to confirm the security level and any security concerns with the present location.

The Leasing Specialist must also check the Central Contractor Registration (CCR) to determine whether registrations are current and review the Excluded Parties Listing System (EPLS) to confirm that the lessor has not been placed on the debarred bidders list.

d. Document National Environmental Policy Act Compliance

Automatic Categorical Exclusion

The PBS NEPA Desk Guide provides that National Environmental Policy Act (NEPA) compliance for the exercise of renewal options is to be accomplished by an automatic Categorical Exclusion (CATEX) and does not require completion of a checklist or an environmental assessment.

Floodplain Check

Before exercising the option, the Leasing Specialist must perform a floodplain check similar to that described in Desk Guide chapter 2, part 2, paragraph 3, Prepare for Market Survey. If the current location is within the 100-year floodplain (or 500-year floodplain for a critical action), then the option must not be exercised unless it is determined that there is no practicable alternative and that the eight-step process has been followed.



e. Determine Scoring Classification

If a lease agreement contains an evaluated option to renew that can be exercised without further congressional action (prospectus), it is presumed that the option will be exercised. The option should have been included in the original scoring analysis for the lease. The Leasing Specialist must check the lease file to determine if the option was scored.

For example, if an approved prospectus stipulates a term of 20 years and the proposed lease deal is structured as 10 years firm with two 5-year options, the 90-percent scoring calculation must reflect a 20-year lease term.

However, if a lease has an approved prospectus for a term of 10 years, but the lessor offers a 10-year firm lease with two 5-year options, the 90-percent scoring calculation needs to reflect only a 10-year lease term. The two 5-year options cannot be exercised without a new prospectus, assuming that they are above the prospectus threshold, and therefore the options do not need to be included in the calculation at the time of the analysis.

All options that are included in the lease agreement for leases below the statutory prospectus level that do not require prospectus approval to exercise must be included in the lease term for the 90-percent scoring calculation. If such options are not factored into the base lease's original 90-percent scoring calculation, the scoring requirements as defined in Appendix F must be applied before an option can be exercised.

f. Do Not Advertise

Per GSAM 517.207, there is no requirement to advertise (synopsise) an evaluated renewal option before exercising it, regardless of square footage involved.

g. Perform Market Analysis

The Lease Contracting Officer must review and document current market information to determine whether the rent rate is fair and reasonable. The option rate must be compared with prevailing rent rates for comparable space in the same market. The standard full market survey process involving touring all available properties, filling out market survey forms, and preparing the market survey report is not required.

If the rates are determined to be above-market based on the market analysis, then the option must not be exercised unless the Contracting Officer can determine the price to be fair and reasonable through some other means. If the option is not exercised, the Lease Contracting Officer may either compete the requirement or seek a succeeding lease.

h. Make Fair and Reasonable Price Determination

- The Lease Contracting Officer must establish that:
 - Fulfilling the Government's requirement, through exercise of the option presents the best value considering price and other factors.
 - The renewal price is competitive with market rates based on a market analysis and other applicable considerations indicating that the renewal price is fair and reasonable with prevailing rent rates for comparable space.



- Funds are available.
- The requirement covered by the option fulfills an existing Government need.
- The Lease Contracting Officer must document the contract file with a written determination that the option is exercised per the terms of the option and conforms to the procedural requirements for exercising the option.

i. Prepare Occupancy Agreement

The Leasing Specialist must prepare and transmit to the agency a new version of the existing Occupancy Agreement (OA) reflecting the rates for the option period. A signed OA is required before exercising the option.

j. Prepare Acquisition Plan

Leasing Specialists must prepare and process acquisition plans before executing renewal options.

k. Other than Full and Open Competition

A Justification for Other than Full and Open Competition (Justification) is not required because the option was competed as part of the initial procurement.

l. Confirm Funds Availability

The Lease Contracting Officer must confirm that Budget Activity 53 leasing funds are available by obtaining a prevalidation of funds from the budget office.

m. Provide Notice to Lessor

A renewal option provided for in a lease contract represents a unilateral right of the Government, meaning that the lessor's agreement or signature is not necessary to exercise and effect the option. However, it is critical that the Government provide written notice to the lessor exercising the option. This written notice must be timely according to the terms of the lease for the option terms to be enforceable. It is good practice to send renewal notices via certified mail, return receipt requested, or through an overnight delivery service.

Along with the notice, the Lease Contracting Officer must include a Lease Amendment, to be signed by both the lessor and Lease Contracting Officer, codifying the extended lease term and the new annual rent. A Lease Amendment is administrative in nature and not necessary for the renewal to take effect but is necessary as a record of the contract action and for Rent Bill Management (RBM) and payment processes. Timely written notification is sufficient to exercise an option.

n. Process the Action

Process the lease payment and client billing as outlined in Desk Guide chapter 2, part 8, paragraph 3.



o. Distribute Lease Amendment

The Leasing Specialist must place the original executed Lease Amendment in the lease file, scan into eLease, and provide copies to local and headquarters representatives of the client agency, the GSA field office, Federal Protective Service (FPS), and other team members so that they can provide any new alterations and continue providing security, supporting services, and utility contracts.

4. Steps for Exercising an Unevaluated Option

The process for executing an **unevaluated** renewal option is similar to the succeeding lease process in Desk Guide Chapter 5, Succeeding Lease, Superseding Lease, because either full and open competition or a Justification is required to continue occupancy.

An advertisement in FedBizOpps, a cost benefit analysis, and a Justification are required for unevaluated options, in addition to all of the steps detailed above in paragraph 3 for evaluated options.

a. Advertisement (Federal Business Opportunities Synopsis)

All unevaluated options over 10,000 ANSI-BOMA Office Area square feet must be advertised before exercising the option. Depending on the procurement approach, such advertisements may be written either as a notice of intent (for an other-than-full-and-open procurement) or as a "sources sought" (for a competitive procurement) to provide adequate transparency to the market.

b. Cost – Benefit Analysis

Leasing Specialists must follow the process, as applicable, in Desk Guide chapter 5, paragraph 1g, Cost-Benefit Analysis.

c. Other than Full and Open Competition

A Justification is required before negotiating and awarding an unevaluated option. (See GSAM 570.402 and Desk Guide chapter 5). The Justification must follow the criteria used to justify a sole source succeeding lease, including the costs and benefits of remaining at the current location compared to pursuing a competitive procurement.



CHAPTER 10:

Lease Holdovers, Standstill Agreements, and Condemnations

- 1. Understanding Holdovers, Standstill Agreements, and Condemnation 10-1**
 - a. Holdover Definition 10-1
 - b. Avoiding Holdovers 10-1
 - c. If the Landlord Will Not Extend the Term of the Existing Lease..... 10-1
 - d. Standstill Agreement Definition 10-2
 - e. Condemnation Definition 10-3
 - f. Information Needed To Support Request for Condemnation..... 10-3
- 2. Rental Payments During Holdovers..... 10-3**
 - a. Rental Payment Policy 10-3
 - b. Prospectus-Level Holdovers 10-3
 - c. Execution of a Succeeding Lease or an Extension Is Required 10-4
- Attachment 1: Sample Standstill Agreement..... 10-5**
- Attachment 2: Checklist for Leasehold Condemnation..... 10-9**
 - 1. Lease Contracting Officer's Memorandum..... 10-9
 - 2. Adequate Title Evidence 10-9
 - 3. Appraisal Report..... 10-9
 - 4. Rent for the Entire Term..... 10-9
 - 5. National Environmental Policy Act 10-10
 - 6. National Historic Preservation Act..... 10-10
 - 7. Appropriation Act Identification..... 10-10
 - 8. Detailed Description of the Leasehold Interest 10-10



9. Continued Operations	10-11
10. Keep Your Management in the Loop	10-11
Attachment 3: Condemnation Payment Package (SF 1034) Sample and Guidelines	10-12



1. Understanding Holdovers, Standstill Agreements, and Condemnation

a. Holdover Definition

A holdover is a tenancy that is created when the tenant continues to occupy the premises beyond the expiration date of the lease term. Holdover tenancies often lead to friction between the landlord and the Government. The Government has no contractual right to occupy the premises. The Government seeks continued occupancy while the tenant agency is completing its long term requirements or seeking time to move in an orderly fashion to another location. The landlord views the holdover tenancy as a financial loss, with the landlord believing it is entitled to a substantial rent increase during the holdover plus consequential damages. The landlord will believe a rent increase is justified because:

- Shorter tenancies create economic uncertainty when compared to a long term lease.
- Identifying suitable new tenants can be problematic if the landlord cannot determine when the premises will be available for occupancy.
- The landlord may already have another tenant ready to take the space.
- The holdover may reduce the marketability of the property to prospective buyers or prevent the owner from selling quickly.
- The holdover causes problems for the landlord with regard to refinancing.

Therefore, holdovers should be avoided.

b. Avoiding Holdovers

Lease Contracting Officers should be able to avoid holdovers by:

- Submitting requirements request letters to client agencies 18 months to 3 years before lease expiration (time depending upon size of lease and whether a prospectus approval is required).
- Negotiating timely extensions to existing leases.
- Timely awarding and diligently managing follow-on leases.

If a holdover is not avoided, signing interim standstill agreements may mitigate the impacts.

c. If the Landlord Will Not Extend the Term of the Existing Lease

When a new lease or extension agreement has not been reached and the existing contract is within 120 days of expiration, Lease Contracting Officers –



↳ 1. Understanding Holdovers, Standstill Agreements, and Condemnation

- Should inform senior regional leadership who may offer guidance to assist in reaching an agreement, thus avoiding a potential holdover or condemnation.
- Must contact the Office of Regional Counsel to review available options, including entering into a standstill agreement with the lessor or condemning the leasehold interest.

d. Standstill Agreement Definition

A standstill agreement (see Attachment 1) is an agreement that preserves the *status quo* between the lessor and the Government. When the procurement for an expiring lease cannot be completed before the end of its term and a holdover is imminent, a standstill agreement should be considered with the lessor to maintain the Government tenancy and rent payments until a new or succeeding lease can be executed. The standstill agreement is a temporary measure entered into instead of a holdover or condemnation and is intended to buy time for the lease acquisition process to run its course. The agreement is not intended to imply that the incumbent will be the successful offeror for a new lease or that the parties will necessarily execute an extension or succeeding lease.

Under a standstill agreement:

- The terms and conditions of the expiring lease remain in full force and effect, except as otherwise amended by the standstill agreement.
- The parties agree to negotiate, actively and in good faith, an extension or succeeding lease, as appropriate, for the premises.
- The Government agrees not to condemn the premises by the power of eminent domain and will not file a Declaration of Taking during the term of the standstill agreement.
- The lessor agrees not to file an inverse condemnation or breach of lease action during the term of the standstill agreement.
- The Government agrees to continue to pay rent at the then-current rental rate stated in the lease and to comply with all other terms and conditions of the lease, except as otherwise amended by the standstill agreement.
- The lessor agrees not to do the following:
 - Undertake to evict the Government from the premises;
 - Interfere with the use or occupancy of the premises by the Government;
 - Interrupt the building operations, services, and utilities as provided under the expiring lease;
 - Market the space to potential tenants if the Government is planning to remain in the premises; and
 - Threaten to do any of the acts described above.

The parties enter into the standstill agreement for the following reasons:



- They wish to avoid a holdover.
- They wish to avoid a condemnation or inverse-taking lawsuit.
- The Government does not want its operations, services, or tenancy interrupted or disturbed.
- They believe it will facilitate negotiations.
- They wish to preserve the *status quo* pending the completion of a lease acquisition procedure that could result in a mutually acceptable long-term lease or extension.

e. Condemnation Definition

Condemnation is the sovereign power of the Federal Government, authorized by the Fifth Amendment to the U.S. Constitution, to take private property, such as leasehold estates, for public purposes upon the payment of "just compensation."

f. Information Needed To Support Request for Condemnation

The U.S. Department of Justice in Washington, DC, makes the final decision on whether to file a condemnation action. Before that decision is made, GSA submits various documents in support of its request. See Attachment 2, Checklist for Leasehold Condemnation, for a detailed description of the documents and other supporting information that may be required.

2. Rental Payments During Holdovers

a. Rental Payment Policy

It is GSA policy, where the Federal Government occupies space after expiration of a lease and before execution of a succeeding lease or new lease, to continue to make monthly rental payments at the then-current rental rate stated in the expired lease.

b. Prospectus-Level Holdovers

The lease contract for all prospectus-level holdovers resulting from delays in congressional approval will continue at the rental rate stated in the expired lease, subject to the approval of the regional Office of Portfolio Management and the Office of Regional Counsel.

When lease expiration will occur within 6 to 12 months and Lease Contracting Officers and regional managers anticipate a holdover lease pending prospectus approval, the Leasing Specialist and Lease Contracting Officer must initiate discussions with the Office of Regional Counsel and the regional Office of Portfolio Management to assess available options to avert the holdover and, concurrently, notify the national Office of Portfolio Management.



c. Execution of a Succeeding Lease or an Extension Is Required

For all holdover leases, rental payments will be adjusted to the new negotiated amount retroactive to the agreed-upon effective date of the succeeding lease or extension only after execution by the Government of a succeeding lease or an extension.



Attachment 1: Sample Standstill Agreement

STANDSTILL AGREEMENT

THIS STANDSTILL AGREEMENT (hereinafter "Agreement") is made by and between _____ Limited Partnership (hereinafter "Lessor"), whose address is _____ and the United States of America (hereinafter "Government"), acting by and through the Administrator of General Services' authorized representatives (hereinafter "GSA") whose address is _____.

RECITALS

1. The Lessor owns certain improved real property located at _____, (hereinafter "Premises"). The Government currently occupies approximately _____ square feet of office and related space on the _____ floor(s) of the Premises pursuant to Lease No. _____ (hereinafter "Lease"), as amended. The Lease expires on _____. The Government has not obtained alternative space for its tenants presently occupying the Premises and the Lessor and the Government (hereinafter collectively the "Parties" and each individually a "Party") have not consummated a lease extension agreement to date.
2. The Parties do not want an unnecessary condemnation lawsuit and the Government does not want its operations, services, or tenancy interrupted or disturbed. Neither Party wants a lease holdover and the Parties prefer their negotiations to end with a lease extension at a monthly rental rate to be retroactively effective from _____.
3. By this Agreement the Parties seek to preserve the *status quo* pending the completion of a leasehold acquisition procedure that could result in a mutually acceptable lease extension, and by the terms of which the Government could continue to lease the Premises from the Lessor.
4. The Parties believe this Agreement will facilitate settlement negotiations. As evidenced by their signatures to this Agreement, the Parties agree that no right, action, or claim either Party may otherwise have against the other Party will be prejudiced or waived by this Agreement.

NOW THEREFORE, in consideration of the foregoing recitals and the mutual covenants set forth herein, the adequacy of which is hereby acknowledged by the undersigned, the Parties agree as follows:



During the term of this Agreement:

1. The Parties agree to negotiate, actively and in good faith, a lease extension for the Premises.
2. The Government will not condemn the Premises by the power of eminent domain, and will not file a Declaration of Taking with respect to the Premises.
3. The Lessor will not initiate an "inverse condemnation" or breach of lease action in any United States Court or tribunal with respect to the Premises.
4. The Lessor will not:
 - A. Undertake to evict the Government from the Premises;
 - B. Interfere with the use or occupancy of the Premises by the Government;
 - C. Interrupt the operations, building services, or utilities of the Government from what they were while the lease was in effect;
 - D. Market the space to potential tenants if the Government is planning to remain in the premises; or
 - E. Threaten to do any of the acts referenced in A, B, C, or D above.
5. Each Party agrees not to take any action to alter its position to the detriment of the other Party in any condemnation type action arising out of these facts.

At all times after this Agreement becomes effective:

6. The Government will receive full credit for money paid to Lessor during the term of this Agreement in accordance with Lease No. _____ whether there is a lease extension, other legal action, or settlement.
7. Neither Party will seek or accept severance damages or attorney' s fees from the other Party for the period this Agreement is in effect.
8. In the event that a lease extension, with respect to the Premises, is not executed by the Parties during the course of this Agreement, or that this Agreement is otherwise terminated, then any legal proceeding arising therefrom is stipulated by the Parties to be deemed to have commenced on _____.



CHAPTER 10: Lease Holdovers, Standstill Agreements, and Condemnations

Attachment 1: Sample Standstill Agreement ↗

9. Termination of Agreement: The Parties agree that all terms and conditions of the Lease will remain in full force and effect during the term of this Agreement. This Agreement will terminate on the earlier of _____, or on the date a lease extension agreement is signed by the Parties. This termination provision may be amended to extend the termination date of this Agreement by the mutual written consent of the Parties.
10. Successors in Interest: All of the terms, covenants, and provisions herein contained will bind and inure to the benefit of the Parties, their heirs, executors, administrators, personal representatives, successors, trustees, receivers, and assigns as applicable, except as otherwise provided herein.
11. Merger Clause: All prior understandings and agreements with respect to the subject matter of this Agreement, written or oral, are merged into this Agreement. This Agreement represents the final agreement between the Parties with respect to such subject matter, and may not be superseded, except by a separate written agreement signed and agreed to by the Parties.
12. Amendments: Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Party against whom the enforcement of a change, waiver, discharge, or termination is sought.
13. Construction: Any provision contained in this Agreement that is prohibited or unenforceable will be ineffective to the extent of such prohibition or enforceability without invalidating the remaining provisions hereof. A waiver by a Party of any right, covenant, condition, or remedy in any instance hereunder will not operate as a waiver of such right, covenant, condition, or remedy in any other instance, and waiver by a Party of any breach of the terms hereof will not be a waiver of any additional or subsequent breach. This Agreement will be governed by, and construed in accordance with, the laws of the United States of America.
14. Counterparts: This Agreement may be executed in photocopied counterparts that, when taken together, will constitute a single agreement.
15. Effective Date: This Agreement is effective and enforceable only after having been first signed by the Lessor, and second, accepted and signed by the Government.



IN WITNESS WHEREOF, the Parties have executed this Agreement as of

_____.

LESSOR

_____ **Limited Partnership**

Signature:

Printed Name:

Title:

Date:

**UNITED STATES OF AMERICA,
acting by and through the
Administrator of General Services
and authorized representatives**

Signature:

Printed Name:

Title:

Date:



Attachment 2: Checklist for Leasehold Condemnation

1. Lease Contracting Officer's Memorandum

- Explain the basic facts of the lease, such as the name of the lessor, name of the customer agency, location of the space, use of the space (e.g., office, laboratory), the date of award, term of the lease, amount of square footage, amount of rent, purpose of the extension, and other pertinent facts, such as whether the lease is full service or triple net.
- Describe efforts to negotiate an extension of the expiring lease term. Please be as specific as possible.
- State the term of the leasehold condemnation extension needed. This is often difficult to project; however, the Lease Contracting Officer must use reasonable judgment in this area.

2. Adequate Title Evidence

In the condemnation action, the Government is required to provide notice to all affected parties. One of the best ways to learn the names of the interested parties is to request a litigation guarantee from the title insurance company that only the identified parties have an interest in the property. If the space is not located in a jurisdiction where title insurance is commonly obtained, please work closely with the applicable GSA Office of Regional Counsel to develop an alternative.

The amount of the litigation guarantee must be the appraised fair market value leasehold rent for the term of the lease.

3. Appraisal Report

An appraisal report is required to determine the amount of "just compensation" required to support the filing of a condemnation action. The appraised rental rate may be higher or lower than the existing rental rate. Please note that this is a long lead item and typically takes a minimum of 60 days to complete. The appraisal report must be self-contained and comply with the *Uniform Standards of Professional Appraisal Practice* and the *Uniform Appraisal Standards for Federal Land Acquisition*, commonly referred to as the *Yellow Book*. The Lease Contracting Officer must work closely with the regional appraisers, the Office of Regional Counsel and the U.S. Department of Justice to formulate instructions for the appraisal.

4. Rent for the Entire Term

Generally, a check in the amount of the net present value of the rent for the entire leasehold term to be condemned as of the date of the taking must be deposited with the United States District Court upon filing of a Declaration of Taking. However, in some cases it may be possible to pay monthly at a fixed rental rate. If that is the preference of either the Government or the lessor, consult with the Office of Regional Counsel. Often issues arise as to whether to include operating expenses and real estate taxes in the rent calculation that are fact-specific and require artful drafting of the estate in the Declaration of Taking. Consult with your Office of Regional Counsel



on these issues. Advance arrangements must be made with the Office of Finance, which typically needs approximately 2 weeks to generate a check. Some time can be saved if the Court Clerk can accept wire transfers (not all do). See, Attachment 3, Condemnation Package (SF 1034) Sample and Greater Southwest Finance Center Guidelines for Submissions of Payment Package for Condemnation of Private Property or Leasehold Properties, for additional information.

The check must be made payable to the proper party as identified by the U.S. Department of Justice.

Upon filing a Declaration of Taking and depositing the just compensation with the Clerk of the appropriate U.S. District Court, title to the leasehold estate for the specified term vests in the United States. Please note, however, that an order for possession also is required from the Court when we are not already in the premises.

5. National Environmental Policy Act

Lease extensions and succeeding leases are generally considered Automatic Categorical Exclusions. See NEPA Desk Guide, Chapter 5, Categorical Exclusions. In most instances, the Lease Contracting Officer will be able to prepare a memorandum determining that the condemnation of the existing leasehold qualifies for an Automatic Categorical Exclusion.

6. National Historic Preservation Act

The Lease Contracting Officer must provide evidence of compliance with Section 106 of the National Historic Preservation Act, if applicable. The Lease Contracting Officer must consult with the Regional Historic Preservation Officer to determine whether further action is required.

7. Appropriation Act Identification

Identify the appropriation act applying to the project and the acquisition, as well as the source of funds for the "just compensation." Depending on the amount of the total deposit (which can reach large sums very quickly), special funding arrangements may be necessary.

8. Detailed Description of the Leasehold Interest

GSA must carefully detail the interest that is being taken; this is particularly so when the Federal Government is not the sole tenant in the building. The description must include, if feasible, the following:

- Description of agency-occupied floors in the building, including square footage on each floor, and total square footage occupied.
- If the leased premises are located within a building that is part of a multi-building complex, then describe the location of the building in which the leased space is located within the overall office complex.
- Description of all the common areas within the building and the complex used by the agency, including the restrooms used by the agency (and their location within the building), any storage areas, parking facilities, loading docks, maintenance closets, rooftop space for satellite dishes, and any other common area facilities and their locations within the building. The description must cover all mechanical, operational,



security, and HVAC equipment, and everything else necessary for the Government's occupancy.

- Plans depicting the leased premises must be included that are sufficiently neat and legible to be attached to the pleadings.

9. Continued Operations

Make arrangements with the lessor, if possible, for continued services (e.g., janitorial, utilities) in the leased premises commencing with the date of taking. In the event that the space is in a multitenant building and the utilities are not separately metered, then consult further with the GSA Office of Regional Counsel.

10. Keep Your Management in the Loop

Brief the Regional Commissioner of PBS and other senior management of PBS regarding the proposed condemnation. Keep them informed throughout the entire condemnation process.



↳ Attachment 3: Condemnation Payment Package (SF 1034) Sample and Guidelines

Attachment 3: Condemnation Payment Package (SF 1034) Sample and Guidelines



CHAPTER 10: Lease Holdovers, Standstill Agreements, and Condemnations

Attachment 3: Condemnation Payment Package (SF 1034) Sample and Guidelines

Standard Form 1034 Revised October 1997 Department of the Treasury 1 FPM 4-2000		PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL				VOUCHER NO.
U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION General Services Administration Public Building Service (use appropriate division) address address		DATE VOUCHER PREPARED 1/10/06		SCHEDULE NO.		
		CONTRACT NUMBER AND DATE		PAID BY		
		REQUISITION NUMBER AND DATE				
APPENDIX SAMPLE FORM 1- REGULAR ADDRESS FIELD						
PAYEE'S NAME AND ADDRESS Clerk of the Court, U.S. District Court 123 A Street Any Town, Any State, Any Zip TIN 12-3456789				DATE INVOICE RECEIVED		
				DISCOUNT TERMS		
				PAYEE'S ACCOUNT NUMBER		
SHIPPED FROM		TO		WEIGHT		
				GOVERNMENT B/L NUMBER		
NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES <i>(Enter description, from number of contract or Federal supply schedule, and other information deemed necessary)</i>	QUANTITY	UNIT PRICE COST PER		AMOUNT (1)
		Sample: Declaration of Taking <i>(enter a brief description of the purpose for payment)</i>				
		If the payment is to be processed via EFT or Wire that information can be entered here.				
(Use continuation sheets if necessary) (Payee must NOT use the space below)						TOTAL
PAYMENT:		APPROVED FOR = \$	EXCHANGE RATE = \$1.00	DIFFERENCES		
<input type="checkbox"/> PROVISIONAL	BY 2			Amount verified, correct for		\$100,000.00
<input type="checkbox"/> COMPLETE				Signature or Initials		
<input type="checkbox"/> PARTIAL						
<input type="checkbox"/> FINAL						
<input type="checkbox"/> PROGRESS						
<input type="checkbox"/> ADVANCE						
Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.						
DATE SIGNED <i>(Date)</i>	Signature of Warranted Contracting Officer <i>(Authorized Certifying Officer) 2</i>		Printed name, Title, phone number <i>(Title)</i>			
ACCOUNTING CLASSIFICATION						
ENTER THE APPROPRIATE ACCOUNTING DATA HERE						
PAID BY	CHECK NUMBER	ON ACCOUNT OF U.S. TREASURY		CHECK NUMBER	ON <i>(Name of bank)</i>	
	CASH	DATE	PAYEE 3			
1 When stated in foreign currency, insert name of currency. 2 If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided, over his official title. 3 When a voucher is receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: *John Doe Company, per John				PER		
				TITLE		

PRIVACY ACT STATEMENT
The information requested on this form is required under the provisions of 31 U.S.C. 82b and 82c, for the purpose of disbursing Federal money. The information requested is to identify the particular creditor and the amounts to be paid. Failure to furnish this information will render discharge of the payment obligation.

CHAPTER 10: Lease Holdovers, Standstill Agreements, and Condemnations



Attachment 3: Condemnation Payment Package (SF 1034) Sample and Guidelines

Standard Form 1034 Revised October 1987 Department of the Treasury 1 TFM 4-2000		PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL				VOUCHER NO.
U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION General Services Administration Public Building Service (Use appropriate division) address address		DATE VOUCHER PREPARED 1/10/06		SCHEDULE NO.		
		CONTRACT NUMBER AND DATE		PAID BY		
		REQUISITION NUMBER AND DATE				
PAYEE'S NAME AND ADDRESS APPENDIX SAMPLE FORM 2- CARE OF ADDRESS Clerk of the Court, U.S. District Court c/o Jane Doe, GSA, PBS 123 North Street, Room 1 Any City, Any State, Any Zip TIN 12-3456789		DATE INVOICE RECEIVED		DISCOUNT TERMS		
SHIPED FROM		TO		WEIGHT		
GOVERNMENT BL NUMBER						
NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES <i>(Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)</i>	QUANTITY	UNIT PRICE		AMOUNT (U)
		Sample: Declaration of Taking (enter a brief description of the purpose for payment) If the payment is to be processed via EFT or WIRE, that info can be entered here.		COST	PER	
(Payee must NOT use the space below)						TOTAL
PAYMENT: <input type="checkbox"/> PROVISIONAL <input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL <input type="checkbox"/> PROGRESS <input type="checkbox"/> ADVANCE		APPROVED FOR BY 2	EXCHANGE RATE = \$1.00	DIFFERENCES		
TITLE				Amount verified; correct for		\$100,000.00
				(Signature or initials)		
Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.						
DATE SIGNED (Date)	Signature of Warranted Contracting Officer (Authorized Certifying Officer) 2		Printed name, Title and phone number (Title)			
ACCOUNTING CLASSIFICATION						
ENTER THE APPROPRIATE ACCOUNTING DATA HERE						
CHECK NUMBER	ON ACCOUNT OF U.S. TREASURY		CHECK NUMBER	ON (Name of bank)		
PAY BY \$	DATE	PAYEE'S				
1 When stated in foreign currency, insert name of currency. 2 If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided, over his official title. 3 When a voucher is accepted in the name of a company or corporation, the name of the person making the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John"				PER		
				TITLE		

Previous edition usable.

NSN 7540-00-900-2234

PRIVACY ACT STATEMENT

The information requested on this form is required under the provisions of 31 U.S.C. 82b and 82c, for the purpose of disbursing Federal money. The information requested is to identify the particular creditor and the amounts to be paid. Failure to furnish this information will hinder discharge of the payment obligation.



CHAPTER 10: Lease Holdovers, Standstill Agreements, and Condemnations

Attachment 3: Condemnation Payment Package (SF 1034) Sample and Guidelines ↴

Greater Southwest Finance Center Guidelines for Submission of Payment Package for Condemnation of Private Property or Leasehold Properties

Condemnation is the exercise by the Government of its constitutional power to take private property for public purposes. Through condemnation of leasehold properties authorized by 40 U.S.C. 257, GSA acquires the right to use and occupy space in a building that the Government does not own or lease. The following are the Finance Guidelines for submitting a payment package for the payment of a condemnation.

1. Standard Form (SF) 1034, Public Voucher for Purchases and Services Other than Personal.

The SF 1034 is the primary payment document which acts as an invoice. This form can be found in the Document Library, Standard and Optional Federal Forms accessed from the GSA Insite webpage at www.finance.gsa.gov under the CFO tab.

Required fields:

- Payee name
- Payee Federal Taxpayer Identification Number
- Address
 - Note: if the check is to be express mailed to an address other than the payee, provide that information as a c/o address line
- A brief description of the purpose for the payment
- Dollar amount
- Accounting classification information for proper posting
- The signature, printed name and phone number of a warranted contracting officer

2. Supporting documentation which should accompany the SF1034:

- A copy of the Declaration of Taking signed by the Regional Administrator
- Banking information if a wire or EFT payment has been approved as method of payment.
- Concurrence of the Regional Counsel for the Declaration of Taking (which could be a concurrence signature on the SF 1034)

3. The completed package may be mailed or faxed to the PBS Direct Payments Group (7BCPD) at the Greater Southwest Finance Center. The express mail address is 819 Taylor Street, Room 5C08, Fort Worth, TX 76102. The fax number is 817-978-3931.

1

4. Three to five business days must be allowed for the processing of the payment once the package has been received and reviewed for accuracy by the Finance Office. All processing dates are contingent upon the accuracy of the payment documents provided.

- If there is not a current vendor in the vendor table, Finance will submit a request for a new vendor code. This can take 24-48 hours.

Once the vendor code is established, the following payment options are available:

- If no special handling is required and the payment can be processed as a regular EFT payment, the funds will be deposited within 2 business days after the Pegasys payment document is processed through the regular completed match process.
- If no special handling is required and the payment is to be processed by check and sent by regular mail, the Pegasys payment document is processed through the regular completed match process and mailed within 2 business days. Delivery time is contingent upon local postal service.
- If the payment is to be issued as a check and express mailed to the recipient, the payment must be processed into the system manually. Treasury will be notified that special handling of this check is required. The cut-off for Accounts Payable to process a manual check payment is 11 a.m. CST. The check will be processed and express mailed by Treasury in 1-2 business days.
- If a wire transfer is requested, the payment must be processed into the system manually. In order for Treasury to process the wire on the same day of the requested pay date, the payment must be processed into Pegasys by 11 a.m. CST. The name of the bank, the ABA routing number for wire transfers, the recipient's bank account number, and a valid phone number for the bank must be provided for wire transfer requests.

For additional information regarding Condemnations, refer to:

- PBS Financial Management Handbook; PBS Accounting Procedures Chapter 8, Budget Activity 53 – Rental of Space, Part 5, Item 15(c), 3a, b
http://insite.pbs.gsa.gov/pf/ba_53.asp#14
- General Services Administration Guidebook I, Acquisition of Real Property, Chapters 3 and 5.
http://pbsportal.pbs.gsa.gov:7777/portal/page?_pageid=80,111883&_dad=portal&_schema=PORTAL



CHAPTER 11:

Prospectus-Level Leases

1. Introduction	11-1
2. Statutory Authority	11-1
3. Prospectus-Level Lease Types	11-2
4. Prospectus Requirement	11-3
a. Determining Whether a Prospectus Is Required	11-4
b. When to Determine Whether a Prospectus Is Required	11-6
c. When to Submit a Prospectus	11-7
d. Submittal Requirements	11-7
e. Identify Congressional Districts and Delineated Areas in the Prospectus	11-7
f. Milestones	11-8
5. Prospectus-Level Lease Construction	11-9
6. Advertising	11-9
7. Adopted Resolutions	11-9
8. Conformity With the Committees' Resolutions	11-10
9. Postaward Monitoring	11-11
10. Interim Leasing	11-11
11. Scoring Risks	11-12
12. Prospectuses for Alterations in Leased Space	11-13



1. Introduction

This chapter of the Leasing Desk Guide, issued jointly by the General Services Administration (GSA) Public Buildings Service (PBS) Office of Real Estate Acquisition and Office of Real Property Asset Management, replaces PBS' October 31, 2007, memorandum entitled "Updated Lease Prospectus Guidance," and provides guidance relating to the laws, regulations, and policies impacting GSA's Capital Investment and Leasing Program (CILP) for leases. This chapter includes information on GSA's statutory authority, the method for calculating whether a lease exceeds the prospectus threshold, definitions of key terms, and several fundamentals of lease prospectuses and related matters. Information on alterations in leased space also is provided.

All members of a project team involved in delivering a lease must have knowledge of these fundamentals and requirements.

GSA's Capital Allocation Division (PTAB) is available to consult on project-specific issues and questions.

2. Statutory Authority

40 U.S.C. § 585(a) authorizes the Administrator of General Services (Administrator) to enter into lease agreements for real property for a term not to exceed 20 years to accommodate a Federal agency in a building or improvement that is in existence or being erected to accommodate the Federal agency and authorizes the Administrator to assign and reassign space to Federal agencies.

40 U.S.C. § 3307(a)(1) and (2) impose a limit on Congress's ability to appropriate funds for GSA to lease space or to alter leased space, if the expenditure exceeds threshold dollar amounts as adjusted annually according to 40 U.S.C. § 3307(h). The statute provides that appropriations may only be made if the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives (Committees or authorizing Committees) adopt resolutions approving the amount and purpose of the appropriation. The dollar amount of the limitation is commonly referred to as the prospectus threshold. The Administrator is required to submit a prospectus for any proposed project exceeding the prospectus threshold to the Committees for their consideration in adopting the resolutions¹

Please note, however, that since this is a self-imposed limitation by Congress on its ability to appropriate funds, Congress may choose to ignore this provision and may appropriate funds to GSA for these purposes without consideration of a prospectus or adoption of a resolution. Congress, through annual appropriations acts, authorizes a lump sum to GSA for the rental of space. GSA may obligate against the lump sum for any and all leases for the fiscal year.

¹ GSA first sends the proposed prospectus to the Office of Management and Budget (OMB) for review and clearance before submission to the Committees.



3. Prospectus-Level Lease Types

As a matter of strict interpretation of fiscal law, GSA may obligate funds for any lease regardless of whether the Committees have adopted resolutions approving the project. Note that GSA's annual appropriations act has historically provided "that funds available to the General Services Administration shall not be available for expenses of any... acquisition project for which a prospectus, if required by the Public Buildings Act of 1959, has not been approved...." The Office of General Counsel has long opined that this limitation constitutes a legislative veto that violates the separation of powers provisions of the U.S. Constitution consistent with the seminal U.S. Supreme Court case of *Immigration and Naturalization Service v. Chada*, 462 U.S. 919 (1983), and, therefore, is not a legal limitation on the use of the funds appropriated.

The relationship between GSA and its authorizing Committees is paramount. The Committees expect that GSA will not award any projects over the threshold unless approved, and, as a matter of comity, GSA honors that expectation. GSA's policy is to not enter into leases above the prospectus threshold unless the Committees adopt resolutions approving the project. Committee approval is commonly referred to throughout this and other chapters of the Desk Guide as the "required prospectus approval," "prospectus authority," or "required prospectus authorization" for the lease project. GSA requires resolutions approving prospectuses as a matter of policy. GSA is required by law to submit the prospectus, but the approval process is a limitation on appropriations and not a limitation on GSA's leasing authority.

Note: The above discussion represents a legal analysis of the mechanics behind the prospectus submission process. This analysis is not a license to diverge from the prospectus process, unless instructed to do so by PTAB and the Office of General Counsel.

Projects over the prospectus threshold must be consistent with the terms of the adopted resolutions, the 20-year maximum lease authority, and the lease scoring requirements as defined in OMB Circular A-11, Appendix B. See Desk Guide Appendix F, Determination of Operating or Capital Lease Classification for Budget Scoring. Occasionally, the Senate and House resolutions have slight inconsistencies. In such cases, it is GSA's policy to conform to the most restrictive language in the adopted resolutions. If Leasing Specialists receive conflicting resolutions, they must obtain instructions from PTAB before continuing with the lease.

It is permissible to procure a lease for a firm term of 20 years with options that extend the term beyond 20 years. These options may only be exercised at a later date so that at no time will the lease term exceed 20 years. If the net annual rent for the option period exceeds the prospectus threshold, resolutions must be received before executing the options.

3. Prospectus-Level Lease Types

Various prospectus-level lease types are defined below. The prospectus request must reference one of these types when categorizing a lease in the description section of the prospectus. From a procurement standpoint, these definitions may differ from definitions in other chapters of the Desk Guide.

Replacement lease is a lease with new terms, conditions, and lease number that replaces an existing leasehold interest after the expiration of the lease in place. The current lessor, or any prospective offeror, can make an offer to provide the space.

Succeeding lease— A non-competitive (Sole Source) lease acquisition secured to cover continued occupancy of the current premises at the end of a lease term without a break in



tenancy. It establishes new terms and conditions and has a new lease contract number. Such a lease is generally used where acceptable new locations are not identified or are identified, but a Cost-Benefit analysis indicates that an award to an offeror other than the current lessor will result in substantial relocation costs or duplication of costs to the Government, and the Government cannot expect to recover such costs through competition.

Superseding lease is a new lease that replaces an existing lease before expiration of the existing lease. It is procured following noncompetitive sole source procedures. It establishes new terms and conditions and has a new lease number. The Government may consider executing a superseding lease to replace an existing lease when the Government needs to make substantial space alterations or other material changes to the terms and conditions of the existing lease, or where market rates have changed substantially.

Interim lease is a lease at a current location procured to bridge the gap between a current lease and some other long-term solution, be it relocation to Government-owned space or some future lease at the same or some other location. Interim leases include short-term renewal options and lease extensions.

New lease is a lease intended to meet a new requirement for a client agency. The client agency may be currently located in existing leased space, Government-owned space, non-GSA-controlled space, or in no space at all.

4. Prospectus Requirement

A lease action requires a prospectus when the total space requirements included in the lease agreement will result in a net annual rent² (total annual rent minus operating expenses paid directly to the lessor) that exceeds the current prospectus threshold. The prospectus threshold applied to a particular lease procurement is the prospectus threshold in effect during the **fiscal year of the lease award**, not the fiscal year when the lease term begins or the fiscal year when the prospectus request is submitted to OMB and the Committees. The threshold amount sets the minimum net annual rent for which a prospectus is required.

GSA adjusts the thresholds for submitting lease and lease alteration prospectuses annually as authorized by 40 U.S.C. § 3307(h). This adjustment is based on the Building Cost Index of the Engineering News-Record published by the McGraw-Hill Companies. When GSA submits its CILP (generally in the late winter or spring), it notifies Congress of the adjusted annual prospectus threshold amount for the specific fiscal year applicable to the CILP under consideration.

The following table shows prospectus thresholds for the CILP fiscal program years 2009 through 2012. This information is online for GSA employees at the PTAB Web site or in the Annual CILP Planning Call at GSA CILP.³

² Net annual rent – to determine net annual rent, subtract only operating expenses paid directly to the lessor from the total annual rent due under the Lease Agreement. See subparagraph 4.a, Determining Whether a Prospectus Is Required.

³ Access to the Annual CILP Call Web site is available through IBM Lotus Quickr with valid login credentials. Users must log in using their GSA email address and their GSA Identity password (same as Project Information Portal login) to be directed to the CILP Call Web site.



4. Prospectus Requirement

Prospectus threshold for:	Fiscal Year*			
	FY 2009	FY 2010	FY 2011	FY 2012*
Construction, repair and alteration, lease	\$2,660,000	\$2,790,000	\$2,790,000	\$2,790,000
Alterations in leased space	\$1,330,000	\$1,395,000	\$1,395,000	\$1,395,000

Any proposed lease action that results in an estimated net annual rent that falls within 10 percent of the annual prospectus threshold warrants special attention. Before GSA executes any lease action that falls within 10 percent of the threshold, GSA's Leasing Specialists must obtain approval from PTAB.

Caution: Seeking prospectus authority out-of-cycle to "rescue" a procurement that exceeds the threshold takes more time and explanation than getting the authority in advance. All prospectuses must be reviewed by GSA Central Office, cleared by OMB, and approved by the Committees. The Committees' review schedule is not completely predictable, and business meetings are rarely held to address emergency submittals. Failure to plan on GSA's part is not an emergency requiring Committee action.

a. Determining Whether a Prospectus Is Required

A lease prospectus is required when the total space requirements of an agency (or several agencies) or buildout needs for functional office space will result in a lease with a net annual rent exceeding the prospectus threshold that applies to the fiscal year of lease award.

To determine net rent, Leasing Specialists and the regional Office of Portfolio Management must subtract only operating expenses paid directly to the lessor from the total annual rent due under the lease agreement. Annual rent under the terms of the lease consists of two components: base rent and operating expenses. As illustrated in GSA's Lease Asset Business Plans, net rent is the amount of consideration for use of the land and buildings or portions of the buildings, and operating expenses include costs for services such as heat, electricity, water, and janitorial services. **Real estate taxes are a component of net rent and must be included in the proposed rent that is being compared to the prospectus threshold.** All costs that are amortized and paid to the lessor through the lease agreement, such as initial space alterations up to the tenant allowance limit (general plus customization), are included in the average annual rent. In addition, the cost of any GSA lump sum payments made to reduce the rent are amortized and included in the average annual rent calculation for purposes of determining whether a prospectus is required. GSA does not submit a prospectus request for initial tenant space alterations funded by an agency reimbursable work authorization (RWA).⁴ Leasing Specialists and the regional

⁴ As to whether client agency funding that GSA intends to accept and use is legally available for the intended purpose of the RWA work, appropriations available to agencies to fund necessary expenses, including maintenance or operating expenses, also are expressly made available by Congress to pay GSA for expenses of renovating and altering buildings and facilities under GSA's control, even if the funds are in an amount equal to or in excess of GSA's statutory prospectus threshold. This authorization is set forth annually in GSA's appropriations act. For example, Public Law 111-117, Div. C, Title VII, General Provisions—Government-wide, Section 705, provides:

Appropriations available to any department or agency during the current fiscal year for necessary expenses, including maintenance or operating expenses, shall also be available for payment to the General Services Administration for charges for space and services and those expenses of renovation and alteration of buildings and facilities which constitute public improvements performed in



Office of Portfolio Management must not include the PBS fee in the maximum proposed rental rate, as this is an internal governmental transfer payment and is not paid to the lessor. This fee also must be excluded from the fully serviced rate for scoring purposes.

If the sum of the base rent components multiplied by the rentable square feet (RSF) in the proposed lease equals or exceeds the annual prospectus threshold, the regional Office of Portfolio Management must submit a prospectus. Although the net rent determines if a prospectus must be submitted, the actual prospectus request must reflect the cost of a fully serviced lease; therefore, the regional Office of Portfolio Management must add back the operating expenses when calculating the proposed total annual cost and maximum rental rate per RSF. The total annual cost consists of what GSA pays to a lessor, plus any other costs outside the lease (such as for electricity) that the Government pays directly to the provider of that service, and is assumed to cover the cost of a fully serviced lease. If the Government were to pay for operating expenses separately outside the lease agreement, those costs must be added to the prospectus amount. The authorization must reflect the anticipated total annual cost of the lease, including any other costs paid to service providers of the type that would normally be included in a lease agreement (not personal property). Operating costs under the term of the lease are allowed to escalate from year to year.

If official Government parking is required and can be provided within the prospectus rental rate, no breakout of parking cost is required. If the agency requires a number of official parking spaces above what is in the prospectus rent, then the proposed total annual cost of parking must be identified as a separate line item in the prospectus description. For scoring purposes, the annual parking cost must be divided by the total RSF requirement and added to the prospectus rental rate per RSF to confirm operating lease treatment. For agencies with high security requirements that require control over all parking spaces, the regional Office of Portfolio Management and the Leasing Specialist should consult with PTAB.

If the lease agreement calls for a stepped rent or a change in the base rent, GSA must calculate a "levelized" net rent to determine whether a prospectus is needed. To levelize the rent, the regional Office of Portfolio Management, in consultation with the Leasing Specialist, must:

1. Calculate the present value of the stream of annual net rental payments (annual rent minus operating expenses) using the OMB-provided discount rate consistent with the lease term,⁵ and
2. Amortize the resulting present value over the term of the lease using the same discount rate used to calculate the present value stream. This will yield an annual payment that is the same for each year over the entire term of the lease—a levelized net rent.

accordance with the Public Buildings Act of 1959 (73 Stat. 479), the Public Buildings Amendments of 1972 (86 Stat. 216), or other applicable law.

Based on the above-quoted provision (and assuming the same or a substantially similar provision continues to appear in future annual GSA appropriations acts), client agency appropriations for necessary expenses, including operation and maintenance funding, would be available to fund repair and alteration expenses incurred by GSA in connection with agency RWA work in buildings and facilities under GSA's control. Accordingly, it is not necessary for a client agency to certify that its RWA funds for these purposes are exempt from the requirements of 40 U.S.C. § 3307. (GSA's Reimbursable Work Authorization National Policy Document issued June 21, 2010)

⁵ OMB specifies annually which discount rate to apply to levelized calculations, and this rate changes annually. The latest rates can be found at OMB Circular A-94, Appendix C, updated December 2010, on the OMB Web site.



A simplified spreadsheet for levelizing rent is available online at the Capital Allocation Division Web site.

b. When to Determine Whether a Prospectus Is Required

The Leasing Specialist must determine at several points in the lease procurement process whether a prospectus is required:

1. An initial determination is made as soon as client agency requirements are received.
2. If the initial determination is that the procurement is below the prospectus threshold, that determination should be reevaluated whenever there are significant changes in real estate market conditions or client agency requirements that could alter the initial determination. Check for these conditions several times throughout the procurement process.
3. Before signing the lease, verify that the proposed net annual rent remains below the prospectus threshold.
4. Before amending the lease, verify that the proposed net annual rent remains below the prospectus threshold. Any Lease Amendment that would modify the cost per square foot, total annual cost, lease term, or amount of leased space, or any other material change to the original lease agreement, requires a reevaluation of the lease and consultation with the regional Office of Portfolio Management to ascertain that:
 - The existing lease, initially below prospectus level, remains below the prospectus threshold;
 - Any modification, regardless of whether the original leasing action is above or below the prospectus threshold, does not introduce a scoring problem;⁶ and
 - The existing lease, if initially above prospectus level, still complies with the terms of the prospectus and the Committees' resolutions.

If a Lease Amendment pushes a below-prospectus lease beyond the prospectus threshold, or if a Lease Amendment causes a prospectus-level lease to exceed the parameters of the resolution, the Leasing Specialist must consult with PTAB, who will contact the Office of Regional Counsel, before taking any further action. GSA may need to seek approval of an amended prospectus.

If a modification to the lease is initiated before the client agency begins occupancy, include any additional costs and change in square footage in the evaluation of the applicable prospectus threshold and confirm operating status. If a modification to the lease is initiated after occupancy, the Lease Contracting Officer and the regional Office of Portfolio Management must consider the materiality and timeframes involved before the execution of the Lease Amendment. The key to determining the next step is to define whether the changes to the lease were foreseeable before occupancy or were truly independent modifications to the lease raised by the client agency after occupancy. If the changes were foreseeable before occupancy, then a new prospectus would be necessary. If the changes were due to unforeseen circumstances, then a new prospectus may not be necessary. For example, if immediately after occupancy an agency were to receive a new mission authorization that requires additional personnel and expansion space is required, a new

⁶ See additional information on scoring under paragraph 11, Scoring Risks.



prospectus would not be necessary. The Lease Contracting Officer must document the lease file and consult with PTAB before executing any modification to the lease and follow competition requirements in procuring the additional space. See Desk Guide Chapter 6, Change in Square Footage - Expansion and Reduction, for guidance.

c. When to Submit a Prospectus

Project submittals for the lease prospectus program must take into account a projection of how much time the region needs to acquire the space consistent with the requirement and project schedule.

Certain project scenarios warrant a longer lead time for preparing, submitting, and executing complex lease proposals. If the region has any question about the time needed for submitting the prospectus, the regional Office of Portfolio Management must consult with PTAB and be prepared to provide a brief description of the proposed project (such as, square footage required, proposed rental rate per RSF, proposed total annual cost), a discussion of the agency's current housing situation, and a justification for why the project is being requested for a particular fiscal year.

d. Submittal Requirements

Instructions for preparing and submitting a prospectus and the required supporting documents are provided in the Annual CILP Planning Call at GSA CILP.

e. Identify Congressional Districts and Delineated Areas in the Prospectus

In each lease prospectus, GSA must correctly identify the appropriate congressional districts affected by the proposed action. The identified district or districts must be contained in whole or in part within the delineated area specified in the prospectus narrative. If the delineated area is the central business district (CBD), for instance, then the header must include the congressional district or districts that the CBD covers.

The congressional district used for succeeding/superseding lease projects must be the district where the project building is located.

The submitted prospectus must include a map identifying the delineated area or the specific building location. The body of the prospectus must include a narrative description of the delineated area and the names of the streets marking the northern, eastern, southern, and western boundaries of the area. Use of summary information is permitted when boundary streets or highways are numerous, complex, and difficult to follow. If the delineated area is in an underdeveloped area where street names are not available, include a map that clearly identifies the delineated area and indicates nearby points of reference, such as landmarks or monuments.

For lease extensions, superseding leases, and lease renewal options, the body of the prospectus must include the correct street address for the project building. The delineated area identified in the prospectus narrative must match the area specified in the heading.

When the procurement process begins, the delineated area in the request for lease proposal or solicitation for offers must be identical to the delineated area in the prospectus. Historically, GSA's annual appropriation act requires that GSA's authorizing and appropriations committees be notified of any changes to the delineated area. For example, Public Law 111-117, Div. C, Title



5. Prospectus-Level Lease Construction

Requirements that may result in lease construction need sufficient lead time to allow for space under the new lease to be available for occupancy by the time the existing lease expires, so such project submissions must be consistent with the time frame required for delivering the space and verifying the availability of client agency funding.

Any project where lease construction is the potential housing solution warrants special attention, and these projects must be discussed with PTAB before submitting the proposed lease prospectus. Leasing Specialists and Contracting Officers must not seek or promise to deliver a lease construction solution that excludes existing buildings in a market that meet the needs of the client agency.

If no viable solution for housing the agency or agencies other than lease construction is identified and GSA believes that a lease construction proposal consistent with a market rent rate is possible, then GSA may select a site with an assignable option that can be made available to a competitively selected developer. GSA is permitted to undertake a general market analysis to determine the availability of space in the market as part of the requirements development/determination of the options phase.

Site selection and design of lease construction projects are also subject to location policies, the National Environmental Policy Act, and Section 106 of the National Historic Preservation Act, all as detailed in Chapter 14.

6. Advertising

Leasing Specialists may advertise for a prospectus-level requirement only **after** the prospectus has cleared OMB and has been submitted by GSA to the Committees. Broad market surveys not tied to a specific project can be used to establish the overall availability of space or sites. Such surveys might be instrumental in developing a prospectus and may be undertaken during requirements development.

After GSA has submitted the prospectus to the Committees, the Leasing Specialist may pursue the procurement to the point of lease award. However, the lease cannot be awarded until GSA has received the adopted resolutions approving the project from the Committees.

7. Adopted Resolutions

As a matter of GSA policy, a prospectus-level lease project must receive adopted resolutions approving the project from the Committees. Once the resolutions are adopted by the Committees, GSA may enter into a lease agreement. Once all resolutions are received, the Lease Contracting Officer may award the lease, provided that the necessary client agency funding is available for moves, furniture, information technology, RWAs, etc., and the terms and conditions of the lease are consistent with the Committees' resolutions.



8. Conformity With the Committees' Resolutions

After receiving offers from prospective lessors for a prospectus-level requirement, but before awarding the lease, the Lease Contracting Officer must review the offers to verify that they comply with the resolutions and confirm the following:

- The total RSF in an offer does not exceed the maximum in the resolutions. Any proposed housing plan change requires consultation with PTAB and subsequent notification to the Committees.
 - There is no tradeoff of square footage for rental rate and vice versa even if the total annual cost remains within the total amount in the adopted resolutions. The RSF cited in a single prospectus may be used to lease space in more than one building. However, the maximum RSF, the maximum rental rate per RSF, and the total annual cost may not be exceeded.
 - There are no major changes to the housing plan. Minor changes to the housing plan are permissible. For example, if a lease has been awarded and the agency is unable to occupy all or part of the space under the lease, the Administrator has the authority to assign and reassign space to another agency, consistent with the terms of the lease.
 - The following situations are not permitted; if special circumstances require deviation from this policy, the regional Office of Portfolio Management must contact PTAB:
 - A prospectus project is approved for agency X, which determines before award that it no longer requires the space. It is not permissible to use the Committees' resolutions obtained for agency X to lease space for agency Y.
 - Resolutions are adopted for 200,000 RSF in a particular city. However, if before lease award only 150,000 RSF is needed to satisfy the requirement (thus creating a surplus of 50,000 square feet), it is not permissible to use the 50,000 square foot surplus to acquire space for another agency need or for any requirement not clearly identified in the prospectus.
- The offer does not exceed the maximum rental rate per RSF in the adopted resolutions. If a lease procurement is delayed beyond the projected effective date of the lease that was stated in the prospectus, the regional Office of Portfolio Management, in coordination with the Leasing Specialist, is permitted to escalate the authorized maximum proposed rental rate per RSF from the originally projected fiscal year effective date to a revised fiscal year effective date. This escalation must be calculated only if a delay forces the lease effective date to slip into a future fiscal year. The award date **cannot** be used as the starting date for such escalation unless the fiscal year of the award and the fiscal year of the effective date are the same. For example, if a lease is projected to be awarded in FY 2011 and effective in FY 2012, but, due to slippages in schedule, does not take effect until FY 2013, 1 year of escalation at the rate identified in the prospectus (FY 12 to FY 13) is permitted, not two (FY 11 to FY 13). Leasing Specialists must use the appropriate escalation rate, as stated in the footnote of the prospectus, to escalate the rent rate.
- The offer does not exceed the total annual cost stipulated in the adopted resolutions.



- If the annual rent over the term of the lease is constant (not a stepped rent), compare the first year with the approved total annual cost in the prospectus. The first year rent cannot exceed the total annual cost in the resolutions.
- If the proposed rent is a stepped rent, to determine whether an offer exceeds the total annual cost stipulated in the resolutions, the Leasing Specialist must levelize the rent and calculate the per square foot cost to confirm that it does not exceed the maximum per-square-foot rent in the resolutions. Instructions for levelizing rent are under subparagraph 4.a, Determining Whether a Prospectus Is Required. The levelized net rent plus the first-year operating expenses cannot exceed the total annual cost in the resolutions.
- The offer does not include a lease term that exceeds the term cited in the adopted resolutions.

Leasing of parking spaces must comply with the terms and conditions of the adopted resolutions. If there are any variations from the resolutions, the Leasing Specialist must consult with PTAB.

The Leasing Specialist must discuss any proposed change to a prospectus-level lease with the regional Office of Portfolio Management before any lease award takes place. Changes to a prospectus-level lease may require notification to our authorizing Committees, or an amended prospectus.

9. Postaward Monitoring

Any postaward Lease Amendment that would modify the cost per square foot, total annual cost, lease term, amount of space under lease, operating lease status, or any other material change to, but not accounted for in, a prospectus-level lease requires an evaluation by the regional Office of Portfolio Management and consultation with PTAB before any action can be taken. **The Leasing Specialist must obtain the concurrence of the regional Office of Portfolio Management and document that concurrence.**

10. Interim Leasing

The following provision has generally been included in lease prospectuses submitted to OMB and the Committees:

Approval of this prospectus will constitute authority to provide an interim lease, if necessary, before the execution of the new lease.

Beginning with the FY 2012 lease prospectus submissions, GSA will use the following provision:

GSA will execute such interim leasing actions as are necessary to ensure continued housing of the client agency prior to the effective date of the new lease. It is in the best interest of the Government to avert the financial risk of holdover tenancy.

The Committees' resolutions approving a prospectus typically include a blanket approval of interim leases without specifying the amount of space, rental rate, or lease term. The Committees'



resolutions include the provision: "Approval of this prospectus also constitutes authority to execute an interim lease for all tenants, if necessary, prior to the execution of the new lease."

Interim leasing is required when the current lease expires before the effective date of the new or replacement lease. Interim leasing allows short-term extensions (generally 3 years or less) to prospectus-level leases that expire before the effective date of the new lease. The interim lease is intended to avoid holdover occupancies. The interim leasing provision does not allow prolonged occupancy at the current location, but rather only enough time for an agency to occupy the space acquired under the new or replacement lease. Continued occupancy of current space after lease expiration and absent a standstill agreement, lease extension, or short-term lease constitutes a lease holdover. Holdover tenancy subjects the Government to financial risk, including potential penalties for continued occupancy of space without the lessor's agreement. Rent payments are still due during the period of holdover tenancy and are made without regard to the current interim leasing provision for prospectus-level leases not yet approved by the Committees. See Desk Guide Chapter 10, Lease Holdovers, Standstill Agreements, and Condemnations, for more information on lease holdovers.

Appropriations are made for the current fiscal year for which payments are due through the rental of space budget activity within GSA's Federal Buildings Fund. These funds are legally available for the payment of rent, regardless of the nature of the lease agreement. The proposed interim leasing provision serves to put our Committees on notice of GSA's intent to enter into interim leases, where necessary, even if our Committees have not acted on the underlying prospectus. The proposed language clarifies that GSA intends to use its legal authority to enter into interim lease agreements to avert the financial risk of holdover tenancies.

Using interim leasing authority does not reduce the term of the lease approved in the adopted resolutions. For example, if agency X occupies space under a lease that is set to expire in 2010 and the Committees have adopted resolutions for a new 10-year lease with an anticipated effective date of FY 2010 but, due to unforeseen circumstances, the new leased space will not be ready for occupancy until 2012, GSA may enter into an interim lease for agency X until the new leased space is ready. The 2 years spent do not count against the 10 years of the new lease. If the space is ready for occupancy in 2012, the new lease may be for a term of 10 years, or until 2022.

While there is no prescribed rental rate for interim leasing, the Leasing Specialist and Lease Contracting Officer must try to secure an interim rate at an existing location consistent with either the current rental rate or otherwise consistent with market rents in the area.

11. Scoring Risks

All prospectus-level leases must be evaluated against all of the criteria in OMB Circular A-11, Appendix B, to distinguish capital leases from operating leases. All prospectus-level leases with a term of more than 5 years must include a 90 percent scoring analysis upon receipt of client requirements as part of the submission of the prospectus package to Central Office and again before awarding the lease.



No lease, whether below or at prospectus level, may be awarded without a completed determination of operating lease treatment.⁸ Leasing Specialists and Lease Contracting Officers must refer to the latest GSA scoring policy for specific guidance on prospectus-level lease construction and the exercise of options and expansions to prospectus-level leases. See Desk Guide, Appendix F, Determination of Operating or Capital Lease Classification for Budget Scoring, for more information on lease scoring.

12. Prospectuses for Alterations in Leased Space

40 U.S.C. § 3307(a)(3) requires a prospectus for all post-occupancy alterations in leased space when the estimated total project cost—regardless of whether payment for the alterations is made using GSA lump-sum funds or amortized in the rent—exceeds the annually adjusted threshold amount for alteration projects in buildings under lease to GSA (which, as of FY 2012, is \$1,395,000).

Government initial space alteration expenditures for a new lease are not governed by the prospectus threshold for alterations in leased space. **However, GSA must not use such expenditures inappropriately to buy down the rent to avoid submitting a lease prospectus.** Therefore, according to PBS' pricing policy, absent a deviation an agency may not pay a lump sum for shell and first-generation general tenant allowance elements. This is because the pricing policy requires GSA to deliver basic functional space without the agency lump-sum payments. If GSA cannot deliver basic functional space below the prospectus dollar limitation, a prospectus will be required. If GSA does receive a lump sum payment from a client agency for the buildout that would otherwise be provided by GSA, that payment must be reflected in the calculation to determine whether a prospectus must be submitted.

⁹ While every lease must be evaluated to determine operating lease treatment, a project may go forward as a capital lease if an informed decision is made to do so and GSA is prepared for the budget consequences. Approval must be obtained from the Commissioner with OMB concurrence to proceed with a capital lease.



CHAPTER 12:

Disaster Leasing

1. Overview	12-1
2. Basis for Disaster Leasing	12-1
a. Leasing Authorities	12-1
b. Presidential Disaster Declaration	12-1
3. Acquisition Planning/Pre-solicitation Requirements	12-2
a. Request for GSA Action	12-2
b. Request Transmitted to Leasing Specialist.....	12-2
c. Class Justifications	12-3
4. Market Survey Process	12-3
a. FEMA Consultation and Market Survey	12-3
b. Coordination with Federal Protective Service	12-3
5. Solicitation and Negotiations	12-4
a. Minimum Content of Disaster Lease Contracts.....	12-4
b. Occupancy Agreements	12-5
c. FPS Services and Fees Related to FEMA Disaster Leases	12-5
d. Term	12-5
e. Negotiations.....	12-5
f. Regional Management Control.....	12-6
g. Condemnation	12-7
h. Environmental/NEPA.....	12-7
6. Award	12-7
7. Lease Administration and Management	12-8
a. Documentation	12-8



b. Contract Payments	12-9
Attachment 1: MOA Between DHS/FEMA and GSA (June 2007).....	12-11
Attachment 2: Class Justification for Other Than Full and Open Competition (November 1992)	12-12
Attachment 3: MOA Between DHS-FEMA and FPS (April 2008)	12-17



1. Overview

This chapter outlines procedures for acquiring temporary leasehold interests in real property for the Federal Emergency Management Agency (FEMA) and/or other agencies that may respond to declared emergencies. Leases for temporary or permanent space to accommodate agencies displaced by disasters are entered into under GSA's standard 40 U.S.C. §585 authority, not the statutory authorities discussed in this chapter.

When the President issues a disaster declaration, representatives of GSA, FEMA, and other agencies deploy to the affected area. In accordance with the Memorandum of Agreement dated June 18, 2007 and Emergency Support Functions of the National Response Framework, GSA must provide contracting support to FEMA consistent with mission assignments and tasks issued by FEMA.

The procedures described in this chapter highlight the differences between the standard leasing process and the process for FEMA disaster leasing. This chapter states GSA's standard procedures for FEMA disaster leasing unless otherwise directed and changed in writing at the local command level or when deemed not to meet FEMA's operational and programmatic requirements in its response to the Presidential Emergency Declaration.

2. Basis for Disaster Leasing

a. Leasing Authorities

Pursuant to 40 U.S.C. §585, GSA may enter into a lease to accommodate a federal agency in buildings or improvements for a term of up to 20 years. GSA's statutory authority limits leasing of unimproved land to terms up to 1 year.

The Lease Contracting Officer (LCO) must immediately notify Central Office and the regional Portfolio office of any disaster leases that exceed prospectus limitations before the award of such a lease.

b. Presidential Disaster Declaration

When the President issues a disaster declaration, representatives of GSA, FEMA, and other agencies deploy to the affected area. In accordance with the June 2007 Memorandum of Agreement between DHS/FEMA and GSA (see [Attachment 1](#) to this chapter) and Emergency Support Function No. 7 of the National Response Framework, GSA must provide contracting support services to FEMA consistent with mission assignments and tasks issued by FEMA.

GSA regional managers will appoint a GSA coordinator to work with FEMA on all GSA activities related to disasters. Only the appointed coordinator or designee may accept mission assignments and tasks from FEMA.



3. Acquisition Planning/Pre-solicitation Requirements

a. Request for GSA Action

FEMA will submit a Mission Assignment or task to the Emergency Support Function No. 7 leader (GSA's coordinator or designee) at the Regional Response Coordination Center or the Joint Field Office. Generally, FEMA requests for supplies, space or services will be submitted on a FEMA Form 90-136, Action Request Form, or other approved tasking document.

The form must have been approved and signed by the appropriate FEMA Emergency Response Team Operations Section Chief or Acting Chief and a FEMA Comptroller/Finance Section funding official.

The form must include the following information, at a minimum, in the Justification/Statement of Work:

- FEMA tracking number;
- FEMA contact and phone number;
- Type of space required (e.g., warehouse, office, land);
- Related security requirements;
- Approximate amount of space required;
- Nature of occupancy (e.g., Joint Field Office, Disaster Recovery Center, warehouse, travel trailer staging area);
- Term (months or years); and
- Desired location (city or county and state).

b. Request Transmitted to Leasing Specialist

GSA's coordinator will forward the request form to the GSA real estate acquisition coordinator for the affected location who will then initiate lease actions. **GSA Leasing Specialists (LSs) must not initiate leasing actions based on a verbal request and must not accept forms directly from FEMA.**

The real estate acquisition coordinator or assistant must maintain a copy for tracking and assign the project to the appropriate LCO. They must:

1. Receive the Action Request Form (ARF); usually a FEMA Form 60-1, Requisitions for Supplies, Equipment and/or Services;
2. Prepare the lease file for the LS or LCO where appropriate (60-1 and blank action log); and
3. Deliver the lease file to the assigned LS or LCO (via hand-carrying or email).



c. Class Justifications

One or more justifications for different types of leases may be in effect at any one time for LCOs to reference.

The Commissioner signed a GSA "Class Justification for Other than Full and Open Competition for Acquisitions of Space and Related Services to Support Federal Agencies Acting in Response to Emergencies OR Major Disaster Situations As Herein Specified" on November 5, 1992. The justification is still valid for leases GSA acquires for FEMA and other agencies responding to a disaster.

The 1992 justification must not be used for leases to provide replacement space, either temporary or permanent, for displaced agencies or space for displaced citizens, which require their own separate justifications based on the unusual and compelling urgency of the situation. LCOs may sign those leases while class justifications are pending approval.

The LCO must include a certification in the lease contract file when relying upon the 1992 justification. Certification language is on the last page of the justification. It says in part, "The Contracting Officer anticipates being able to negotiate a fair and reasonable price consistent with market conditions and the Government's requirements." The LCO must document the agreed-upon price in relation to the current market as part of the certification, recognizing that market conditions for these leases may be considerably different from the market conditions before the disaster.

4. Market Survey Process

a. FEMA Consultation and Market Survey

The LCO must contact the FEMA representative to obtain complete information on the requirement and initiate a market survey to locate potential acceptable properties. In many cases, FEMA will identify specific locations on the request form along with the name and telephone number of the owners. FEMA often requests a specific property because of the need to be housed in a specific area, and the FEMA team has surveyed the area for sources. The LCO must also use sources such as internal contacts, current Lessors, area realtors, and onsite market surveys with FEMA to locate space. LCOs must document the availability of sources and place the documentation in the permanent file. See the class justification for disaster leases for responders (see [Attachment 2](#) to this chapter) for information and limitations. If the class justification does not fit the facts, then a separate one must be prepared.

b. Coordination with Federal Protective Service

The LCO should coordinate with the FEMA representative regarding the provision of law enforcement and security services provided through the Federal Protective Service (FPS) before the market survey. FPS services for disaster leases will be provided in accordance with provisions in the Memorandum of Agreement between DHS-FEMA and FPS (see [Attachment 3](#)). FPS should be included on the market survey to the extent practicable. The LCO must notify FEMA of apparent security deficiencies at sites surveyed.



5. Solicitation and Negotiations

- FEMA usually identifies a building, locates a building point of contact (POC), and will have completed FEMA's Facility Review and Approval (which includes security, safety, logistics, and environmental matters) before the lease is assigned to a LS/LCO.
- Sometimes the building POC listed on the ARF (Form 60-1) may be someone other than the Lessor. In this case, please return the file to the real estate acquisition coordinator so that procedures can be corrected with FEMA.
- In some cases, during a disaster of smaller scale, the LS or LCO may be requested to identify property for FEMA. In this case, please refer to the above guidance and any other directions from the GSA coordinator.

5. Solicitation and Negotiations

a. Minimum Content of Disaster Lease Contracts

In solicitations for disaster leases, the LCO must use either a Standard Form 2, U.S. Government Lease for Real Property or GSA Form 3626, US Government Lease for Real Property (Short Form); a lease rider; a GSA Form 3518, Representations and Certifications; and GSA Form 3517, General Clauses; and the full text of GSA Form 3516A, Solicitation Provisions. The LCO may consider using GSA Form 3626 in lieu of the SF 2 when the lease cost will not exceed the Simplified Lease Acquisition Threshold for space in a building.

If the full text of standard SFO conditions and performance requirements are not incorporated, disaster leases must, at a minimum, require—

1. A certificate of occupancy, or equivalent as stated in applicable sections of the SFO.
2. Fire and life safety compliance, in accordance with State and Local codes, and applicable sections of the SFO.
3. Accessibility compliance, in accordance with ABAAS (Architectural Barriers Act Accessibility Standards) requirements, and applicable sections of the SFO.
4. OSHA, Asbestos and other environmental requirements, in accordance with State and Local codes, and applicable sections of the SFO.
5. Services, utilities, and maintenance.

These minimum conditions and performance requirements are stated in the Standard Conditions and Requirements section of the GSA Form 3626, U.S. Government Lease for Real Property (Short Form). The text may be incorporated directly from the GSA Form 3626.

Prior registration of a Lessor in the Central Contractor Registration system is not required for executing disaster leases (FAR §4.1102 (3) (ii)). However, once GSA transfers the disaster lease to GSA inventory and uses reimbursable billing, the LCO must require the Lessor to register in the CCR system. Registration must be completed no later than 60 days after the execution date of the Supplemental Lease Agreement (SLA) directing the Lessor to bill GSA.



b. Occupancy Agreements

GSA and FEMA have agreed not to require Occupancy Agreements for disaster leases that will be directly billed to FEMA. The LCO must advise and consult with FEMA throughout the process regarding available space for lease and anticipated costs. When a FEMA disaster lease requirement can be filled in vacant existing owned or leased space, an Occupancy Agreement will be required, and standard pricing policies apply. In such instances, the standard FEMA AB code should be used for STAR project purposes, and standard DHS-FPS security fees apply. Note: AB code 7060 (see paragraph "7.a. Documentation" below) is used in disaster leasing when the rent is billed directly to FEMA. It **must not** be used when GSA is billed using reimbursable billing.

c. FPS Services and Fees Related to FEMA Disaster Leases

For Stafford Act disaster leases, FPS services provided directly to FEMA are governed by the guidelines set forth in the April 2008 MOA between DHS-FEMA and FPS (see [Attachment 3](#)).

FPS services provided for leases that were initially Stafford Act disaster leases but were transferred to the GSA inventory must use standard lease procedures, including GSA reimbursable billing via an Occupancy Agreement (OA) in accordance with the provisions under section "7.b. Contract Payments" below, and must follow the established GSA-FPS protocols for FPS service provision and fee reimbursement.

d. Term

FEMA will have included the required lease term on the request form.

Under the Stafford Act, FEMA has authority to provide direct temporary housing assistance to individuals and households displaced as a result of disasters. That includes providing temporary trailer homes, etc. That authority necessarily includes the authority to lease land and property upon which to place the temporary housing. FEMA's authority is 18-month authority, so upon FEMA's delegation to GSA, the LCO will have authority to enter into leases for unimproved land for firm terms up to 18 months.

e. Negotiations

The LCO must contact the owners and conduct negotiations.

FEMA has agreed to instruct its contractors and agents to refrain from engaging in substantive negotiations or discussions with prospective Lessors regarding terms and conditions, including proposed pricing, when the lease is to be entered into by GSA. The LCO retains full responsibility and authority for negotiating lease terms and must not yield to pressures from any level or source to relinquish his or her responsibility to due diligence, including determinations of fair and reasonable pricing. The LCO will consult the Office of Regional Counsel for support as necessary.

Fair and Reasonable Rates

The LCO must make determinations as to fair and reasonable rates. This can be accomplished in various ways depending on the circumstances and the LCO's knowledge of the market.

Leased Space

For leased space, the LCO must employ standard leasing protocols in making a fair and reasonable rate determination.



5. Solicitation and Negotiations

Leased Land

The LCO should compare offered land rents to rental rates for land having the same or a similar highest and best use to the land they expect to lease—that is, retail land rental rates for retail-oriented land, industrial land rental rates for industrial land, agricultural land rental rates for use of agricultural land for such as pasture and vacant unimproved lands, fields with crops growing, and so forth.

Consideration of the land comparables to be used should be given to the amenities present at the site GSA intends to lease such as zoning, land with active businesses on site, on- and off-site pavement and other site amenities, utilities that are in place, and other infrastructural improvements. Where offered land rents mandate that GSA reimburse the offeror for any cost or service in addition to the offered land rental rate, comparison with land comparables or other reasonable supporting data must be provided to adequately account for these additional costs.

Local market conditions and circumstances after the disaster may be considered in determining fair and reasonable pricing.

When the value of land and rental rates for land are not reasonably obvious or readily supportable, Central Office strongly advises the LCO to consult with GSA regional appraisers or other local land market experts (real estate brokers, auctioneers, tax assessors, and real estate appraisers) to determine the market value and adequate rates of return on land for determining reasonable land rental rates, and use all other available resources (including local and regional published data) in making such a determination.

Regions should make every reasonable effort to make appraisal resources available to the LCO, including appraisal staff, land valuation details, and other portfolio experts, to assist the LCO in making such determinations for land leases.

Renewal Options

When the LCO elects to exercise a lease renewal option in accordance with the guidelines under section "5.d. Term" above, the LCO must reevaluate market conditions to determine whether the option rate is fair and reasonable. Market conditions under disaster settings can change rapidly. It is suggested that on the 6-month anniversary of the lease or the 9-month anniversary of the land lease, the LCO should consult with the regional appraiser regarding market conditions and market data before exercising a renewal option. The appraiser can advise on the need for an appraisal to support renegotiation of the lease rate if market conditions warrant.

The final responsibility and determination of fair and reasonable rates for these disaster situations will be at the discretion of the LCO. The LCO must document the file on how this determination was made.

f. Regional Management Control

Central Office recommends that the regions establish an informal pricing consultation process before award to encourage LCO consultation with a peer or higher level associate who is not involved in the particular acquisition. Documentation may be informal. The senior emergency management LS is the consultant available onsite.



g. Condemnation

If a fair and reasonable price consistent with current market conditions cannot be negotiated, it may be necessary for the Government to condemn the leasehold interest. In such situations the LCO must consult with Office of Regional Counsel at the earliest possible time.

h. Environmental/NEPA/NHPA

GSA is the acquisition agency responsible and will lead, unless otherwise agreed to by FEMA, in addressing environmental issues, including performing National Environmental Policy Act (NEPA) analyses and National Historic Preservation Act (NHPA) consultation, as applicable. FEMA will serve as a cooperating agency. To the maximum extent practicable, consistent with the GSA NEPA Desk Guide

(http://pbsportal.pbs.gsa.gov:7777/pls/portal/docs/page/PL/Documents/PL/library/NEPA_DeskGuide_1.pdf), rely on categorical exclusions or environment assessments and findings of no significant impact for the proposed leasing action. If an environmental assessment or environmental impact statement is necessary, coordinate with FEMA as required. For leases that may affect historic properties, coordinate with the Regional Historic Preservation Officer to identify Section 106 compliance issues and avoid adverse effects to the extent possible, following Advisory Council on Historic Preservation guidelines for emergency consultation, as applicable.

In every acquisition, the LCO must forward all NEPA documentation received to the Office of General Counsel attorney assigned to the FEMA response team for review. The LCO must also consult with regional environmental program officials to assist in the reviews. If a concern is raised in this review, reviewers must consult with FEMA and/or PBS national environmental program officials for resolution.

The LCO must include a copy of the final NEPA findings, analysis, and concurrence in the lease file.

- NEPA clearances are required for all **land leases** before the LCO can sign the lease, although FEMA may be the organization actually performing the assessment. Be sure those clearances are in place before executing the lease for the Government.
- Disaster Recovery Center (DRC) locations should have been indicated as "Approved" in the lease file before it is assigned to the LS/LCO. A NEPA clearance is not usually required (the file indicates "NA").

6. Award

After conducting negotiations, the LS or LCO must provide a cost estimate to the GSA's coordinator referencing the FEMA request form action number. GSA's coordinator will request that FEMA develop a corresponding FEMA Form 40-1, *Requisition and Commitment for Services and Supplies*, approving the proposed lease. GSA will not accept the form without a funds citation for payment and a name in the funds certification box.

The LS or LCO will need to advise FEMA of the negotiated rental amount and request the funding.

- Once an amount has been negotiated, email or fax a request for funds to the Realty Services coordinator. The Realty Services coordinator will communicate with FEMA.



7. Lease Administration and Management

- The LS or LCO should continue with lease preparations and forward the draft lease to the Lessor for signature with the appropriate cover letter information.

The LCO may award the lease when the Form 40-1 is received with the funding code and contract number. The negotiated amount is approved by FEMA when a Form 40-1 is received for a **minimum of the firm-term commitment**. Please be sure to note that a "certifying official" has signed or electronically stamped the form. The LCO may then execute the lease for the Government.

7. Lease Administration and Management

The LCO must include the FEMA Procurement Instrument Identifier (PIID) number, as issued on an approved FEMA 40-1, along with a regionally issued GSA lease number on disaster leases. If any Stafford Act disaster leases will transition to GSA billing in accordance with section "7.b. [Contract Payments](#)" below, the existing Lease number will be retained, however other project information must be updated accordingly (for example, in STAR, new AB code, signed OA, and so on).

GSA Property Management will perform lease administration and lease management for FEMA disaster leases. The LCO may designate qualified and trained FEMA personnel as CORs or COTRs for specifically enumerated duties under a particular lease. In such cases GSA retains the contract administration responsibilities unless specifically delegated upon request. (See the DHS/FEMA-GSA MOA, section IV, A.7, and B.8 and 9 in [Attachment 1](#).) FEMA representatives must present COR or COTR certificates to the LCO prior to being designated as a COR or COTR for FEMA.

With specific respect to leasehold interests in land for FEMA, GSA should not assume any responsibility related to the use, management, operation, demobilization of facilities, and functions related to the leased property, including but not limited to providing site infrastructure, site management, repair and replacement of facilities, social services, decommissioning and demobilization requirements, removal of improvements, and site restoration requirements.

a. Documentation

Hours and Expenses

The LCO must keep a log of regular and overtime hours and expenses in support of projects for reporting to GSA's coordinator as requested. The real estate acquisition coordinator will keep track of these items and report them to the GSA coordinator as necessary. All LSs/LCOs, however, are required to keep their timesheets and travel expense logs updated. Copies should be printed or emailed to the real estate acquisition coordinator as requested.

Property managers must keep a log of regular and overtime hours and expenses in support of lease administration for all GSA disaster leases.

FPDS

FEMA disaster leases must be reported by GSA in the Federal Procurement Data System (FPDS), except for any FPDS entries required to be made after contract administration has been



delegated to FEMA for a particular lease or leases. All information reported by GSA into FPDS must be obtained through STAR.

Lease Files

The region geographically containing the declared disaster area must maintain all original lease documents and pre-award documentation, and input this documentation into eLease for record keeping purposes. If a LCO is deployed from another region to work on leases during disaster recovery, the deployed LCO must consult with the affected regional managers to arrange for the proper assignment and physical transfer of those leases and project files to a LCO assigned to the affected region. File retention and disposal will be according to standard schedules for GSA leases.

The LCO must transmit a complete copy of the lease contract file to FEMA. After award and execution by the Government, return the file to the real estate acquisition coordinator as soon as possible. The coordinator will:

- follow up with the Lessor for a completed automated clearinghouse (ACH) electronic payment form;
- provide a sample copy of the payment invoice;
- provide a lease copy to both FEMA and the Lessor;
- file the active lease; and
- monitor the lease for expiration requirements.

STAR Records

PBS has identified a unique AB code for FEMA Stafford Act disaster leases, which is 7060. This unique code will simplify recordkeeping and reporting. All FEMA disaster leases should be entered into STAR according to standard lease input procedures. Since CCR registration is not required for Stafford Act disaster leases, and STAR will require an input for CCR information, using zero-fill (0) for those fields is suggested for consistency.

Electronic Documentation and Resources

GSA National Office will maintain electronic copies of FEMA forms and GSA lease templates, delegations of authority, and other directives and resource documents on the Office of Real Estate Acquisition page of GSA InSite.
(http://pbsportal.pbs.gsa.gov:7777/pls/portal/url/page/PQ/Office_Of_National_Customer_Services/Solutions_Development_Division_Home)

b. Contract Payments

For real property leases FEMA will initially be responsible for making timely payments to the Lessor. Under this "direct billing" approach, GSA will utilize FEMA funding codes/citations to support lease awards, and such leases will instruct Lessors to bill FEMA directly. No later than 6 months following a lease award, FEMA, in consultation with GSA, will determine whether a given lease should continue to utilize the "direct billing" approach or be converted to the "reimbursable billing" approach. See the DHS/FEMA-GSA MOA, section VI in [Attachment 1](#) for details on contract payment and reimbursement.



7. Lease Administration and Management

If FEMA decides to keep the lease for an extended term, it must provide a new or amended FEMA Form 40-1 before the LCO extends the lease, unless the original Form 40-1 covers a longer term.

- A new Form 60-1 will be provided if FEMA requests GSA to extend the current terms or to terminate the contract.
- A Supplemental Lease Agreement should then be prepared as necessary and forwarded to the Lessor. A Form 40-1 is required before lease execution by the Government.

If FEMA requests termination or expiration, the Lessor should be provided with the appropriate letter and a Release of Claims form. When a Stafford Act disaster lease transfers to standard GSA reimbursable billing, the LCO must follow standard GSA lease procedures, including:

- initiating a new STAR project with the standard FEMA AB Code;
- obtaining BA 53 Certification of Funds;
- obtaining a signed OA from FEMA; and
- issuing a Supplemental Lease Agreement to direct the Lessor to bill GSA thereafter.

These billing conversions will be handled individually and assigned per the current regional protocol.

The OA must enumerate all terms, costs, and conditions for the lease location. Conventional pricing policy principles will apply when determining whether the space is cancelable or non-cancelable (see also Pricing Policy Desk Guide Chapter 2.15 Pricing Standards -PBS Fee). For land leases, the LCO should also apply pricing policy principles in determining the whether the OA should be cancelable or non-cancelable, and exercise professional discretion in applying such a determination accordingly.

The LCO must require the Lessor to register in the Central Contractor Registration (CCR) system. Registration must be completed no later than 60 days after the execution date of the SLA directing the Lessor to bill GSA.



Attachment 1: MOA Between DHS/FEMA and GSA (June 2007)

Memorandum of Agreement Between the Department of Homeland Security and the General Services Administration

This MOA establishes a framework for providing resource support and other real and personal property and non-personal services by GSA pursuant to Emergency Support Function No. 7 and other provisions of the National Response Plan. The purpose of the MOA is to improve emergency and disaster response efforts in:

- Ordering and provision of supplies, services, or space;
- Contract administration and support;
- Payment and reimbursement for supplies, services, or space;
- Coordination between the parties to the MOA; and
- Dispute resolution.

This MOA does not address FEMA disaster preparedness or recovery needs after expiration of a FEMA mission assignment (generally 60 days, unless extended). However, GSA will provide supplies, space, or services to FEMA for disaster preparedness and recovery needs to the maximum extent available under existing GSA authorities and normal agency ordering and payment procedures.

The full text of the MOA is available at <http://www.gsa.gov/portal/category/21132>



Attachment 2: Class Justification for Other Than Full and Open Competition (November 1992)

General Services Administration Class Justification for Other Than Full and Open Competition—Acquisitions of Space and Related Services to Support Federal Agencies Acting in Response to Emergencies or Major Disaster Situations as Herein Specified

This class justification applies to acquisitions of space and related services to support agencies acting in response to emergencies or major disaster situations. It is for use by GSA contracting activities in services for the Federal Emergency Management Agency (FEMA) and other Federal agencies responding to the following types of situations:

- National emergencies declared by the President under applicable provisions of law, such as the Stafford Act of 1988 (P.L. 100-707);
- Emergencies declared by responding Federal agencies pursuant to statutorily authorized emergency plans or other applicable provisions of law; and
- Emergencies of a health/safety or other nature that so threaten the mission of an agency in a Government-owned or -leased building that the agency must relocate quickly.

The full text of the justification appears on the pages that follow.



Attachment 2: Class Justification for Other Than Full and Open Competition
(November 1992) ↵

GENERAL SERVICES ADMINISTRATION CLASS JUSTIFICATION FOR OTHER
THAN FULL AND OPEN COMPETITION

ACQUISITIONS OF SPACE AND RELATED SERVICES TO SUPPORT FEDERAL
AGENCIES ACTING IN RESPONSE TO EMERGENCIES OR MAJOR DISASTER
SITUATIONS AS HEREIN SPECIFIED.

Identification and description of action being approved,

This class justification for other than full and open competition is for use by the General Services Administration's (GSA's) contracting activities in the acquisition of space and related services for the Federal Emergency Management Agency (FEMA) and other Federal agencies responding to emergency situations and major disasters as specified below. This class justification is applicable to the following emergencies:

- a. National emergencies declared by the President under applicable provisions of law, including, but not limited to, the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 (P. L. 100-707);
- b. Emergencies declared by responding Federal agencies' pursuant to statutorily authorized emergency plans or other applicable provisions of law; and
- c. Emergencies of a health/safety or other (HSO) nature which so adversely impact the mission of an agency in a Government-owned or leased building as to necessitate the agency's expeditious relocation therefrom.

Description of supplies or services required.

GSA Order ADM P 2400.16A dated January 8, 1992, entitled Domestic Emergency Assistance Program, establishes GSA's overall guidance for providing assistance to Federal agencies in emergencies. The Order states that GSA "must ensure that the requesting agency is provided space that meets its needs," and "other services currently provided to the Federal establishment."

Identification of statutory authority.

Section 303(c)(2) of the Federal Property and Administrative Services Act of 1949, as amended (41 U.S.C. 253(c)(2)), provides for contracting without full and open competition when there is an unusual and compelling urgency.

Demonstration that the acquisition requires use of the authority cited.

Pursuant to the authority and responsibilities contained in the Federal Property and Administrative Services Act of 1949, as amended, GSA is often called upon to provide work space and related support services to Federal agencies in emergency situations. The need to provide such work space and services in support of disaster relief efforts is of unusual and compelling urgency, and any delay will seriously harm a critical Government program and the recipients of Federal assistance. This class justification is applicable only to individual acquisitions of work space and related supporting services provided to Federal agencies in response to the emergency or major disaster situations specified in the first paragraph of this Justification for Other Than Full and Open Competition.

Description of efforts to obtain as many offers as practicable.

A market survey shall be conducted and competition shall be solicited to the maximum extent possible from as many potential sources as is practicable, consistent with the circumstances of the particular emergency.

Determination that the anticipated cost will be fair and reasonable.

The Government anticipates being able to negotiate a fair and reasonable price, taking into account market conditions existing at the time of acquisition.

Description of the market survey conducted.

It is impossible to identify sources capable of providing space for emergency or disaster relief in advance of the determination of individual need. As the need for space arises, a market survey will be conducted. All potential sources which can be located within the timeframe, and which can provide habitable space suitable for the needs of the responding agency, will be solicited.

Other facts supporting the use of other than full and open competition.

None.

List of sources that expressed an interest in the acquisition.

Not applicable.



Attachment 2: Class Justification for Other Than Full and Open Competition
(November 1992) ψ

Statement of actions to overcome barriers to competition.

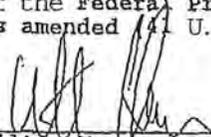
Under the circumstances described herein, there are no actions that the agency can take to overcome the barriers to full and open competition.

Contracting officer certification.

This class justification may be used by GSA contracting activities only when, with respect to each proposed lease contracting action taken pursuant to this **class** justification, the contracting officer executes and includes in the appropriate lease contract file the following certification:

"I certify that, to the **best of my knowledge and belief**, the requirement for space falls **within the scope and applicability of the class justification for other than full and open competition for the acquisition of work space and related supporting services in response to emergencies or major disaster situations specified in the first paragraph of the class justification for other than full and open competition, entitled Identification and Description of Action Being Approved.** The Contracting Officer anticipates **being able to negotiate a fair and reasonable price consistent with market conditions and the Government's requirements.**"

This **class justification for other than full and open competition** is hereby made and approved in accordance with Section **303(c)(2)** of the **Federal Property and Administrative Services Act of 1949, as amended (41 U.S.C. 253(c)(2)).**


Milton Heron
Commissioner
Public Buildings Service

Date: NOV 5 1992

CONCURRENCE:


Arthur E. Ronkovich
Agency Competition Advocate

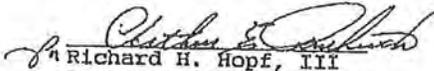


↳ Attachment 2: Class Justification for Other Than Full and Open Competition
(November 1992)

Reviewed for Legal Sufficiency:


Melville H. Valkenburg
Associate General Counsel
Real Property Division

Approved:


Richard H. Hopf, III
Associate Administrator
for Acquisition Policy



Attachment 3: MOA Between DHS-FEMA and FPS (April 2008)

Memorandum of Agreement Between the U.S. Department of Homeland Security (DHS), Federal Emergency Management Agency (FEMA), and the U.S. Department of Homeland Security U.S. Immigration and Customs Enforcement (ICE) Federal Protective Service (FPS)

This April 2008 MOA states the operational procedures and relationships for providing law enforcement and security services at GSA or DHS leased, owned, or occupied disaster facilities. It establishes a standard set of procedural arrangements for response and recovery operations between FEMA (the requesting agency) and FPS (the servicing agency).

The full text of the MOA is available at <http://www.gsa.gov/portal/category/21132>

CHAPTER 13:

Source Selection

Overview	13-1
1. Lease Acquisition with the Tradeoff Process	13-3
2. Using Award Factors Other Than Price	13-8
3. Source Selection Organization in Best Value Tradeoff Procurements	13-9
6. Source Selection Plan	13-16
7. Developing Evaluation Criteria	13-18
a. Selecting Evaluation Factors	13-18
b. Developing Standards for Evaluation.....	13-20
c. Establishing Relative Importance of Factors.....	13-22
8. Communicating the Requirement	13-22
a. Presolicitation Activities.....	13-22
b. Request for Lease Proposal (RLP) Preparation	13-24
9. Evaluating Proposals	13-26
10. Negotiations	13-34
11. Final Proposal Revisions	13-36
12. Final Evaluation	13-36
a. Reevaluation and Rescoring.....	13-36
c. Complete Final Evaluation Worksheets	13-37
d. Final Selection Decision.....	13-37
13. Notification and Debriefing of Unsuccessful Offerors	13-37
a. Provide Official Notifications to Unsuccessful Offerors.....	13-37
b. Guidelines for Debriefing Unsuccessful Offerors.....	13-37



Overview

This chapter provides guidance to GSA personnel involved in source selection for competitive negotiated lease acquisitions. As used in this chapter, the term “source selection” means the processes and techniques for selecting a source or sources outlined in Part 570 of the General Services Administration Acquisition Manual. As explained below, these include both the lowest priced technically acceptable (LPTA) process and the tradeoff process.

The objective of source selection is to select the proposal that represents the best value. GSA Leasing Specialists can obtain best value in negotiated acquisitions by using any one of several source selection approaches, or a combination of approaches. The best value continuum is an array of source selection approaches that the Government may use to reflect the relative importance of cost or price. In acquisitions with clearly defined requirements and low performance risk, the Government may attain best value by using cost or price as a dominant factor in source selection. In acquisitions with less definitive requirements, development work, or greater performance risk, factors other than cost or price may play a dominant role.

The LPTA source selection process is appropriate when the contracting office expects the best value to result from selecting the technically acceptable proposal with the lowest evaluated price. Proposals are evaluated for acceptability but not ranked using non-cost/price factors. All evaluation factors, except price, are evaluated on a go/no-go (pass/fail) basis. Offerors with acceptable technical proposals are on an equal footing, and the Source Selection Authority (SSA) makes final selection based on low price. With this approach, the contracting office cannot make cost-technical tradeoffs. This approach is appropriate when price is properly the deciding factor, once the contracting office determines the technical acceptability of proposals.

The **tradeoff process** is appropriate when it is in the best interest of the Government to consider award to other than the lowest priced offeror or other than the highest technically rated offeror. Price and other factors specified in the solicitation are evaluated with the goal of selecting the proposal that offers the best value to the Government. The objective is to select the proposal that offers the most for the money, not necessarily the lowest price. This process permits tradeoffs among cost or price and non-cost factors (including past performance) and allows the Government to accept proposals other than just the lowest priced one.

Historically, GSA has relied most heavily on the lowest priced technically acceptable source selection process. GSA would describe in detail the Government’s requirements of acceptability, including desired quality levels, as mandatory minimums and then use price or overall cost as the sole criterion in deciding the award between competing offerors who met the minimum technical criteria. Although price or cost is an important consideration in any award, it need not be the sole deciding factor, or even the dominant factor. In many cases, over-dependence on price or cost as the sole determining factor does not generate leases that satisfy the Government’s needs for quality.

Under negotiated contracting procedures, the Federal Acquisition Regulation (FAR) allows the Government to engage in a tradeoff source selection technique that both:

- Evaluates the quality of goods and services (including technical and management capability and the offeror’s past experience), and
- Allows the Government to consider evaluated quality relative to the evaluated price or cost to determine which offer provides the best value.

This chapter provides guidance on using source selection procedures and advice on how to apply various source selection techniques. The objective is to decide on an appropriate source selection technique that will produce the best value.

A primary objective of GSA is to provide quality space for its customer agencies in a timely manner. The procedures for evaluating award factors in conjunction with the best value concept apply specifically to the factors to be addressed in the “Other Factors” paragraph of the Request for Lease Proposal (RLP).

General

FAR Part 15 prescribes policies and procedures for selecting a source or sources in competitive negotiated acquisitions. The procedures apply to negotiated acquisitions that base source selection on either the:

- a. Tradeoff process,
- b. Lowest price technically acceptable source selection process (LPTA), or
- c. A combination of both.

Objectives of source selection.

The goal of source selection is to select the proposal (or proposals) that represent(s) the best value to the Government (FAR 15.302). Objectives in support of this goal include:

- a. Proposals are solicited and evaluated, and the selection decision made, with minimum complexity and maximum efficiency and effectiveness.
- b. An impartial but thorough evaluation of each offeror’s proposal and related capabilities provides the Source Selection Authority (SSA) appropriate information to make an objective determination.
- c. The source selection process provides sufficient flexibility to accommodate the procurement objectives. The process assures that the source selection approach and procedures are compatible with program requirements, risks and conditions.
- d. The process limits proposal and Government evaluation expenses to that reasonably necessary to achieve a sound source selection.
- e. The process ensures a balanced appraisal of all significant factors by using qualified personnel in appropriate functional areas and allows exchanges with industry before and after receipt of proposals.

1. Lease Acquisition with the Tradeoff Process ↵

Source Selection Strategy (Plan).

a. The purpose of the Source Selection Strategy is to:

- (1) Specify the Government's approach for soliciting and evaluating proposals;
- (2) Describe the source selection organizational structure; and
- (3) Designate the person(s) who will perform the evaluation.

b. Neither statutes nor regulations provide detailed source selection procedures for conducting a competitive negotiated acquisition. The contracting agency has the freedom, with certain limitations, to structure the RLP and selection process in a manner that ensures award of the contract to the competitor whose offer represents the best value to the Government. To accomplish this, the agency must:

- (1) Prepare a source selection strategy.
- (2) Identify evaluation factors and significant sub factors tailored to the acquisition. The factors that will affect contract award and their relative importance must be identified in the Request for Lease Proposal (RLP).

c. In developing the source selection strategy and Request for Lease Proposal, the contracting office has the option to use a variety of approaches for selecting the source. The Source Selection Authority (SSA) chooses the approach and the procedures to apply, drawing on advice of contracting, legal, program and technical personnel as necessary. The Source Selection Authority determines which approach to use based on:

- (1) The nature of the lease being acquired,
- (2) The size and complexity of the acquisition involved,
- (3) Delivery requirements, and
- (4) Market forces.

1. Lease Acquisition with the Tradeoff Process

The tradeoff process for evaluating lease offers provides lease procurement offices with the tools and flexibility necessary to achieve GSA's quality objectives. The tradeoff process is a method of source selection that enables the Government to make trade-offs between price and other technical factors. It is designed to produce a more comprehensive evaluation of each offeror's proposal than would be the case using the lowest priced technically acceptable process in which additional factors are not addressed. More importantly, through the use of **award factors**, GSA can select an offer that provides the best value to the Government, without necessarily providing the lowest price.

Using the tradeoff process allows for greater consideration of an agency's mission and needs. It permits the Government to take advantage of factors unique to the local real estate market that

↳ 1. Lease Acquisition with the Tradeoff Process

represent additional value to the agency. This is accomplished by using technical award factors that address an item or attribute not required for minimum acceptance but still contribute to an agency's ability to meet mission objectives.

When the tradeoff process of source selection is utilized, all judgments must be made with a considerable amount of discretion and deliberation. The only limit on the Government's decision to sacrifice cost or price for technical considerations is that such decision must be rational and consistent with the evaluation factors contained in the Request for Lease Proposal. Technical scores are simply guides for decision-making. Source selection officials are responsible for deciding whether technical advantages indicated by the scores are worth the additional cost that might be associated with a high scoring proposal.

The goal of the tradeoff process in source selection is to make an impartial, equitable, and comprehensive evaluation of competitive proposals so that GSA selects the proposal that best satisfies the Government's needs with due consideration to performance, price or cost, and other pertinent factors.

GENERAL OUTLINE OF SOURCE SELECTION PROCESSES AND TECHNIQUES

Source selection processes and techniques.

a. The best value continuum is an array of source selection approaches that the Government may use to reflect the relative importance of cost or price. In acquisitions with clearly defined requirements and low performance risk, the Government may attain best value by using cost or price as a dominant factor in source selection. In acquisitions with less definitive requirements, development work, or greater performance risk, non-cost/price factors may play a dominant role (FAR 15.101).

b. The source selection process is used to obtain best value in negotiated acquisitions using either or a combination of source selection approaches:

- (1) Lowest priced technically acceptable (LPTA) process.
- (2) Tradeoff process.

Lowest priced technically acceptable process (FAR 15.101-2).

a. The lowest priced technically acceptable source selection process is appropriate when the contracting office expects the best value to result from selecting the technically acceptable proposal with the lowest evaluated price. Proposals are evaluated for acceptability but not ranked using the non-cost/price factors. All evaluation factors, except price, are evaluated on a go, no/go (or pass/fail) basis. Offerors with acceptable technical proposals are on an equal footing and the Source Selection Authority (SSA) makes final selection based on the low price. With this approach, the contracting office cannot make cost/technical tradeoffs. This approach is appropriate when price is properly the deciding factor once the contracting office determines the technical acceptability of proposals.

b. When using the lowest priced technically acceptable approach:

1. Lease Acquisition with the Tradeoff Process ↵

(1) The RLP must set forth the evaluation (go or no go) factors and significant sub factors that establish acceptability; and

(2) The RLP must specify that award will be made on the basis of the lowest evaluated price of proposals meeting or exceeding the acceptability standards for non-cost/price factors.

c. If past performance is a factor, the RLP must describe the approach for evaluating past performance where there is no relevant history or it is unavailable. If an offeror has no relevant past performance, that offeror may not be assigned either a favorable or unfavorable rating. Such offeror receives a “neutral” evaluation regarding this factor. If the lease contracting officer (LCO) determines past performance is not an appropriate evaluation factor, he or she must document the file in accordance with FAR 15.304(c)(3). If a small business's past performance is not acceptable, but its technical proposal is otherwise acceptable, the contracting officer must refer the matter to the Small Business Administration (SBA) for a Certificate of Competency (COC) determination. When past performance is included as an evaluation factor in a lowest price technically acceptable source selection, it is evaluated only as acceptable (i.e., go or pass) or not acceptable (i.e., no-go or fail, with a referral to SBA for a COC for small business concerns). Do not perform any comparative assessment.

d. Under this approach, tradeoffs are not permitted.

e. Exchanges with offerors may occur as described in FAR 15.306. They may include either technical or price issues, or both as appropriate.

f. The Lease Contracting Officer may award upon initial proposal to the technically acceptable, responsible lowest price offeror or establish a competitive range and conduct discussions as appropriate. After discussions and receipt of final proposal revisions, the contracting officer makes award to the technically acceptable, responsible, lowest price offeror.

g. The Lease Contracting Officer should normally establish a competitive range and conduct discussions if either:

(1) The number of acceptable technical proposals on initial submission does not assure adequate price competition (see FAR 15.403-1(c)(1)).

(2) The price evaluation of technically acceptable proposals identifies significant price issues, or

(3) Other reasons determined appropriate by the contracting officer.

In accordance with FAR 15.503(a), the Lease Contracting Officer is required to notify the offeror when its proposal is excluded from the competitive range or otherwise eliminated from the competition. This constitutes a **pre-award notice**. The pre-award notice must state the basis for the determination and that a proposal revision will not be considered. See Chapter 2 for information on notifications and debriefings.

Tradeoff process.

a. The tradeoff process is appropriate when it is in the best interest of the Government to consider award to other than the lowest priced offeror or other than the highest technically rated offeror. Price and other factors specified in the RLP are evaluated with the goal of selecting the proposal that offers best value to the Government. The objective is to select the proposal that offers the most for the money, not necessarily the proposal with the lowest price. This process

1. Lease Acquisition with the Tradeoff Process

permits tradeoffs among cost or price and non-cost factors (including past performance) and allows the Government to accept other than the lowest priced proposal (see FAR 15.101-1).

b. When using this approach (see FAR 15.101-1(b)):

(1) The Request for Lease Proposal (RLP) must clearly state all evaluation factors and significant sub factors that will affect contract award and their relative importance.

(2) At a minimum, the RLP must state whether all evaluation factors other than cost or price, when combined are:

- (a) Significantly more important than cost or price.
- (b) Approximately equal to cost or price.
- (c) Significantly less important than cost or price.

c. Past performance must always be included as an evaluation factor in negotiated competitive acquisitions expected to exceed the simplified acquisition threshold, unless the LCO documents the reason that it is not appropriate (see FAR 15.304(c)). It should be included in the RLP as a factor against which the relative rankings of the offerors will be compared. Also, the RLP should describe the general approach for evaluating past performance information (see FAR 15.305(a)(2)). The approach should allow GSA to distinguish levels of quality of performance (e.g., excellent, good, fair, and poor), as opposed to simply determining acceptability. (See OFPP's "Best Practices for Collecting and Using Current and Past Performance Information" at http://www.whitehouse.gov/omb/best_practice_re_past_perf/). It shall provide offerors an opportunity to identify past or current contracts (including Federal, state, and local government and private) for efforts similar to the Government requirement.

d. Based on the initial evaluation results of all offerors against the evaluation criteria, a source for award may be selected without discussions or the Lease Contracting Officer can establish a competitive range and hold discussion in accordance with FAR 15.306(d).

e. If the Lease Contracting Officer establishes a competitive range, he or she must conduct discussions with all offerors in the competitive range and request final proposal revisions. Appropriate personnel evaluate the final revisions on the basis of criteria established in the RLP. The Lease Contracting Officer is required to promptly notify an offeror in writing when its proposal is excluded from the competitive range or otherwise eliminated from the competition. See Chapter 2 for information on notifications and debriefings.

f. The Source Selection Authority's decision must be based on a comparative assessment of proposals against all source selection criteria in the RLP. The selected proposal represents the proposal that offers the best value to the Government in terms of cost and other factors

Note: The basic version of the solicitation provision at GSAM 552.270-1 states that Government intends to evaluate proposals and award a lease after conducting discussions with offerors whose proposals have been determined to be in the competitive range. Alternate II assumes discussions will not be held. The LCO must affirmatively change the Request for Lease Proposal to use the Alternate II. Using the basic provision is recommended for leasing procurements.

1. Lease Acquisition with the Tradeoff Process ↵

identified in the RLP. The Source Selection Authority must fully document the rationale for selecting the successful offeror including discussion of any tradeoffs considered.

g. This approach provides the Source Selection Authority with the greatest amount of flexibility to select the offeror whose performance is expected to best meet the stated Government requirements. The tradeoff process provides the opportunity for value analysis or cost/technical tradeoffs. It does not require that award be made to the offeror submitting the lowest price, although the Source Selection Authority may ultimately decide that the lowest priced offer represents the best value. If award is made at a higher price, the source selection decision must document the value analysis that justifies the expenditure of the additional funds, which may include a qualitative comparison of the technical differences between the proposals to determine whether the successful offeror's technical superiority justifies any price premium. While the Source Selection Authority should tailor the explanation to the size and complexity of the acquisition, it must be adequate to explain the basis for the contract award decision.

h. This approach is most appropriate where successful performance depends significantly on the technical expertise of the contractor.

7. Combining Approaches. When using the tradeoff process or lowest priced technically acceptable approach, a go, no/go evaluation may apply to some of the evaluation factors or sub factors identified in the RLP. Factors evaluated as go, no-go may serve as discriminators. This applies to factors that have no further relevance in the selection process if rated "adequate." For example, in some procurements, a rating of adequate on the "management" factor may meet GSA's need; stronger performance would offer no additional value. In this case, an "adequate" rating becomes a minimum requirement for selection, and failure to meet the minimum is cause for rejection of the proposal as technically unacceptable. Proposal evaluators and the Source Selection Authority may then focus on the evaluation factors and sub factors where relatively greater technical merit may add value to the proposal.

8. Oral Presentations. The Government may use oral presentations as a technique to substitute for, or augment, written information. See FAR Part 15.102 for information on the use, timing and restrictions of oral presentations.

9. GSA-specific techniques. GSA often needs to adapt FAR processes to its unique missions and responsibilities. For example:

a. Some GSA acquisitions are subject to direct guidance from oversight bodies such as Congress, GAO, or OMB. For example, Congress may direct a contracting action with respect to a specific lease. The acquisition team's responsibilities include the integration of the acquisition rules with any rulings or guidance from oversight bodies.

b. GSA has certain responsibilities in some situations of particular importance to the nation. For example, in a disaster declaration, GSA is responsible for providing space for FEMA and other agencies involved in the response. GSA offices involved in such specific situations have standard operating procedures e.g., a class justification for other than full and open competition in an acquisition for building space due to urgent and compelling circumstances – that are fit to their unique responsibilities. Other unique situations - e.g., security-related incidents – also have standard GSA approaches that conform to those requirements.

In each case, the acquisition team adapts standard processes to the specific circumstances.

2. Using Award Factors Other Than Price

Using award factors in conjunction with the tradeoff process is most appropriate on large-dollar-value, unique, or highly complex acquisitions. The tradeoff process should also be the preferred method of procurement when new construction is contemplated. It permits the Government to evaluate such things as technical excellence, management capability, personnel qualifications, and past performance. The tradeoff process is generally discouraged for leasing actions of less than 10,000 square feet. However, there may be instances where the presence of a particular characteristic of a location or building would significantly enhance the mission of the agency.

Knowledge of market conditions is essential when making a decision to use the tradeoff process. Source selection procedures are most effective in a highly competitive market. The greater the competition, the more effective the procedures. Competition will increase the likelihood that a representative pool of the market capable of responding to the specific requirements highlighted in the Request for Lease Proposal (RLP) will be received.

Note: Chapter 14 of the Leasing Desk Guide requires consultation with the Regional Chief Architect to determine how best to incorporate Design Excellence in Leasing for each specific lease construction project.

It is also necessary to consider how the technical factors associated with a particular requirement relate to market conditions. If the market within the delineated area offers varying levels of quality and the agency has special requirements not routinely available, then using the tradeoff approach can be beneficial in selecting a location offering the greatest value to the Government. If a desired requirement or level of quality is readily available, then the necessary elements should be identified as a minimum requirement in the RLP, and the more conventional “lowest price technically acceptable” procedure should be used.

Although direct agency involvement in the selection process is not required, the overall approach usually requires increased involvement by the agency, particularly in the determination of award factors. Using the tradeoff process often appears more desirable to the agency, because it permits the agency greater input and influence on the selection decision. This is especially true if the agency is permitted to have a representative on the evaluation team.

However, it should be understood that other equally important factors must be considered before deciding to use this process. First and foremost is the fact that a best value procurement often requires the use of many personnel from both GSA and the client agency for extended periods, especially on larger projects. It should not be used unless sufficient time for the procurement is available and individual participation by all persons involved can be assured.

Even when implemented properly, these procedures can be very complex and difficult. It is strongly recommended that personnel experienced in the use of source selection be utilized whenever possible. When that is not practical, greater participation and/or monitoring of the procurement by the Lease Contracting Officer (LCO) is essential.

Note: Use of the tradeoff process increases the probability for protest due to the nature of the process. Protests typically focus on the Government’s evaluation processes and steps leading to contract award. The Leasing Specialist and the Lease Contracting Officer should thoroughly review the regulations and guidelines applicable to source selection before using the tradeoff process. It

3. Source Selection Organization in Best Value Tradeoff Procurements ↵

should be noted that more protests are sustained by GAO because required procedures are not followed than because of poor judgment on the part of the selection official. If any doubts remain concerning the use of source selection procedures for a particular space action, they should be resolved before proceeding.

GSA and the agency must first determine the advantages of the tradeoff process as it relates to a specific requirement. An informed decision to use the tradeoff process cannot be made until an agency's requirements have been fully developed. If it is then determined that a requirement can be adequately satisfied using an lowest priced technically acceptable procurement, then the tradeoff process should not be used. It should be reserved for actions requiring the evaluation of factors other than price, such as:

- a. satisfactory and successful prior experience of the offeror, contractor, and management firm, or other key personnel particularly in lease construction actions similar in size and scope to the particular procurement;
- b. past performance
- c. management capability
- d. personnel qualifications
- e. technical excellence
- f. unique structural, electrical, and architectural features;
- g. proximity to specific locations or services (such as an airport, mass transit, courthouse, interstates, other agencies);
- h. building quality and neighborhood; and/or
- i. space layout flexibility and efficiency.

The decision to use the tradeoff process should be a mutual agreement by the client agency and GSA with consideration to the availability of time and proper resources, and the ability to identify relevant and measurable evaluation factors. Although it is best to obtain agency acceptance whenever possible, the Lease Contracting Officer must ultimately decide which method is in the best interests of the Government.

3. Source Selection Organization in Best Value Tradeoff Procurements

Source selection organizations typically consist of a Source Selection Authority and a Source Selection Evaluation Board (SSEB) composed of a chairperson, technical evaluation voting members, a client agency representative, the Lease Contracting Officer, and a nonvoting secretary and legal advisor. The Lease Contracting Officer is designated as the Source Selection Authority unless the Regional Commissioner appoints another individual for a particular acquisition or group of acquisitions.

3. Source Selection Organization in Best Value Tradeoff Procurements

The size and composition of the Source Selection Evaluation Board (SSEB) will vary depending on the acquisition's requirements. In streamlined, less complex source selections, the team may consist of one or more technical evaluators and with the contracting officer serving as the Source Selection Authority. In complex source selections, a more formal structure may be appropriate, consisting of individuals from various functional disciplines. Whether the team is large or small, it should be structured to ensure teamwork, unity of purpose, and appropriate open communication among the team members throughout the process. This will facilitate a comprehensive evaluation and selection of the best value proposal.

Tailoring an Organizational Structure.

- a. Typically Source Selection Evaluation Board consists of technical evaluators, called the technical evaluation panel or team, and the contracting officer, who evaluates price or cost and also serves as the Source Selection Authority (SSA). If the contracting officer requires support in the price or cost evaluation, a cost/price evaluation panel may also be established.
- b. Larger, more complex acquisitions using the tradeoff process may require a more formal organization. For such an acquisition, the HCA may designate a Source Selection Authority at a management level above the contracting officer. The acquisition may require a number of technical members, a cost or price evaluation team, and significant support from the legal advisor. In such cases, the evaluation teams and advisory members are organized into a Source Selection Evaluation Board (SSEB) that reports to the Source Selection Authority. The Source Selection Evaluation Board typically includes:
 - i. A Chairperson.
 - ii. Technical members. The number of technical members appointed depends on the circumstances of the particular procurement (e.g., types of expertise needed and number of proposals anticipated).
 - iii. A non-voting secretary (may be a contracted position; see paragraph 8.b).
 - iv. A non-voting legal advisor. Counsel's review and assistance is particularly recommended for procurements involving tradeoffs (see FAR 15.101-1) and for the preparation for debriefings. Responses to source selection protests must be coordinated with appropriate GSA Counsel.

Non-voting experts or advisors who are not Federal employees may also be included, when necessary, and if approved in writing by the Source Selection Authority.

Acquisitions may include client agency voting representatives on the Source Selection Evaluation Board, and may have non-voting and special-purpose representatives as well. It is not unusual for a client agency to request agency legal and senior management reviews of large, complex, or mission-critical acquisitions.

The size of the SSEB depends on the number of proposals anticipated and types of expertise needed for evaluation. For most GSA procurements, experience indicates that boards with more than five members become difficult to manage. However, it is recognized that the larger, more complex procurements may require additional personnel.

3. Source Selection Organization in Best Value Tradeoff Procurements ↵

The Source Selection Evaluation Board voting and non-voting members are usually selected by the Lease Contracting Officer and the chairman (normally the Leasing Specialist assigned to the project) for approval by the Source Selection Authority. Technical members are selected based on their area of expertise (design and construction, building management and security, etc.). **Only government employees should be appointed to serve on the Source Selection Evaluation Board.**

Contractors may be used only in an advisory capacity and are not permitted to be part of the decision making process. If the services of non-Government personnel are required, the written approval of the Source Selection Authority shall be obtained, and the requirements of FAR 37.2 and GSAM 537.2 shall be met in regard to the use of advisory and assistance services. Before granting such approval, the Source Selection Authority shall evaluate and act on information regarding potential or actual conflicts of interest for these individuals. Each offeror shall be notified that non-Government personnel may be used in the evaluation process. Each of the non-government personnel shall be required to sign a Conflict of Interest and Non-Disclosure Agreement, as well as a statement that any and all information received shall not be used in any way for personal use or gain nor divulged to another party prior to, during or after award of the contract. Also see GSAM 515.305-70 and 537.2 on use of outside evaluators.

Primary responsibilities of the Source Selection Evaluation Board are to assist the Lease Contracting Officer in developing the source selection plan, and for evaluating proposals in accordance with the source selection plan and the RLP. The board is also responsible for preparing all evaluation reports including those prepared for signature of the Source Selection Authority, such as the recommended final selection decision.

Source Selection Authority

The Source Selection Authority (SSA) has overall responsibility for seeing that the source selection process is properly and efficiently conducted and for ensuring that an impartial and sound selection decision is made. Additionally, while the SSA is not a member of the board and does not participate in the scoring or evaluation of offers, the Source Selection Authority:

- a. Reviews and approves the source selection plan before the release of the RLP.
- b. Appoints the other members of the SSEB or evaluation panel. Establishes the evaluation team, with support from legal, logistics, technical and other areas of expertise to provide for comprehensive evaluation of offers.
- c. Reviews and approves the schedule for actions required.
- d. Is responsible for consistency among the solicitation requirements, notices to offerors, proposal preparation instructions, evaluation factors and sub factors, solicitation provisions or contract clauses, and data requirements.
- e. Provides other participants with appropriate guidance and special instructions necessary for conducting the evaluation and selection process, including approving the evaluation factors and weights assigned.
- f. Evaluates proposals based solely on the factors and sub factors contained in the RLP.
- g. Considers the recommendations of advisory boards or panels.

↳ 3. Source Selection Organization in Best Value Tradeoff Procurements

- h. Selects the source or sources whose proposal represents the best value to the Government.
- i. Considers and approves any competitive range determination made by the LCO (in those instances where the SSA is not the LCO).
- j. Avoids, mitigates or neutralizes conflicts of interest, or the appearance thereof.
- k. Avoids premature or unauthorized disclosure of source selection information.
- l. Conducts the source selection process in accordance with applicable laws and regulations.
- m. Selects the successful offeror and is responsible for the final, documented source selection decision (see next paragraph and FAR 15.308)
- n. Makes the final determination of the offeror selected for award. In making a selection, the SSA is not bound by the findings of the SSEB. The SSA is limited only in that his/her selection must be consistent with evaluation factors/sub factors in the RLP and must meet all legal and procedural requirements of the evaluation process. The final decision, which will be an integrated assessment based on the entire evaluation process will be executed by the SSA. The LCO will then make the award and conduct post-award debriefings of the unsuccessful offerors(s), if requested.

The Lease Contracting Officer:

- a. Acts as business advisor to the Source Selection Evaluation Board (SSEB).
- b. Prepares, with assistance from the responsible program or technical personnel, the source selection plan.
- c. Prepares, with the assistance of program or technical personnel, the Request for Lease Proposal.
- d. Briefs SSEB members on the sensitivity of the evaluation process, the prohibition against unauthorized disclosure of information, and the requirements pertaining to conflicts of interest. Obtains the required Conflict of Interest and Non-Disclosure Statements from all Source Selection Evaluation Board members, and other acquisition team members, as necessary.
- e. Prepares synopses of proposed contract actions, including posting on the Governmentwide Point of Entry (FedBizOpps).
- f. Issues the Request for Lease Proposal (RLP), any amendments to the RLP, and receives proposals
- g. Safeguards classified or other sensitive materials, including all proposals and amendments.
- h. Conducts or coordinates cost or price analysis and documents the results.
- i. Determines the competitive range.

3. Source Selection Organization in Best Value Tradeoff Procurements ↵

- j. Promptly notifies all offerors eliminated from the competition in accordance with FAR 15.503.
- k. Determines contractor responsibility in accordance with FAR 9.1.
- l. Conducts or controls all written and oral discussions, presentations and negotiations with offerors.
- m. Requests proposal revisions:
- n. Prepares required pre- and post-negotiation business clearances/approvals and prepares the award documents;
- o. Takes all necessary contractual actions and awards contract.
- p. Debriefs unsuccessful offerors pursuant to FAR parts 15.505 (pre-award) and 15.506 (post-award).
- q. Maintains the official file documentation.

The Source Selection Evaluation Board or Evaluation Panel(s). The Source Selection Evaluation Board (SSEB) or evaluation panel(s), as appropriate:

- a. Consists of voting and non-voting members, as identified in the source selection plan. All voting members shall be Federal Employees. Non-federal employees may serve as technical experts or advisors provided that the requirements of FAR 37.2 and GSAM 537.2 are met in regard to the use of advisory and assistance services.
 - i) Voting members, including:
 - A GSA senior official who has program or technical responsibility over the proposed project. This individual will normally serve as the Chairperson.
 - Qualified subject matter technical personnel who are competent in the program/technical field involved.
 - If feasible, at least one or two member(s) from organizations other than the responsible program office. When appropriate, members from other Departments or federal agencies may serve as voting members; however, the number of such members should not “dilute” the technical expertise of the SSEB.
 - ii) Non-voting members and advisors may include:
 - A representative from the Office of General Counsel. Each Board should have a legal advisor.
 - The CO or designated representative. Whether the CO is/is not a member, he/she may attend all Source Selection Evaluation Board meetings.
 - An individual experienced in pricing practices.
 - A secretary.
 - Other Federal and non-Federal experts/ advisors
- b. Size of the Board. Generally, the size of the Board is commensurate with the size and complexity of the acquisition. On less complex procurements, the Board should normally

3. Source Selection Organization in Best Value Tradeoff Procurements

consist of no less than three voting members, including the Chairperson. This assures that more than one technical expert will conduct the evaluation to provide an objective, unbiased assessment. However, one person, if properly qualified, can conduct the evaluation of technical proposals, including past performance.

On more complex procurement activities the Board should normally consist of no less than five, and no more than seven voting members, including the Chairperson. One should consider selecting an odd number of members to facilitate the selection process and aid in reaching consensus. The Source Selection Authority may approve exceptions to the recommended number of voting members for complex procurements when necessary, including consideration of the qualified human resources available.

All voting members shall have equal status on the SSEB.

- c. Source Selection Evaluation Board duties typically includes:
- Evaluation of each proposal, and each proposal revision, against the factors and sub factors of the Request for Lease Proposal.
 - Preparation of evaluation reports for the Source Selection Authority.
 - Briefing to Source Selection Authority, as requested.
 - Preparation of documents to assist the Lease Contracting Officer in negotiations, and pre or post award debriefings.

The Source Selection Evaluation Board (SSEB) Chairperson. The Source Selection Evaluation Board chairperson:

- a. Schedules and conducts Source Selection Evaluation Board meetings and deliberations, including Source Selection Evaluation Board training.
- b. Supervises, plans, and directs execution of Source Selection Evaluation Board activities.
- c. Familiarizes all Source Selection Evaluation Board members with SSEB procedures, and the solicitation requirements, including evaluation factors and sub factors.
- d. Completes Source Selection Evaluation Board responsibilities within the timeframe prescribed in the source selection plan. Along with the contracting officer, briefs the Source Selection Authority regularly throughout the process in order that the Source Selection Authority may be familiar with the acquisition.
- e. Requires that each evaluator thoroughly documents his/her evaluation of proposals.
- f. Requires that proper control of the proposals is maintained throughout the evaluation process.
- g. Requires that the Source Selection Evaluation Board reports accurately reflect the activities, findings, and evaluations of the SSEB.
- h. Requires that all Source Selection Evaluation Board members affirm their agreement with the SSEB report.

3. Source Selection Organization in Best Value Tradeoff Procurements ↵

- i. Summarizes the raw evaluation data.
- j. Assists the Lease Contracting Officer with exchanges with offerors (FAR 15.306), as requested.
- k. Assists the Lease Contracting Officer in debriefings, as requested.

Changes in Source Selection Evaluation Board Membership. The Source Selection Authority must approve any changes in source selection organization membership. The Source Selection Authority should confirm changes in the same way that he or she established the organization.

Role of Advisors.

- a. If necessary, the Source Selection Authority may appoint outside advisors with a special expertise essential to the selection process, but not available on the Source Selection Evaluation Board. Advisors are non-voting subject matter experts who may be Government employees or experts outside the agency where the complexity of the requirement calls for technical expertise that is not available within GSA or other Federal agencies. The Source Selection Authority may use a letter similar to the one used to establish the board to appoint advisors. Advisors must also complete the Conflict of Interest Acknowledgement and Nondisclosure Agreement. Since advisors are utilized in discrete areas, they do not have access to information concerning overall board activities. Advisors must not attend board meetings unless specifically requested by the Source Selection Evaluation Board Chairperson.
- b. Use of Non-Government Personnel: Unless they are not readily available, experts and advisors shall be federal Government employees. If the services of non-Government personnel are required, the written approval of the Source Selection Authority shall be obtained, and the requirements of FAR 37.2 and GSAM 537.2 shall be met in regard to the use of advisory and assistance services. Before granting such approval, the Source Selection Authority shall evaluate and act on information regarding potential or actual conflicts of interest for these individuals. Each offeror shall be notified that non-Government personnel may be used in the evaluation process. Each of the non-government personnel shall be required to sign a Conflict of Interest and Non-Disclosure Agreement, as well as a statement that any and all information received shall not be used in any way for personal use or gain nor divulged to another party prior to, during or after award of the contract. Also see GSAM 515.305-70 and 537.2 on use of outside evaluators.

Management Responsibilities. Managers shall become and remain aware of the schedule expectations for participating board/panel members that are within their supervisory control, and shall seek to ensure that other work assignments of board/panel members do not interfere with Source Selection Evaluation Board assignments and activities.

If a conflict in work assignments does arise, and cannot be remedied, it is the supervisor of the individual who cannot complete his panel duties who must seek out an alternate member for approval by the Source Selection Authority.

See Attachment 1 to this Chapter for a sample memorandum establishing a Source Selection Evaluation Board.

6. Source Selection Plan

Developing the source selection plan is the responsibility of the Lease Contracting Officer (with the assistance of the Source Selection Evaluation Board). It is approved by the Source Selection Authority. The plan sets forth the solicitation and evaluation methods to be used in arriving at the selection decision. It is essentially the Government's statement on how it intends to acquire what is needed. It should also outline how negotiations will be conducted, identify who will complete the evaluation, and identify the milestones necessary for accomplishing the required steps or events of the process.

The plan serves to translate the procurement objectives into a specific approach by communicating how the Lease Contracting Officer and board members develop and approach recommendations to the Source Selection Authority, and by providing essential guidance for developing the RLP. It also identifies the evaluation factors to be used, their weighting, and the method to be used by the evaluators in evaluating proposals.

At a minimum, source selection plans must include the following:

- identification of the source selection approach (i.e., lowest priced technically acceptable (LPTA), tradeoff or combination);
- a description of the organization structure with a list of members and functions as necessary;
- identification of whether the intent is to award with or without discussions;
- a schedule of significant milestones;
- a description of the property to be acquired;
- proposed pre-solicitation activities; and
- a summary of the acquisition strategy;

If using the trade-off process

- a statement of the proposed evaluation factors, significant sub factors and their relative importance;
- a description of the evaluation process, methodology, and techniques to be used; .

If using the lowest priced technically acceptable process, state the evaluation factors and significant sub factors that establish standards of acceptability. These are the minimum requirements in lowest priced technically acceptable.

As with other lease actions, an acquisition plan is also required when source selection is the approach chosen to satisfy an agency's space requirement. The goals and objectives for both the acquisition and source selection plans should be exactly the same. The acquisition plan is completed only once at the beginning of a procurement and does not need to be updated

7. Developing Evaluation Criteria ↵

during the life of the lease. See Chapter 2, Part 1 (New or Replacing Lease) for more information on developing acquisition plans.

A well-conceived source selection plan is essential to the success of any project utilizing the tradeoff process. Adequate time must be set aside in order to produce well thought out and thoroughly developed plans that clearly indicate how a proposal will be solicited and evaluated. It is strongly recommended that all members of the Source Selection Evaluation Board serving as evaluators be directly involved in developing the plan. Experience shows that this reduces the amount of debate that often takes place when proposals are received, thereby speeding up the evaluation process.

Using model plans or plans from previous procurements can be helpful in deciding how to develop a particular source selection plan and the evaluation criteria. However, Leasing Specialists are cautioned to make sure that all elements are modified to reflect the requirements of the current procurement and that the source selection plan and the Request for Lease Proposal are internally consistent.

A best practice is for the Source Selection Evaluation Board to review the plan before any presolicitation conferences are held and before the RLP is issued. They should be familiar with any issues raised and the relationship between the acquisition requirements and the evaluation factors.

Description of the evaluation process, methodology and techniques to be used.

(1) Explain the selected source selection approach, i.e., tradeoff process, lowest price technically acceptable (LPTA). Describe, for "in-house" use, the methodology evaluators will use to express their judgment of the degree of merit each proposal possesses in relation to the announced evaluation factors. (Note: For acquisitions using the lowest priced technically acceptable process, the judgment can be expressed as only acceptable or unacceptable.) This information:

- (a) Provides guidance to evaluators.
- (b) Establishes the ground rules for objective, impartial, and uniform evaluation of proposals.
- (c) Provides a basis for preparing solicitation documents.

(2) When using the tradeoff process, describe the rating system GSA will use in the evaluation. Available systems include numerical, color, adjectival, or a combination. Choose one tailored to the requirements of the source selection under consideration. Explain how offerors that cannot be rated favorably or unfavorably, for example a contractor that lacks past performance, will be treated.

(3) Append specimen forms that evaluators will use. Such forms may provide for recording evaluators' findings and compiling ratings.

7. Developing Evaluation Criteria

The proper development of the evaluation criteria is arguably the most important function of the source selection process. If the award factors and the standards for evaluating them are poorly defined, one or more of the following will generally take place: inordinate amounts of time will be wasted attempting to correct the situation; desired results will not be attained; a protest will be lodged. Recognizing the importance of the evaluation criteria and devoting the necessary time to their development are absolutely necessary to the success of the procurement.

a. Selecting Evaluation Factors

Purpose of Evaluation Factors

Evaluation factors allow the Government to consider factors other than price. They may be designed to give preference for receiving an enhanced quality on items specified as minimum requirements in the Request for Lease Proposal (RLP), or to give preference for other unspecified items beyond the minimum requirements. If a given factor is readily available in the marketplace and can be expressed in the form of a minimum requirement in the “Unique Requirements” paragraph of the RLP, then it should not be identified as an award factor.

Identifying factors without consideration for the market can result in the selection of meaningless factors. For example, to identify structural enhancements or amenities (such as a physical fitness facility) that are nonexistent or unobtainable in the marketplace would be pointless. Likewise, easily obtained items should not be used as award factors. The objective is to highlight those enhancements or amenities that are available but exceed the norm. The identification of proper award factors should result in the selection of an offer of higher quality and/or one providing more amenities beneficial to the Government.

Evaluation factors must represent the key areas of importance and emphasis to be considered in the source selection decision and support meaningful comparison and discrimination between and among competing proposals.

- (1) Select factors and sub factors independent of each other to avoid double counting. Review the factors to ensure there are no common elements.
- (2) The objective is to keep the evaluation focused on only key discriminators.
- (3) Develop factors to identify specific program/business/contract risks.
- (4) Consider factors that may be valuable to the Government in satisfying its needs

Evaluation factors (FAR 15.304).

(1) Agency acquisition officials have broad discretion over the evaluation factors that apply to an acquisition and their relative order of importance. RLPs must clearly state all factors and significant sub factors that will affect contract award and their relative importance. At a minimum, the RLP must state whether all evaluation factors other than cost or price, when combined, are:

- (a) Significantly more important than cost or price.
- (b) Approximately equal to cost or price.

7. Developing Evaluation Criteria ↵

(c) Significantly less important than cost or price.

By law, all procurements must include price or cost to the Government as an evaluation factor. The Government must also evaluate quality through consideration of one or more non-cost evaluation factors such as past performance, technical excellence, management capability, personnel qualifications, experience, schedule compliance, and any other relevant factors (see FAR 15.304).

(2) Past performance information is a mandatory evaluation factor in all source selections for negotiated competitive acquisitions expected to exceed the simplified acquisition threshold (SAT) (\$150,000). However, the Lease Contracting Officer (LCO) may determine, on a case-by-case basis that past performance is not an appropriate evaluation factor for the acquisition (FAR 15.304(c)(3)(iii)). The LCO must document the reasons for any such determination. The RLP must describe the general approach for evaluating past performance information. Past performance may be a useful discriminator among offerors whose price, technical factors and other non-price attributes may be quite similar. Request the offeror to identify past and/or current customers, including other Federal government, State government, local government, and private customers. FAR 15.305(a)(2)(ii) requires the Government to give offerors an opportunity to provide information on problems encountered on the identified contract's and the offeror's corrective actions. The degree of project relevancy should be a consideration when assigning merit for past performance. The plan should also describe the approach for evaluating offerors with no relevant performance history. See FAR 15.305(a)(2).

(3) Agencies commonly use responsibility-related factors in the evaluation process, notwithstanding that the Lease Contracting Officer must ultimately make a responsibility determination. In a negotiated procurement using the tradeoff source selection process, an agency may use traditional responsibility factors as technical evaluation factors to judge proposals in assessing their relative merits. If the agency limits the factors to areas which, when assessed comparatively, provide an appropriate basis for a selection in the Government's best interest, Certificate of Competency (COC) procedures do not apply to a deficient technical proposal. Such factors may include experience, available facilities, and personnel qualifications, but generally not financial capability. A small business that loses to a competitor in an evaluation of the relative merits of each proposal, pursuant to ground rules set out in the RLP, is not found to be non-responsible. The COC procedures do not apply in such cases.

Note: The procedures for lowest priced technically acceptable differ because factors are rated as acceptable/unacceptable only, not assessed for merit. See FAR 15.101-2.

Request Client Agency Input on Potential Evaluation Factors

The first and most important step is to identify factors that are meaningful and relevant to the agency's needs—**receiving the proper input from the agency is essential**. It is important that the client agency be involved in identifying appropriate technical evaluation factors, since they will be critical to the final selection process (see previous examples of typical evaluation factors). Once the decision to use the trade-off approach has been made, and assuming the requirements development process has been completed, the agency should be requested to provide supporting data or information necessary for identifying both evaluation factors and mandatory requirements (minimum requirements). The agency should be advised that any factor it selects should represent an additional value to the agency. In other words, all evaluation factors should justify the Government paying additional money to select one offer over another.

Review Potential Evaluation Factors for Relevance and Determine If They Should Be Evaluation Factors or Minimum Requirements

All agency special needs should be reviewed closely to verify that they are meaningful and relevant, and to determine whether they should be identified as a minimum requirements Request for Lease Proposal (RLP) —that is, as go/no-go criteria—or as evaluation factors. A minimum requirement in the RLP cannot, in itself, be an evaluation factor in the plan. However, an evaluation factor may be used in conjunction with a minimum requirement to give preference to a proposal offering a level of quality above the established minimum requirement.

Note: Expansion and renewal options should never be included as award factors. They should be included as mandatory requirements in the “Amount of Space” and “Lease Term” paragraphs in the RLP. As renewal options generally have a major impact on rental rate pricing, and the GSA price evaluation formula analyzes the overall cost of a proposal over the entire term including option periods, renewal options are always to be considered as a mandatory requirement. Additionally, if GSA agrees that the potential for future expansion is significant, then an option for expansion space should be a mandatory requirement.

Note: Items involving cost such as shuttle service, variance in cost of providing phone service at one location as compared to another, computer operations, and other major agency operational cost items are not to be identified as technical evaluation factors. They can be considered, but will be identified in the Request for Lease Proposal as being part of the price evaluation.

Select Evaluation Factors Before Advertising and Conducting Building Inspections

Selection of the factors should take place before publishing the advertisement (if one is necessary) and conducting any building inspections. This is important to avoid the possibility or appearance that the evaluation criteria were selected for the purpose of limiting competition or preselecting a specific location. Given too much knowledge of a particular location, the agency may be drawn into identifying criteria tailored to that location rather than addressing specific needs. There will be ample time after the market survey is completed (and before approval of the source selection plan) to make adjustments in the rating plan to account for market conditions not previously anticipated.

Limit the Number of Factors as Much as Possible

The number of factors to be chosen depends on the individual requirement. However, establishing too many (and often less important) factors or sub factors tends to reduce the significance of more important factors and may cause leveling of the scores of all of the proposals. Generally, the number of technical evaluation factors should be limited to three to five factors. Ultimately, it is not the number of factors that is critical, but having chosen the right ones. It is better to use specific sub factors under a broader general factor than to have overlapping factors.

b. Developing Standards for Evaluation

Problems Associated With Poorly Developed Standards

Experience has shown that greater problems are often experienced with the **standards for evaluating proposals** than with the award factors themselves. Some of the problems that have been noted are:

7. Developing Evaluation Criteria ↵

- the use of vague or ambiguous standards that fail to define how they will be applied to the evaluation factors;
- a failure to establish minimum acceptability levels for each factor;
- including requirements in the standards that are not contained in the RLP; and
- establishing standards that focus on the offeror submitting a document rather than on the substantive content of the document.

Standards provide a guide to measure how well an offeror's response meets an evaluation factor or sub factor. When using lowest priced technically acceptable, standards indicate the minimum performance or compliance acceptable to enable a contractor to meet the requirements and must be stated in the RLP. Only the evaluation factors and sub factors set forth in the RFP may be used to evaluate proposals.

After determining the factors to evaluate, describe each factor. The factor descriptions collectively serve as checks to determine that the evaluation plan is complete and that duplication does not exist between factors. They also serve as a guide to evaluators during evaluation.

Based on the descriptions, prepare standards for each factor. Minimum requirements in a standard must match those specified as minimally acceptable in the RLP. Standards must not address requirements not included in the RLP.

It is important to remember that “past performance” and “experience” are not the same thing. Past performance evaluation is used to determine how well an offeror has performed previous efforts on relevant projects. Past performance looks at the quality of the offeror's performance. Experience describes what projects the offeror is currently performing or has performed (within the time period indicated in the RLP).

To be considered satisfactory, the contractor must have completed the work on time and consistent with all contract requirements. Evaluation will be based on assessments provided by the individual(s) with firsthand knowledge of the similar contracts. The past performance evaluation should concentrate on assessing the delivery of an offeror's products and/or services, and be tailored to the issues you expect to be significant determinants of success in the acquisition. Examples include, but are not limited to: quality, timeliness, cost control, business relations and ability to provide qualified professional personnel.

Note: In determining whether to attribute one company's performance to another, the selection team must consider the nature and extent of the relationship between the two companies. In particular, the selection team must consider whether the workforce, management, , or other resources of one may affect contract performance by the other.

Clearly Identify All Factor Elements and Terms

In developing the standards, one must verify that each factor description clearly specifies the elements of the factor for which standards are needed. The standard must define all ambiguous terms such as “similar,” “comparable,” “satisfactory,” or “substantial,” so that when the RLP is written, it can be crafted in a manner that will solicit pertinent information for evaluation against the standard.

c. Establishing Relative Importance of Factors

Determine Relative Importance of Factors

After the evaluation factors have been identified, GSA and the agency must carefully consider and determine the relative importance among the factors. If the relative importance of the factors is not accurately conveyed to reflect the Government's needs, the Source Selection Authority (SSA) may later be awarding to the wrong offeror. For example, consider a situation where a decision needs to be made between an offeror who offers more performance at a high price and an offeror who offers marginally acceptable performance but at a very attractive price. In situations of low technical risk, one might decide the latter offeror could handle it and save the Government some money. In situations of high technical risk, the SSA may decide it is worth the money to award to the former offeror who is more likely to succeed. In either situation, if the level of technical risk was not conveyed properly in the weighting, the Source Selection Authority could end up selecting the wrong offeror. The SSA should normally provide oversight and, where necessary, offer recommendations.

The relative importance of evaluation factors may be established by weighting the factors—assigning points to each factor. All evaluation factors and significant sub factors that will affect contract award and their relative importance shall be clearly stated in the RLP. The solicitation shall state whether all evaluation factors other than cost or price, when combined, are significantly more important than, approximately equal to, or significantly less important than cost or price.

Relating Price or Cost to Technical Factors

Price or cost must be considered in every source selection. However, price should not be scored.. Price or cost and technical evaluation factors are evaluated separately. The source selection board evaluates the technical factors and the Lease Contracting Officer (LCO) evaluates price. The LCO evaluates both in establishing the competitive range or in making the competitive range recommendation to the Source Selection Authority. Price or cost must be related to technical evaluation factors by priority or trade-off statements. The RLP must clearly state at a minimum whether all evaluation factors other than cost or price, when combined, are:

- Significantly more important than cost or price;
- Approximately equal to cost or price; or
- Significantly less important than cost or price.

8. Communicating the Requirement

a. Presolicitation Activities

Once the evaluation criteria have been selected and the source selection plan has been approved, an advertisement (if required) may be published. Preparing a quality Request for Lease Proposal (RLP) that clearly and concisely documents the requirement is paramount to receiving responsive proposals from potential offerors. To solicit the best proposals possible, a RLP must clearly communicate to potential offerors both the Government's needs and the

8. Communicating the Requirement ↵

evaluation factors it will use to evaluate proposals. Skillful planning and preparation of the RLP by the Lease Contracting Officer (LCO) will be rewarded by proposals which respond to the Government's stated needs. Lack of clarity or information in the RLP will result in confusion during proposal preparation, proposals unresponsive to the Government's actual needs, and a multitude of administrative and legal problems for all parties concerned. In all situations, the GSA LCO is ultimately responsible for the procurement. The LCO must use the highest degree of clarity and precision in communicating needs and soliciting proposals, which best satisfy those needs. Procurement regulations support open exchanges between the Government and industry. Increasing the scope of exchanges with industry will achieve a better understanding of the Government's requirement and industry's proposal. Exchanging information throughout the acquisition process is encouraged.

Open exchanges allow potential offerors to better understand the Government's requirements. Early exchanges of information with potential offerors will improve the understanding of Government requirements and industry capabilities. Early exchanges can also identify and resolve issues and concerns regarding the selection of a proper acquisition strategy.

Figure 1 below shows the type of exchanges by the phase of the acquisition process. (FAR 15.306 provides detailed information with respect to the different types of exchanges.)

Phase in the Acquisition Process	Type of exchange
Prior to issuance of RLP Prior to receipt of proposals	Exchanges
Limited exchanges that may occur when award without discussions is contemplated	Clarifications
After receipt of proposals and with the intent to establish a competitive range	Communications
After receipt of proposals, after establishing the competitive range and with the expectation of receiving proposal revisions	Discussions, Negotiations and Bargaining

Figure 1

Exchanges by Phase in the Acquisition Process

FAR 15.306(e) contains limits on exchanges that preclude favoring one offeror over another, revealing an offeror's technical solutions, revealing prices without the offeror's permission, revealing names of individuals providing reference information about an offeror's past performance, and knowingly furnishing source selection information in violation of the procurement integrity requirements of FAR 3.104. In all exchanges, at any point during the acquisition, the Government must strictly observe procurement integrity, privacy, and Freedom of Information Act (FOIA) requirements.

8. Communicating the Requirement

Exchanges with potential offerors should not be conducted without the coordination of the LCO. Even more critical is that after release of the RLP, the LCO is the focal point of any exchanges with potential offerors.

It may also be determined to be in the Government's best interest to conduct presolicitation conferences on larger, more complex procurements. It is helpful to contact prospective offerors before the conference and request in writing any questions they might have concerning the procurement. The conference, which is normally announced to all known prospective offerors, helps to inform offerors of the Government's objectives and the nature and size of the requirement, including anticipated specifications and award factors. However, **standards for the evaluation factors and the actual numerical relationships of the factors to one another must not be revealed**. The conference also gives the Government the opportunity to feel out prospective offerors and make adjustments to the Request for Lease Proposal (RLP) where needed.

Whether during the presolicitation meeting or by other methods, it is important to make sure that all prospective offerors understand that when tradeoff procedures are used, negotiations will only be conducted on those offers determined to be within the competitive range. As indicated in the "Award Factors" section of the RLP, the competitive range will be established based on an evaluation of cost or price and other factors included in the initial offer. Offerors need to understand that if the price stated in their initial offer (even considering the other factors) is excessive, they risk falling outside the competitive range and never getting to the negotiating table. This represents a significant change for offerors who have come to expect an opportunity to negotiate their initial offer.

During the market research phase of an acquisition, GSA may have concluded that additional information is needed before proceeding with an Acquisition Strategy/Plan. The LCO can issue a Request for Information (RFI) or Sources Sought to potential offerors within a certain contract functional area, Special Item Number (SIN) or through FedBizOpps. The RFI summarizes the Government's requirement, and requests comment from potential offerors. This can assist the Government during market research by assessing offeror capabilities and allowing the Government an opportunity to analyze questions or concerns about the proposed RLP. This RFI methodology is especially useful for innovative acquisitions involving new acquisition strategies.

b. Request for Lease Proposal Preparation

Specific Statements Required in Request for Lease Proposal Concerning Source Selection

The Request for Lease Proposal (RLP) should advise offerors on how their proposals should be organized and arranged, and describe the information to be provided in response to the evaluation factors. The RLP must clearly state the evaluation factors and any sub factors and their relative importance. For acquisitions of leasehold interests in real property, the basic solicitation provision at General Services Administration Acquisition Regulation (GSAR) 552.270-1 provides that GSA intends to hold discussions. If the Source Selection Authority (SSA) decides that award without discussions may be appropriate for a given acquisition, the RLP needs to include Alternate II to the basic provision (see GSAM 570.602).

Maintain Consistency Between Source Selection Plan and RLP

Care must be taken to ascertain that the award factors or significant sub factors described in the RLP are consistent with the source selection plan. For example, if the source selection plan

8. Communicating the Requirement ↵

contains significant sub factors but the RLP fails to disclose them, offerors will not properly address actual needs. Moreover, the evaluation of offers must be based on the factors listed in the RLP and the ability to differentiate between offers on the significant sub factors would be lost.

Clearly State the Relative Importance of the Award Factors

The relative importance of the factors must also be clearly stated. If the importance of one factor differs significantly from the others, then that should be clearly indicated. The relative importance of cost or price must also be identified in terms of its relationship to the **combined** weight of the other award factors. Only descriptive statements such as “cost or price is equal to the combined weight of technical factors” and “the technical evaluation factors below are listed in descending order of importance” are recommended. Specific weights and the standards for evaluating the factors should not be divulged in the RLP.

Note: If the minimum requirements specified in the RLP are not met, the offer is unacceptable. Failure to meet the minimum requirement of an award factor simply means that no credit will be received for that factor.

Identify Minimum Requirements for the Evaluation Factors

In addition to establishing the relative importance of factors, the RLP should inform offerors of the minimum requirements that must be met to receive consideration for particular award factors or significant sub factors. The minimum requirement identified for receiving consideration on a given award factor should not be confused with the minimum requirements listed in the “Unique Requirements” paragraph of the boilerplate RLP.

Each evaluation factor should be sufficiently described in the RLP so that the prospective offeror will understand what will be considered. However, only the source selection plan will list the standards for evaluation and scoring. This is for **internal use and is not to be disclosed** to another agency (except to an agency representative on the selection team), to anyone outside GSA, or anyone without a legitimate need to know. The source selection plan should always be considered “procurement sensitive” information.

Note: If an award factor legitimately emerges after a procurement has begun, it should be added to the RLP through a formal amendment. However, due to the undesirable impressions this often creates among the offerors, especially those not benefiting from the factor, every effort must be made to avoid doing so. Properly indoctrinating the client agency on the possible ramifications of this predicament during the development of the factors is the best insurance against it.

Response Time for Receiving Initial Offers

Due to the complexity and amount of information typically required from offerors when using award factors other than price, the period of time allowed for responses should normally be longer than for standard lease procurements. For extremely large projects, it may be necessary to allow up to 3 months between issuing the RLP and receiving offers. Request technical proposals and price proposals separately in sealed envelopes.

9. Evaluating Proposals

Before beginning the evaluation process, the Lease Contracting Officer (LCO) should caution all participating personnel concerning the disclosure of information. Each member of the Source Selection Evaluation Board (SSEB) should have signed a Certificate of Non-disclosure when the SSEB was selected. Information relative to the evaluation should only be revealed to individuals participating in the same evaluation proceedings, and then only to the extent that the information is required in connection with the proceedings. Divulging information during the evaluation, selection, and negotiation phases of the acquisition to offerors or to personnel not having a need to know could jeopardize the award. In order to avoid unauthorized disclosures to offerors, it is required that all communications with offerors or their representatives, including any questions concerning proposals, be directed through the appropriate Leasing Specialist and/or the Lease Contracting Officer.

The LCO must also instruct personnel participating in the evaluation of the requirements of the GSA Standards of Conduct, and ask all evaluators to sign a statement that they have read and understand the GSA Standards of Conduct and that they do not have an actual or apparent conflict of interest relating to the proposed acquisition. Evaluators with an actual or apparent conflict must be removed from the SSEB or replaced.

The SSEB will perform an in-depth evaluation of the proposals against the evaluation factors and sub factors set forth in the Request for Lease Proposal (RLP) and Source Selection Plan. While the specific evaluation process will be tailored to fit the size and complexity of the acquisition, the basic objective remains constant – to provide the Source Selection Authority (SSA) with information to make an informed and reasoned selection. In order to accomplish this, the evaluators will identify deficiencies, strengths, weaknesses, significant weaknesses and risks applicable to each proposal.

Definition of Key Evaluation Terms

- **Significant Strength** – A significant strength appreciably enhances the merit of a proposal or appreciably increases the probability of successful contract performance.
- **Strength** - Any aspect of a proposal that, when judged against a stated evaluation criterion enhances the merit of the proposal or increases the probability of successful performance of the contract.
- **Weakness** – A flaw in a proposal that increases the risk of unsuccessful contract performance.
- **Significant Weakness** – A flaw that appreciably increases the risk of unsuccessful contract performance.
- **Deficiency** – A material failure of a proposal to meet a Government requirement or a combination of significant weaknesses in a proposal that increases the risk of unsuccessful contract performance to an unacceptable level.

a. It is imperative that there be a method for identifying, reporting and tracking of each proposal evaluation. The evaluation and findings must be supported with narrative statements for each proposal by all evaluators. A recitation of the Statement of Work or Statement of Objectives is not acceptable. All evaluations must be documented with clear, succinct explanations of the

9. Evaluating Proposals ↵

benefits and risks associated with the proposal. Ratings alone are not conclusive data upon which to make a source selection decision. The SSA will use this information to make a source selection decision; the Lease Contracting Officer will use it to establish a competitive range when discussions are necessary and as appropriate, will provide the information to the respective offerors during clarifications, communications, and /or discussions.

b. The final step is to prepare a summary report that includes for each proposal, the rating for each evaluation factor and sub factor; and a discussion of the associated strengths, weaknesses, significant weaknesses, deficiencies and risks. An evaluation report must be prepared at each stage of the process (i.e. initial evaluation, interim evaluation and final evaluation.)

The principal objectives in all evaluation procedures are to:

- determine which proposals are acceptable;
- determine from among the acceptable proposals which one is most advantageous to the Government, considering cost or price and other factors outlined in the RLPs; and
- provide a sound basis for the SSA to make an informed and objective selection.

The methods used for evaluating proposals should focus on realizing the highest attainable degree of both clarity and objectivity. The evaluation should frame the issues of the selection decision with such clarity and visibility that the SSA will have little difficulty in arriving at a sound choice.

When using the tradeoff process, no single evaluation method will be applicable in all situations. However, most evaluations should involve the following steps in the sequence shown below:

1. Receive technical proposals; receive cost proposals.
2. Conduct initial evaluations.
3. Clarify ambiguities.
4. Determine competitive range.
5. Promptly notify offerors outside the competitive range and provide a debriefing where appropriate.
6. Conduct discussions with offerors in competitive range.
7. Request best and final offers (final proposal revisions)
8. Conduct final evaluation.
9. Make award.
10. Notify unsuccessful offerors.
11. Conduct debriefing of unsuccessful offerors when requested and required.

Refamiliarize the Source Selection Evaluation Board With Source Selection Plan and Request for Lease Proposal Before Receiving Offers

Before the initial offers are received, all evaluators should refamiliarize themselves with the Request for Lease Proposal (RLP) and the evaluation criteria. If evaluators were involved in identifying and approving the source selection plan and the evaluation criteria, this should be relatively easy. The Source Selection Evaluation Board (SSEB) should also be convened ahead of time to review the selection plan and scoring methods.

Identify Ambiguities in Proposals

Once the technical proposals are received, they should be distributed to the evaluators for analysis. The evaluators will first review all proposals to identify ambiguous terms or statements that require clarification in order to conduct the initial evaluation. These items should be provided to the Lease Contracting Officer (LCO) so that he or she can obtain the clarifications needed to continue with the initial evaluations. Again, **technical evaluators should be cautioned not to contact the offerors themselves.**

Complete Worksheets for Each Evaluation Factor

Each evaluator will complete a worksheet for each evaluation factor, identifying in detail all strengths, weaknesses, significant weaknesses, and deficiencies (several worksheet versions exist that are acceptable for this purpose). This information will form much of the basis for the evaluation report to the Source Selection Authority (SSA) and the selection decision. It will also provide the rationale behind the scoring for the factor. All instances in which an offeror fails to meet a minimum requirement for a given factor must be clearly explained by the evaluator and an opinion offered as to whether the deficiency can be remedied.

Note: The LCO should provide all offerors the opportunity to correct any deficiency, assuming it is technically feasible to do so. Furthermore, it is to the Government's advantage to maintain a healthy competitive atmosphere throughout the process that leads to final selection. Therefore, any doubts about the propriety of excluding an offeror on the basis that a deficiency is not technically capable of being corrected or that the necessary revisions would result in a virtually new proposal should be carefully considered. GSA must be in a position to defend and support the exclusion of any proposal from further consideration or from the competitive range.

Initial Scoring of Proposals

In the initial scoring of the proposals, each evaluator must consider all strengths, weaknesses, significant weaknesses, errors, omissions, and deficiencies related to a particular factor and provide a written interpretation of the scoring rationale. Based on the written narratives, scoring and opinions of each evaluator, the initial score assigned to each proposal will be assigned by a consensus of the SSEB.

Evaluators must prepare a detailed analysis of the proposal, identifying and documenting its strengths, weaknesses, significant weaknesses, and deficiencies against each factor. This documentation is essential information for the SSA. The SSA must take care to ensure that scores/rates accurately reflect the evaluator's assessment of the capability of each offeror regarding each evaluation factor as measured against the Government model and standards applicable to the procurement. Note: Technical proposal evaluation cannot be derived from a comparative evaluation of the relative strengths and weaknesses of competing proposals.

(1) Evaluators may only evaluate the proposals against the evaluation criteria set forth in the RLP.

(2) Identifying deficiencies in proposals and unacceptable proposals. Evaluators must identify each aspect in which an offeror or a proposed approach does not meet the Government's minimum requirements. Deficiencies are material failures of a proposal to meet a Government requirement, such as: failure to meet the specifications; failure to submit all the required information, or a questionable technical or management approach. Deficiencies must derive from the evaluation of each proposal against a specific standard or requirement established in the RLP. **The evaluators may not derive deficiencies from a comparative evaluation of the relative strengths and weaknesses of competing proposals.**

For each deficiency identified, evaluators must provide an:

- a. Explanation as to why they believe the offeror does not meet one or more standard requirements as outlined in the RLP with a reference to the requirement and location in the RLP.
- b. Opinion with supporting rationale as to whether the offeror can remedy the deficiency (i.e., whether a remedy is technically feasible).
- c. Opinion with supporting rationale as to whether remedying the deficiency would entail so substantial a proposal revision as to amount to allowing submission of a second proposal (i.e., virtually an entirely new technical proposal).
- d. Consideration of any need for exchanges meant to remedy the offeror's proposals, and if necessary, specifics on what must be asked of the offeror.

In contracting by negotiation, a proposal deficiency does not automatically exclude the proposal from further consideration. The contracting officer may include the proposal in the competitive range and conduct discussions.

(3) Identifying ambiguities in proposals. Sometimes, language in a proposal is ambiguous. In other instances, proposal language may simply be unclear, for example, the SSEB cannot understand it well enough to evaluate it without guessing at its meaning. The SSEB should inform the LCO in instances where a sound evaluation cannot be made because proposal language is ambiguous or its meaning cannot be fully understood. Evaluators should identify the ambiguity and the alternative meanings for the contracting officer. When proposals contain unclear or ambiguous language, evaluators shall not contact any offeror to obtain clarification. **The LCO is the only one who can contact the offerors.**

(4) Identifying instances in which the offeror provides inadequate substantiation. An offeror may describe a particular approach proposed for performing some part of the contract work in general terms, but not provide enough detailed information about the approach and how it would apply to permit an evaluation of its feasibility and merit. Evaluators should identify in writing each instance in which this occurs and provide it to the LCO. The Contracting Officer may request additional information from the offeror by means of clarification, communication or discussions.

(5) Identifying past performance information. When evaluating past performance information, consider the currency and relevance of the information, context of the data, and general trends in contractor's performance. The purpose is to determine a confidence level in an offeror's ability to perform all the contract requirements. Past performance will be evaluated utilizing the information obtained from past performance documentation required by the proposal and from information obtained from other sources (i.e. Past Performance Information Retrieval System (PPIRS)).

9. Evaluating Proposals

- Similar past performance. Consider information the offeror provided on past efforts similar to the Government's requirement. This includes information the offeror provides on adverse past performance and its corrective actions. The SSEB will consider past performance only as it relates to the requirements. Past Performance not specifically related to the present requirement should not be considered relevant information for the purpose of determining the past performance rating. The evaluators must have a sound basis to conclude that "other types of past performance information" are relevant. (see FAR 15.305(a)(2)(iii))
- If an offeror does not have a record of relevant past performance, the offeror may not be rated favorably or unfavorably on past performance. This rating is neither negative nor positive. Neutral is merely indicative of a lack of performance in providing the services required by the RLP. It is a good practice to detail in the SSP how such a rating will be scored. GAO has accepted for a neutral rating a numerical score that was the midpoint of the range.
- Under the lowest priced technically acceptable process, if a small business's past performance is not acceptable, the contracting officer must refer the matter to SBA for a Certificate of Competency determination (see FAR 15.101-2(b)(1)).

d. Technical Proposal Rating

(1) Each evaluator shall first independently evaluate all technical aspects of the proposals. This provides GSA the benefit of having several opinions on the relative technical merits of each proposal. Different evaluators may arrive at differing conclusions on a given point. Each evaluator must examine each proposal in detail to measure its contents against the established standards for evaluation factors, and assign a numerical or other rating to each factor. This constitutes the core of the evaluation process.

(2) Numerical scores or other types of grading may not convey fully the individual evaluator's judgment of some aspects of the proposal. Each evaluator must supplement his or her rating with the identification of the proposal's strengths, weaknesses, significant weaknesses, risks, and deficiencies in narrative form. The narrative shall include how the proposal met, failed or exceeded the requirements, and any assumptions made by the evaluator as a result of the language in the proposal.

(3) The initial score (or adjectival rating, if adjectival ratings are used) assigned to each technical proposal is assigned by a consensus of the SSEB. Each evaluator will first independently evaluate all the technical aspects of the proposals. After the individual evaluators have separately evaluated the proposals, including preparation of their narrative explanations, the panel will meet and formulate its collective conclusions under the leadership of the chairperson. Significant variations in evaluators' scores (or ratings) or assessments of technical merit will be discussed and discrepancies resolved or fully explained in the record.

e. Cost or price evaluation.

(1) Cost or price must be an evaluation factor in all source selections. For fixed price contracts the evaluation can be as simple as consideration of adequate price competition and ensuring prices are fair and reasonable. The price proposal may be evaluated to determine if the price offered is consistent with the effort proposed.

9. Evaluating Proposals ↵

(2) The Independent Government Cost Estimate (IGCE) plays a key role in both cost and price analysis. It serves as a benchmark for price analysis; it may also serve as a benchmark for evaluating individual cost elements.

(3) It is necessary to protect the cost or pricing data to avoid intentional or unintentional bias on the part of the technical evaluators. To preclude prejudice, it is best that the LCO not disclose pricing information to the technical evaluators during their initial technical evaluation of proposals. To the extent required, the LCO shall manage the sharing of cost information to the SSEB.

(4). Do not assign a numerical weight, point score, or adjectival rating to price or cost. Experience shows that using a system that assigns a point score to price is contrary to the goal of an efficient source selection and often leads to a selection that is not the most advantageous to the Government.

f. Consensus.

(1) The true value of the SSEB system emerges when the Source Selection Evaluation Board as a whole arrives at a balanced conclusion that reflects the different viewpoints and contributions of SSEB members. GSA requires SSEB consensus because the SSA or chairperson may not have the technical expertise to combine the different conclusions reached into a single technical judgment.

(2) After individual members separately evaluate proposals, including preparation of narrative explanations, the SSEB, under the chairperson's leadership, meets and formulates its collective conclusions.

(3) The SSEB discusses significant variations in evaluators' ratings or assessments of technical merit and resolves or fully explains discrepancies in the record.

(4) For each proposal, the SSEB supports the overall rating with a narrative justification. This allows GSA to demonstrate that the initial evaluation is based on an intelligent and rational judgment of the technical merits of each competing proposal.

(5) The SSEB should attempt to reach consensus on the following.

(i) The strengths and weaknesses of the proposals.

(ii) The existence and seriousness of deficiencies in proposals.

(iii) Other matters on which the SSEB is to provide advice.

(iv) Overall ratings of offerors considering price and technical factors

Note: In exceptional cases, the SSEB may not reach agreement without unreasonably delaying the procurement process. In such cases, the evaluation report must include the majority conclusion and dissenting view(s), each with a supporting rationale. The SSEB reports the above to the contracting officer in writing.

(6) The SSEB chairperson is responsible for preparing the documentation of the evaluation for presentation to the SSA.

9. Evaluating Proposals

3. Components of the evaluation process.

a. If using the LPTA approach, the SSEB identifies the proposals evaluated as technically acceptable, those that fail to meet one or more standards of acceptability, and the evaluated price for each.

b. If using the tradeoff process, the SSEB first lists the offerors' technical ratings and prices. The SSEB uses cost or price to judge the value of the work and the quality of services required. Since price can unduly influence the overall evaluation, pricing information should not be provided to the SSEB until after technical evaluations are concluded. It must not use price or cost as an addition to the cumulative score or rating resulting from the technical evaluation.

(i) When making award without discussions, award to the offeror whose proposal represents the best value under the factors and sub factors in the RLP.

(ii) The LCO examines the SSEB's Initial Report and reviews the recommendation before deciding to award without discussion or establishing a competitive range.

Establishing Competitive Range

Based on the ratings of each proposal against all evaluation criteria, the Lease Contracting Officer (LCO) shall establish a competitive range comprised of all of the most highly rated proposals, unless the range is further reduced for purposes of efficiency. . Predetermined cutoff scores may not be used to establish the competitive range. Cost or price must be used by the contracting officer with the input of the Source Selection Evaluation Board (SSEB) to judge the value of the work and the quality of services required.

The SSEB will also identify all proposals which have been determined technically incapable of making the necessary improvements. If there is any doubt as to whether a proposal should be in the competitive range, it should be included. The Source Selection Authority (SSA) is responsible for approving the LCO's competitive range determination.

If the SSA does not choose to award based on initial proposals, the LCO must decide which offerors to select for competitive negotiation. This is accomplished by establishing a competitive range.

The LCO establishes a competitive range comprised of all the most highly rated proposals. The contracting officer determines the most highly rated proposals based on the SSEB's technical evaluation and the cost/price analysis conducted.

- The Lease Contracting Officer should look for a "natural" break in ranking to determine exclusion of offerors from the competitive range.
- The competitive range determination must be based on price and other factors. The LCO may exclude a technically acceptable or technically highly rated (tradeoff) offer if he or she believes the price is too high and it cannot be reduced sufficiently without detracting from the proposal's technical acceptability or merit.
- Oral and written discussions contemplate the curing of significant weaknesses and deficiencies. The LCO does not have to exclude a proposal from discussions solely because it fails to conform to the RLP.

9. Evaluating Proposals ↵

- A low price does not guarantee a proposal inclusion in the competitive range. The LCO considers the evaluation results for all factors and sub factors described in the RLP. This includes past performance and all other technical factors in addition to price.
- FAR 15.503 covers pre-award notices of exclusion from the competitive range.

If the number of most highly rated proposals exceeds the number at which GSA can conduct an efficient competition, the LCO may reduce the competitive range for efficiency if the RLP provides for the possibility of exclusion.

- **For the LCO to have authority to limit the competitive range for efficiency, the RLP must notify offerors of the possibility.** The basic provision at FAR 52.215-1, Alternate I to FAR 52.215-1, GSAR 552.270-1, and Alternate II to GSAR 552.270-1 all provide this notice.
- The FAR does not provide a definition or guidance on what constitutes an "efficient" competition. Each efficient competition will be based on variable factors such as the number of proposals received, urgency and complexity of the requirement and, other factors. If the LCO elects to limit the number of proposals in the competitive range, the appropriate division of the Office of General Counsel should review and concur. The LCO shall document the file as to what is an efficient competition. That is, the LCO should explain what considerations differentiated the proposals included in the competitive range from those eliminated for purposes of efficiency.

LCOs have broad discretion in determining whether to place a proposal in the competitive range. Their decisions in this regard will not be disturbed unless they are clearly arbitrary or unreasonable.

Communications are exchanges between the Government and offerors after receipt of proposals leading to establishment of the competitive range. Communications allow the Government to address issues needed to determine whether to place a proposal in the competitive range.

- 1) Do not use communications to cure proposal deficiencies or material omissions, materially alter the technical or cost elements of the proposal, or otherwise allow offerors to revise the proposal.
- 2) Limit communications to those offerors whose past performance information prevents them from being in the competitive range (see FAR 15.306(b)), or whose inclusion in or exclusion from the competitive range otherwise is in question.
- 3) The contracting officer selects the issues for communications that are relevant to determining whether to include a proposal in the competitive range.

Notify offerors promptly in writing when their proposals are excluded from the competitive range. This advises offerors early on that their competitive position does not merit additional expense. The notification must explain in general terms the basis for the determination and state that a revision of the proposal will not be considered.

10. Negotiations

Offerors excluded from the competitive range may request a debriefing. The disclosure of information during pre and post-award debriefings is described in FAR 15.505 and FAR 15.506, respectively.

10. Negotiations

Negotiations (discussions in the parlance of the FAR) will be conducted with all offerors within the competitive range. All negotiations shall be conducted and controlled by the Leasing Specialist and/or Lease Contracting Officer (LCO). LCOs may also require the assistance of one or more advisors in areas beyond their technical expertise.

Discussions are exchanges between the Government and offerors in a competitive acquisition after establishment of the competitive range. Discussions occur with the intent of allowing the offeror to revise its proposal.

The primary objective of discussions is to maximize the Government's ability to obtain best value. The contracting officer should conduct discussions when the Source Selection Authority (SSA) cannot make a determination that a proposal offers the best value to the government.

Negotiations are generally conducted in order to:

- advise the offeror of all significant weaknesses, deficiencies or suspected mistakes in its proposal that could be altered or explained to enhance materially the proposal's potential for award;
- resolve uncertainties errors or omissions concerning the technical proposal and other elements of the proposal; and
- come to an agreement on cost or price considerations, and special provisions that may be incorporated into the contract.

When discussing significant weaknesses and deficiencies, one must take extreme care to avoid suggesting to the offeror how to resolve its significant weaknesses and deficiencies. Discussions should simply concentrate on pointing out the error, omission, or deficiency. One must never divulge the contents of other competing proposals under any circumstances. The Government shall provide a reasonable period of time to all offerors for correcting and submitting necessary revisions before requesting best and final offers. Discussions must comply with the following principles:

- 1) The Lease Contracting Officer (LCO) must discuss with each offeror still being considered for award deficiencies, significant weaknesses, and adverse past performance information to which the offeror has not yet had an opportunity to respond. The contracting officer also is encouraged to discuss other aspects of the offeror's proposal, which could, in his/her opinion, be altered or explained to enhance materially the proposal's potential for award. However, the contracting officer is not required to discuss every area where the proposal could be improved. The scope and extent of the discussions are a matter of the contracting officer's judgment (FAR 15.306)). The contracting officer must not suggest right answers. Offerors must use their own initiative in responding to

information provided during discussions. This reduces the risk of favoring one offeror over another and avoids presuming that only one correct solution exists.

- 2) The LCO must allow each offeror a reasonable period of time to prepare positions and submit revisions to its proposal, without allowing one offeror an unfair advantage over another.
- 3) The LCO is also encouraged to discuss strengths with an offeror so that it does not eliminate any strengths in revisions.
- 4) Where the RLP states that offerors will receive evaluation credit for technical solutions exceeding any mandatory minimums, the Government may bargain with offerors for increased performance beyond the mandatory minimums. The Government may also suggest to an offeror that exceeds any mandatory minimums (in ways that are not integral to the design or solution), that its proposal would be more competitive if it removed excesses and decreased the offered price.

Any new information imparted to one offeror must be made available to all.

Note: The LCO is permitted to eliminate an offer from the competitive range at any time during the negotiations period, provided the LCO determines that the offer is no longer one of the most highly rated proposals and no longer has a reasonable chance of receiving the award.

Proposal revisions. The LCO may provide offerors an opportunity to submit proposal revisions that clarify and document understandings reached during discussions. The LCO shall provide each offeror a reasonable period of time to prepare positions and submit revisions, without allowing one offeror an unfair advantage over another. An offeror may submit one or more interim proposal revisions to the LCO during the discussion process. At the conclusion of discussions, the LCO shall permit each offeror in the competitive range to submit a final proposal revision.

(1) The SSEB evaluates these revisions and re-evaluates the affected proposal sections. If a revision fails to remedy a significant weakness or deficiency, the LCO may have sufficient basis to eliminate the proposal from the competitive range. Once the LCO determines that a proposal is no longer in the competitive range, the LCO shall promptly notify the offeror in writing in accordance with FAR 15.503.

(2) Proposal revisions during discussions can serve as a means to assess how well the offeror understands the Government's issues regarding its proposal and that the Government understands the offeror's responses.

(3) The number of proposal revisions needed may vary among offerors on a particular acquisition based on the number and complexity of issues identified.

Evaluation of proposal revisions.

(1) If GSA conducts discussions, the contracting officer forwards any resulting proposal revisions to the Source Selection Evaluation Board (SSEB). The SSEB reevaluates and re-rates affected portions of the original proposals using the same procedure as the initial proposals. The SSEB then assigns new ratings and re-determines the relative standing of the offerors.

11. Final Proposal Revisions

(2) If the relative standing of the offerors changes due to revisions of proposals, the Source Selection Evaluation Board must document the basis for the revised rating(s) and rankings.

11. Final Proposal Revisions

The LCO shall request in writing that all offerors remaining in the competitive range submit final proposal revisions in writing. In order to avoid giving an unfair advantage to one offeror over another, the LCO shall notify all offerors at the same time and provide the same cutoff date for submitting final proposal revisions. Note: The common cutoff date is required only for final proposal revisions.

Repeated requests for final proposal revisions can indiscriminately undermine the integrity of the procurement process. The Lease Contracting Officer should not request final proposal revisions until he or she is satisfied that all discussion issues have been adequately addressed and understood. This does not mean each offeror agrees with each issue the Government has regarding its proposal, but that each party understands the issues involved.

12. Final Evaluation

a. Reevaluation and Rescoring

The final proposal revisions are returned to the Source Selection Evaluation Board (SSEB) for final evaluation. Those portions of the original proposal that have undergone changes or where additional information has been added will require reevaluation.

b. Identify and Explain Any Changes in Relative Standing of Proposals Since Initial Evaluation

When all of the remaining proposals have been evaluated collectively by the SSEB, any resulting changes in the relative standing of the proposals must be identified and explained. It should be remembered that the rankings are not determined based solely on technical scores, which merely serve as guides for determining whether the technical advantages are worth the additional cost associated with a higher priced proposal. The Source Selection Authority (SSA) must determine whether technical point or other rating advantages are worth the associated cost. Whether a given point spread or rating difference between two competing proposals indicates significant superiority of one proposal over the other depends on the facts and circumstances of each procurement. The determinative element is not the difference in point scores or ratings themselves, but the procurement agency's considered judgment concerning the significance of that difference.

When the tradeoff process is used, the SSA must make a specific written determination regarding cost/technical tradeoffs. The determination must explain the rationale for the decision to make or not to make tradeoffs. It must also justify the expenditure of additional funds, if applicable. This justification must clearly state what the Government will get for the extra money and why it is in the Government's interest to expend the additional funds. This determination is required in every case, even when the RLP indicates that technical factors are more important than price.

13. Notification and Debriefing of Unsuccessful Offerors ↵

c. Complete Final Evaluation Worksheets

Based on the final evaluations, the evaluators must provide a narrative of the evaluation and complete worksheets for each technical factor that clearly document how the ratings were determined. The chairperson will use these reports to prepare the final evaluation report to the Lease Contracting Officer (LCO). The necessity for complete, accurate, and clearly written worksheets and narratives cannot be overstated; one may need to refer to worksheets and reports weeks and possibly months later.

d. Final Selection Decision

As stated previously, when the tradeoff process is being utilized, the Source Selection Authority (SSA) has the flexibility to make tradeoffs between cost and technical factors. . The SSA's decision shall be based on a comparative assessment of proposals against all source selection criteria in the Request for Lease Proposal (RLP). While the SSA may use reports and analyses prepared by others, the source selection decision shall represent the SSA's independent judgment. The source selection decision shall be documented, and the documentation shall include the rationale for any business judgments and tradeoffs made or relied on by the SSA, including benefits associated with additional costs. Once the SSA has made the final selection, the chairperson prepares for his or her signature a document describing the rationale for the decision.

13. Notification and Debriefing of Unsuccessful Offerors

a. Provide Official Notifications to Unsuccessful Offerors

Section 15 of the FAR requires prompt written notification of unsuccessful offerors.

- The LCO is required to provide a **pre-award** notification to those offerors who the LCO determines are outside the competitive range after receipt of initial proposals and before the receipt of best and final offers. Besides being a common courtesy, GSA has a responsibility to notify the unsuccessful offerors so that they may avoid unnecessary expenditures of funds and resources. The notification should state that they are no longer being considered for award and explain in general terms why their proposal is no longer being considered. Under no circumstances should the identity of firms remaining within the competitive range be divulged.
- The LCO is also required to provide **post-award** notification. Unless the LCO provided pre-award notification earlier, the LCO must notify all remaining unsuccessful offerors in writing promptly after award. The notification should include the number of offers solicited, the number of proposals received, the name and address of each offeror receiving an award, and the total contract price of each award.

b. Guidelines for Debriefing Unsuccessful Offerors

Pre-award debriefing of offerors

The unsuccessful offeror must submit a written request for a debriefing to the Lease Contracting Officer (LCO) within 3 days after receipt of the notice of exclusion from the competitive range. If

13. Notification and Debriefing of Unsuccessful Offerors

the offeror does not submit a timely request, the LCO need not provide either a pre-award or a post-award debriefing. Offerors are entitled to no more than one debriefing for each proposal.

The LCO shall make every effort to debrief the unsuccessful offeror as soon as practicable, but may refuse the request for a debriefing if, for compelling reasons, it is not in the best interests of the Government to conduct a debriefing at that time. The rationale for delaying the debriefing shall be documented in the contract file. If the LCO delays the debriefing, it shall be provided no later than the time post-award debriefings are provided.

Debriefings may be done orally, in writing, or by any other method acceptable to the contracting officer.

At a minimum, pre-award debriefings shall include—

- 1) The agency's evaluation of significant elements in the offeror's proposal;
- 2) A summary of the rationale for eliminating the offeror from the competition; and
- 3) Reasonable responses to relevant questions about whether source selection procedures contained in the RLP, applicable regulations, and other applicable authorities were followed in the process of eliminating the offeror from the competition.

Pre-award debriefings shall not disclose—

- 1) The number of offerors;
- 2) The identity of other offerors;
- 3) The content of other offerors' proposals;
- 4) The ranking of other offerors;
- 5) The evaluation of other offerors; or
- 6) Any of the information prohibited in FAR 15.506(e).

An official summary of the debriefing shall be included in the contract file.

Post award debriefing of offerors

The debriefing of unsuccessful offerors is required only upon receipt of a timely written request from the offerors. A written request must be received within 3 days after the date on which that offeror received notification of contract award. Debriefings are intended to explain to the offeror how the offers were evaluated and to describe the strengths and weaknesses of the offer as compared to the RLP (not to other offers). Debriefings must not reveal any information that is not releasable under the Freedom of Information Act (FOIA).

The debriefings are not to take place until after contract award. At a minimum, the debriefing information shall include—

- (1) The Government's evaluation of the significant weaknesses or deficiencies in the offeror's proposal, if applicable;
- (2) The overall evaluated cost or price (including unit prices) and technical rating, if applicable, of the successful offeror and the debriefed offeror, and past performance information on the debriefed offeror;

13. Notification and Debriefing of Unsuccessful Offerors ↵

- (3) The overall ranking of all offerors, when any ranking was developed by the agency during the source selection;
- (4) A summary of the rationale for award;
- (5) For acquisitions of commercial items, the make and model of the item to be delivered by the successful offeror; and
- (6) Reasonable responses to relevant questions about whether source selection procedures contained in the solicitation, applicable regulations, and other applicable authorities were followed

Note: In FOIA requests, source selection plans are withheld, as well as unsuccessful proposals and any records that would tend to reveal privileged information concerning any proposals received. Executed leases are normally released. FOIA requests for information relating to source selection actions should be reviewed by the Office of Regional Counsel. Any questions concerning the type of information to be released during debriefing sessions should also be directed to regional counsel.

An official summary of the debriefing shall be included in the contract file.



ATTACHMENT 1

Sample Memorandum Establishing
Source Selection Evaluation Board

MEMORANDUM FOR (Board Chairperson)

FROM: (Source Selection Authority)

SUBJECT: Source Selection Evaluation Board for

(Title of Procurement and Solicitation Number)

I hereby designate the following individuals to serve as members of the Source Selection Evaluation Board for
_____. (Title of Procurement and Solicitation Number)

Chairperson: _____

Name, Functional Title, Organizational Assignment

Other Members: _____

Name, Functional Title, Organizational Assignment

Secretary: _____

(Nonvoting) Name, Functional Title, Organizational Assignment

Legal Member: _____

(Nonvoting) Name, Functional Title, Organizational Assignment

The Source Selection Evaluation Board will follow applicable policies and procedures in the FAR, GSAM, and the source selection strategy developed for this acquisition. The Chairperson is responsible for ensuring that board members are familiar with the cited publications, especially those relating to conflict of interest and nondisclosure of information. Board duties take precedence over other duties of the board members.

Date Source Selection Authority



CHAPTER 14:

Lease Construction

1. Overview	14-1
a. Background	14-1
b. Definitions	14-1
c. When to Use the Lease Construction Process	14-2
d. Two Phase Design Build Authorities	14-3
e. Other Standards and Requirements	14-4
2. Lease Construction Process	14-5
3. Requirements Development	14-6
a. Trigger Events	14-6
b. Determining Requirements	14-7
c. Delivery Options Development	14-7
d. Scoring	14-7
e. Acquisition Planning	14-7
f. Prospectus Development	14-9
g. Design Excellence in Lease Construction	14-9
4. Approval of Lease Construction Review Package	14-13
a. Review for Lease Construction Below Prospectus Level	14-13
b. Approval Process	14-14
5. Select Option Site	14-15
6. Procurement	14-15
a. Project Management	14-15
b. Prepare RLP	14-15



c. Source Selection.....	14-15
d. Pre-Award Responsibility Check.....	14-15
e. Exercising Assignable Option.....	14-19
f. Lease Award.....	14-23
7. Construction Management.....	14-23
a. Post-award Submittals	14-23
b. Team Meeting (Post Award).....	14-24
c. Site Preparation.....	14-24
d. Design Intent Drawings (Post Award)	14-24
e. Construction Schedule (Post Award)	14-24
f. Construction Drawings (Post Award)	14-24
g. TI Bid Procurement (If Required)	14-25
h. Notice To Proceed.....	14-25
i. Construction Phase	14-25
j. Coordinate Tenant Installations.....	14-25
k. Advance Payments.....	14-25
l. Final Inspection.....	14-26
m. Space Acceptance	14-26
n. Final Contract Documents.....	14-26
o. Cost Management	14-26
8. Occupancy.....	14-28
a. Rent Start	14-28
b. Occupancy.....	14-28
c. Relocation Assistance	14-28



1. Overview

This chapter provides an overview of the policy goals and general process for lease construction.

The procedures for lease construction are established by this chapter and reflect current policy. Future revisions will address the separation of the solicitation for offers into a Request for Lease Proposals and a lease and address other policy changes, including tools and templates.

a. Background

GSA uses new lease construction as an alternative solution to satisfy agency space requirements when existing space is not available in the market. Many of the process steps are identical to those of new or replacing leases, and this chapter points the reader back to other chapters that discuss these process steps in greater detail. This chapter provides more specificity on the process steps that are new or significantly different from other lease actions discussed in this guide.

Note: Even if the process steps match those in new or replacing leases, the Leasing Specialist should plan on longer times for each lease construction process step, depending on the project's complexity. Local subject matter experts or leasing mentors can help plan the times required for each of these process steps. Sufficient time must be allowed to prepare the approval review package, as described later in this chapter.

b. Definitions

Lease Construction

Lease construction is defined as Government-planned or Government-required new construction of a building resulting from a lease solicitation. It refers to projects where the Government requirements drive a new construction solution in order to satisfy an agency's space requirements.

Tenant Improvement (TI) Request for Lease Proposals (RLP) Approach

The TI Request for Lease Proposals (RLP) is the most common solicitation that GSA uses today and is standard for most procurements. It can be generated in eLease using the RLP Wizard. This type of RLP identifies a tenant improvement allowance (TIA) that Offerors must include as part of their offer. The TI RLP contains carefully separated price components for the basic building shell and an allowance for tenant improvements to the shell. See Chapter 2, Part 3, Solicitation Process, for more guidance on this approach.

Turnkey Projects

With the turnkey approach, the RLP defines all of the Government's requirements, including the TIs, and all of the costs are negotiated before award. The turnkey approach is used in lieu of the standard TI RLP and is only possible when an agency provides a fully detailed Program of Requirements (POR) prior to issuance of the RLP. A POR results from the completion of a requirements development package. This package includes:



1. Overview

- An organizational study to identify mission, organizational size and structure, projected growth, work types and related space types, applicable space standards, and union requirements;
- A narrative with a general overview of the client agency's operations;
- A description of special site building or auxiliary facility requirements;
- Current and life-of-lease projected headcount data;
- ANSI/BOMA Office Area (ABOA) square footage requirements broken down by space types;
- Program data with a list of spaces for the building, a list of requirements for each space, a list of requirements for each auxiliary facility, diagrams of relationships among occupant groups (adjacency diagrams), diagrams or descriptions of features of key spaces, tabulations of requirements based upon the number of occupants, and tabulations of floor areas; and
- An overview of site and facility design requirements based on the above criteria, including flexibility of layout, potential for facility growth, and zoning of site and facility for public and secure areas.

Security design requirements, communication, and special space requirements must also be identified. A requirements development package may include requirements for thermal design, acoustical design, lighting, and HVAC. Concept floor plans with annotations of key issues and supplementary drawings of special features, layouts, equipment, furnishings, and details may also be included if necessary.

Assignable Purchase Option

A purchase option gives GSA the right to buy a property at some future date. An assignable purchase option allows GSA to transfer this right to a third party (such as a potential lessor). This right allows GSA to select the preferred site in advance, obtain an assignable purchase option on the site, and have all developers bid to construct on the same site.

c. When to Use the Lease Construction Process

The standard RLP template does not sufficiently address the specific terms and conditions required to acquire and construct space using new lease construction.

GSA meets space requirements in a number of ways: leasing; new construction; repair and alteration; building purchase; or in an existing Federal building. Each of these alternatives is used under different circumstances, and each provides its own benefits and limitations.

Leasing Specialists must be concerned about over-reliance on lease construction as a housing solution. History indicates that negotiated rental rates for these projects sometimes exceed high-end prevailing market rates for general-purpose office space. Lump-sum expenditures that are a significant portion of total estimated project costs are also a concern. The Leasing Specialist and Lease Contracting Officer must consider these important matters during requirements development, and they are part of the scoring analysis. **Lease construction must not be used as the first alternative solution to meeting client requirements.** Thorough analysis of the existing building inventory in the delineated area through advertisement or other means must be conducted before making any decision to proceed with Government-planned lease construction. When a client agency's space requirements cannot be met by existing commercial buildings, the



Leasing Specialist or Lease Contracting Officer must hold a discussion with the client to address the need to modify requirements that drive a planned lease construction alternative. Lease construction may be a justifiable option when scaled-back client requirements cannot be met in the market and Federal construction is not available.

Note. An offer that proposes new construction in response to a general request for any available space is not lease construction as covered by this Chapter. If an RLP is issued contemplating offers from existing buildings, and only offers for new lease construction are received, the RLP must be amended to incorporate the requirements for design excellence. If offers are received for existing buildings and also for new lease construction in response to the same RLP, an amendment to the RLP must not be issued to require design excellence. (See paragraph 3g of this chapter.)

Lease construction offered for a general TI RLP is acceptable when proposed alongside and priced comparably with existing building solutions. In these cases the lease construction Offeror is generally required only to meet the specifications for existing space. General RLPs allow both existing and new construction solutions and must share the same requirements for those existing and new construction proposals. RLPs must not mix different requirements for existing and new construction space.

d. Two Phase Design-build Authorities

Section 4105(b)(1) of the Federal Acquisition Reform Act (FARA) of 1995, Public Law 104-106, amended the Federal Property and Administrative Services Act of 1949 to add Section 303M authorizing the use of two-phase design-build selection procedures.

Current procedures are contained in the General Services Administration Acquisition Manual (GSAM) 570.105-2, which authorizes the use of two-phase design-build selection procedures when certain conditions are met. GSAM 570.305 further describes the procedures authorized by GSAM 570.105-2.

Federal Management Regulation (FMR) Part 102-73.110—Real Estate Acquisition, Lease Construction, describes the rules to follow for lease construction. Specifically, when acquiring leasehold interests in buildings to be constructed for Federal Government use, Executive agencies must:

- Establish detailed building specifications before agreeing to a contract that will result in the construction of a building;
- Use competitive procedures;
- Inspect every building during construction for compliance with the Government's specifications;
- Evaluate every building after completion of construction to determine that the building complies with the Government's specifications; and
- Include provisions permitting the Government to reduce the rent during any period when the building does not comply with the Government's specifications in any contract that will result in the construction of a building.



e. Other Standards and Requirements

Leasing Specialists must enforce the following additional standards for buildings that are constructed in response to a solicitation:

- At the current time, buildings must comply with the most recent edition of the building code, fire code, and ordinances adopted by the jurisdiction in which the building is located. In addition, the offered space must meet the applicable egress requirements in National Fire Protection Association (NFPA) 101, Life Safety Code, or an alternative approach or method for achieving a level of safety deemed equivalent and acceptable by the Government. GSA will revise the fire and life safety requirements for all future RLPs in the near future.
- In cases where GSA's formal RLP has an option for GSA to purchase the building at a future date, the requirements of the Facilities Standards for the Public Buildings Service PBS P100 may be considered for inclusion in the RLP on a case by case basis. In addition to the GSA-adopted nationally recognized codes and requirements, state and local government codes apply. If a conflict exists between applicable state and local government codes and the GSA requirements, the developer must identify these conflicts in writing and request a resolution from the Lease Contracting Officer.
- Depending upon the complexity of the relocation project, Offerors may be required to provide a relocation plan with final proposal revisions. See Section 8, "Occupancy," in this chapter for more information on the relocation process.
- For lease construction below the prospectus threshold, see the paragraphs of this chapter below.
- For prospectus-level lease construction, see Chapter 11, Prospectus-Level Leases, for additional guidance.
- For National Environmental Policy Act (NEPA) compliance, and possible use of Categorical Exclusion (CATEX), see Chapter 2, Part 2, Market Survey Process. The complete *GSA NEPA Desk Guide* is located at <http://ogc.elaw.gsa.gov/planning/GSANEPADeskGuide.pdf>.
- For Office of Management and Budget (OMB) Circular A-11 scoring evaluation, which must be performed for all leases, see Chapter 11, Prospectus-Level Leases, and Appendix F, Determination of Operating or Capital Lease Classification for Budget Scoring.
- Projects of 10,000 rentable square feet and above must meet the requirements of LEED-NC (Leadership in Energy and Environmental Design for New Construction) Silver level (minimum).

TIP BOX:

LS/LCOs are required to select the RLP language requiring LEED NC-Silver for new construction. If the LS/LCO incorporates a requirement for compliance with PBS P100 standards in the RLP, delete the LEED NC-Silver paragraph. PBS P100 requires LEED NC-GOLD.

Green Leasing

Green leasing as an everyday requirement has arrived. The Energy Star benchmark score requirement of 75 and above must be incorporated into all leases in support of the Energy Independence and Security Act, Public Law 110-140, Section 435.

While LEED Gold is required for all Federal construction projects, the current standard for Lease Construction of 10,000 square feet or more is LEED –NC Silver.



Space Utilization and Mobility

All leases must address the concepts in the GSA publication, *Leveraging Mobility, Managing Space, How Changing Work Styles Affect Real Estate and Carbon Footprint*, resulting in an economical use of the space which can be adjusted as requirements for different space utilization fluctuate, and thus minimizes the footprint. The referenced publication can be found at http://www.gsa.gov/graphics/pbs/Leveraging_Mobility_508_compliant.pdf.

As agency budgets are stretched to the limit and GSA is asked more and more to help reduce lease costs, the application of sustainable space utilization principles will be relevant to achieving reduced operating costs and providing housing solutions to fluctuating headcounts by combining telework, hoteling, shared resources, and other concepts tailored to the specific situation. Space utilization incorporates location strategy, assignment of personal space, proportion of space type, space design and access to files, and technology into the decision process.

Going forward, sustainable space utilization will play a major role in developing a complete and relevant Program of Requirements for each lease construction project by identifying an appropriate amount of space when developing the lease solicitation. Lease Process Reengineering (LPR) recommendation #5, *Apply Industry Space Measurement Terminology Consistently*, requires specifying space ranges in RLPs in ANSI/BOMA Office Area (ABOA) terms rather than in rentable terms. In this way, when working with Lessors on design intent drawings, they will be less apt to provide layouts that maximize the building core factor based on GSA's estimate of a standard core factor, and, therefore, the rent bill, which will hopefully drive Lessors to be more efficient in determining common area spaces.

Global Project Management (gPM)

Global Project Management principles will incorporate the appropriate personnel and qualifications into the team from project inception, which will provide a seamless application of Design Excellence and other initiatives to Lease Construction projects.

2. Lease Construction Process

The Lease Construction Process is summarized below.

Lease Construction Stages and Outputs

Phases/Steps	Key Outputs
Requirements Development	
<ul style="list-style-type: none"> • Receive requirements • Develop POR • Develop options • Acquisition planning • Develop prospectus • Develop project management and communication plan • Prepare RLP • Select option site 	<ul style="list-style-type: none"> • Formal requirements document • POR options worksheet • Options package • Acquisition Plan (occupancy profile) • Full prospectus package (per Desk Guide Chapter 11) • Project management and communication plan
Authorization and Appropriation	



3. Requirements Development

Phases/Steps	Key Outputs
<ul style="list-style-type: none"> • Above prospectus level: <ul style="list-style-type: none"> —Obtain OMB approval —Submit prospectus to Congress —Committees pass Resolutions —Congress appropriates funds • Below prospectus level: <ul style="list-style-type: none"> —Obtain Central Office approval 	<ul style="list-style-type: none"> • OMB authorization • Committee Resolutions • Congressional appropriation • Central Office approval
Procurement (and Construction Management)	
<ul style="list-style-type: none"> • Advertise, conduct market survey, issue RLP • Evaluate offers • Award lease <hr/> <p>Construction management:</p> <ul style="list-style-type: none"> • Conduct teaming meeting • Assign purchase option where applicable • Conduct site preparation • Receive post-award submittals (shell and core drawings, site drawings) • Develop design intent drawings (DIDs) • Prepare construction schedule • Receive construction drawings (CDs) • Procure TI bid • Issue Notice to Proceed (NTP) • Hold construction kickoff meeting • Perform construction <hr/> <ul style="list-style-type: none"> • Accept space • Prepare final contract documents 	<ul style="list-style-type: none"> • Lease contract • Design intent drawings • Construction drawings • Occupancy permit • Commencement • Supplementary Lease Agreement (LEASE AMENDMENT) and signed Occupancy Agreement (OA)
Occupancy	
<ul style="list-style-type: none"> • Rent start • Occupancy • Project Closeout 	<ul style="list-style-type: none"> • Final OA • R620 Lease Digest Action: See Chapter 2, Part 8, Lease Commencement and Closeout • Space assignment drawings • Project Completion Assessment

3. Requirements Development

a. Trigger Events

The lease construction review process is triggered when market conditions (or an Offeror) favor lease construction as a possible outcome. The lease construction solution is usually identified before or during the market survey.



b. Determining Requirements

The Leasing Specialist must follow the same process to define and document the client agency's requirements as with other lease actions (see Chapter 1, "Requirements Development," for more information). A single-phase TI RLP or turnkey RLP acquisition requires a complete and detailed POR before issuance of the solicitation. This is to make certain that Offerors have all the information they need to provide a responsive offer.

c. Delivery Options Development

The Leasing Specialist must define the appropriate options for the client agency as explained in Chapter 2, New or Replacing Lease. These options could include some or all of the following:

- Federal delivery;
- Lease delivery (new or backfill existing space); or
- Lease construction.

When GSA and the client agency first discuss a need for space, the Leasing Specialist's first obligation is to check GSA's inventory of Government-owned and -controlled leased space. If no suitable space is available to satisfy the agency's need, a leasing action is required (see Chapter 1, Requirements Development, for more information on inventory checks). If Government-controlled leased space is available and can meet the client agency's needs, a backfill lease action is necessary.

d. Scoring

The initial scoring for this requirement must be completed during the requirements development phase. All lease construction must be evaluated against the budget scoring criteria detailed in Appendix B of OMB Circular A-11, Criteria and Scoring Ramifications for Operating and Capital Leases.

Designated employees in each regional Office of Portfolio Management, in coordination with the Leasing Specialists, must perform all scoring evaluations and make the determination that a lease is either an operating or a capital lease. Chapter 11 and Appendix F provide guidance for determining an appropriate budget scorekeeping treatment.

e. Acquisition Planning

Solicitation Options for Lease Construction

Two-Phase Design-Build Selection

GSAM 570.305 identifies RLP elements required when using the procedures and the factors included in phases 1 and 2. The two-phase design-build solicitation was formulated to identify the most experienced development teams so that only those teams most likely to obtain the lease award were required to submit comprehensive and costly-to-prepare proposals. GSAM 570.105-2 states, in part, that the two-phase design-build is to be used when the Lease Contracting Officer expects three or more offers, Offerors will need to perform design work before developing a price, and Offerors will incur a substantial amount of expense in preparing offers. RLPs must clearly state the maximum number of Offerors to be selected for phase 2 (generally not to exceed five).



Two-phase design-build selection procedures are more appropriate when a fully detailed client agency POR is complete.

The use of two-phase design-build selection procedures does not necessarily require the issuance of two RLPs, one for each phase. Leasing Specialists and Lease Contracting Officers may also use the following alternative forms of solicitation:

- Issuing one solicitation that clearly and separately identifies phase 1 and phase 2 requirements or
- Issuing two solicitations in sequence (one for each phase) when there is a need to protect sensitive security or other program requirements. In this case, issue the full POR in phase 2, and include in the phase 1 solicitation a notice to potential Offerors that only Offerors selected for phase 2 will receive the full RLP requirements and the client agency's complete POR.

As an example, RLP paragraphs may include statements similar to the following. The statement modifies the paragraph, Building Shell Requirements, by deleting the list of the building shell requirements and advising phase 1 Offerors that only those Offerors advancing to phase 2 will receive the requirements:

BUILDING SHELL REQUIREMENTS (PHASE 1)

Additional requirements will be provided to the Offerors advancing to Phase 2 of this solicitation.

Phase 1 of the solicitation must include a description of the project scope and phase 1 evaluation factors, including specialized experience, technical competence, capability to perform, past performance of the Offeror's team, and other appropriate factors, such as site or location. Offerors must not be required to submit detailed design information or cost or price information in phase 1.

Phase 2 evaluation factors include detailed technical and price proposals. If using one solicitation incorporating two-phase design-build procedures; Leasing Specialists must request phase 2 detailed technical and price proposal information only from the short list of Offerors moving on to phase 2.

Single-Phase TI Lease Construction RLPs

In addition to two-phase design procedures, lease construction may be solicited in a single-phase RLP. This type is useful for smaller or less complex projects. When using lowest price technically acceptable procurement methods, the LCO must incorporate the following Design Excellence in Leasing paragraph in the RLP:

"DESIGN EXCELLENCE (APR 2011)

This project will result in the award of a lease requiring the construction of a new building. Such an award is an opportunity in design and construction excellence. After the award of the lease, the Lessor's Architect, Engineers and Construction Management Team shall participate in a Technical Design Review of the design with Government representatives to collaboratively develop a final design and balance the following objectives:



- Provide an efficient working environment that can accommodate ongoing technological innovation and allow for a technologically state-of-the-art work place throughout the building's useful life;
- Provide design, construction, and ongoing operational services that minimize the impact on the environment and the utilization of energy and other scarce and non-renewable resources;
- Provide an innovative design that appropriately expresses the Federal Government's purpose and identity—a facility that reflects the dignity, enterprise, vigor, and stability of the Federal Government, emphasizing designs that embody the finest contemporary architectural innovations while avoiding an official style;
- Provide a design that exemplifies accessibility within the context of a public/private sector project;
- Provide an efficient and economical construction process and procedures that enforces and improves the design goals; and
- Deliver the building on-time and on-budget and within prevailing market rates for this type of facility.

GSA's goal is to maximize the above objectives in the design and construction of the facility while maintaining a fully serviced lease.

Projects over 10,000 rentable square feet must be designed and constructed to achieve a minimum of LEED-NC Silver rating. See the paragraph concerning LEED-NC requirements for more information."

Lease Construction RLP Paragraphs

Hidden blue text with specific instructions for using each paragraph may be found in the standard RLP template. Leasing Specialists and support contractors must closely follow the directions to properly apply the paragraphs. Red text, as in the standard RLP, indicates that the Leasing Specialist must choose between subparagraphs. After choosing the applicable subparagraph, the other non-applicable paragraphs and alternative paragraphs must be deleted.

A separate lease construction RLP is currently not available. The new lease construction RLP paragraphs are under development and will be inserted in the RLP and made available on PBS InSite, on www.gsa.gov/leasing, and in the eLease application. Many standard RLP paragraphs also apply to lease construction and must be selected when developing lease construction RLPs.

f. Prospectus Development

A prospectus is a summary of the proposed lease action that is submitted to OMB and GSA's authorizing committees. As a matter of policy a Leasing Specialist cannot publish an advertisement until OMB has approved the prospectus for submittal to the committees and GSA submits the prospectus.

GSA determines an annual prospectus threshold amount under applicable law (40 U.S.C. 3307) and provides this by letter to Congress for the specific fiscal year capital investment and leasing program being considered by Congress.

See Chapter 11, Prospectus-Level Leases, for information on the prospectus submission process.

g. Design Excellence in Lease Construction

The GSA Design Excellence Program is GSA's long-term commitment to excellence in public architecture, engineering, and construction. Design excellence is both a commitment and a process. It is a commitment to using first class design and sustainable (green lease) principles to provide GSA clients with well-designed, high quality space that creates a positive impression for the Federal Government and economizes resources by incorporating environmentally friendly design.

A primary goal of the Design Excellence Program is to realize the objectives of the Guiding Principles of Federal Architecture. Under the program, the selection of architects and engineers



who design GSA facilities is based foremost on their demonstrated talent, creativity, and ingenuity. In addition, the entire architect/engineer (A/E) design team must demonstrate its ability to satisfy the comprehensive project development and management requirements for each specific project.

The buildings the Federal Government occupies say a great deal about us. Buildings housing Federal employees are not just places where public business is conducted. In many communities, these public buildings are the Federal presence and as such should express the strength and character of our country, and enhance their surroundings.

The Design Excellence Program incorporates private sector peer professionals in the selection of the A/E design teams and the review of proposed designs. These peer professionals are distinguished architects, engineers, landscape architects, urban designers, public arts administrators, design educators, and critics from across the Nation. Peer professionals may be utilized on lease projects to supplement resources as advisors to the Source Selection Authority. Incorporation of the Design Excellence approach into the Lease Construction process will strengthen GSA's commitment to achieve the highest standards in design and performance for its leased facilities.

The Regional Chief Architect (RCA) or designee will participate in evaluation of the Offeror's project team experience and past performance, and review the designs submitted depicting the to-be-constructed building. Depending upon the project's size and significance in the community, the RCA may have other experts, from the Office of the Chief Architect (OCA) or Indefinite Delivery Indefinite Quantity (IDIQ) Peer Contractors provide assistance in conducting the technical design reviews and making recommendations to the Lease Contracting Officer on the Technical rankings of the project team's proposed design, or both.

Pre-award Design Excellence in Leasing must be incorporated into the leasing process along with other procurement activities, so that the lease procurement time is unchanged. A key focus of Design Excellence requires that the Lead Designer and A/E qualifications are considered during successful Offeror selection. Lease Contracting Officers will collaborate with the Regional Chief Architects to fulfill this requirement without negatively impacting the lease project schedule.

Once the lease is awarded, the Regional Chief Architect or designee will participate in ongoing Technical Design Reviews at each submittal stage and make recommendations that are within the scope of the lease to improve the design.

Under the Design Excellence in Leasing process, RLP submittal and evaluation requirements will be tailored to the needs of the project, based on the level of design required pre- or post- award. The RLP will either list the minimum requirements for the A/E and lead designer's past performance and experience with projects of similar size and complexity or evaluate these criteria by incorporating these criteria into evaluation factors. Design Excellence in Leasing must also incorporate the concepts of Green Leasing and Space Utilization and Mobility. The result will strengthen GSA's commitment to achieve the highest standards in design, sustainability, and performance for its leased facilities.

Design Excellence in Lease Construction Application

Design Excellence in Leasing is required for all lease construction projects. The regional project team, in consultation with the Regional Chief Architect will determine the extent of design review required based upon characteristics of each project. Design Excellence language and requirements will be included in all lease RLPs where the government is seeking to satisfy agency-specific requirements that result in lease transactions for new Lease Construction as the means to satisfy the need for space.



In a procurement where the Government is seeking space in existing buildings, but no offers of existing buildings are received and Offerors are proposing Lease Construction within the required delivery time frame, the RLP must be amended to insert the requirement for a post award Technical Design Review of the design. The RLP amendment must include the Design Excellence in Leasing paragraph found in paragraph 3e of this chapter.

Team Structure

The appropriate Global Project Management (gPM) team members must be identified in accordance with established regional processes under gPM Success Factors 1 and 2 to assist the Lease Contracting Officer (LCO) on Design Excellence in Leasing aspects of the project. The Project Manager must collaborate with the Regional Chief Architect to assemble the right team from the start of each Lease Construction project. The gPM team members will provide technical guidance and support to the LCO on the project's Design Excellence in Leasing aspects, and the LCO will manage the leasing aspects of the process from requirements development to occupancy, employing the principles of gPM.

The gPM team must be multidisciplinary, with clearly defined roles and responsibilities. A key member is the Regional Chief Architect (RCA), who will help finalize design submittal and evaluation requirements of the RLP and participate in design submittal evaluations. Depending upon project complexity, the Chief Architect or the Regional Chief Architect may nominate staff experts, or Indefinite Delivery Indefinite Quantity (IDIQ) contractors, and peers appointed by the Office of the Chief Architect (OCA) to act as advisors to the Source Selection Evaluation Board (SSEB). The gPM team will balance the interests of PBS, the client, taxpayers, and other internal and external stakeholders. The team should refer to the first edition of the Design Excellence In Leasing Desk Guide for guidance to confirm Design Excellence principles are incorporated into the lease construction process. The guide is located on the PBS insite at http://pbsportal.pbs.gsa.gov:7777/portal/page?_pageid=80,660027&_dad=portal&_schema=PORTAL.

If a construction manager is required, this role must be part of the core project team before the solicitation begins. The Leasing Specialist and Lease Contracting Officer must consider the complexity, size, and distance of the project from a regional office when determining the need for a post-award construction manager.

Prospectus Level Projects or Projects with Significant Visibility within the Community

Best value tradeoffs can be used for a range of lease procurements with high community impact involving new construction or major renovations to an existing building, however, Lease Contracting Officers must use a best value tradeoff approach for all prospectus-level projects. Design Excellence is introduced through review of designer qualifications and design submittal(s) by the Regional Chief Architect or designee prior to lease award.

In an effort to increase competition and reduce cost of submittals for the Offerors, the two phase design-build procedures shall be used. If not using the two phased procedures, the RLP should still only require massing or early schematic designs to be submitted by Offerors prior to lease award. Detailed core and shell design should be developed after award. After the selection of the successful Offeror, the Regional Chief Architect or designee must participate in ongoing Technical Design Reviews at each submittal stage and make recommendations, as necessary, that are within the scope of the lease to improve the design.



Award Factors/Evaluation Criteria

The SSEB will evaluate the Offerors' proposed lead designers' and the A/E design team's experience and past performance on projects of comparable scope. The evaluation of the design team and lead designer shall be added to the existing evaluation factors for experience and past performance. Additional RLP submittal and evaluation requirements must be tailored to the specific needs of the client and based on the design required. Evaluation factor categories may include, but are not limited to the following:

- **Site/Location:** Should be in a prime commercial office district or office park convenient to major traffic arteries and public transportation, and no economically insurmountable geotechnical or terrain challenges.
- **Building Exterior:** The building façade, fenestration and massing should be attractive, made of high quality and durable materials capable of long-term, environmentally responsible performance in the public realm.
- **Lobby and Public Space:** The lobby should be welcoming, uncluttered, convey spaciousness, and be intuitively organized. Security stations should be attractive, well-placed to expedite queuing and processing. Interior finishes should be of appropriate quality and durability.

Quality of Facility Design/Potential of Leased Space:

The space should be in a high quality and attractive professional workplace environment with efficient layout and good adjacencies. This is achieved via innovative space-utilization plans that are flexible, and which economize leasehold area.

To provide Federal workspaces of the highest quality, Technical Design Reviews will be conducted during the evaluation of initial offers, final proposal revisions and post award during the design intent drawing and final building design process.

Post Award Technical Design Reviews

In an effort to increase competition and reduce cost of submittal of an offer only massing and early conceptual (schematic) designs that convey the Offeror's vision should be required for submission by Offerors prior to lease award. The Lessor will be required to develop detailed core and shell design after award. After the selection of the successful Offeror, the Regional Chief Architect or designee must participate in ongoing Technical Design Reviews at each submittal stage and make recommendations that are within the scope of the Lease to improve the design.

The appropriate level of design review that is incorporated into the leasing process must be determined by the gPM project team based upon the project's size, significance in the community, annual rent, lease term, and other conditions.

The gPM team should consider the advantages of obtaining an assignable purchase option to obtain the best available site that meets the client agency's requirements, then advertise for a developer to assume the assignable option, design, and build the facility. Guidance on site acquisition can be found at

http://pbsportal.pbs.gsa.gov:7777/portal/page?_pageid=80,110785&_dad=portal&_schema=PORTAL

Below Prospectus Level Projects or Projects with General Visibility within the Community

**Best Value, Low Price/Technically Acceptable**

Below prospectus-level projects, and lower visibility lease construction projects can use either the best value tradeoff or the lowest price technically acceptable source selection method. If using the lowest priced technically acceptable method, the Leasing Specialist must include a minimum level of experience and past performance that are to be stated as minimum qualification requirements in the RLP. The Offeror's Lead Designer and A/E team must meet those minimum requirements.

4. Approval of Lease Construction Review Package

a. Review for Lease Construction Below Prospectus Level

GSA clients, various GSA business lines, and OMB have all expressed concerns regarding the cost of lease construction projects. To address these concerns, lease construction projects must be reviewed at a higher level to confirm that the projected rates are close to the prevailing market rate for existing Class A (prime) buildings in the same market. Accordingly, regional program managers must transmit lease construction proposals to the Office of Real Estate Acquisition (OREA) for approval by OREA and the Office of Portfolio Management. The requests should be submitted as early in the process as feasible to prevent opening procurements prematurely and to avoid the risks attendant to delaying projects and cancelling procurements.

The approval process includes examining the market most relevant to the client agency's delineated area. Markets are normally segmented as downtown versus suburban, or inside the Central Business District (CBD) versus outside; these markets are sometimes further segmented into submarkets. If regions report that a particular submarket has a particularly high market rate, the Leasing Specialist or responsible project member must reevaluate the delineated area requirement. The review first considers the projected full service rental rate information provided by the region by segmenting the numbers, broken down into shell, operating rent, and tenant improvement costs. Reviewers also consider the project requirements, market conditions, and unique circumstances such as locale, competing interests in the market, and other factors. They also consider the Occupancy Agreement termination rights, scoring, and the market information provided by the regions.

This information is matched against several sources of market data, such as those described in Chapter 2, Part 4, paragraph 2b, Market Knowledge.

From this analysis OREA will make one of three determinations:

- To proceed,
- Not to proceed, or
- To exercise special consideration.

If there is no significant difference between the gross rental rate projected by the region and the market data, OREA makes a recommendation to proceed. If a significant variance exists, OREA will issue a decision not to proceed.



OREA will instruct Lease Contracting Officers and client agencies to consider the project's requirements, market conditions, and unique circumstances, as well as how to bring the projected lease rate closer to the high end of the prevailing market rate for existing Class A (prime) buildings.

Labeling a project "Not to Proceed" does not indicate that the project must be cancelled. Instead it indicates that the requirements must be reviewed carefully in an effort to reduce the gross rental rate. In many instances, a quick and simple adjustment to the client agency's requirements has dropped rates dramatically or opened the door to use existing buildings. This is the simple intent of the lease construction review. Projects designated as not to proceed may be resubmitted for reconsideration once the requirements, the market, or both have changed enough to close the gap between the projected rental rate and market rate for existing space.

If, during this review, the Leasing Specialist and the client agency collaboratively determine that all efforts have been exhausted to bring a rate closer to market and that further trimming of the requirements would significantly diminish the client agency's mission, the project may be resubmitted for special consideration. OREA will set such projects aside for further discussion. However, there is no time line for this consideration, nor any guaranty that OREA will eventually issue an approval to proceed.

If considering the cancellation of an open procurement for lease construction, the Lease Contracting Officer must first consult with Office of Regional Counsel before issuing any cancellation notice to the Offerors.

b. Approval Process

Leasing Specialists or the responsible project member must send lease construction review submittals to LeaseConstructionReview@gsa.gov (*LeaseConstructionReview* in Lotus Notes). Before submitting the request the Leasing Specialist or project member must confirm that projects are reviewed in the region by a region's single point of contact, usually the Realty Services Officer, or other designated contact. The Leasing Specialist may post support documents in eLease for review; otherwise, a complete set must accompany the request.

In addition to the project review template, the following documents are required if available at the time of submittal:

- A narrative describing the steps taken to maximize the use of existing space, including retail space;
- An SF-81 or other request for space;
- Special requirements;
- Market data for the existing building market (including office and retail);
- Market survey report;
- Market data detailing rates for new construction (include shell, operating costs, and tenant improvements when possible);
- Draft OA (fully executed, non-cancellable preferred);
- Scoring evaluation and result (complete set);
- Lump-sum Reimbursable Work Authorization (RWA) amount for above-allowance tenant improvements or security;
- The acquisition plan; and
- A copy of the FedBizOpps advertisement, where already posted.



Leasing Specialists who have questions about the review process must contact their region's lease construction review program manager.

5. Select Option Site

Once the Office of Real Estate Acquisition authorizes a lease construction project, the Leasing Specialist must select a site. There are two primary ways to select a site:

- Developer site—GSA may ask each developer to designate its own preferred site that meets the requirements and include it in the proposal.
- Assignable option—GSA may select the preferred site in advance, obtain an assignable purchase option on the site, and have all developers bid to construct on the same site.

Practical tools—including flowcharts, checklists, RLP and lease language and other templates—that the Leasing Specialist may use for site selection when using an assignable purchase option are under development and will be incorporated into the Desk Guide as supplemental material when finalized.

6. Procurement

a. Project Management

Global project management (gPM) is a way of managing projects more holistically, integrating project management into the context of GSA's business, and balancing client needs and requirements with GSA agency and portfolio needs.

b. Prepare RLP

The standard RLP template does not sufficiently address the specific terms and conditions required for new lease construction. The Leasing Specialist must assemble the Lease construction RLP paragraphs as discussed in paragraph 3e, Acquisition Planning.

c. Source Selection

The Lease Contracting Officer or responsible project team member must base the source selection approach on the acquisition plan.

The Leasing Specialist must remember that the necessary lead times for each of the source selection steps may be longer than those for non-construction leases, depending on the complexity of the space being built.

d. Pre-Award Responsibility Check

Over the past decade, the financial landscape has changed significantly with respect to commercial real estate. An Offeror's earliest financial assumptions affect project stability and have long-term ramifications for how the project is delivered and the space maintained over the life of the lease. The Lease Contracting Officer must, at a minimum, be able to assess the



project's financial viability as part of the financial responsibility determination required before every award.

The Lease Contracting Officer must make a responsibility determination before an award of any lease and especially for lease construction procurements. There are options for the LCO to employ in making the determination depending on the size, complexity, and perceived risk of the project. LCOs must follow the procedures required by GSAM 570.108 and FAR 9.2 and must request a pre-award survey for submittal to the Financial Information Control Branch (FICB). A contracting officer may also require that each Offeror provide detailed financial documentation for both the offering entity and the project that will be examined and closely reviewed by the LCO in making the responsibility determination.

General Pre-Award Survey of Prospective Contractor

Lease Contracting Officers and Leasing Specialists conducting lease construction procurements must request a general pre-award responsibility check on prospective lessors. This check can be requested by completing an SF-1403, Pre-Award Survey of Prospective Contractor (General), and submitting it for evaluation by the FICB at the following address:

Financial Information Control Branch
1500 E Bannister RD
Room 2042
Kansas City, MO 64131-3009

Completing the SF-1403 is required and self-explanatory. The Lease Contracting Officer or Leasing Specialist must complete the applicable sections (excluding Sections II and IV), sign where indicated, and submit the form and any supplemental information.

The turnaround time for this review depends on the response time of the Offeror in providing the information. The FICB closes all evaluations within 30 days and is required to complete its evaluation by the 21st day. The average time is 10 days, depending on the accuracy of the information that the Offeror submits. If the FICB does not respond within the allotted 30 days, the review will be closed and the Leasing Specialist or Contracting Officer will have to consult with the FICB and the Offeror to reinstate the financial responsibility review.

The type of information the FICB requests from the Offeror depends upon the structure of the potential lease contract, the term, and the total contract value. Examples include:

- The name and address of all mortgage holders;
- A schedule of contingent liabilities through affiliated interests such as partners, individuals, and others by personal guarantees or endorsement;
- Pro forma cash flow statements for the proposed lease, including financing costs for construction or site renovations;
- Proof of financing such as a signed contingent commitment letter to the Offeror from a bank or financial institution stating terms and conditions;
- Copies of paid tax receipts;
- Evidence of ownership of the property or current option to buy or ground lease the property; and
- Financial statements.

Similar financial information collected from Offerors during the acquisition must be forwarded to the FICB with the SF-1403.



More Detailed Review of Financial Strength

An option for more complex projects is to require that the Offeror provide financial information on the offering entity and the project as a minimum requirement. The following is provided as an example of the information that may be required. Lease Contracting Officers must work closely with the Office of Regional Counsel in developing the actual submittal requirements specific to each procurement. Outside resources to analyze the information requested should be considered including other GSA employees, or contract support.

Corporate Financial Assessment

Lease Contracting Officers and Leasing Specialists typically award a lease contract to a responsible Offeror that represents the best value to the Government. Corporate financial responsibility is part of the responsibility determination and submittal of detailed information may be required in the RLP. The determination of financial responsibility is made through a financial assessment in accordance with generally accepted accounting and financial responsibility standards.

All information must be treated as confidential and must not be shared with any other entities. A notice of the confidential treatment must be provided to the Offerors and if a contractor is employed to assist in the review, the contractor must sign a nondisclosure statement to keep the information confidential.

The analysis may examine the Offeror's financial data, including a review of the following:

- Earnings before interest and taxes (excluding balloon payments). This measures the Offeror's ability to make interest payments on debt and capacity to take on additional debt. The formula is: $(\text{Earnings Before Interest} + \text{Taxes}) / \text{Interest Charges}$.
- Debt service coverage ratio. This measures the Offeror's ability to provide sufficient cash to cover its debt (including lease) payments. The formula is: $(\text{Net Profit} + \text{Non-Cash Expenses [such as depreciation, amortization, and depletion]}) / (\text{Principal Repayment} + \text{Interest Payments} + \text{Lease Payments})$.
- Equity levels. This measures the Offeror's ability, including any third-party equity, to contribute to the estimated initial equity investment. The Lease Contracting Officer must review the strength and reliability of any third-party equity proposed.
- Future debt maturities. This measures the impact of maturing debt on the Offeror's continued financial strength, as it affects the company's ability to obtain financing. The Offeror must provide a narrative regarding its plan and ability to finance future debt maturities.
- Current ratio. This measures an Offeror's capacity to pay current liabilities by using only current assets. The formula is: $\text{Total Current Assets} / \text{Total Current Liabilities}$.
- Debt to total assets ratio. This assesses the company's long-term solvency by measuring the relationship between the Offeror's funds provided by creditors (debt) and the capital invested by owners and any retained earnings. The formula is: $\text{Total Debt} / \text{Total Assets}$.
- Dun & Bradstreet report. This reports on the Offeror's delinquencies and other financial information.

- Financial references. The Lease Contracting Officer reviews financial references from three prior projects for the Offeror or the Offeror's partners and officers.

The Offeror's initial document submittal must contain accurate and up-to-date information. Lease Contracting Officers must also reserve the right to request updated information with any proposal revision.

Project Financial Assessment

The Lease Contracting Officer may require that Offerors provide project-level financial information to allow an assessment of the proposed development's financial structure and corresponding assumptions. The LCO must review the project-level data for reasonableness and responsibility.

As with the corporate financial assessment, Lease Contracting Officers may employ the services of an outside contractor to assist in evaluating the required project-level financial information. All information must be treated as confidential and must not be shared with any other entities. A notice of the confidential treatment must be provided to the Offerors and if a contractor is employed to assist in the review, the contractor must sign a nondisclosure agreement to keep the information confidential.

The analysis may entail examination of these Offeror documents:

- Project pro forma. This analysis uses a pro forma model (Microsoft Excel software with fully functional cell formulas and internal linkages in place) depicting a development budget and operating cash flow that accurately reflects the proposed project concept and financing through the anticipated firm term of the lease period. The pro forma must include sufficient detail for the Lease Contracting Officer to evaluate the overall financial viability of the project and the reasonableness of the Offeror's assumptions. Accordingly, the pro forma must include, at a minimum, the following:
 - The development budget;
 - A cash flow statement; and
 - A statement of sources and uses.
- Financial narrative. This is a statement of the Offeror's financing strategy.
- Financing letter of intent. This document is defined in the Request for Lease Proposals section "Evidence of Capability to Perform."

The analysis should include a review of the following data:

- Rental revenue;
- Operating expenses;
- Construction costs;
- Sources and uses of funds;
- Debt coverage ratio (DCR);

- Loan-to-value ratio (LTV);
- Loan-to-cost ratio (LTC);
- Unleveraged return;
- Return on equity (ROE);
- Internal rate of return (leveraged);
- Net present value (NPV); and
- Loan terms.

e. Exercising Assignable Option

Exercising land options requires specific actions as described below. Although Leasing Specialists are assigned many of these steps, where appropriate they can and should delegate this work to others (e.g., project managers or site selection teams). Many of these tasks may run concurrently.

Preliminary Actions

Preliminary actions for the Project Manager include developing a work plan, establishing a site selection team, and developing communication plans. These preliminary actions can be accomplished concurrently with developing the site requirements as discussed below.

The work plan must address the status of the project approvals, scope, schedule, budget, and overall approval process. To establish the site selection team, the Leasing Specialist must define the roles and responsibilities of the members, clarify the decision makers, and spell out the reporting structure for the team. The communication plan must define the clients and stakeholders and include the content, time frame, and medium for communicating to each stakeholder group. Lease construction stakeholders usually include GSA Central Office and regional offices, the local community, local governments and organizations, and Congress. The Leasing Specialist also must determine the RWA funding needed for any studies that might take place during the project.

The Office of Regional Counsel must be involved in the site selection process and negotiations.

Develop Site Requirements

The Leasing Specialist must confirm the client agency's requirement along with other actions discussed below. The Leasing Specialist should expect to need 15 days to complete these steps. Developing site requirements involves reviewing feasibility studies and other documents to confirm that the site is still the preferred alternative. Concurrently, the Leasing Specialist must confirm the square footage and security level for the project. With this information, the Leasing Specialist can open discussions with the client agency to identify potential sites and define evaluation factors, including go/no-go factors such as location within the delineated area, site size, and not in a floodplain.

After discussions with the client agency, the Leasing Specialist must determine the acreage for the project and confirm the delineated area with the local community. Design excellence staff, the regional NEPA specialist, and cultural staff must also be consulted. Next, the Leasing Specialist



must draft the preliminary evaluation factors for compliance with Federal mandates, any prospectus, and client location requirements. At this stage, the Leasing Specialist will be able to determine the overall approach to the site (using an option, developer, or a hybrid of those alternatives).

With the approach defined, the Leasing Specialist must decide whether an advertisement is needed, and if so which medium would be best (local newspapers, Web, FedBizOpps, or others). Central Office's Center for Site Acquisition (asksites@gsa.gov) must be notified at this stage. The Leasing Specialist must include in this notification pertinent data such as the location, agency requesting the space, square footage need, size of the site, and timing.

Location

Location of Federal lease construction facilities involves both the general area and the specific site. The location of a Federal lease construction facility speaks volumes, a message heard years after construction is complete. It dictates almost everything that follows, from transportation access and environmental impact, to the Federal Government's involvement with local initiatives and economies; to the placement, form, and cost of the building.

The selected site for an assignable purchase option has a major impact on the Federal tenants in terms of convenience, access, and the quality of the work environment. It also has an impact on the project's initial and life cycle costs and on the community's economy, sense of place, and social fabric.

Federal laws and Executive orders (E.O.s) address location choices. The Rural Development Act requires that agencies give first priority to rural areas, unless the agency mission or program requirements call for locations in an urban area. For projects located in urban areas, the primary Executive orders that impact location are:

- E.O. 12072, Federal Space Management, which requires first consideration to centralized community business areas,
- E.O. 13006, Locating Federal Facilities on Historic Properties in Our Nation's Central Cities, which requires that a hierarchical preference be afforded to historic properties and districts, and,
- E.O. 13514, Leadership in Environmental, Energy, and Economic Performance, which requires that GSA and other agencies advance regional and local integrated planning by, among other things:
 - Participating in regional transportation planning and recognizing existing community transportation infrastructure;
 - Aligning Federal policies to increase the effectiveness of local planning for energy choices such as locally generated renewable energy; and
 - Ensuring that planning for new Federal facilities or new leases includes consideration of sites that are pedestrian friendly, near existing employment centers, and accessible to public transit, and emphasizes existing central cities and, in rural communities, existing or planned town centers.



Market Research

Before researching the market, the Leasing Specialist must review and update the communication plan and confirm that discussions have occurred with local governments regarding the boundaries of the Central Business District. Next, if required, the Leasing Specialist must place an advertisement. Brokers can also be contacted at this stage. The market information gathered will help confirm the go/no-go factors in the evaluation of potential locations. The market research should be expected to take at least 15 business days and can be performed concurrently with developing the site requirements.

Land Market Survey

After the above steps, the Leasing Specialist must perform a land market survey to confirm the suitability of available land to meet the project requirements. If sites do not meet the go/no-go factors at this stage, they must be eliminated with no further evaluation. The survey process takes a minimum of 15 business days to complete, assuming a short list of well qualified Offerors. The Leasing Specialist must complete the land market survey form for each property under consideration. The Leasing Specialist must then document the benefits and risks for each site. This assessment must include the pros and cons for general, technical, and financial factors. Among the steps this entails are the following:

- A range of market values must be obtained for the area of consideration. At the discretion of the Leasing Specialist or Contracting Officer, an appraisal may be obtained if it will help determine this value range.
- The Leasing Specialist must coordinate initial reviews for each site that consider zoning and local master plans to identify potential concerns. For example, if a zoning change is needed, how long will it take? Another example would be confirming that proposed Federal actions conform with master plans for the local area.
- These reviews must assess any existing environmental or cultural reports on each site. The Leasing Specialist must check with the regional NEPA specialist to confirm whether environmental site assessments (ESAs) need to be initiated at this stage. The floodplain determination must be completed at this stage as well.
- Conducting a test fit with the client agency will help confirm that any improvements will fit efficiently on the site.
- The Leasing Specialist must confirm again that the square footage (or acreage) at the site meets the client agency requirements.

After these reviews, the Leasing Specialist must confirm any changes to the preliminary evaluation factors to make them final and apply the go/no-go factors to each site for compliance checks.

Land Market Survey Report

The Leasing Specialist should plan on at least 30 business days to complete the land market survey report. It must include a summary of findings, regional review, finalized short list, and automatic CATEX application report sections. There are valid opportunities when an automatic CATEX alone may be sufficient to satisfy NEPA requirements in selecting a site; however, this decision must be based on the answers to questions in the checklist CATEX, **not** on expedience in order to rush through the NEPA process. If an automatic CATEX does apply, the Leasing



Specialist seek RWA funding documentation and continue the checklist at step VI, part C, Site due diligence. If an automatic CATEX does not apply, the Leasing Specialist may collect RWA funding documentation and continue with the checklist at step VI, part A.

Before funds are committed to surveying any prospective site, leasing specialists must determine if the Offeror is willing to agree to the terms and conditions of the proposed assignable purchase option.

Due Diligence/NEPA

Site due diligence considers the constructability of the improvements planned on the site. PBS needs to confirm that the site lends itself to efficient placement of the improvements to meet the clients' needs.

Due diligence studies must be conducted on all of the short-listed sites from the market survey. The Leasing Specialist must coordinate these through the regional NEPA specialist. If an automatic CATEX applies, further NEPA studies are not required. The Leasing Specialist should start by collecting RWAs for the studies required. NEPA studies include filling out the CATEX checklist, conducting an environmental assessment if needed, and completing an Environmental Impact Statement if needed. Typically NEPA studies concern themselves with the project's potential impact on the specific site and surrounding neighborhood area. Phase I studies are required of the shortlisted sites. Phase II studies are rarely necessary, very expensive and time consuming. Phase II studies should be exercised on a case-by-case basis and must be authorized by the regional NEPA specialist.

All appropriate inquiry studies need to be completed in this phase. These include :

- The environmental site assessments;
- Historical studies as required under the National Historic Preservation Act (NHPA);
- Any needed geotechnical studies; and
- The final NEPA study.

The NHPA and NEPA studies require completion of specific consultations as well. Central Office's Center for Site Acquisition and Relocation must be notified at this stage (at Acquisition mailbox asksites@gsa.gov).

The Leasing Specialist should plan for 150 business days to conduct these due diligence items.

Select Site and Execute Option

An assignable purchase option passes through three stages:

1. Executed—Both parties (GSA and the landowner) have signed the option.
2. Assigned—GSA formally transfers to the lessor the option to purchase the site.
3. Exercised—The lessor uses the option to purchase the site.

During site selection and execution of the option, PBS must conduct title and valuation due diligence, which typically includes a title search, determining a range of values, and obtaining a



metes and bounds survey. This process allows the Leasing Specialist to negotiate a draft option agreement, obtain legal review, and finally execute the assignable purchase option agreement. Once the parties have executed the agreement, the Leasing Specialist, in consultation with Regional management, may decide to announce the site selection through a press release or other medium.

Issue the RLP and Assign Option

To issue the RLP, the Leasing Specialist may record the option but must inspect the site. A new title search is optional based on the site inspection results. The RLP must include all relevant site materials and studies. After award (see below), the Leasing Specialist must assign the option to the lessor. This allows the lessor to close on the land and submit evidence of the lessor's due diligence to the Government. To assign the option to the lessor, the Lease Contracting Officer must send a letter of assignment to both the land owner and the lessor. This notifies them that GSA is formally assigning the right to purchase the site to the lessor. The lessor then exercises the option and purchases the land. The Leasing Specialist must contact the region's realty management or subject matter experts to determine whether the region requires any unique actions at this point.

f. Lease Award

Upon receipt of final proposal revisions, the Lease Contracting Officer completes a final analysis and ranks Offerors using the criteria specified in the RLP. The Lease Contracting Officer must review pre-award requirements that deal with the small business subcontracting plan (if required), equal employment opportunity compliance, affirmative action plan for the disabled, and the excluded parties list. GSA assembles all of the lease contract documents. After GSA and the lessor execute the lease contract, the Leasing Specialist or Lease Contracting Officer must notify unsuccessful Offerors, conduct the requested debriefings and posts a synopsis of the lease award on FedBizOpps.

See Chapter 2, Part 5, Award Determination, for more information on the lease award process.

The Leasing Specialist must inform the Center for Site Acquisition of this award.

7. Construction Management

The construction phase introduces a significant shift in the project management structure. The post-award phase requires a focused and specific skill set. During this phase, the Lease Contracting Officer or Leasing Specialist should relinquish the reigns of the project to a project manager or construction manager. The latter must assert themselves as the post-award project leader, while the Lease Contracting Officer and Leasing Specialist take a supporting role in officiating over the contract and administering any changes necessary in the lease. An exception to this practice occurs if the Lease Contracting Officer or Leasing Specialist is well-qualified in construction management and has the workload capacity to take on the construction management responsibilities.

a. Post-award Submittals

The project manager or construction manager is responsible for managing post-award submittals. These mirror the submittals for new or replacing leases where tenant improvements are required.



See Chapter 2, Part 6, paragraph 2, Setting Up Post Award, for additional information on these submittals.

b. Team Meeting (Post Award)

The first post-award meeting is an important part of the design and construction phases, as it establishes the protocol and expectations for all team members for this part of the process. The timing of the first meeting is important; it must occur (at a minimum) before commencing any construction but after the Lease Contracting Officer has issued the Notice to Proceed.

Technical support is integral to the success of this phase. The project manager or construction manager must work cooperatively with team members, field office representatives, engineers, space planners, and others throughout this phase to document construction progress and deficiencies. See Chapter 2, Part 7, Construction Phase, for more information on preparing for this meeting.

c. Site Preparation

The site preparation must begin during this phase in accordance with the construction management project plan.

d. Design Intent Drawings (Post Award)

The project manager or construction manager must coordinate the design intent drawings (DIDs) with the Offeror. DIDs detail the features to be built and become the basis for the final construction drawings (CDs). They do not contain mechanical, electrical, or plumbing specifications or drawings. They do not carry furniture or computer and telecommunication specifications; nor do they contain signage, artwork, keying, or hardware schedules.

DIDs are drawings that show partitions and doors; schematic demolition; voice, data, and electrical outlet locations; level of finishes; generic furniture layout; and any additional details necessary to communicate the "design intent" to the lessor's architect for the purpose of preparing construction documents.

See Chapter 2, Part 6, Design, TI Negotiations, and Notice to Proceed, for more information on preparing DIDs.

e. Construction Schedule (Post Award)

The project manager or construction manager must confirm that the construction schedule follows the same format as the schedule developed for TI RLPs (see Chapter 2, Part 7, Construction Phase) and must identify any critical time frames and milestones. One critical difference between full construction project schedules and others is the time and complexity required to build the building shell.

f. Construction Drawings (Post Award)

The project manager or construction manager must confirm that the construction drawings (CDs) conform to accessibility standards in the lease.

CDs, sometimes referred to as "working" or "sealed" drawings, provide the specifications, engineering calculations, and construction details necessary to build the space. They are also the basis for determining code compliance, obtaining building permits, evaluating contractual



performance, and fire and life safety. CDs reflect both the lease requirements and specifications in the DIDs. See Chapter 2, Part 6, paragraph 4, Construction Drawings, for more information on these requirements.

g. TI Bid Procurement (If Required)

The project manager or construction manager will coordinate the TI bid procurement process if required. Chapter 2, part 6 also describes the key steps in TI bid procurement. In summary, the lessor submits proposed competitive pricing of TI costs. Upon review and approval, GSA authorizes the lessor to proceed with the tenant improvements.

h. Notice To Proceed

The Lease Contracting Officer provides notice to proceed in writing, which binds the Government contractually. The content of the notice depends on whether the construction contract was awarded competitively or on the basis of cost and pricing. See Chapter 2, Part 6, paragraph 6, Notice to Proceed (NTP), for more information on this process.

i. Construction Phase

The construction phase is a milestone in the project schedule after the notice to proceed is given and no additional comments on the drawings are received. Reaching this milestone means the contractor has approval to pursue permits and conduct other pre-construction actions.

j. Coordinate Tenant Installations

During construction, the project manager or construction manager may arrange or conduct regularly scheduled progress inspections or inspections at critical points. The project manager or construction manager must conduct progress inspections and stay informed of any issues the inspections uncover before the build-out is completed. Periodic progress inspections are important for:

- Verifying compliance with the lease construction schedule and lease construction drawings;
- Observing the quality of construction work; and
- Reducing the amount of costly rework.

See Chapter 2, Part 7, Construction Phase, for more information on coordinating tenant installations.

k. Advance Payments

Progress payments or advance payments may be requested by the Lessor in some procurements or after award of the lease.

Any payments made in advance of substantial completion or occupancy must be approved as advance payments. If advance payments are contemplated, the Lease Contracting Officer must consult with the Office of Regional Counsel. Advance payments are only permitted after a written findings and determination by the Lease Contracting Officer recommending advance payment and approval by the Head of the Contracting Activity (HCA). Advance payments can only be made if adequate security is available for the Government.



Progress payments are not legally authorized for leasing.

I. Final Inspection

In the final inspection for space acceptance, the project manager or construction manager must verify that the space and appurtenances—associated property and leasing rights such as parking lots, and floodlights—meet all the performance requirements of the lease agreement and the design intent drawings. This inspection is a crucial turning point, because it establishes whether the space is "substantially complete" (see below). Extreme care is required in arriving at this decision, since failure to notice flaws or shortcomings in the construction can have costly ramifications later the client agency has moved into the space.

Conducting the final acceptance inspection consists of the steps discussed in Chapter 2, Part 7, paragraph 5, Acceptance Inspection.

m. Space Acceptance

Before the project manager or construction manager can accept the space, it must be "substantially complete," meaning that all work necessary for the Government's access, occupancy, use, and enjoyment has been completed and the space will serve its intended function. This requires completion of all work, except for minor matters that do not interfere with access, occupancy, use, or enjoyment. If it is not capable of being used for its intended purpose and delivering its intended benefits, then it is not substantially complete and GSA may not accept the space. Additionally, the Lessor is required to provide a valid certificate of occupancy (C of O), issued by the local jurisdiction, for the intended use of the Government. If the local jurisdiction requires systems furniture installation prior to the final certificate of occupancy, a temporary C of O may be acceptable. If the local jurisdiction does not issue certificates of occupancy or if the C of O is not available, the Lessor may obtain satisfaction of this condition by obtaining the services of a licensed fire protection engineer to verify that the offered space meets all applicable local codes and ordinances and provides an acceptable level of safety. Under such circumstances, the Government may only accept the space without a certificate of occupancy if a licensed fire protection engineer determines that the offered space is compliant with all applicable local codes and ordinances. See Chapter 2, Part 7, Section 5, Acceptance Inspection, for additional requirements. When the space is accepted rent will commence.

n. Final Contract Documents

The project manager or construction manager must document their acceptance decision with the completed GSA form 1204, Condition Survey Report, or similar form signed by the lessor, client agency, and GSA. See Chapter 2, Part 7, paragraph 5, Acceptance Inspection, for additional information on the final contract documents.

o. Cost Management

Small, Medium Construction Acquisitions

For new lease construction projects the project manager or construction manager will follow the Tenant Improvement Cost Summary (TICS) table Masterformat cost elements and be to Uniformat Level 5 as described in the P-120, Project Estimating Requirements for the Public Building Service, page 14, as a basis for cost estimates on the proposal from the lessor or general contractor. An Independent Government estimate (IGE) must be provided using DIDs, CDs if available, or other scope documents with sufficient detail for estimating purposes.



The TICS table can be accessed at on GSA Insite at http://pbsportal.pbs.gsa.gov:7777/pls/portal/docs/PAGE/PQ/DOCUMENTS/PR/PR_DOCUMENT_S_FOR_EDITORS/RE-ENUPDATES.html#R15

As stated in the TI RLP, the lessor may be required to submit a budget proposal based on the TI and associated work as shown on the DIDs. For projects using a turnkey approach, estimates are required at issuance of the RLP. This is a refined budget estimate used for negotiating TI and security costs and for providing the client with an estimate of lump-sum reimbursable costs.

Estimates may also be requested at the following steps in the acquisition process:

- TI RLP projects—The TI allowance is routinely calculated by the Leasing Specialist. It may be used as an initial budget estimate for the client. An estimate must also be prepared after the lessor completes the CDs. This estimate is more detailed than the one prepared at the DID stage and is useful for negotiating TIs, planning for security costs, and reconciling cost differences in the lessor's tenant improvement price proposal.
- Turnkey RLP projects—an initial budget estimate is required before RLP issuance. It must be based upon a detailed POR. This will serve as the Independent Government Estimate (IGE) for price negotiations before lease award.

Large and Complex Construction Acquisitions

Large and complex projects will also follow the TICS table Masterformat cost elements and be to Uniformal Level 5 as described in the P-120, Project Estimating Requirements for the Public Building Service.

These projects may be delivered by either the TI RLP or turnkey process. A preliminary project budget estimate is required. It must use a methodology that translates construction costs into appropriate shell and TI rent components and identify lump-sum requirements before the solicitation.

A cost model estimate must establish an initial baseline estimate of core and shell, TI, and building-specific amortized security costs based on a conceptual POR as early in the project planning phase as possible. The cost model estimate is different from a traditional estimate because it is not based upon design documents but only on a conceptual space program and special requirements.

Prospectus-level new lease construction projects require lessors to submit cost proposals on a newly developed spreadsheet using a standardized cost breakdown and bid tabulation in accordance with the requirements of the P-120 Project Estimating Requirements handbook. The cost breakdown separates TI, security, and shell costs and includes applicable lessor development costs (soft costs) in addition to construction. The standardized nomenclature facilitates the analysis of competing proposals as well as comparison with the IGE.



8. Occupancy

a. Rent Start

The final OA must be compared against the rent commencement lease amendment before it is distributed to the client agency for signature. If any pricing components of the OA are less than those in the lease as amended, then the Leasing Specialist must produce a new OA reflecting those new terms (including the rent start date) and have the agency sign it. See Chapter 2, Part 8, Lease Commencement and Closeout, for more details on the rent start process.

Lease Copies and Post-Award Notifications

The Lease Contracting Officer must distribute the Lease Amendment and prepare post-award notifications as prescribed in Desk Guide chapter 2, part 5, subparagraphs 5e and 5f.

b. Occupancy

The lease requires the lessor to provide a number of standard items after occupancy. Additionally, other post occupancy deliverables may be required as part of the client agency's special requirements. The Leasing Specialist must maintain a reference list of deliverables throughout RLP development, negotiation, award, post-award, and change orders to confirm that the Government receives all of the information it is paying the lessor to furnish. See Chapter 2, Part 8, paragraph 5, Post-Occupancy Deliverables, for more information on these standard items.

c. Relocation Assistance

GSA is responsible for confirming compliance with the requirements of 49 CFR 24. This regulation requires that people displaced by lease construction must be offered relocation assistance under specific conditions. When an offer could involve lease construction, the lease must require the lessor to provide satisfactory assurances that fair and reasonable relocation payments and assistance will be provided to or for displaced persons.

Additionally, the RLP must direct Offerors to include the cost of relocation assistance to displaced tenants (when applicable) in the shell rent. To establish this requirement with potential lessors, the Leasing Specialist must include a paragraph in the RLP that contains the following statement (or one similar):

If an Offeror proposes an improved site and new construction will result in the displacement of individuals or businesses, the successful Offeror is responsible for paying relocation costs in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646), as amended, and the implementing regulations at 49 CFR Part 24. Offerors must incorporate the cost of such assistance into their shell rental rate.

The successful Offeror must give GSA the name of the person(s) and/or agency(s) that will be providing the relocation assistance to site tenants.



CHAPTER 15: Hoteling

Overview	15-1
1. Policy.....	15-1
a. Applicable Policies	15-1
b. Vendor	15-1
c. Pricing Authority.....	15-1
2. Forms	15-2
Attachment Sample Form for Office Hoteling.....	15-3



Overview

PBS customers often have needs for small blocks of space on a temporary or short-term basis, for swing space, emergencies, special projects, etc. The commercial real estate market is now offering an "Office Hoteling" (OH) lease that can sometimes meet that demand. An OH lease contains all the basic, generic features of an office. Services and amenities available through an OH lease include security, office furniture, phone instruments, phone service, computers, Internet access, cleaning, repairs, utilities, conference rooms, and break rooms.

OH space is available in hundreds of buildings across the nation from some major providers and from many additional providers with smaller inventories.

Pricing policy does not allow furniture, phones, phone service, computers, and Internet access to be included as part of rental in typical GSA leases. However, these features are available in OH leases for short-term occupancies in the commercial leasing market. Accordingly, it is appropriate under pricing policy that GSA may acquire them in temporary OH leases accepted on an "as is" basis..

1. Policy

a. Applicable Policies

Standard lease acquisition policies and procedures, as outlined in issuances such as the General Service Administration Acquisition Regulation and elsewhere in this Leasing Desk Guide, apply to "Office Hoteling" (OH) leases unless otherwise stated in this chapter.

b. Vendor

The company entering into an OH agreement (contract) will be referred to as the "Office Hoteling vendor."

c. Pricing Authority

Pricing policy typically does not authorize the inclusion of furniture, phones, phone service, computers, and Internet access as part of rental, except in an OH lease. Furniture, artwork, phone equipment, and personal computers provided by the lessor in office hoteling leases are not considered personal property. It is customary for this type of space to include these amenities. Office hoteling leases may not exceed 18 months. The furniture, artwork, phone equipment, and personal computers remain with the property when the lease terminates. In addition, it is customary for phone service and internet access to be provided by the lessor in office hoteling space. The office hoteling amenities may be included as part of base shell rent or operating rent in a temporary office hoteling lease according to the standard practice of the office hoteling vendor. Therefore, these amenities may be included as part of either base rent or services, according to the standard practice of the OH vendor.

Personnel Services

Receptionists or other personnel services normally available through OH leases are not authorized in a GSA OH lease.



2. Forms

Most OH leases will fall under the simplified lease acquisition threshold (SLAT), and simplified lease forms may be used. Attached is a suggested attachment to GSA Form 3626, U.S. Government Lease For Real Property (Short Form), which amends the form to address the unique aspects of OH leases. Major OH vendors have reviewed the SLAT forms and have agreed to their content. The GSA Form 3626 with attachment and the PBS simplified lease versions of the General Clauses and Representations and Certifications forms will establish the binding contract between the government and the OH vendor for leases below the SLAT. If an OH lease exceeds the SLAT, Leasing Specialists must use the appropriate forms for leases over the SLAT and may prepare similar amendments

The following two pages show a recommended attachment to GSA Form 3626. This attachment may be edited to fit regional styles and preferences.



Attachment Sample Form for Office Hoteling

GSA Form 3626 Attachment ____
(Page 1 of 2)

GENERAL SERVICES ADMINISTRATION

“OFFICE HOTELING” LEASE AGREEMENT DOCUMENT

Lease No. _____

The following forms accompanying this document (GSA form 3626 Attachment A) comprise the GSA “Office Hoteling” (OH) Agreement document (contract).

- 1) U.S. Government Lease For Real Property (Short Form)
GSA Form 3626 (2 pages)
- 2) Representations and Certifications (Short Form)
(Simplified Acquisition of Leasehold Interests in Real Property for Leases Up to \$100,000 Annual Rent)
GSA Form 3518A (2 pages)
- 3) General Clauses (Simplified Leases)
(Acquisition of Leasehold Interests in Real Property for Leases up to \$100,000 Annual Rent)
Full Text Clauses
GSA Form 3517C (14 pages)

The Government and OH Vendor agree that the following revisions will be made to the above GSA Forms:

GSA Form 3626 shall be revised as follows:

- The following sentence in Section B. STANDARD CONDITIONS AND REQUIREMENTS will be deleted:

The Lessor shall complete any necessary alterations within _____ days after receipt of approved layout drawings.
- In section 2. SERVICES AND UTILITIES (to be provided by the lessor as part of the rent), all Services and Utilities listed shall be provided.
- In section 3. OTHER REQUIREMENTS, the following items shall be included and completed:

Initials: _____ & _____
Lessor Gov't



2. Forms

GSA Form 3626 Attachment A
GSA / "Office Hoteling" Agreement, p. 2

- 1) Each workstation, which includes the following:

shall be the equivalent of _____ usable square feet.

- 2) The space (or suite) shall be constructed to accommodate _____ (number) of workstations in fully operable condition inclusive of telecommunication connections and T1 lines. The space shall be in the following layout: (see attachment)

_____ Private Offices
_____ Open floor plan

- 3) The use of meeting space (conference rooms) shall be available for _____ hours per day, at no additional cost to the Government.

Additional meeting rooms shall be available for use at a minimum of _____ hours per week at an additional rate of _____.

- 4) Additional services provided: (example: Facsimile Transmission, Photocopying, Local and Long-Distance Telephone Service, Internet Service)

at an additional cost of _____

GSA Form 3626, 3518A and 3517C will be revised accordingly:

- The word "license" will be inserted in lieu of the word "lease".
- The word "licensed" will be inserted in lieu of the word "leased".
- The word "licensor" will be inserted in lieu of the word "lessor".
- The word "accommodations" will be inserted in lieu of the word "premises".

Initials: _____ & _____
Lessor Gov't



CHAPTER 16:

National Broker Contract Leases

PBS uses broker contractors to provide additional leasing capacity and supplement the work of the Leasing Specialist and Lease Contracting Officer. The national broker contracts (NBCs) are the sole contracts to be used by PBS for the lease acquisition services contained in the contracts.

Two generations of these contracts are now functioning. One, typically referred to as the "NBC," was effective April 1, 2005 and expired September 30, 2010. The other, commonly referred to as "NBC2," became effective October 1, 2010. There are four separate contractor awards under NBC2: CB Richard Ellis, Global Corporate Services; Jones Lang LaSalle Americas, Incorporated; Studley, Incorporated; and UGL Equis Corporation. Since the contractors are required to be compensated solely by the lessor paying a negotiated commission, some lease acquisitions are not suitable for the NBC. Examples include TSA leases and decennial census leases.

If a need arises for a real estate acquisition services contract of this nature that requires a national solution, the GSA PBS Commissioner and the GSA Assistant Commissioner for the Office of Real Estate Acquisition must be contacted for approval. These contracts, if any, would be initiated by the Office of Real Estate Acquisition, Center for National Real Estate Program Support, and forwarded to the Center for Real Estate Brokerage Services. The Center for Real Estate Brokerage Services solicits and administers the resulting contract. No regional or zonal contracts are permitted for lease acquisition services.

The Office of Real Estate Acquisition InSite page includes copies of the contracts and extensive guidance on use of the contracts, including the NBC Administration Guide, training materials, frequently asked questions, and best practices. Please refer to that web site for detailed information on the use of the NBC contracts:

http://pbsportal.pbs.gsa.gov:7777/portal/page?_pageid=80,111037&_dad=portal&_schema=PORTAL

CHAPTER 17:

Lease Administration

1. Overview	17-1
2. Definitions	17-2
a. Lease Administration.....	17-2
b. Lease Management	17-2
c. Lease Administration Managers.....	17-2
3. Contracting Officer’s Representative Coordination	17-3
a. Contracting Officer’s Representative as Lease Administration Manager	17-3
b. Realty Transaction Survey.....	17-4
c. International Facility Management Association Survey	17-4
4. Lease Administration Manager Responsibilities	17-5
a. File Management	17-5
c. New and Expiring Leases	17-6
5. Contract Reviews	17-7
a. Procurement Management Review.....	17-7
b. Management Analysis Review System.....	17-7
6. Services and Maintenance Schedules	17-8
a. General	17-8
b. Lease Language	17-8
7. Enforcement Management and Failure in Performance	17-9
8. Operating Cost Escalation	17-10
a. Background.....	17-10
b. General Information	17-11



1. Overview

c. Basis for Adjustment 17-11

9. Tax Escalation..... 17-12

 a. Lease Language 17-12

 b. General Process 17-12

10. Central Contractor Registration Management..... 17-14

 a. Central Contractor Registration and Renewal Process 17-14

 b. Electronic Funds Transfers and Central Contractor Registration 17-15

11. Legal Instruments..... 17-16

 a. Role of Legal Counsel..... 17-16

 b. Statement of Lease (Estoppel Letters) 17-16

 c. Subordination, Nondisturbance, and Attornment Agreements 17-16

 d. Novation Agreement, Lease Assumption and Assignment, and Change of Ownership Agreement..... 17-17

 e. Changes in Payee..... 17-18

12. Minor Alterations 17-19

 a. Authority to Change Scope of Lease 17-19

 b. Unit Price Agreements 17-19

 c. Verifying Funds 17-20

 d. Unauthorized Commitments 17-20

13. Reimbursable Work Authorizations 17-20

 a. Overview 17-20

 b. Types of Reimbursable Work Authorizations..... 17-21

 c. Reimbursable Work Authorization—GSA Form 2957 17-21

 e. Funds Management 17-22

14. Postaward Security Requirements 17-23

 a. Policy for Background Investigations in Leased Space 17-23

 b. Facility Security Assessments 17-24

 c. Conduct of the Facility Security Assessment 17-24

 d. Facility Security Assessment Briefing to Facility Security Committee 17-25

 e. Facility Security Committee 17-25

15. Parking..... 17-26

16. Designation of Authority for Alterations by Client Agency 17-28

17. Customer Service—Occupancy Management	17-29
a. Occupancy Management Plan	17-29
b. Incorporating the Occupancy Management Playbook into Lease Management	17-29
c. Occupancy Profiles	17-29
18. Adjustment for Vacant Premises	17-30
19. Lease Expiration	17-31
a. Lease Closeout Process	17-31
b. Release of Claims	17-31
c. Closeout Inspection	17-32
d. Late-Term Improvements.....	17-32
e. Outstanding Litigation	17-32
Attachment 1: Contracting Officer’s Representative Designation Letter	17-34
Attachment 2: Sample Letter Requesting Periodic Services Schedule	17-40
Attachment 3: Lease Status Report	17-41
Attachment 4: Subordination, Nondisturbance and Attornment Agreement	17-43
Attachment 5: Change of Ownership Letter	17-46
Attachment 6: Novation Agreement	17-48
Attachment 7: Assignment and Assumption Letter	17-51
Attachment 8: Assignment of Claims	17-53
Attachment 9: Notice of Assignment of Claims (Rents)	17-54

1. Overview

a. General

This chapter covers postaward activities that relate specifically to the lease, the terms and conditions of the General Services Administration (GSA) Form 3517, General Clauses, and GSA Form 3518, Representations and Certifications (Acquisition of Leasehold Interests in Real Property), and any amendments or attachments to the lease. Managing the lease following award is the next most important activity after the award itself. It is the responsibility of the Lease Administration Manager (LAM) to make sure that the lessor meets the terms and conditions of the lease. The LAM may be the Property Manager, the Leasing Specialist, or other individuals appointed for this purpose as a contracting officer's representative (COR). This chapter outlines the duties, responsibilities, and remedies involved in enforcing the lease.

The lease management and administrative duties are transferred to the COR once a lease is awarded. The Lease Contracting Officer transfers this authority by issuing a letter of delegation to the appointed COR and sends a letter to both the client agency and building owner notifying them of the new point of contact for management of the lease. However, the Lease Contracting Officer still maintains the oversight and enforcement of the contractual requirements of the lease. Any contractual changes to the lease—such as changing the square footage, invoking the Adjustment for Vacant Premises clause, negotiating and awarding a succeeding or superseding lease, backfilling space that changes the contractual terms of the lease if a client agency terminates occupancy during the firm term of the lease—remain the responsibility of the Lease Contracting Officer.

Maintaining open communication throughout the term of the lease between the lessor, the client agency, and GSA enables a successful partnership. When the COR's role is introduced to all parties, the client agency is advised that all requests must go directly to the COR and not to the lessor. This is important for GSA to track any patterns and work directly with the lessor to resolve ongoing issues. A later portion of this chapter addresses how to remedy potential ongoing issues.

b. Financial

On January 16, 2003, OMB issued a memorandum to all Executive departments and agencies citing the President's Improved Financial Performance initiative to reduce erroneous payments by the Federal Government. In keeping with this initiative, section 831 of the National Defense Authorization Act for Fiscal Year 2002 requires agencies that enter into contracts with a total value above \$500 million in a fiscal year to carry out a cost-effective program for identifying errors made in paying contractors and for recovering amounts erroneously paid to the contractors.

A required element of such a program is the use of recovery audits and recovery activities. A recovery audit is a review and analysis of the Government agency's books, supporting documents, and other available information supporting its payments. In addition, the audit identifies overpayments to contractors that are due to payment errors. It is not an audit in the traditional sense. Rather it is a control activity designed to ensure the integrity of contract payments, and as such, it is a management function and responsibility.

To address this requirement, this chapter also covers pricing components as they relate to real estate tax escalations, adjustments to operating costs, reimbursable work authorizations (RWAs) for overtime (OT) utilities or alterations, and the Adjustment for Vacant Premises clause. It outlines the lessor's financial responsibilities, as well as the Central Contractor Registration (CCR)

process, change of ownership or payee, change of lessor name, and the novation process as it relates to the sale of a building where the Government has a lease.

2. Definitions

a. Lease Administration

The term “lease administration” refers to the maintenance activities that are an integral part of postaward, such as accounting, administrative, and legal requirements normally associated with a real estate portfolio.

This chapter describes in detail many of the job responsibilities for lease administrators. The main role and responsibility is to be the conduit between lessors and client agencies and to verify that lessors meet their obligations under the terms and conditions of the lease. To be effective in the management of a lease, designated employees need to be knowledgeable about the nuances in GSA leases and have the authority to enforce the leases.

b. Lease Management

Lease management is the daily oversight and enforcement of the lessor’s performance in meeting the terms and conditions of the lease, with particular focus on meeting technical requirements for energy management, fire and life safety drills, Leadership in Energy and Environment Design (LEED) standards, inspections, and overall delivery of contract services.

GSA’s lease package—the lease and attached exhibits; GSA Form 3517, General Clauses, and GSA Form 3518, Representations and Certifications—include terms and conditions that the lessor and the Government must follow. The most significant function of the lease package is to explain the intent of the requirements as clearly, concisely, and completely as possible to the parties involved, enabling the parties to enforce and comply with the lease requirements. The lease package, when signed by both parties remains in full force and effect through the termination of the lease.

As part of the rental consideration, the Government includes a negotiated price for agency-specific requirements and contract services in the lease with those requirements and contract services in place. If the lease is not enforced, then the Government is at risk of paying for services not received. For example, oftentimes the Government includes the amortized cost to replace the carpet throughout the term of the lease. If the lease rental rate includes the cost for cyclical carpet replacement in the 7th year of the lease and the lessor does not replace the carpet, then the Government never received the benefit to replace the carpet. In such an instance, the lease would give the Government remedies discussed in a later section of this chapter.

c. Lease Administration Managers

LAMs are responsible for managing the client agency relationship and making certain the lessor complies with the terms and conditions of the lease. The LAM must establish an effective lease management program that conforms to the August 2006, Lease Management Guide. LAM responsibilities also include understanding the agreement between GSA and the client agency as outlined under an Occupancy Agreement and using the Customer Guide to Real Property (www.gsa.gov/.../guide_to_real_propertybookmarked2002_r2e-c-pk_...) and the Pricing Desk Guide (www.gsa.gov/graphics/pbs/pricing_desk_guide_4th_edition.pdf) for policy guidance. These tools provide a consistent approach to lease administration and management.

3. Contracting Officer's Representative Coordination

The LAM's duties are oftentimes synonymous with or a function of the Lease Contracting Officer's Technical Representative (COTR) or COR. The COR role is defined by the level of authority and training required as outlined under the Office of Management and Budget (OMB) memorandum, the Federal Acquisition Certification for Contracting Officer Technical Representatives, dated November 26, 2007, as amended. (www.whitehouse.gov/sites/default/files/omb/.../memo/fac-cotr.pdf). The memorandum established a nationally mandated structured training program for all Government employees designated as a COTR or COR by a Lease Contracting Officer. All GSA employees designated as COTRs or CORs who hold delegation letters on active leases must maintain their skills by taking 80 hours of continuing education every 2 years beginning the fiscal year following their certification date. Chief Acquisition Officers in each region are the designated officials for policy guidance and training.

LAMs designated as COTRs or CORs can enforce the terms and conditions of the lease instead of the Lease Contracting Officer. The LAM is responsible for the day-to-day maintenance and management of the lease and in some instances prepares Lease Amendments for the Lease Contracting Officer's signature to modify the existing terms of the lease. This chapter uses the terms "LAM," "Property Manager," "COTR," or "COR" interchangeably; generically they refer to any GSA employee assigned the duties of lease management and enforcement in leased facilities.

3. Contracting Officer's Representative Coordination

a. Contracting Officer's Representative as Lease Administration Manager

The LAM must be involved early on in the transaction as a member of the project management team. The LAM plays a critical role in project execution as the onsite point of contact for successful delivery, acceptance, and inspection of the leased space. The LAM, in partnership with the Lease Contracting Officer, is responsible for conducting postaward transaction meetings with the client agency to verify that the lessor is meeting its expectations. In keeping with project management principles, meetings must include established agendas, meeting minutes, and key talking points surrounding the Realty Transaction Survey (RTS) that follows 60 days after the space assignment as described under paragraph 3b below.

The post-transaction meeting is the formal transition from delivery into occupancy. During this phase, the Lease Contracting Officer must issue a formal COR designation letter to the LAM, as the Government employee overseeing the contract, and the letter must be on the GSA letterhead, with the telephone number and address of the Lease Contracting Officer and the COR.

The purpose and intent of the COR letter is to advise the client agency, field office, and lessor as to the designated point of contact for managing and administering the lease postaward and to formally transfer the responsibility to the designated person. The letter avoids any gaps in monitoring the lease. It is common practice to contact the lessor and client agency to make the face-to-face introduction and discuss any current situations needing attention. The introduction also provides an official lease transfer from the negotiation and award phase to implementation and enforcement. (See attachment 1 at the end of this chapter for a sample COR designation letter and attachment 2 for a sample COR notification to the field office.)

3. Contracting Officer's Representative Coordination

The COR verifies that the lessor complies with the scope of the lease as written, including, at a minimum, the following responsibilities.

- Perform daily maintenance and management of leased space, including building maintenance and operating aspects relating to the building's services, utilities, and equipment as set forth in the Federal Management Regulation and GSA orders.
- Inspect and accept work within the limitations of the COR's authority that the lessor performs under the lease contract and modifications.
- Inspect and accept services that the lessor is obligated to provide under the lease contract.
- Advise the Lease Contracting Officer as difficulties or situations arise that may disrupt or hinder performance, or that may justify withholding rent.
- Issue cure letters according to established procedures when delivery of routine services does not conform to lease requirements specifically, authorizing and enforcing the following:
 - Daily delivery of services and utilities necessary to maintain efficient operation of the facility;
 - Periodic services (window washing, cyclical painting, snow removal, pest control, etc.); and
 - Routine maintenance and repairs of the facility.

b. Realty Transaction Survey

As discussed in the RTS guidance, PBS uses the RTS to assess its performance in meeting client agency needs and defined expectations according to project schedules and to determine how well it manages the client agency relationship during the lease transaction process.

PBS uses contracted services to survey client agencies or authorizing officials who work directly with leasing employees to complete lease transactions. Surveys cover lease transactions for new, new replacing, succeeding, superseding, and expansion space actions over 1,000 square feet. They are initiated based on new assignments (including backfills) that generate new Occupancy Agreements and either create or modify space assignments in GSA's inventory system. Leases meeting the RTS criteria become eligible for survey 60 days following the effective date of an assignment entered into GSA's inventory system. During the eligibility period, LAMs have 2 weeks to validate agency contact information and check that the GSA contact information also is correct. The survey results are tools to both assess PBS' overall performance in leased and federally owned space and to evaluate training needs to improve customer service.

c. International Facility Management Association Survey

In addition, ongoing occupancy includes the need for postaward alterations, as agency needs change during occupancy. Ongoing occupancy management services and the client agency's continued satisfaction with its space and our services will affect future surveys, such as the International Facility Management Association (IFMA) survey. The IFMA survey gauges the level of client agency satisfaction regarding a wide range of building services. An assertive approach in addressing customer satisfaction and concerns on a daily basis is one way to encourage a positive response rate.

LAMs are responsible for issuing surveys in both paper and electronic (Web-based) formats and for taking necessary steps to generate a high response rate within established timeframes (usually between May and June each year). PBS uses a contractor to tabulate survey results and to issue a series of comprehensive reports that summarize client agency responses. The IFMA survey reports meet PBS criteria for reporting to the OMB and Congress, and assist in budget formulation and program execution.

↳ 4. Lease Administration Manager Responsibilities

IFMA survey results are oftentimes indicators of potential problems related to the operation and maintenance, contract services, and aesthetic appearance of the space. LAMs must review and analyze client agency feedback and continue to work closely with the lessor to meet the lease terms and, if necessary, revisit the schedule of contract services to determine whether the schedule can realistically meet the needs of the client agency.

The IFMA survey is only one of several PBS performance measures. LAMs also must review and analyze other performance measures for any indication of problems related to requirements for maintaining the premises as outlined in the lease. LAMs must understand PBS performance measures, work to achieve program results, and use the results to meet established targets.

On a daily basis, the LAM must interact with the end user occupying the space or the authorizing official located elsewhere. Agency approval for postaward alterations may require input from an agency official with signatory authority located in the agency's regional or national headquarters. Make sure that the contact information is current for the client agency as well the agency's authorizing official. The LAM must report to the Lease Contracting Officer any changes that the client agency requests if they are material changes to the existing terms and conditions of the lease.

4. Lease Administration Manager Responsibilities

In addition to the duties identified in Paragraph 3, Contracting Officer's Representative Coordination, the LAM must perform regular lease contract reviews to verify that the lease file contains a current copy of the lease contract, all related files, inspection and performance documentation, Lease Amendments, and all general correspondence.

At a minimum, the LAM must review the following areas to check administrative requirements for lease management.

a. File Management

- Are the lease file documents maintained in a way that is consistent with the lease file checklist?
- Are copies of all leases, outleases, Lease Amendments, Occupancy Agreements, and unit price agreements (as applicable) in the lease file?
- Are the files in a common, secure, and accessible location?
- Are the files organized within an easy-to-understand filing system (such as alphabetically or numerically—by building number or by lease number)?
- Is an employee or employees assigned responsibility for the control and safeguarding of the documents? Is there a system in place to manage check out and return of lease files?
- Are inspections performed at least annually and deficiencies noted with a planned course for corrective action?

Quick Tip

For a smooth transition, regions should create a procedure for transferring responsibility for the lease from the Leasing Specialist to the LAM in the form of an introduction letter, a meeting, or a conference call, in addition to the COR designation letter.

- Are the inspection results documented, including any deficiencies in the estimating and processing of overtime utilities and repairs and alterations (R&A)? Is there a tracking report or tracking system in place? Is there follow-up conducted to verify resolution?
- Is there a process to follow-up on health, fire protection, and life safety deficiencies? Are there procedures for preventing adverse health, safety, and fire incidents and emergencies?
- Are there opportunities for improvement based on the results of the inspection or any previous findings?
- Have you communicated the inspection results to the lessor's representative, the Leasing Specialist, and the client agency, along with an action plan to resolve any deficiencies?

c. New and Expiring Leases

- Is there a process for incorporating new leases into the inventory of existing leases?
- Is there a process for dealing with expiring leases?
- Is there a copy of the periodic services schedule on file? If so, does it comply with the lease requirements?
- Is there a process in place to make certain that leases are meeting background security requirements? (See paragraph 14, Postaward Security Requirements.)
- Is there a review process for leases meeting energy efficiency and conservation criteria; are lessors meeting cost-effective improvement plans? (See the lease provisions for Energy Star requirements.)
- Is the lessor meeting environmental goals, for example, building recycling plans?
- In lease contracts with terms that are net of services and utilities, do the service and utility contract periods correspond with the lease expiration dates?
- Are current occupant emergency plans and procedures in place?
- In fully serviced leases, is the lessor meeting contract requirements; do all maintenance personnel have certificates of applicable training, licensing, permits, and bonding?
- Are building operation plans current in specifying hours of operations based on the seasons and in accordance with the outside temperature condition, including procedures for starting up and shutting down?
- Have you developed a communication plan to transmit information to affected business line employees?

5. Contract Reviews

a. Procurement Management Review

The Office of the Chief Acquisition Officer (OCAO) conducts procurement management reviews (PMRs) to analyze, evaluate, and validate the acquisition process, internal controls, and financial reporting in all GSA regions. A PMR is a comprehensive review of operational efficiency and compliance with statutory requirements, Federal regulations, and agency-specific guidance and standard operating procedures. OCAO issues a comprehensive report on improvements or best practices in strategic areas, including organizational alignment and stewardship.

In assessing operational effectiveness, internal controls, and financial management, LAMs must prepare for a PMR by verifying the following:

- A copy of the COR delegation letter is in the lease file. Copies of training certificates show that the COR meets continuing education requirements to maintain the COR designation.
- Contract files are organized and clearly document modifications or postaward changes to the lease.
- Documentation exists in the lease file to reflect performance for minor alterations. Documentation includes notices to proceed, Lease Amendments, all correspondence leading up to the amendment documents, scope of work, price reasonableness determination, solicitation of at least two bids, and an independent Government estimate that supports the basis for the contract price, as well as progress reports and evidence of invoicing.
- Signed copies of RWAs or related funding source documents are in the lease file.
- The lease file contains a statement from the COR cross-referencing where the required documentation is maintained if the COR maintains a separate file or location for postaward contract administration other than the official lease file,
- The lease file contains evidence of CCR documentation.
- The lease file contains the Price Negotiation Memorandum or a synopsis to support any Lease Amendments.
- The lease file contains evidence of annual inspection reports.

Further information is available in OMB's Office of Federal Procurement Policy (OFPP) Guidelines for Assessing the Acquisition Function and OMB Circular A-123, Appendix A, Internal Control over Financial Reporting. (www.whitehouse.gov/omb/circulars-a123-rev).

b. Management Analysis Review System

The Management Analysis Review System (MARS) is a comprehensive review of regional practices for program areas in acquisition, budgeting, R&A, custodial management, maintenance and energy, and lease administration. The review process randomly selects leased and federally owned facilities to assess the economic and environmental impact on PBS' real estate portfolio, examine accountability, and identify best practices to increase program efficiency. From a leasehold interest, the MARS review is a comprehensive evaluation of the lessor's ability to

effectively manage and maintain the leased premises and building equipment and systems in accordance with the lease terms and conditions. LAMs must prepare for MARS reviews by undertaking the same action as required for the PMR process.

6. Services and Maintenance Schedules

a. General

Audit findings indicate that property managers are not always knowledgeable about the services and maintenance that client agencies are due under their leases. To a large degree, they rely on client agencies to keep them informed about unsatisfactory services, even though client agencies themselves may not know the lease terms. As a result, client agencies do not receive all the services they are entitled to under the lease. Further findings indicate PBS relies too heavily on client agencies to identify substandard lease services.

LAMs must be assertive in lease management to make certain that client agencies receive the services to which they are entitled, particularly periodic services such as window cleaning and carpet shampooing. The Leasing Specialist must obtain a schedule for periodic services from the lessor and forward it to the LAM to verify that client agencies receive services as scheduled. Once obtained, these schedules become the LAM's responsibility for daily lease management and inspections of leased space. To assist in this effort, see Attachment 3, Sample Letter Requesting Periodic Services Schedule. Written regional procedures currently in place for requesting and monitoring receipt of periodic services schedules are acceptable for use instead of the sample letter.

Due to differing regional organizational structures and responsibility assignments, each region must have written procedures in place to distribute periodic service schedules to the regional employees responsible for lease administration and the client agency's local designated official.

b. Lease Language

The lease has very specific and mandatory language governing the periodic services schedule. The lessor must provide the Leasing Specialist or the COR with a list of the scheduled services, usually within 60 days after occupancy. The COR is responsible for understanding the requirements of the lease for periodic services and for reconciling the lessor's list of scheduled services with the type and frequency of services required by the lease. This list becomes the basis for scheduling and conducting inspections.

The lease paragraphs regarding periodic services and maintenance are mandatory and developed during presolicitation to meet agency-specific requirements. Over the term of a lease, an agency might decide, for example, that it needs to change from nighttime to daytime cleaning or increase or decrease the level of services. The Lease Contracting Officer must address the client agency's request to decrease or increase their requirements because the request may not consider the original cost of such services amortized into the existing rental rate for operating expenses. If, for example, the client agency no longer needs nightly cleaning or daily trash removal due to changes in staffing or security requirements, then the COR must consult with the Lease Contracting Officer to assess the change to periodic services and the financial impact (if any) on the cost of services. It is important to document the lease file and issue a Lease Amendment to reflect contract changes. This not only reduces costs but also keeps the lessor honoring a contract that fits the requirements. The intent is to help the lessor honor the contract. If

the lessor fails to have trash removed as required in the lease contract, then the lessor is contractually in violation of the lease, even if daily collection has become unnecessary.

LAMs must use the agreed-upon list of scheduled and periodic services to conduct inspections and verify the lessor's performance in meeting the schedule. The frequency or method of performance, along with an assessment of the results, determines a lessor's performance.

When conducting inspections for maintenance services, the LAM's common practice is to use GSA Form 1181A, Contract Cleaning Inspection Report, to document the results. It is important for the inspector to note the date and time of the cleaning inspection. If the services rendered are unsatisfactory, be sure to provide detailed remarks to support that evaluation, and prepare written notice to the lessor citing your findings. If the deficiencies persist, seek legal guidance and notify the Lease Contracting Officer. Be sure to document your efforts because the Office of Regional Counsel relies on your documentation to pursue legal remedies on performance issues required under the lease.

Asking for the schedule of periodic services is useless unless the LAM follows up and monitors performance with the client agencies and the lessor. In rare instances, and only for remote locations, contact the client agency by sending a copy of the periodic schedule and allow the client agency to assess the lessor's performance in meeting contract services for carpet cleaning, window washing, snow removal and similar services.

If the lessor fails to comply with the schedule of periodic services or the evaluation of results is less than satisfactory, then the LAM must contact the lessor to determine when these services will be scheduled and performed. If the lease states that periodic services, such as cleaning, are performed after normal business hours, then the LAM must coordinate with the client agency to determine whether escort services are required or whether someone from the client agency is available after hours during the time when work is completed.

It is critical to read and understand this section of the lease, as it often indicates who pays for contract services, such as the removal of furniture and other personal items for carpet cleaning, painting, and other contract services. The COR must coordinate with the client agency and lessor if computers or furniture must be moved by an outside vendor so that the warranty will not be voided on the equipment or personal property.

7. Enforcement Management and Failure in Performance

The lessor must maintain the leased premises—which include the building, the building systems, and all equipment and fixtures and appurtenant areas furnished by the lessor under the lease—in good repair and habitable condition. This includes heating, ventilation, and air-conditioning systems; lighting; fire and life safety measures; and the general appearance of the building and leased space. This means that if a client agency had originally requested additional cooling in its server room and the lessor installed the cooling unit, then the lessor is responsible for maintaining that equipment unless special provisions were made at the time it was installed and documented in the lease accordingly.

If the lessor fails to perform any aspect of the lease, whether it is providing contract services, making repairs or replacements, or in performing other requirements under the lease, the

Government has the right to perform these duties and deduct such costs from rental payments due the lessor. However, the lessor may correct any deficiencies, depending on the severity and urgency. As a best practice, the LAM documents deficiencies and issues a "Notice to Cure" letter. The Notice to Cure letter must outline the deficiencies and give a reasonable timeframe, dependent upon the urgency, to cure the deficiencies. If a deficiency remains uncured or the lessor does not submit a corrective action plan within the time allotted, the lessor is in default of the terms and conditions of the lease. The Government's rights to pursue its remedies during the term of the lease are under the General Clauses, Failure in Performance and Default by Lessor.

Although the Government has the right to exercise the termination for default clause in the lease, it is important to gain the cooperation of the lessor and work out a reasonable timeframe for correcting any deficiencies. Only the Lease Contracting Officer may withhold rent or order corrective actions that will result in withholding rent. Close coordination with the Office of Regional Counsel is required.

The LAM must submit a report on any serious continuing lessor failures, such as not performing within the terms of the lease, to the Leasing Specialist or Lease Contracting Officer. In addition, the LAM or Lease Contracting Officer must provide the lessor written correspondence in support of lease enforcement. Written documentation is critical because if a lease enforcement action is necessary, the documentation will support the findings.

Communication with client agencies regarding lease complaints is an important area to consider when assessing communication requirements for lease management. The following are some actions to take:

- Fully document failures in performance and provide documentation for the Lease Contracting Officer and Office of Regional Counsel to reduce lessor payments as appropriate.
- Validate deficiencies in the lessor's performance through interviews with clients and site visits identifying the deficiencies, including photographs as applicable.
- Cite lease sections that require the lessor to perform, prohibit the deficiency, or require a corrective measure.
- Report deficiencies to the lessor immediately and maintain copies of all correspondence from the Lease Contracting Officer about lease administration matters.
- Confirm that a process is in place to resolve complaints from client agencies. Before the issuance of final decision letters, advise the Leasing Specialist when issues of lease interpretation or enforcement are at issue.

8. Operating Cost Escalation

a. Background

GSA has engaged a contractor as a recovery auditor to fulfill the OMB financial performance requirements described in chapter. The contractor reviews payments related to leasing, building services, supplies, and information technology to identify erroneous payments. Lease administration includes the execution of a Budget Activity (BA) 53, Rental of Space, account; the processing of rental payments including step rent; operating cost escalations; reimbursement for

lump-sum real estate taxes; and rent reductions for amortized client agency tenant improvements (TIs). Recovery audits have identified and successfully recovered erroneous payments. The paragraphs below discuss the process for paying operating cost adjustments. The following are some actions to consider when calculating and processing rental adjustments:

- Review financial records, Lease Amendments, and lease clauses.
- Review all Lease Amendments that modify payment terms over the life of the lease.
- Review the lease and subsequent amendments to determine increases or decreases due to step rent, amortization of TIs, and termination of rent due to the partial release of space.

b. General Information

The lease must clearly state whether the rental rate is firm throughout the term of the lease—ordinarily required for leases under the simplified lease acquisition model—or if it is subject to annual adjustment of operating costs. If operating costs are subject to adjustment, the lease file must specify the base cost of services on GSA Form 1364, Proposal to Lease Space.

The simplified lease acquisition model as designed is an all-inclusive firm-fixed rate. To include an operating cost escalation rate must be the exception and not the rule. On those rare occasions where the market demands an escalation rate, it is not necessary to include GSA Form 1217, Lessor's Annual Cost Statement, for the simplified lease; the Lease Contracting Officer has discretion to include or exclude the operating cost escalation paragraph.

The streamlined, standard, succeeding, and superseding lease models include the operating cost escalation paragraph—Consumer Price Index (CPI)—in the lease. When using these models, the lease package must include GSA Form 1364 (subject to variation by letter and model type) and GSA Form 1217, which clearly define the proposed annual operating costs. The LAM must first confirm that the lease documents allow for operating cost escalations by reviewing the lease package for the appropriate model.

c. Basis for Adjustment

GSA Form 1217, as negotiated and agreed upon, determines the base rate for adjusting operating costs. The operating rent and the base cost of services are the same for the first year of the lease. Beginning with the second year of the lease, upon the lease anniversary date and each year thereafter, the lessor is entitled to an operating cost adjustment for any increase or decrease in the CPI over the index for the base year. In certain instances, the CPI could fall below the base, and the rental amount reduced accordingly.

This escalation accounts for changes in costs for cleaning services, supplies, materials, maintenance, trash removal, landscaping, water, sewer changes, heating, electricity, and certain administrative expenses attributable to Government occupancy. Note that some lessors have requested increases to the base operating cost because the true costs are actually higher than originally proposed. It is up to the Lease Contracting Officer to consider modifying the base cost of services after lease award; however, it must not be a regular practice to do so. If the Lease Contracting Officer considers modifying the base cost of services after lease award, then there must be some consideration given in return by the lessor. If the Lease Contracting Officer deems an adjustment to the base cost of services fair and reasonable, then the client agency must agree to the increase in the Occupancy Agreement and be given 18 months' notice to budget for the increase. Any adjustment to the base operating cost and the annual escalations must be in a written amendment to the lease.

The base cost of services changes only when the Government issues a Lease Amendment to expand space under the Changes Clause or if the lease allows, to exercise its right to terminate the Government's existing occupancy. In addition, under the Adjustment for Vacant Premises clause, the Government may exercise its right to adjust the base cost of services when the Government vacates a portion of the leased space but does not have the right to terminate the space during the term of the lease.

The annual increases or decreases use the annual percentage of change determined by the cost of living index as published by the Department of Labor, Bureau of Labor and Statistics. The LAM must understand the method of calculation and stay abreast of annual rental increases and decreases to the lease, if there is a need to modify the operating rent due to postaward changes.

9. Tax Escalation

a. Lease Language

The lease includes provisions for handling real estate tax adjustments throughout the term of a lease, a customary private-sector practice in most real estate markets. The simplified lease acquisition model provides for a firm fixed rental rate for the entire term of the lease, with real estate taxes for the property built into the shell rate and no real estate tax adjustments provided during the term of the lease. Streamlined, standard, and succeeding leases, however, will likely include real estate tax adjustment provisions allowing a lessor to recover a pro rata share of real estate tax increases (or to pay a credit due the Government if real estate taxes decrease). The lease includes a detailed description of the procedures for real estate tax adjustments.

Most GSA regions use additional resources to manage and track real estate taxes. Nonetheless, LAMs and Leasing Specialists must read and understand the standard real estate tax adjustment paragraph in the lease, along with the procedures of the various taxing authorities in the markets or territories where they conduct business.

b. General Process

For real estate tax escalations, in coordination with the lease terms, the real estate tax base is the unadjusted real estate taxes for the year in which the lease begins. In the case of a newly constructed building or an existing building that underwent major renovations, the first year of full assessment after construction of the building when the taxing authority has fully reassessed the building establishes the base.

Leasing Specialists must understand the definition of "fully assessed" or "full assessment" as defined in the lease and as reiterated here. To determine the lessor's liability for real estate taxes, the taxing authority determines the value of the property, taking into account the value of all improvements contemplated for the property under the lease. The taxing authority issues to the lessor a tax bill or other notice of levy that bases the real estate taxes for the full tax year on that full assessment. At no time before the issuance of such a tax bill or notice of levy is the property deemed fully assessed. The Leasing Specialist and Lease Contracting Officer must be cautious in trying to establish a real estate tax base amount negotiated between the parties before the construction or major renovation of a building. A negotiated real estate tax base may not fully reflect the value of all improvements contemplated for the property. Thus, the real estate tax base may be grossly understated, causing the Government to pay significant increases over the base year during the entire term of the lease.

9. Tax Escalation

The lessor has a contractual obligation to submit real estate tax statements for the base year within 60 days after payment to establish the base year real estate taxes. If the tax statement is for multiple parcels or buildings, the statement must define the value of each. For all subsequent years, including when there is no change to the real estate taxes for the preceding year, the lessor must submit to the Government the following within 60 days of payment in full of the real estate taxes for the applicable period (usually the preceding calendar year):

- A statement or invoice including calculations showing, at a minimum, the base year real estate taxes for the entire parcel or building, real estate taxes for the applicable tax year, percentage of occupancy, and an exact amount due the lessor or credited to the Government; and
- Copies of real estate tax statements for the base year and subject year and copies of paid tax receipts from the taxing authority.

Recovery audits have uncovered instances where GSA was entitled to receive real estate tax credits resulting from decreases in real estate taxes below the base year or from real estate tax refunds or abatements issued by the local taxing jurisdiction. In such cases, lessors failed to provide GSA with tax rebates or documentation to calculate decreases in real estate taxes. This omission by the lessor affects GSA's ability to receive a credit for its pro rata share in the reduction of real estate taxes and to pass through such tax savings to the client agency. The lessor is contractually obligated to remit any lump sum payment to the Government within an established period as specified in the lease. A lessor's failure to remit payment entitles GSA to collect interest on the late payment and gives GSA the right to pursue the outstanding balance of any real estate tax credit using such debt collection methods as are available in the United States.

Neither an Occupancy Agreement nor Lease Amendment is required for billing or paying the real estate taxes; however, the Leasing Specialist must review the current billing Occupancy Agreement and contract documents to verify that they include the tax escalation provision. In some instances, a unilateral Lease Amendment may be prepared that does not require the lessor's signature but documents the basis for the real estate taxes. Furthermore, the Leasing Specialist or other assigned personnel must confirm the real estate tax base and percentage of occupancy against the contract documents, as well as review the lessor's calculations for accuracy. This includes reviewing the real estate taxes to make sure they do not include any special assessments described in the lease, or any late fees, interest, or other penalties. This process repeats itself each year during the term of the lease, including the pro rata share of the final calendar year of occupancy. The lessor should only expect to recover the Government's pro rata share of the difference between the base year and the current applicable year real estate taxes. The lessor may not collect real estate tax increases for previous years, if it fails to submit the required information. The Government, however, maintains the right to recover, at any time during the term of the lease and a reasonable time after lease expiration, any credits due in any or all previous years of the lease.

The lease allows the Government to direct the lessor to file appeals to the taxing authority if the Government disagrees with real estate tax assessments. The Government also may file any such appeals on its own, with or without the assistance of the lessor. The Leasing Specialist must seek the advice of the Office of Regional Counsel if such an appeal is under consideration. The lease also includes provisions for how the Government, lessor, or both will fund any costs of filing appeals, and for how the Government and lessor will determine a fair and equitable solution for sharing any tax reductions as a result of appeals.

10. Central Contractor Registration Management

a. Central Contractor Registration and Renewal Process

CCR is the Federal Government's primary database on contractors. It validates vendor information and electronically shares the secure and encrypted data with Federal agency finance offices to process paperless payments through electronic funds transfers (EFTs). Additionally, CCR shares the data with Government procurement and electronic business systems. The Government uses the database to obtain vendor information for market research, build source lists, make contract payments, and feed other Government reporting systems, including the Federal Procurement Data System—Next Generation.

Vendor Responsibilities

Current and potential vendors must register in CCR for the Government to award any type of Federal contract. Registration requires vendors to provide basic information related to procurement and finances. Information updates occur in real time. To remain active, vendors must update or renew their registration annually. Vendors register their business profile in only one Government database (that is, CCR) and are responsible for the accuracy of the information at all times. Although a vendor must maintain the accuracy of its data in CCR, doing so does not relieve it of the duty to provide any contractual changes to the Lease Contracting Officer for appropriate processing.

A vendor must have an identifier from the Data Universal Numbering System (DUNS) and a taxpayer identification number (TIN) before registering in CCR. DUNS is a commercial reporting system developed and regulated by Dun & Bradstreet® that assigns a unique nine-digit identification number for each physical location of a vendor's business. DUNS number assignment is free for all businesses required to register with the Federal Government for contracts or grants. In October 2005, the Internal Revenue Service (IRS) began validating TINs and taxpayer names of registrants in CCR. To complete registration in CCR, a registrant must provide a TIN and taxpayer name that matches exactly with the data used for Federal tax matters.

Lease Contracting Officers and LAMs must incorporate the current CCR clause into existing leases whenever the lease is amended due to changes in term, for minor alterations, rent (including step rents), or square footage. Leasing Specialists must verify that the lessor and payee, if different, registered in CCR. A vendor's name appears in the CCR when it has completed all mandatory information and the Government has completed its validation of the information. The vendor record is "active" and made available for viewing in the CCR. Allow 48 hours for the validation, when providing timeframes to the contractor. Lease Contracting Officers must verify **by DUNS number** the contractor's exact taxpayer name, address, and socioeconomic choices. If the contractor, lessor, or payee information does not match the CCR record, the leasing employee must notify the vendor that it needs to update its record.

Annual Central Contractor Registration Renewal

Lessors are required to complete an annual renewal process in CCR, but the system does not send reminders to do so. However, if the annual renewal process is not completed, the Office of Budget and Financial Management is required to suspend the rent until the lessor completes the renewal process. If a lessor has not received payment for rent, this is more than likely the reason. The release of rental payments occurs once the lessor completes the renewal process. No interest is due to the lessor, and this does not trigger provisions of the Prompt Payment Act, as it is the lessor's responsibility to keep its CCR current and active throughout the term of the lease.

Lessors may want to claim a financial hardship or file a claim against the Government; however, a lessor's failure to comply with the annual renewal process is not a basis for filing a formal claim under the Contracts Disputes Act.

b. Electronic Funds Transfers and Central Contractor Registration

Electronic Funds Transfer Requirement

It is PBS policy to process all lease payments using EFTs, and CCR is integral to EFT payments. The Office of Budget and Financial Management will not waive the requirement to pay by EFT unless vendors meet the conditions outlined in 31 CFR 208.4, "Waivers." (Payment by EFT refers to the Automated Clearing House (ACH) process.) CCR is required for all types of contract payments including monthly rental payments for any alterations, overtime utilities, or any other payment due and payable to the lessor. If a lease exists where the lessor was not originally required to register in CCR, it must now register with CCR.

Note: Registration in CCR is now a requirement of the IRS. Federal agencies and, more specifically, GSA must enforce the requirement on all leases and other procurements.

Verification of Lessor Information

For payment purposes, Leasing Specialists and support contractors must verify that the name of the lessor on GSA template R620, Lease Digest, exactly matches either the legal name or the "doing business as" (DBA) name listed in CCR. It is important to emphasize that registration in CCR requires three addresses:

- A mailing address for correspondence;
- A physical address for the location of the business entity, not the leased space location; and
- A remittance address, required if the payee is different from the lessor or for issuance of payments by paper checks, if necessary.

Leasing Specialists and support contractors must verify that the lessor's address shown on the R620 matches the physical address listed in CCR. Additionally, for leases where the payee differs from the lessor, leasing employees and support contractors must verify that the payee registered in CCR before award and that the payee address shown on the R620 matches the remittance address listed in CCR. Other Government agencies, such as the IRS, use the mailing address listed in CCR for general correspondence.

The Office of Budget and Financial Management does not require EFT/ACH vendor forms—that is, Standard Form (SF) 3881, ACH Vendor/Miscellaneous Payment Enrollment Form—for lessors registered in CCR, as EFT information comes from the banking information that lessors maintain in CCR. The Office of Budget and Financial Management obtains this information through a link in GSA's financial accounting system. The CCR documentation replaces the EFT/ACH vendor form that was formerly required for the official PBS lease file. However, when a lease award is subject to the following waiver criteria, the lease file must contain a copy of the EFT/ACH vendor form to document the lessor's name, address, or other payment changes for PBS. Use of the EFT/ACH vendor form will no longer be required when PBS completes its migration to more advanced information technology and modifies the checklist to remove this requirement.

Waivers

A Lease Contracting Officer, in consultation with the Office of Regional Counsel, has the authority to waive the CCR requirements. Such authority is primarily for classified contracts when registration in CCR could compromise the safeguarding of classified information or national security. In addition, the Lease Contracting Officer has the authority to waive the CCR requirements for contracts awarded in the conduct of emergencies, as declared by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121). Refer to 31 CFR 208.4 for additional waiver guidance.

11. Legal Instruments

a. Role of Legal Counsel

The Offices of Regional Counsel are responsible for providing legal review and policy advice and assistance throughout the course of lease transactions. Legal instruments that show the Government's leasehold interest, protests, contract terminations, and the Lease Contracting Officer's final decision letters issued under the Contract Disputes Act require legal review and approval or concurrence of the Office of Regional Counsel. The following subparagraphs identify legal instruments that require preparation by leasing employees.

b. Statement of Lease (Estoppel Letters)

A statement of lease, also known as an estoppel letter or statement of fact letter, provides the status and terms of the lease when the lessor or financial institution requests this information before the sale of a building. In addition, a statement of lease must be prepared on a regular basis, typically within 30 days after the request. It must contain the terms and conditions of the lease and any issues with the lessor's performance, as well as any subsequent Lease Amendments outlined in numerical order. More information on statements of leases is available at 48 CFR 552.270-24, Statement of Lease (<http://cfr.vlex.com/vid/552-270-24-statement-lease-19878323>)

c. Subordination, Nondisturbance, and Attornment Agreements

Leasing employees also respond to lessor requests for subordination, nondisturbance, and attornment agreements (SNDA) with a statement of lease. See GSA Form 3517, General Clauses, for more information.

The need for a statement of lease arises because lessors typically obtain their construction loan and permanent financing after lease award. However, a bank will not make a loan unless it receives certain guaranties from the lessor and GSA about the lease, which is the primary security-that provides the rental stream that services the loan. Therefore, the lender wants GSA to agree that our lease is junior to the lien of the loan. In exchange for our promise to subordinate to the loan, the lender agrees that our lease continues in the event of a foreclosure on the loan. The General Clauses require GSA to execute an SNDA within 20 business days after receiving a written demand letter from the lessor. The purpose of the SNDA is to establish three elements that govern what happens in the event of a foreclosure:

- **Subordinate:** GSA allows our lease to be junior to the lien of the loan.

- **Attornment:** GSA recognizes and accepts the lender as the new lessor under the same terms and conditions of the lease.
- **Nondisturbance:** In exchange for the above two obligations, the lessor agrees that it accepts GSA as the client under the same terms and conditions of the lease.

Most Offices of Regional Counsel have prepared standard SNDAs that offer all of the rights necessary to protect lenders and GSA. As an example, attachment 4 is a standard document prepared by the region 9 Office of Regional Counsel, accepted by every major lending institution in the country. If the lender asks you to modify this or the equivalent form that your region uses, immediately contact your Office of Regional Counsel for assistance.

d. Novation Agreement, Lease Assumption and Assignment, and Change of Ownership Agreement

A novation agreement is a legal instrument that formalizes an arrangement to substitute one party for another in a contract. In GSA, a novation agreement is synonymous with lease assumption and assignment, or a change of ownership request. A change of ownership request asks the Government to recognize an assignee as successor in interest of the lease, in the event of the sale or transfer of the building. The successor in interest assumes all liabilities and obligations associated with the lease. The Leasing Specialist must file the documents in the eLease documents file and send the executed change of ownership agreement to the new and existing lessor. The following are steps that apply to a change in ownership. See Federal Acquisition Regulations (FAR), subpart 42.12 for detailed guidance and a sample agreement.

Complete Change of Ownership Documents

Before the Government will recognize the successor in interest, the existing lessor must submit information necessary to evaluate the proposed agreement. This information includes:

- A list of all affected leases or contracts between the existing lessor (also known as the transferor or assignor) and the Government, as of the date of sale or transfer of assets;
- An authenticated copy of the instrument effecting the transfer of the asset, such as a bill of sale, certificate of merger, contract, warranty deed, agreement, or court decree;
- A certified copy of each resolution of the corporate parties' boards of directors authorizing the transfer of the asset;
- An authenticated copy of the transferee's or assignee's certificate and articles of incorporation, if a corporation was formed to receive the assets involved in performing the Government leases;
- The opinion of legal counsel for the transferor and transferee stating that the transfer was properly effected under the applicable law and the effective date of transfer assignment;
- A release of the existing lessor's rights and verification of active registration in CCR by the new lessor or successor; and
- A signed SF 3881 ACH form and GSA Form 3518 from the new lessor (also known as the transferee).

The Leasing Specialist must refer to FAR 42.1204(e) for a complete list of documents to submit, as well as the checklist in attachment 5, for additional guidance.

Draft a Lease Amendment, If Applicable

The Lease Contracting Officer must:

- Complete the Lease Amendment and mail two copies to both the current and proposed lessor for signature.
- Execute the Lease Amendment and forward the signed copy to the transferor or assignor and the transferee or assignee.
- Retain the original signed Lease Amendment and scan and file the Lease Amendment in accordance with regional guidelines.

Attachments 6 through 8 include a template for change of ownership/payee, a sample Lease Amendment, and template instructions.

e. Changes in Payee

A novation agreement is not necessary if the payee information changes but the lessor remains in control of the lease. The lessor must send a written statement notifying GSA of the change in payee information and must authorize an amendment to the lease to reflect the change. Upon receipt of this statement, the Leasing Specialist must request the following documents from the payee:

- GSA Form 3518;
- SF 3881 ACH form (as applicable); and
- Current registration validated in CCR.

This change in payee Lease Amendment is similar to the Lease Amendment for change of ownership template; however, the current lessor remains the same. Therefore, the Leasing Specialist must update only the payee portion in the Lease Amendment.

The Lease Contracting Officer must prepare the Lease Amendment for the lessor's signature and mail two copies of the Lease Amendment to the current lessor for signature. Upon receipt of the signed Lease Amendment, the Lease Contracting Officer signs the Lease Amendment, sends the lessor a fully executed Lease Amendment for record keeping, and submits a copy to the finance office for processing according to the user manual for the Real Estate Across the United States (REXUS) system.

Retain the original signed lease agreement and scan and file the Lease Amendment in accordance with regional guidelines.

12. Minor Alterations

a. Authority to Change Scope of Lease

According to the Changes clause, the Lease Contracting Officer has a contractual right to make changes to the general scope of the lease, including directing changes to the TIs, building security requirements, and services required under the lease. This is an important right for the Government, and only the Lease Contracting Officer has the authority to make a written request for those changes to the lease. If the agency has requested an alteration to its current space postaward, it must report this to the LAM. At that time, the LAM, using project management principles, meets with the client agency. The client agency must provide a detailed scope of work (SOW), completed with the help of the space designer or planner or a construction representative as needed. Upon completion, the client agency must provide a copy of the detailed scope of work, related drawings, a cost estimate to support the scope of work, and an RWA. After the SOW and initial drawings are complete, the LAM must advise the Lease Contracting Officer of the client agency's SOW and discuss whether the SOW involves minor or major contract changes and the impact to the existing lease. This is an important step in the process because of varying situations:

- The lease may have an unused TI allowance.
- The lease may have less than 2 years remaining on its term requiring the agency to consider their future housing solution. There are significant improvements required by the SOW that may give rise to a superseding lease.
- Some other factor may weigh into the decision to make an alteration at this point.

If the SOW is within the responsibility and authority of the LAM, the LAM may inform the lessor of the client agency's SOW. The lessor must obtain competitive bids from two or more vendors, competed independently, and submit priced offers for the renovation of the space based on the SOW and the drawings. Certified cost or pricing data are not required for simplified acquisitions or when priced offers are based on adequate competition. However, the lessor may submit a bid without adequate price competition provided cost or pricing data from the lessor accompanies the proposal and are sufficient for the Lease Contracting Officer to determine if the price is fair and reasonable. If a lessor submits a bid without adequate competition then the LAM must obtain an Independent Government Estimate (IGE) to help determine if the lessor's price proposal is fair and reasonable. The IGE and the lessor's proposal must be prepared independent of each other.

b. Unit Price Agreements

Some leases may include the optional language requiring the lessor to provide unit price agreements. It is common practice to use unit price agreements during the first year of the lease to price alterations not exceeding the simplified acquisition threshold. Prices contained in unit price agreements are for fully installed and finished alterations. The LAM must review the lease to determine whether it includes a unit price agreement. If the lease includes a unit price agreement, then prices for subsequent years must use the CPI to calculate increases or decreases or renegotiated upon mutual agreement between the lessor and the Government.

If the lease does not contain a unit price agreement or the lessor's price proposal appears higher than industry standards, then the LAM must seek the assistance of the COTR or Lease Contracting Officer to begin the negotiation phase of the project.

c. Verifying Funds

Once the LAM and lessor have agreed upon a price, then the LAM must contact the agency to secure funding. If the lessor cannot add the costs of TIs into the rent, then the agency must provide an RWA for the work. Only after receipt of funds may the Lease Contracting Officer sign a Lease Amendment with a notice to proceed. The work may not start without an agreement in writing from the lessor that the costs will be included in the TI allowance (as long as the agency has not already exceeded the allowance) or that the agency has provided an RWA for all associated costs.

Giving a lessor written or oral notice to proceed without certification of funds in place creates a serious administrative violation under the Anti-Deficiency Act and can subject the LAM or Lease Contracting Officer to disciplinary action. Sometimes, lessors are anxious to proceed in the absence of written notice, or the client agency may have directed the lessor to proceed with the renovations. Whatever the reasons, proceeding in the absence of funds is a violation of the Anti-Deficiency Act, and the LAM or Lease Contracting Officer has a duty to advise the lessor that it proceeds at its own risk, and that the Government is under no obligation to pay for unauthorized TIs.

d. Unauthorized Commitments

Only the Lease Contracting Officer has the authority to bind the Government. Delegation under the Federal Acquisition Certification-COTR program transfers certain authorities to designated leasing employees who have the experience and training to administer and enforce leases. Implied obligations committed by client agencies and issuance of Lease Amendments or notices to proceed without an approved funding source are unauthorized commitments. Unauthorized commitments may require ratification according to GSAM 501.602-3, Ratification of Unauthorized Commitments. Persons making unauthorized commitments are subject to disciplinary action.

GSA prohibits documentation prepared or provided after issuance of Lease Amendments or notices to proceed to pay a lessor for an unauthorized commitment without going through the ratification process. Ratification is the act of approving an unauthorized commitment after the fact by a Government official who has the authority to do so. The ratification process requires the individual making the unauthorized commitment to provide all documentation about the unauthorized commitment and work closely with the Lease Contracting Officer and the Office of Regional Counsel to develop a written statement of fact that includes a summary recommendation to ratify the procurement action. Only the Head of the Contracting Agency (HCA) has the authority to approve an unauthorized commitment for ratification. Completion of the ratification process occurs if approved by the HCA; only then may the Lease Contracting Officer sign a Lease Amendment to complete the lease transaction to pay the lessor.

13. Reimbursable Work Authorizations

a. Overview

RWAs are set up to capture and bill client agencies for the cost of initial alterations (such as enhanced security requirements), postaward alterations or renovations, and for recurring services when the cost exceeds the basic operations financed through GSA's RENT system.

b. Types of Reimbursable Work Authorizations

There are two types of cost transactions associated with the use of RWAs:

- **Recurring:** A recurring RWA pays for client agency costs not readily separated from standard operating costs. Recurring RWAs may cover any period such as a month, quarter, 6 months, or a full year, but they cannot cross fiscal years. The overhead charged to a recurring RWA is a flat rate of \$100.
- **Nonrecurring:** A nonrecurring RWA pays for client agency services when its costs are for postaward activity or for costs that exceed standard operating expenses. LAMS must apply an overhead rate to all nonrecurring RWAs; calculated based on a sliding scale and applied to the RWA's authorized amount. Nonrecurring RWAs, with the exception of blanket RWAs, have a 5-year limit unless the client agency provides "no year" money, meaning its funding is available for obligation without fiscal year limitation. Blanket RWAs are limited to 1 fiscal year to cover routine, low-cost services and eliminate the need for a new RWA each time low-cost services are required. The maximum overhead charge for a nonrecurring RWA is \$30,000.

It is GSA policy to charge direct labor for an RWA if the time spent was for performing the work requested on the RWA but not for the time spent supporting the RWA work. Since Federal agencies are responsible for their own programmatic needs and costs, it follows that they must use their appropriations to pay for the cost of work performed on their behalf or in furtherance of their missions. In the absence of statutory authority for GSA to absorb these costs, any unreimbursed cost incurred by GSA on behalf of another agency is an unauthorized augmentation of that agency's appropriations. Thus, when GSA provides reimbursable services on an actual cost basis, it must recoup **all** of its costs and allocate overhead to those services. This understanding is consistent with previous GSA Inspector General reports and with Comptroller General decisions interpreting interagency reimbursements under the Economy Act.

c. Reimbursable Work Authorization—GSA Form 2957

The RWA (GSA Form 2957) revised in July 2009, includes additional legal language as advised by OMB and the Office of General Counsel. RWA guides, tools, and communications are available at

<http://www.gsa.gov/Portal/gsa/ep/channelView.do?pageTypeld=17109&channelPage=%2Fep%2Fchannel%2FgsaOverview.jsp&channelId=-24397>.

The realty technician may perform payments through RWAs in the realm of lease administration, but the LAM or a GSA-designated official retains responsibility for managing and overseeing postaward lease projects. The following responsibilities fall under RWAs; note that not all regions have a realty technician position, and another role might perform these duties:

- Create a project file that includes the RWA file checklist, an RWA Cost Summary Sheet, an IGE if applicable, and the lessor's cost proposal. Both the IGE and the lessor's cost proposal must use the Tenant Improvements Cost Summary (TICS) table in MasterFormat. The TICS table is a tool for calculating and recording a lessor's proposed TI costs or any postaward alterations as permitted under the lease.
- Log and track RWAs; verify the availability of funds before issuing a Lease Amendment or a notice to proceed.

- Make sure the notice to proceed does not exceed the RWA amount; to do so would be an administrative funds violation under the Anti-Deficiency Act.

e. Funds Management

LAMs must work closely with their Budget Analyst to process RWA payments within the period of limitations for recurring and nonrecurring RWAs. LAMs must review RWAs for proper charges and transfer fees for direct labor and project management fees. The following are other actions LAMs must take or questions to ask regarding funds management:

- Follow up on the RWA payment and properly close out the file with appropriate documentation (RWAs and any modifications, agency certification of funds, cost estimates, lessor's cost proposal, notices to proceed, Lease Amendments, inspection and acceptance reports).
- Prepare electronic procurement requests for an invoice or RWA-associated document number as required in Pegasys.
- Ensure that the project files (RWAs) have estimate documents. Does the RWA cost summary sheet comply with the most current guidelines?
- Review inspection reports and include in the files for periodic or final inspections (GSA Form 220, Inspection Report on Work Under Contract, or equivalent).
- Track obligations against RWA projects using GSA Form 1814, Job Order Control, or equivalent. Do obligations exceed the total amount of funding for any projects?
- Close out RWA projects within 30 days of project completion or final payment. Does the file contain copies of the client agency service letters?

In rare instances, LAMS must use BA 54 and BA 55 funding for alterations to backfill vacant leased space or substituted in the absence of an RWA when a leased location is part of a major consolidation into Federal or leased space. In such unique situations, consult with your regional Portfolio Management Office for guidance.

Recurring RWAs are the primary funding documents used to pay for overtime services on an annual basis. In rare instances, GSA may use BA 61, Real Property Operations, in the absence of BA 53 funding or instead of an RWA to pay the lessor for overtime services. Agencies can elect to pay for overtime services through the GSA RENT process when linked to the cost of overtime services related to their mission and exceeds the standard operating cost. Agency certifying officials at the headquarters level must seek GSA approval and include an ad hoc clause in the Occupancy Agreement to reflect the change and reimburse GSA for payment of overtime services. In the absence of a signed agreement, client agencies must provide an RWA for overtime services. LAMs must calculate estimated rates by using the current estimating cost tool for overtime services. LAMs are responsible for developing utility profiles or reports to reflect historical trends on use and consumption.

Authorized users of credit card acquisitions may procure contract services within their funding authority. However, in such cases the same requirements exist as for RWA funding to reimburse GSA for the procurement. The lease file must contain a copy of the RWA with the accounting and appropriation information. LAMs must verify that purchases are rotated among qualified vendors and that every purchase is supported with an invoice and receiving report.

14. Postaward Security Requirements

a. Policy for Background Investigations in Leased Space

General Policy

All lessor personnel and contractors with routine access to the Government's leased space in:

- Interagency Security Committee (ISC) Security level IV GSA-leased facilities, or
- ISC Security level III GSA-leased facilities with 100-percent Government occupancy

for a period more than 6 months must submit completed fingerprint charts and personal history forms to obtain a background investigation. In buildings with security levels I, II, or III (with less than 100 percent occupancy), the client agency may also request such background investigations on a reimbursable basis.

Routine Access Defined

Regularly scheduled access is the same as routine access. For example, a contractor who reports to the facility on a regular basis to perform ongoing duties requires routine access and must have a background investigation. An intermittent contractor—for example, a contractor summoned for a service call as needed—is not required to have a background investigation.

Background Investigation Instructions

The manager of each PBS regional field office or service center must review each lease to determine whether the lease meets the general policy for background investigations and whether the lease contains the applicable background investigation clause. If the clause is absent, conduct background investigations according to the following instructions:

1. Meet with the lessor to identify personnel requiring background investigations in all existing security level IV leases and security level III leases with 100 percent Government occupancy where background investigations are incomplete or are not current. In the event of a dispute, a designated PBS employee must consult with the client agency and Federal Protective Service (FPS) to identify which of the lessor's personnel and contractors require background investigations.
2. **Contact the lessor.** The designated PBS employee must then contact the lessor and provide fingerprint charts (FD-258, available on the Government Printing Office Web site at <http://bookstore.gpo.gov>) and personal history forms (SF 85P, Questionnaire for Public Trust Positions, available at www.gsa.gov/forms) for the people requiring background investigations. The designated employee must then:
 - i. Confirm and document the return of all forms to GSA and forward them to the FPS within 30 days of receipt or as otherwise provided by the lease;
 - ii. Document when the request was made to the lessor, when the forms were forwarded to FPS, and when the investigations were completed; and
 - iii. File this documentation in the lease file under Tab 10, Lease Administration.
3. **Obtain credentials as necessary.** The lessor's personnel requiring background investigations must contact the regional credentialing officer to obtain the appropriate

GSA-issued credential, as necessary, upon receipt from FPS of a successfully completed background investigation.

4. **Consult with the Office of Regional Counsel.** In cases where lessors delay, resist, or refuse to provide required information, the Lease Contracting Officer may consult with the Office of Regional Counsel to aid in obtaining such information from lessors. Contract clauses to be relied on include the Background Security Checks paragraph (November 2005), if available, and the Changes paragraph. The lease file under tab 10 must document any difficulties with lessors in meeting the requirements of Homeland Security Presidential Directive (HSPD)-12, Policies for a Common Identification Standard for Federal Employees and Contractors.
5. Verify the revised **lease paragraph (May 2007)**. All new leases must include the Verification of Contractor Personnel paragraph. This paragraph replaces the Background Security Checks (NOV 2005).

b. Facility Security Assessments

FPS must do a facility security assessment (FSA) upon occupancy. After occupancy:

- The ISC schedules future FSAs. Security level I and II facilities have FSAs completed within every 5 years of the completion date of the previous 5-year FSA and within 3 years for security levels III, IV, and V facilities. No later than August 1 of each fiscal year, FPS provides a proposed regional schedule to the regional Facilities Management and Services Programs (FMSP) office for all FSAs scheduled for completion in the next fiscal year. The schedule identifies the region; building number and address; completion date for the previous FSA; scheduled date of completion; and assigned inspector for future FSAs.
- No later than September 1 of each fiscal year, the regional FMSP office provides the FPS regional office any recommended adjustments to the FPS proposed schedule to reflect facilities that will leave the inventory in the next fiscal year, undergo complete renovation, or be vacant and FPS must provide revised schedules to FMSP before September 30.

c. Conduct of the Facility Security Assessment

The FPS inspector coordinates and schedules the FSA with the Facility Security Committee (FSC) chairperson and the PBS property manager.

Before beginning the onsite assessment, the FPS inspector conducts an entrance interview with the FSC chairperson and PBS property manager to obtain any information about recent security concerns that the FSA should focus on.

The property manager must provide the FPS inspector with copies of occupancy management plans (or in the case of capital leases, asset business plans). Plans must include planned building R&A, tenancy changes, space plans, and other information that could affect the assessment of potential threats, the impact of loss if an incident occurs, or the implementation of possible security measures.

Upon completing the FSA, the inspector will conduct an exit interview with the PBS property manager to discuss the assessment and the impact of countermeasure recommendations on the facility. It is during this briefing that FPS and PBS collaborate on countermeasure cost estimates. The purpose of the exit briefing is to identify and resolve any issues before briefing the designated official or the entire FSC.

FPS will brief the designated official or the entire FSC on the FSA. The FSA is complete when the FSC chairperson signs the original copy of the executive summary and concurs on the proposed countermeasures. At the end of each quarter (no later than January 15, April 5, July 15, and October 15), FPS provides the regional FMSP office with a report identifying the status of all scheduled FSAs for the quarter. The report includes the building number and address; facility security level; completion date; the next fiscal year of assessment; and the name of the inspector who conducted the FSA.

d. Facility Security Assessment Briefing to Facility Security Committee

FPS coordinates with the FSC chairperson to schedule FSC meetings and briefs the committee on the results of the FSA report. The briefing covers at least the following:

- Identified threats (or undesirable events), consequences, and vulnerabilities;
- Countermeasure recommendations (and options); and
- Budgetary impact of the countermeasure options, by agency.

The decision on whether to implement recommended countermeasures belongs to the FSC—the building client agencies. Together, FPS, PBS, and FSC are responsible for identifying and implementing the most cost-effective countermeasure appropriate to mitigate any vulnerability and reduce the risk to an acceptable level.

FPS obtains concurrence and written approval from all client agencies on recommended countermeasures (and options) before proceeding with implementation. If a follow-up FSC meeting is necessary, FPS coordinates with the FSC chairperson for scheduling.

At the end of each quarter (no later than January 15, April 15, July 15, and October 15), FPS provides to the regional FMSP office a report listing in order of priority all countermeasures identified through the FSA process. This report, sorted by region, includes a complete description of the countermeasures (type, amounts, and locations); the status of FSC approval of specific countermeasures; the status of countermeasure implementation; and funding responsibility and status.

After the end of each fiscal year (but no later than October 31), FPS provides an annual report of all countermeasures recommended based on the FSA completed in the previous year. This report is a cumulative report of the quarterly reports provided and summarizes funding responsibility and status, the status of FSC approval of specific countermeasures, and the status of countermeasure implementation.

e. Facility Security Committee

All GSA facilities must have an FSC that operates under rules established by the ISC. The FSC, formally known as the Building Security Committee, is responsible for addressing facility-specific security issues and approving security measures and practices. It consists of representatives of all Federal client agencies in the facility, the security organization, and the owning or leasing department or agency. In the case of new construction or pending lease actions, the FSC also includes the project team and the planned client agencies. The FSC chairperson determines the frequency of the meetings. If necessary, the PBS property manager and FPS inspector must work together to facilitate additional FSC meetings. The two attend and participate in all regularly

scheduled meetings; FPS and PBS attend emergency meetings. FPS and PBS do not have a vote unless housed in the building, or GSA is paying the security charge for vacant space in the building.

The FPS inspector elicits information from the FSC regarding security concerns at the facility, including topics for security awareness and crime prevention training as identified in subparagraph 14b above. FPS conducts a project-specific risk assessment during the requirements development phase and recommends countermeasures and design features in accordance with ISC standards to be included in the design specifications. FPS briefs the project manager before presenting the findings to the client agency. Countermeasure recommendations include planning costs for security officers before and upon occupancy of the building.

PBS provides copies of all construction drawings or renderings deemed necessary to FPS to conduct assessments, reviews, and inspections.

During new construction, the contractor is responsible for site security until substantial completion. The HSPD-12 guidance requires PBS or client agencies to fund security guard contract services and escort services during major modernization projects, renovation, or other construction work in an existing building. Such costs are part of the overall construction project costs.

For construction at primary U.S. Courthouse facilities, FPS and PBS must first coordinate with the U.S. Marshals Service to approve the posting of guards.

FPS inspects security countermeasures for effective operation and recommends either acceptance or rejection.

15. Parking

Parking is categorized as structured or unstructured (whether inside or outside), and within these two categories it may be further classified as reserved and unreserved parking. In the absence of agency-specific requirements, most leases require parking ratios that meet local codes. In the absence of local codes, use parking ratios ranging from one space per 2,500 to 4,000 rentable square feet. Usually, the lessor controls structured or unstructured parking or allocates parking on a first-come, first-served basis.

GSA's parking policy is to use its Government-wide influence to reduce the Federal Government's impact on the environment. This policy complies with Executive Order 13514; Presidential Memorandum—Disposing of Unneeded Federal Real Estate; and is in accordance with existing laws including the Architectural Barriers Act and Architectural Barriers Act Accessibility Standard (ABAAS). GSA's goal is to reduce emissions associated with business operations, including employee commuting (Scope 3, Greenhouse Gas Emissions).

Where parking is being provided onsite, in either federally owned or leased facilities, the parking footprint must be minimized to the extent practicable, using reduced parking requirements, parking management strategies, and efficient physical layout techniques (garages, etc.). LAMs must work closely with client agencies to allocate parking spaces with the following considerations in mind:

15. Parking

1. Accessible Parking Requirements as specified in the Architectural Barriers Act Accessibility Standard (ABAAS), Chapter 2, Section F208, Table F208.2 (Parking Spaces) and F208.2.4 (Van Parking Spaces) <http://www.access-board.gov/ada-aba/final.cfm#208>.
2. Official agency vehicles: One parking space for each official agency vehicle including:
 - Postal vehicles at buildings containing the U.S. Postal Service's mailing operations
 - Federally controlled vehicles used to apprehend criminals, fight fires, handle emergencies, and for homeland security
 - Federally controlled vehicles, including those in motor pools or assigned for general use
 - Other vehicles used in an official capacity by law enforcement, agency security, or required by an agency to meet its mission requirement
 - Service vehicles
3. One parking space per location for each Member of Congress (excluding staff).
4. One parking space for each Federal Judge (appointed under Article III of the Constitution) per location but not the staff.
5. One parking space for Cabinet Secretaries and Administrators (excluding staff).
6. Vehicles for child care operations: one parking space per 250 square feet of childcare center and additional drop-off spaces.
7. Patron and visitor vehicles: Agency must provide mission justification for a number of patron and visitor vehicles.

When acquiring parking spaces in leased transactions, GSA officials must not include in the Request for Lease Proposal (onsite or in the vicinity) or consider in the award factors any parking spaces beyond the **minimum** required by local zoning or code. GSA considers, on a case-by-case basis, locally approved practices to reduce the parking requirement further, below the standard zoning minimum (for example, through coordinated parking management). If zoning minimums are zero, follow items 1 through 7 above in leased transactions.

The LAM must review changes to parking policy and consult with the Lease Contracting Officer, the Chief Sustainability Officer, and agency officials for justifications or waivers for a deviation to the parking policy for Items 1 through 7 above.

Client agencies classified at security levels III and IV have a need for mission-related secured parking, and the request for such parking is normally included in their agency-specific requirements package. Lease Contracting Officers acquire secured parking spaces or an entire garage (if needed) for official Government vehicles or private vehicles used in the conduct of a client agency's mission based on the criteria listed above. When GSA leases a parking garage for the exclusive use of a client agency, it is the responsibility of the client agency to allocate and assign parking spaces to its employees.

LAMs only become involved in allocating and assigning leased parking spaces when returned to GSA under the 120-day notice to vacate and there is little or no potential for a buy-out or release of parking spaces back to the lessor. LAMs must keep written procedures for assigning parking spaces to ensure a fair and equitable distribution among employees. In secured parking facilities, it is very difficult to out-lease parking to non-Government agencies. LAMs must work closely with client agencies to develop strategies to reduce the number of secured parking spaces.

Agencies that need parking must first use available facilities controlled, owned, or leased by the Government and must inquire with GSA regional offices about the availability of Government-controlled space. If no suitable Government-controlled parking is available from GSA, an agency may use its own procurement authority to acquire parking by service contract. In the absence of agency-driven requirements for parking spaces, it is economically more feasible for client

16. Designation of Authority for Alterations by Client Agency

agencies to procure individual parking spaces under their own authority. Individual parking requests or requests for short-term parking are not leasehold interests.

16. Designation of Authority for Alterations by Client Agency

Client agencies may perform alterations in leased space provided the lease contains the optional language paragraph for “Subsequent Tenant Alterations \$150,000 or Less.”

Client agency officials designated and appropriately certified as COTRs may place orders for postaward alterations using simplified acquisition procedures as referenced under the FAR. The Lease Contracting Officer must designate the client agency official in writing, outlining the designee’s responsibilities, authorities, and limits under the lease contract. The Lease Contracting Officer must provide the lessor with a list of client agency officials authorized to place orders and specify any limitations on the authority designated to the client agency officials. Designated client agency officials cannot contract with the lessor on any other matters outside the scope of their authority. Designated client agency officials are responsible for maintaining all documentation and making payments directly to the lessor. The client agency must provide the LAM with a copy of the lease file and as-built drawings for inclusion into GSA’s lease file within 30 days from final acceptance and payment.

In the absence of the optional lease language to perform alterations in leased space, the client agency may send a written request for approval to contract directly for services up to the simplified acquisition threshold for each project, provided the client agency has an agency-designated certified COTR. To do so, client agencies must follow these steps:

- Send the LAM the complete SOW and contract specifications when the client agency’s contractor submits a request for review and approval. It is important to emphasize that the client agency SOW and direction provided must conform to the lease contract.
- Request project reviews by GSA’s regional fire and life safety staff. If the SOW involves contracting for security systems, submit the design work to GSA’s regional FPS Division for review.
- Make sure the completed work conforms to GSA’s fire and life safety standards.
- Inspect and certify that the client agency’s contractor has satisfactorily completed the ordered work.
- Inspect and certify that the lessor satisfactorily completed the work and the work complies with the contract.
- Complete all necessary paperwork to support the final payment document—GSA Form 1142, Release of Claims, and GSA Form 2419, Certification of Payments to Subcontractors and Supplies—and provide written certification as evidence of the inspection and acceptance. The client agency must provide the LAM with a copy of the foregoing package for the lease file for future reference.
- Submit as-built drawings to GSA’s facilities staff within 30 days of the completion of the work.

As GSA's representative, the LAM reserves the right to inspect the work and require corrections if the project does not comply with fire and life safety standards, disturbs normal functioning of building mechanical systems, or is so disruptive as to affect the quiet enjoyment of the space by other occupants.

17. Customer Service—Occupancy Management

a. Occupancy Management Plan

An effective tool for managing customer relations is an occupancy management plan that sets mutual standards and expectations between the client agency and GSA and lists the amenities and recurring services the client agency will receive during its continued occupancy. The LAM must prepare an occupancy management plan. At a minimum, the occupancy management plan should include a profile of the client agency, GSA and client agency contact information, dates and frequency of periodic services, a building operation plan, an emergency plan, the lessor's building management team, and any other contact information that is necessary to manage the lease.

b. Incorporating the Occupancy Management Playbook into Lease Management

The Occupancy Management Playbook (OMP) provides guidance for maintaining customer relationships at the initiation phase and throughout occupancy of the leased space. The two main purposes of the OMP and client agency profile are to clearly identify and communicate the standard of services, and to establish the client agency's expectations at all approval levels.

If, during this process, GSA identifies a discrepancy between the services included in the lease and the client agency's needs, it uses the following "5 key interactions" to reconcile the requirement:

1. Conduct a needs interview.
2. Confirm the requirements.
3. Present options.
4. Document the agreement.
5. Deliver as promised and follow up.

c. Occupancy Profiles

The OMP occupancy profile provides a practical tool for each lease and its client agency. This profile includes the most important information for the LAM in an abbreviated, accessible format. It includes contact information for client agencies and lessors while also highlighting important lease requirements. Occupancy profiles are required for each location and updated as necessary. One region, for example, updates occupancy profiles for those buildings scheduled for survey at least every 3 years. Another advantage of completing occupancy profiles is the ability to provide new LAMs with concise information for each lease.

The OMP applies to lease management in that the 5 key interactions and occupancy profile must be developed and communicated to the client agency in leased space at particular times, including:

- The commencement of a new occupancy
- A change in key client agency contacts (security level II)
- The Tenant Satisfaction Survey (TSS) process and follow-up
- A major change in the occupancy environment:
 - Client agency requests for projects during the term of the lease
 - Client agency requests for services, such as overtime utilities
 - Client agency requests for maintenance and custodial services
 - GSA coordination of cyclical contract requirements, such as carpeting and painting

By applying the five key interactions to lease management, GSA can manage client agency and lessor relationships and expectations consistently. Details on the 5 key interactions are in the OMP at

http://pbsportal.pbs.gsa.gov:7777/portal/page?_pageid=79,303678&_dad=portal&_schema=PORTAL.

18. Adjustment for Vacant Premises

If the Government fails to occupy any portion of the leased premises or vacates all or part of the premises before the lease expires, the lease allows for a reduction to the base cost of services under the Adjustment for Vacant Premises clause in leases having the clause and the negotiated rate per GSA Form 1364.

The Lease Contracting Officer must negotiate a reduction in the ANSI/BOMA Office Area square foot rental rate by that portion of the operating expenses not required to maintain the space. The Lease Contracting Officer must give advance written notice to the lessor at least 30 calendar days before reducing the rent. (Verify the number of calendar days for each lease.) The adjustment for vacant premises clause continues in effect until the Government occupies the vacated space, or the lease expires (with no intent to renew or succeed), or a portion of the space is terminated.

If the client agency's space needs increase or decrease over the term of the lease, the agency should submit a request to its COR. See Chapter 6, Change in Square Footage—Expansion and Reduction, for a full discussion of these scenarios. The COR reviews the lease to determine whether the agency is in the firm term of the lease and whether the lease contract includes termination rights (in whole or in part) for portions of the leased premises. In addition, if the agency is seeking a square footage reduction, then the COR must review the adjustment for vacant premises clause. If the agency is seeking additional square footage and the lease is in full force and effect, then there could be an opportunity to renegotiate a superseding lease. If the

space request is for more space, the COR must contact the Lease Contracting Officer to take appropriate action.

If the square footage is a decrease and if the agency is still in the firm term, the Government has the right to invoke the adjustment for vacant premises clause in the lease. However, it is important to research the rate reduction (if any) included in the lease. The lease also clearly states how many days' written notice the Government must give the lessor when the client agency vacates the space. Do not confuse this timeframe with the 120 days' notice that the client agency must give under the terms and conditions of the Occupancy Agreement.

19. Lease Expiration

Lease contracts have a fixed expiration date that after lease expiration must be renewed or replaced to avoid holdover in the absence of a legally binding lease agreement. As a practice, Lease Contracting Officers should close all lease files within 30 days after the expiration date of the lease. Before closing out a lease file, the LAM must verify that all actions are completed. The LAM must also coordinate with the appropriate budget office to ensure that payments terminate upon expiration of the lease.

a. Lease Closeout Process

It is reasonable to assume that when the lease expires, the Government vacates the premises and the lease terminates. Terminating lease transactions involves completion of the lease closeout process and GSA Form 1204, Condition Survey Report, which the lessor or the designee must sign. A rule of thumb is for the Leasing Specialist to begin the closeout process within 6 months before lease expiration. The process requires a review of the lease file—including all Lease Amendments and alteration or project files, which may be in a different folder separate from the original lease—to identify closeout actions. The Leasing Specialist must verify that all contract actions, especially alterations, include acceptance reports, and review RWA funds status reports to determine that any excess funds are no longer obligated and properly refunded to the client agency.

If there is evidence that work is complete but the lessor has not submitted a final invoice for payment, the Lease Contracting Officer must retain enough funding to make payment on the final invoice.

b. Release of Claims

The Lease Contracting Officer must prepare a "Release of Claims" form when the lease file has outstanding lease transactions or alterations projects remaining under the lease. The purpose of obtaining a release of claims is to have a lessor or contractor acknowledge in writing that there is no pending litigation or appeal (either filed or pending filing by the contractor) or to list such claims and litigation. The document releases the Government from any claims arising under the contract as amended over the life of the lease, subject to the lessor's list of any claims against the Government and the amounts listed. If there are no claims, the lessor must state "none," sign the form and have the signature witnessed, and return the document to the Lease Contracting Officer.

Payment is not final if there is a pending litigation or appeal action underway by the Lease Contracting Officer and Office of Regional Counsel. If outstanding actions remain, a release of claims, or the contractor's closing statement, is required regardless of the type of contract.

c. Closeout Inspection

At the end of the lease term, the LAM must conduct a scheduled inspection with the client agency and the lessor or lessor's representative 1 week before lease expiration. The LAM must complete a Condition Survey Report to document all pertinent items and comments as to the general condition and appearance of the space. The LAM must document the file that the lessor received all keys to the property. All parties in attendance—the PBS official, the client agency, and the lessor or its designated representatives—must sign the report certifying that it represents their opinion or dissent as to the true and correct condition of the premises as of the exact date of the inspection.

The client agency must remove all Government equipment and furniture and leave the space clean, allowing for normal wear and tear. Client agency representatives must attend closeout inspections to ensure removal of their Government property from the premises. Failure to remove all Government assets and clean the space could put GSA in a holdover position if the lease has already expired, meaning that the lessor could file a claim for additional rent payments. The Condition Survey Report documents the condition and appearance of the space immediately after vacating the space and includes a brief description of any remaining property and the date to remove the property. If the lessor is willing to remove abandoned property for an agreed-upon amount, the Lease Contracting Officer must document the agreement on the form and make certain that all attending parties sign. Client agencies may abandon Government property under certain conditions but must provide an RWA for the cost of removal and any subsequent damages or additional costs for holdover rent.

Client agencies are not responsible for the cost of normal wear and tear, nor Government-installed improvements affixed to the property. It is customary to negotiate an agreement for compensation when damage has occurred to the space beyond normal wear and tear. This is ordinarily a lump-sum payment to the lessor to cover the costs of restoring the space to a reasonable condition. The Leasing Specialist must review the lease file and all amendments to determine whether the lease contains a waiver of restoration clause.

Lessors or their designated representatives have a duty to attend closeout inspections to check the condition of the premise. If the lessor fails to attend the closeout inspection, the LAM still must conduct the scheduled inspection and provide the lessor with a copy of the condition survey report along with a cover letter and keys to the property sent certified mail, with return receipt requested. The mailing documents the file to show the return of keys and end the Government's obligation to pay rent.

d. Late-Term Improvements

Client agencies have a tendency to want to continue making improvements even when lease expiration is approaching. Avoid this practice when there is less than 2 years remaining on the lease or the cost of improvements would exceed the simplified acquisition threshold. However, if an agency insists upon making improvements under a lease soon to expire, Leasing Specialists must consult with the Lease Contracting Officer and the Office of Regional Counsel. . In situations where a lease goes into holdover, client agencies should avoid using funds for additional projects under an expired lease.

e. Outstanding Litigation

The Lease Contracting Officer must resolve all open actions and liabilities before closeout. Upon execution of a settlement agreement or final decision letter, the Lease Contracting Officer must issue a formal letter or Lease Amendment to terminate the lease, or through advice of the Office

↳ 19. Lease Expiration

of Regional Counsel, forward a copy of the file to the Office of Regional Counsel for further action. Lease Contracting Officers must also seek the advice of their budget officers regarding outstanding claims and the impact on agency funds. For postaward TIs that are in litigation, the Lease Contracting Officer must retain sufficient funding to cover the estimated cost of the claims until the litigation or appeal is resolved. Be aware that RWAs with remaining balances associated with pending litigation may distort GSA's executive scorecard report.



Attachment 1: Contracting Officer's Representative Designation Letter

Memorandum to: Designated Associate

From: Name, Lease Contracting Officer

Subject: Appointment as Contracting Officer's Representative

You are hereby designated to serve as the Contracting Officer's Representative (COR) for the above referenced lease contract, located at (Building Name, Address, City, State) and awarded to (enter lessor name and full address). As the designated COR, you are responsible for lease contract administration, as defined under GSAM Part 542.202(d), Contract Administration Services.

1. The responsibilities of the COR include actions taken after contract award to obtain lessor compliance with lease contract requirements. The COR's actions include technical, financial, and administrative actions in support of the Lease Contracting Officer, as outlined in the Attachment. It may include additional task requests as needed by the lease contracting activity including support throughout the lease procurement lifecycle.
2. The Lease Contracting Officer (LCO) remains the exclusive agent of the Government with authority to enter into, and administer contracts. As the COR, you must keep the LCO fully informed of the lessor's compliance with the terms and conditions of the lease and as problems arise work collaboratively to develop solutions to immediately resolve problems.
3. The COR may not enter into, modify the lease contract, or otherwise perform duties reserved for a warranted official. As a COR/COTR you shall not make or agree to any action that commits the Government in matters which would change contract price, quantity, quality, delivery schedule or other terms or conditions of the contract. As the COR you may not further designate the above responsibilities nor re-delegate your authority to any other person.
4. As the COR you are granted administrative rights to eLease which contains a complete copy of the lease contract file. As the COR, you are to ensure that all subsequent lease amendments and official correspondence are entered into eLease for retention in the lease contract file.
5. The LCO will provide the lessor with a copy of this letter that authorizes you to perform the duties as outlined in this letter.



6. Your designation shall remain in effect until termination of the lease contract, rescinded by the Lease Contracting Officer, or terminated under the GSA COR/COTR Certification Program by the Regional Procurement Office.

Attachment

As a COR/COTR, you must:

- Know and act within the limits of this written designation and use reasonable care in performing designated duties.
- Conduct duties in a professional and ethical manner.
- Discuss areas of responsibilities with the Lease Contracting Officer (LCO), to gain an understanding of the administrative procedures required for the daily management of leased space, including building maintenance and operating matters related to the lease contract and janitorial and cleaning services, overtime utilities, and contracts to maintain agency installed equipment.
- Perform timely and reasonable monitoring of lease contract performance, particularly in the technical area of sustainability, recycling, and energy consumption and discuss these matters with subject matter experts.
- Coordinate inspection and acceptance services that the lessor is obligated to provide under the lease contract.
- Maintain confidentiality of sensitive information; safeguard the lessor and his contractor's confidential business and technical information in accordance with the Privacy Act and FAR Part 3.
- Avoid improper business practices and personal conflicts of interest. Avoid any action or the appearance of any action that may lead to an ethical violation or conflict-of-interest position or compromise GSA's position with industry and congressional officials or the public.
- Provide timely and effective communication with the LCO on the status of contract administration.
- Ensure timely and proper inspection, rejection or acceptance, and reporting of services that the lessor is obligated to perform under the lease contract and through subsequent lease amendments, subject to the limitations of your authority.
- Inspect contract services delivered, if designated to do so in the lease contract documents; determine if delivery is in agreement with the lease contract requirements and the periodic schedule; and recommend to the LCO acceptance or rejection of pre-award or postaward submittals and services.
- Read, understand, and monitor compliance with the terms and conditions of the lease contract, particularly with those contract terms and conditions that fall within the area of your responsibility, such as completion dates, renewal option or lease expiration dates, energy consumption, and reports or data submission dates.
- Be aware of the need to protect the Government's interests.
- Maintain an impartial, arms-length relationship with the lessor and his contractors.
- Create and maintain a file to document telephone conversations or other verbal communications with the lessor; maintain other records of the lessor's performance, such as inspection and progress reports, site visits, and service reports.

As a COR/COTR you do not have the authority to:

- Execute, award, agree to, or sign any contracts for services or lease amendments.
- Violate internal controls requiring separation of duties, such as obligating the payment of funds.
- Cause the lessor financial harm, such as to incur costs not otherwise covered by the contract with the expectation that through the ratification process, the government would reimburse such costs.
- Make or infer, by action or inaction, legal interpretations on the scope, scheduled delivery, or intent of the contract that if viewed could imply a change to the lease contract resulting in a claim or commitment or otherwise obligate the Government.
- Offer advice to the lessor or his contractor that may be construed as instructions which could adversely affect performance, compromise the rights of the Government, provide the basis of a claim for additional compensation, release the contractor from its obligations under the contract, or affect any pending or future Lease Contracting Officer (LCO) determination as to fault or negligence.
- Make assertions to the lessor regarding contractual remedies available to the government without prior consultation with the LCO.
- Demand that the lessor perform any task or make changes to, grant deviations from, or waive any of the terms and conditions of the contract.
- With the exception of real estate tax and operating cost escalations, increase the rental consideration of the contract, authorize work beyond the dollar limit of the contract, or authorize the expenditure of funds.
- Give any direction, to the lessor or to the employees of the lessor except as provided for in the contract.
- Authorize/approve the furnishing of Government property or expenditure of funds for the purchase of equipment, except as required under the contract.
- Approve/disapprove the use of overtime.
- Approve/disapprove any substitution not specifically provided for in the contract.
- Resolve or make decisions concerning any claims or disputes concerning a question of fact or law.
- Suspend construction or A-E work, except in the event of unsafe acts and conditions that are likely to result in accident or injury. Note: suspensions in work could subject the Government to a claim for equitable adjustment under FAR for delay or interruption.
- Issue stop work instructions to the lessor. Note: Submit in writing to the LCO any recommendation to discontinue service contracts that are part of the rental consideration.
- Interfere with the lessor's performance by "supervising" the lessor's service contract employees or otherwise directing their work efforts.
- Allow the improper use of government property.
- Receive or accept goods and services not expressly required by the contract.
- With the exception of issuing cure letters or sending general correspondence related to the daily maintenance and operation of the leased space, issue any final decision letters or correspondence proposing to reduce the rental consideration for the value of the contract requirements not performed.

Technical Liaison and Monitoring

- Maintain liaison and direct communications with the lessor, the Lease Contracting Officer (LCO), and affected stakeholders, particularly for early release of space by the occupying agency prior to the expiration of the lease term.
- Determine whether the qualifications of key personnel performing under the lease contract are consistent with the qualification requirements agreed to in the lease contract, if applicable.
- In accordance with GSA's procedures, coordinate and validate lessor's staff meet the requirements of Homeland Security Presidential Directive (HSPD) 12, Background Investigations in Leased Space. Ensure lessor's personnel working in leased space wear identification at all times which visibly identifies them as contract employees.
- Record and report to the LCO continued deficiencies, performance delays, unsatisfactory performance, or other problems needing corrective action. In addition, advise the LCO of any potential disputes, problem areas, or disagreements that could lead to a claim.
- Review progress reports to determine if there are technical requirements or key deliverables that affect the processing of rental payments or acceptance of invoices for overtime services or minor alterations.
- Advise the LCO of any unusual problems or ownership changes that would affect the existing lease contract.
- Inspect contract services delivered, if designated to do so in the lease contract documents; determine compliance with the lease contract requirements; and recommend to the LCO acceptance or rejection of pre-award submittals (as requested) or postaward lease contract services.
- Ensure the performance of all required periodic services according to the lease contract. Document any deficiencies or failure in performance and work closely with both the Lessor and LCO to correct deficiencies. If the lessor requires additional time, the lessor must submit a formal request for a time extension to the LCO through you. You should indicate your concurrence, or state the reasons why you do not concur, and forward the request to the LCO for finalization. Assure prompt review of all reports and/or submittals and provide approval/disapproval and comments to the contractor through the LCO.
- Furnish the LCO a copy of all client agency requests for proposed contract changes, such as minor alterations, that affect the rental consideration, contract services, or lessor's obligation under the existing contract. Provide technical recommendations, including assessments of the specific impact on the lease contract, and independent government estimates to determine a fair and reasonable price. Upon request of the LCO, assist in negotiating changes, claims, rental adjustments.

Inspection and Acceptance

- Perform inspections and acceptance of lease contract services or alterations, oversight of lessor performance, and verification of corrected deficiencies for lessor services. This process includes certifying receipt of services for payment purposes. Ensure the process meets the lease contract provisions and is performed within the stated period of performance.

Invoices, Payment and Financial

- Review lessor invoices, progress payment requests, and other requests for overtime and alteration payments, to ensure receipt of services, and recommend payment amount to the



↳ Attachment 1: Contracting Officer's Representative Designation Letter

warranted official. If amount approved for payment is less than invoiced amount, provide basis to the warranted official.



Attachment 2: Sample Letter Requesting Periodic Services Schedule

(DATE)

LESSOR
ADDRESS
CITY, STATE, ZIP

Dear _____:

The General Services Administration's (GSA's) client agency recently occupied space at (building and address, city, state, zip) which is being leased under the terms and provisions of Lease (GS-xxx-xxxxx). The lease requires that you submit several items within a certain time after occupancy. The pertinent paragraphs in the lease are as follows:

1. Paragraph _____, Schedule of Periodic Services, requires you to submit within 60 days after occupancy by the Government a detailed written schedule of all periodic services and maintenance to be performed other than daily, weekly, or monthly. Please send this schedule no later than _____.
2. Paragraph _____, Floor Plans After Occupancy, and Paragraph _____, CAD As-Built Floor Plans, require you to submit Mylar as-built floor plans and their CAD files within _____ days after occupancy. Please send these items no later than _____.

Please send these items to:

If you have any questions, please contact _____ at (AC) (Phone) or via email at _____.

Sincerely,

XXXXXXXXXXXXXXXXX
Lease Contracting Officer
Public Buildings Service (XX)

Attachment 3: Lease Status Report

Re: Lease No. _____
 Address: _____
 Date: _____

Dear Sir or Madam:

The undersigned, a Contracting Officer of the United States of America, hereby confirms and represents, to the best of (his/her) knowledge and belief, the following as of January __, 2001:

1. The above referenced lease, dated _____, between the United States of America, by and through its agent, the General Services Administration (the "Lessee") and XXXXXX, (the "Lessor"), as modified by the following Supplemental Lease Agreements ("SLA")

SLA #1, dated _____
 SLA #2, dated _____
 SLA #3, dated _____

(collectively, the "Lease") constitutes the entire agreement between the Lessor and the Lessee with respect to the leased Premises (hereafter defined), is in full force and effect, and has not been modified, supplemented, canceled, or amended as otherwise stated above.

2. The Lessee occupies approximately _____ rentable square feet (rsf) of space located on the ____ floor (the "leased Premises").
3. The term of the Lease commenced on _____ and will expire on _____.
4. Neither the Lessee nor the Lessor is in default in the performance of any of the terms, covenants, or conditions of the lease except _____.
5. The current monthly rent paid in arrears by Lessee under the Lease is \$_____.
6. No payments under the Lease have been paid in advance or will be paid in advance. Lessee has no right to any free rent, rent abatement, rent credit, or other rent concession except _____.
7. The undersigned is authorized to execute this letter on behalf of the Lessee.

The statements in this letter are based solely upon a reasonably diligent review of the Contracting Officer's lease file as of the date of issuance. An inspection of the Premises has not been conducted for the purpose of this letter, nor has the tenant agency been contacted concerning the Lessor's performance under the Lease. The Lessor and each

prospective lender and purchaser are deemed to have constructive notice of such facts as would be ascertainable by reasonable prepurchase and precommitment inspection of the Premises and Building, and by inquiry to appropriate Federal, State, and local Government officials. This document shall not be construed as a waiver of any rights, benefits, or interests the Government has under the above-referenced Lease.

Sincerely,

By:

Contracting Officer

UNITED STATES OF AMERICA

Attachment 4: Subordination, Nondisturbance and Attornment Agreement

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT ("Agreement") is made and entered into as of the _____ day of _____, 20___, by and between XYZ Corp. (Landlord), ABC Bank, that has executed the Agreement below as lender ("Lender"), and THE UNITED STATES OF AMERICA acting by and through the General Services Administration ("Lessee");

WITNESSETH:

WHEREAS, Lender intends to fund a commercial mortgage loan (the "loan") to the Landlord secured by a mortgage or deed of trust (the "Mortgage") on the land described on Exhibit "A" together with present or future improvements (the "Real Property"); and

WHEREAS, the Landlord has demised to the Lessee a leasehold interest under that certain U.S. Government Lease for Real Property (Lease No. GS-11B-) dated as of Month DD, YYYY (together with all amendments, options, extensions, and renewals; the "Lease"); and

WHEREAS, as a condition of the Loan's funding, Landlord will assign its interest in the Lease to Lender as part of Lender's security; and

WHEREAS, Lessee desires to enter into this Agreement in order to benefit from the promises by Lender that are set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants herein contained, the parties agree as follows:

1. *Subordination.* In accordance with Paragraph ___ of the General Clauses of the Lease, Subordination, Nondisturbance and Attornment, (48 C.F.R. 552.270-23), the Lessee acknowledges that the lease is subordinate to the lien of Lender on the Real Property; the Lender likewise acknowledges that such subordination shall not operate to affect adversely any right of the Government under the Lease.
2. *Attornment.* If the Lender forecloses the Loan or acquires title to the Real Property by deed in lieu of foreclosure, or in any other manner succeeds to the interest of the Lessor under the Lease, or if the Lender shall take possession of the Leased Premises, the Lessee shall attorn to the Lender as its Landlord under all of the terms, covenants, and conditions of the Lease for the balance of the term thereof remaining and any extensions thereof which may be effected in accordance with any option therefore as set forth in the Lease, with the same force and effect as if the Lender were the Lessor under the Lease. Such attornment shall be effective and self-operative immediately upon the Lender's succeeding to the interest of the Lessor, whereupon the Lessee shall recognize the Lender, or any person claiming by through or under the Lender (immediate or remote), as the lessor under the Lease without the execution of any further instruments on the part of any of the parties hereto. The Lease shall at all times continue in full force and effect,



Attachment 4: Subordination, Nondisturbance and Attornment Agreement

and the respective rights and obligations of the Lessee and the Lender upon such attornment shall be governed by the Lease. However, the Lessee agrees to execute, acknowledge, and or deliver to Lender any certificate or other instrument that Lender reasonably requests to confirm such attornment. Likewise, the Lender agrees to execute a Novation Agreement in the form required by FAR Part 42.12.

- 3. *Nondisturbance.* So long as no default by the Lessee has occurred and is continuing, which default under the terms of the Lease would give the Landlord (or the Lender as successor in interest to the Lease) the right to terminate the lease, Lender will not disturb the Lessee's quiet enjoyment or possession of the demised premises.
- 4. *Assignment of Rental Stream.* In accordance with Paragraph ___ of the General Clauses of the Lease , Assignment of Claims, (48 C.F.R. 52.232-23) the Lessor may assign its rights to be paid to the Lender. Following such assignment, to be made in accordance with the Assignment of Claims Act, as amended, 31 USC 3727, and following the execution of a Supplemental Lease Agreement changing the named Payee in the Lease, the Lessee shall pay all rent and all additional rent to the Lender. Such assignment shall not be deemed to (a) cause the Lender to succeed to or to assume any obligations or responsibilities as the landlord under the Lease, all of which shall continue to be performed and discharged solely by the Landlord, or (b) relieve Landlord of any obligations under the Lease. Lessee's compliance with the assignment of rent shall not be deemed to violate the Lease, and Landlord hereby agrees that Lessee shall be entitled to full credit under the Lease for any Rent paid to Lender under an assignment of claims to the same extent as if such Rent were paid directly to the Landlord. Landlord shall look solely to the Lender with respect to any claims Landlord may have on account of an incorrect or wrongful assignment of claims payment.
- 5. *Advanced payments.* No prepayment of rent or additional rent due under the Lease shall be made by the Lessee to any party.
- 6. *Modification; Waiver; Successors and Assigns.* No provision of this Agreement may be modified, waived or terminated except in accordance with a written instrument executed by the party against whom enforcement of such modification, waiver, or termination is sought. This Agreement shall be binding on, and shall inure to the benefit of, the parties' successors and assigns.

IN WITNESS WHEREOF, each of the undersigned have caused its duly authorized representative to execute this Subordination, Nondisturbance, and Attornment, Agreement as of the date first written above.

LANDLORD: The XYZ Limited Partnership

By: _____
Name

Title

LESSEE:

The United States of America By and Through



↳ Attachment 4: Subordination, Nondisturbance and Attornment Agreement

The General Services Administration

By: _____
Name

Title

LENDER: ABC Bank, Inc.

By: _____
Name

Title



Attachment 5: Change of Ownership Letter

[VIA FACSIMILE, CERTIFIED OR OVERNIGHT MAIL]

[Date]

[Name]

[Title]

[Address 1]

[Address 2]

[Address 3]

[City, State, Zip]

Dear [Name]:

This letter is in reference to [Project # or Lease #] for the [Agency Name] located at [address, City, State]. [Free text to describe what the subject of the letter is]

Before we can change the ownership of the above referenced Lease to [Free Text], GSA is required to obtain the following documents at your earliest convenience:

1. A recorded copy of the deed as evidence of the transfer of title.
2. A letter from the new Lessor addressed to GSA stating it “hereby assumes, approves and adopts all the above aforementioned leases by and between the United States of America acting by and through the General Services Administration and (previous Lessor), dated [_____,20___], and agrees to be bound by its terms as of (date of property transfer).”
3. A letter from the prior Lessor (transferor) addressed to GSA waiving all rights under the lease with the United States of America acting by and through the General Services Administration, dated [_____,20___], except unpaid rent through a specific date if applicable.
4. The opinion of legal counsel for the transferor and transferee stating that the transfer was properly effected under the applicable law and the effective date of transfer assignment.
5. Documentation regarding the new Lessor’s organizational structure (sole proprietor, partnership, corporation, etc.).
 - a. If the new Lessor is a corporation, provide a certificate of good standing from the state of incorporation. If the state of incorporation is different from the state in which the leased property is located, provide a certificate of authority to transact business in the state in which the property is located.
 - b. If the new Lessor is a general partnership, which is required to register with the state, provide a certificate of good standing from the state. If the partnership is not required

to register, provide a letter signed by an authorized general partner attesting to the partnership's continued existence. Provide a copy of the partnership agreement and all amendments.

- c. If the new Lessor is a limited partnership, provide a certificate of limited partnership. If the partnership is organized in a state other than the one in which the property is located, also provide a copy of the approved application for admission to transact business in that state. Provide a copy of the limited partnership agreement and all amendments.
 - d. If the new Lessor is a limited liability company, provide articles of organization, together with all amendments, and a certificate of good standing for the state in which the company is organized and the state in which the property is located, if different.
6. Evidence of individuals authorized to sign lease documents and the letter adopting the lease.
- a. Sole proprietor/single owner, provide a signed declaration by the individual.
 - b. General or Limited Partnership, provide the partnership agreement and all amendments. In the case of a limited partnership, also provide a Certificate of Limited Partnership.
 - c. Corporation, provide a current resolution or other document from the Board of Directors, certified by the Board secretary, specifying who has the authority to bind the company to lease transactions.
 - d. Limited liability company, provide the operating agreement and all amendments. Provide a statement from an authorized person(s) from the LLC certifying the current members and/or managers of the LLC and certifying who has the authority to bind the LLC. Provide a resolution or other statement from the members of the LLC authorizing the sale or purchase of the property and adoption of the lease.
7. A letter from the new owner identifying the proper legal name(s) and address(es) of the new Lessor and payee.
8. Tax I.D. number for new owner and verification that the new owner is actively registered in the Central Contractor Registration (CCR) database. Owners/Lessors may go to www.ccr.gov or call 1-888-227-2423 to register.

If you have any questions or wish to discuss any of the documents GSA requires for changes of ownership, please feel free to contact me at [\[Phone Number\]](#).

Sincerely,

[\[Name\]](#)
[\[Title\]](#)
[\[Free text for contact information\]](#)

Attachment 6: Novation Agreement

NOVATION AGREEMENT

The ABC Corporation (Transferor), a corporation duly organized and existing under the laws of _____ [insert State] with its principal office in _____ [insert city]; the XYZ Corporation (Transferee), [if appropriate add "formerly known as the EFG Corporation"] a corporation duly organized and existing under the laws of _____ [insert State] with its principal office in _____ [insert city]; and the United States of America (Government) enter into this Agreement as of _____ [insert the date transfer of assets became effective under applicable State law].

(a) The parties agree to the following facts:

(1) The Government, represented by various Contracting Officers of the _____ [insert name(s) of agency(ies)], has entered into certain contracts with the Transferor, namely: _____ [insert contract or purchase order identifications]; [or delete "namely" and insert "as shown in the attached list marked 'Exhibit A' and incorporated in this Agreement by reference."]. The term "the contracts," as used in this Agreement, means the above contracts and purchase orders and all other contracts and purchase orders, including all modifications, made between the Government and the Transferor before the effective date of this Agreement (whether or not performance and payment have been completed and releases executed if the Government or the Transferor has any remaining rights, duties, or obligations under these contracts and purchase orders). Included in the term "the contracts" are also all modifications made under the terms and conditions of these contracts and purchase orders between the Government and the Transferee, on or after the effective date of this Agreement.

(2) As of _____, 20____, the Transferor has transferred to the Transferee all the assets of the Transferor by virtue of a _____ [insert term descriptive of the legal transaction involved] between the Transferor and the Transferee.

(3) The Transferee has acquired all the assets of the Transferor by virtue of the above transfer.

(4) The Transferee has assumed all obligations and liabilities of the Transferor under the contracts by virtue of the above transfer.

(5) The Transferee is in a position to fully perform all obligations that may exist under the contracts.

(6) It is consistent with the Government's interest to recognize the Transferee as the successor party to the contracts.

(7) Evidence of the above transfer has been filed with the Government. [When a change of name is also involved; e.g., a prior or concurrent change of the Transferee's name, an appropriate statement shall be inserted (see example in paragraph (8) of this Agreement)].

(8) A certificate dated _____, 20____, signed by the Secretary of State of _____ [insert State], to the effect that the corporate name of EFG Corporation was changed to XYZ Corporation on _____, 20____, has been filed with the Government.

(b) In consideration of these facts, the parties agree that by this Agreement—

(1) The Transferor confirms the transfer to the Transferee, and waives any claims and rights against the Government that it now has or may have in the future in connection with the contracts.

(2) The Transferee agrees to be bound by and to perform each contract in accordance with the conditions contained in the contracts. The Transferee also assumes all obligations and liabilities of, and all claims against, the Transferor under the contracts as if the Transferee were the original party to the contracts.

(3) The Transferee ratifies all previous actions taken by the Transferor with respect to the contracts, with the same force and effect as if the action had been taken by the Transferee.

(4) The Government recognizes the Transferee as the Transferor's successor in interest in and to the contracts. The Transferee by this Agreement becomes entitled to all rights, titles, and interests of the Transferor in and to the contracts as if the Transferee were the original party to the contracts. Following the effective date of this Agreement, the term "Contractor," as used in the contracts, shall refer to the Transferee.

(5) Except as expressly provided in this Agreement, nothing in it shall be construed as a waiver of any rights of the Government against the Transferor.

(6) All payments and reimbursements previously made by the Government to the Transferor, and all other previous actions taken by the Government under the contracts, shall be considered to have discharged those parts of the Government's obligations under the contracts. All payments and reimbursements made by the Government after the date of this Agreement in the name of or to the Transferor shall have the same force and effect as if made to the Transferee,



Attachment 6: Novation Agreement

and shall constitute a complete discharge of the Government's obligations under the contracts, to the extent of the amounts paid or reimbursed.

(7) The Transferor and the Transferee agree that the Government is not obligated to pay or reimburse either of them for, or otherwise give effect to, any costs, taxes, or other expenses, or any related increases, directly or indirectly arising out of or resulting from the transfer or this Agreement, other than those that the Government in the absence of this transfer or Agreement would have been obligated to pay or reimburse under the terms of the contracts.

(8) The Transferor guarantees payment of all liabilities and the performance of all obligations that the Transferee—

(i) Assumes under this Agreement; or

(ii) May undertake in the future should these contracts be modified under their terms and conditions. The Transferor waives notice of, and consents to, any such future modifications.

(9) The contracts shall remain in full force and effect, except as modified by this Agreement. Each party has executed this Agreement as of the day and year first above written.

UNITED STATES OF AMERICA,

By _____

Title _____

ABC CORPORATION,

By _____

Title _____

[Corporate Seal]

XYZ CORPORATION,

By _____

Title _____

[Corporate Seal]

CERTIFICATE

I, _____, certify that I am the Secretary of ABC Corporation, that _____, who signed this Agreement for this corporation, was then _____ of this corporation; and that this Agreement was duly signed for and on behalf of this corporation by authority of its governing body and within the scope of its corporate powers. Witness my hand and the seal of this corporation this day of _____ 20 ____.

By _____

[Corporate Seal]

CERTIFICATE

I, _____, certify that I am the Secretary of XYZ Corporation, that _____, who signed this Agreement for this corporation, was then _____ of this corporation; and that this Agreement was duly signed for and on behalf of this corporation by authority of its governing body and within the scope of its corporate powers. Witness my hand and the seal of this corporation this day of _____ 20 ____.

By _____

[Corporate Seal]



Attachment 7: Assignment and Assumption Letter

Date

Name of Current Lessor

Address

City

Re: Notice of Procedure for Assignment and Assumption of Lease Lease

GS-XXB _____

Address of Leased Premises

City, State, Zip Code

Dear [name of Current Lessor]:

The above referenced property includes space leased by the United States. The procedure for the assignment and assumption of the United States Government Lease by the proposed purchaser is as follows:

1. Complete the enclosed three-party Novation Agreement form. This Agreement is entered into pursuant to the "Assignment of Claims" provision of the General Clauses to the above referenced Government lease, as well as 41 United States Code Section 15, and is otherwise based on 48 Code of Federal Regulations Section 42.1204. A copy of 41 United States Code Section 15 is located on the uscode.house.gov website. Note that 41 USC § 15 (a) states the following:

No contract or order, or any interest therein shall be transferred by the party to whom such contract or order is given to any other party, and any such transfers shall cause the annulment or order transferred, so far as the United States is concerned. All rights of action, however, for any breach of such contract by the contracting parties, are reserved to the United States.

2. Submit copy of a recorded grant deed or warranty deed conveying the property from the current owner to the proposed purchaser.
3. For leases exceeding 20,000 square feet, submit documentation necessary to establish the legal existence of the new lessor and authority of the signatory to the Change of Lessor Agreement to bind the new lessor.

The Government will not commence its review of the proposed change of ownership until all the necessary documents have been properly executed and returned to the Government. In the interim, the Government will continue to send all rental payments to the current lessor. If you have any questions, please contact me at xxxx.

Sincerely,

Enclosure

Attachment 8: Assignment of Claims

ASSIGNMENT OF CLAIMS

[US GOVERNMENT CONTRACT]

KNOW ALL MEN BY THESE PRESENTS:

That Name of Company (the "Borrower"), a State and legal title of company, having its principal place of business at Location, City, State, Zip Code, in consideration of financial accommodations provided, and pursuant to the provisions of the Assignment of Claims Act of 1940, 31 U.S.C. 3727, 41 U.S.C. 15 does hereby assign, set over, transfer and convey to Name of Lending Institution ("Lender"), all of its rights, title and interest which it had, now has or may have in and to the moneys due or to become due from the UNITED STATES OF AMERICA, acting by and through the United States General Services Administration ("Government") under that certain Lease Agreement known as lease number GS-XXB-XXXXX (the "Lease Contract"), pursuant to which Name of Company has leased certain office and related space in the office building to be located on location name, address, city, state, zip code of leased premises to the Government. Until such time as the Lender shall give written notice to Borrower and the Government, Lender hereby grants to Borrower a revocable license to receive and apply all rents and other moneys due under the Lease Contract in accordance with the terms and conditions of various agreements between Lender and Borrower.

IN WITNESS WHEREOF, Name of Company has caused these presents to be signed by Name of Owner or Legal Representative, Title.

Name of Company

By: Signature of Owner or Legal Representative

Title

[Notary}



Attachment 9: Notice of Assignment of Claims (Rents)

NOTICE OF ASSIGNMENT OF CLAIMS (RENTS)

TO: Name of Contracting Officer, Contracting Officer

This Notice of Assignment of Claims has reference to that certain Lease Agreement known as US Government lease for Real Property, GS-XXB-XXXXX (the "Lease Contract") entered into between Name of Company, whose address is Location, City, State, Zip Code and the United States of America, acting by and through the United States General Services Administration (the "Government"), having an address of GSA Regional Address, pursuant to which the Government has leased certain office and related space in the office building to be located on location name, address, city, state, zip code of leased premises.

Moneys due or to become due under the Lease Contract described above have been assigned to as amended, 31 U.S.C. 3727, 41 U.S.C. 15. A true copy of the instrument of assignment executed on Date, is attached to this original notice. The rents and other payments due or becoming due under the Lease Contract from and after the date of this Notice of Assignment shall continue to be paid to Name of Company in accordance with the terms of the Lease Contract, unless and until the Government shall receive a written direction from the Assignee pursuant to this Notice of Assignment of Claims directing the Government to make all further payments of rent or other moneys due or becoming due under the Lease Contract to Assignee at a place or by wire transfer in accordance with instructions set forth in such further written notice, in which event all payments due under the Lease Contract from and after the date of such further written notice shall be made in accordance with such direction from the Assignee.

Please return to the undersigned the three enclosed copies of this notice with appropriate notations showing the date and hour of receipt, and signed by the person acknowledging receipt on behalf of the addressee.

Bank

By: Signature by Banking Institution

Title: _____

ACKNOWLEDGEMENT



↳ Attachment 9: Notice of Assignment of Claims (Rents)

Receipt is acknowledged of the above Notice of Assignment of Claims and of a copy of the attached instrument of assignment. They were received at TIME (a.m.) (p.m.) on Date.



September 19, 2012

LAC-2012-05

MEMORANDUM FOR REGIONAL COMMISSIONERS, PBS
REGIONAL LEASING SERVICES OFFICERS

FROM: CHRIS WISNER
ASSISTANT COMMISSIONER FOR OFFICE OF LEASING - PR

SUBJECT: Leasing Desk Guide

1. **Purpose.** This Lease Acquisition Circular (LAC) issues the Leasing Desk Guide (Desk Guide) Chapter 18, *Sustainability and Environmental Considerations*.
2. **Effective Date.** Immediately.
3. **Applicability.** The Desk Guide applies to all GSA real property leasing activities and to activities delegated by GSA to other federal agencies.
4. **Cancellation.** None.
5. **Instructions and Procedures.** Instructions and procedures are attached.

Attachment 1, LAC-2012-05 Summary and Filing Instructions

Attachment 2, Loose Leaf Leasing Desk Guide

LAC-2012-05 SUMMARY AND FILING INSTRUCTIONS

Lease Acquisition Circular (LAC) 2012-05 issues the policies listed below:

Desk Guide Chapter 18, *Sustainability and Environmental Considerations*

This chapter provides GSA policy regarding sustainability provisions and requirements in lease procurements.

LDG Filing Instructions

Part	Remove Pages	Insert Pages
Table of Contents	TOC-i – TOC-ii	TOC-i – TOC-ii
Chapter 18, Sustainability and Environmental Considerations	None	18-i – 18-23

LOOSE-LEAF LEASING DESK GUIDE

The Desk Guide issuances follow this page.



Table of Contents

Introduction: General Information, Lease Authorities, and Responsibilities	i
Chapter 1: Requirements Development	1-i
Chapter 2: New or Replacing Lease.....	2-i
Chapter 3: Simplified Lease Acquisition	3-i
Chapter 4: Streamlined Lease	Reserved
Chapter 5: Succeeding Lease, Superseding Lease	5-i
Chapter 6: Change in Square Footage—Expansion and Reduction	6-i
Chapter 7: Lease Extension.....	7-i
Chapter 8: Alterations in Leased Space.....	8-i
Chapter 9: Renewal Options	9-i
Chapter 10: Lease Holdovers, Standstill Agreements, and Condemnations	10-i
Chapter 11: Prospectus-Level Leases	11-i
Chapter 12: Disaster Leasing	12-i
Chapter 13: Source Selection	13-i
Chapter 14: Lease Construction.....	14-i
Chapter 15: Hoteling.....	15-i
Chapter 16: National Broker Contract Leases	16-i



Chapter 17: Lease Administration	17-i
Chapter 18: Sustainability and Environmental Considerations	18-i
Chapter 19: Security	Reserved
Chapter 20: On-Airport Leasing for TSA and Other Agencies	20-i
Appendix A: Glossary of Terminology	A-1
Appendix B: Checklists	Reserved
Appendix C: Forms, Samples, and Models	Reserved
Appendix D: Fire Protection and Life Safety	D-i
Appendix E: Accessibility Standards	E-i
Appendix F: Determination of Operating or Capital Lease Classification for Budget Scoring	F-i
Appendix G: Seismic Safety in Leasing	G-i



CHAPTER 18

Sustainability and Environmental Considerations

1. Overview	18-1
a. Sustainability Practices.....	18-1
b. Sustainability Goals and The Guiding Principles.....	18-1
c. Strategic Sustainability Performance Plan	18-2
d. Environmental Considerations.....	18-2
e. Applicability.....	18-2
2. Energy and Sustainable Business Practice Requirements	18-3
a. Importance of Request for Lease Proposal and Lease Paragraphs	18-3
b. Prescription of Request for Lease Proposal and Lease Paragraphs	18-3
3. Use of Green Building Certification Systems to Meet Sustainability Requirements in Lease Procurements	18-4
a. What is Leadership in Energy and Environmental Design®?	18-4
b. LEED®-NC Silver for Lease Construction.....	18-4
c. LEED® for Commercial Interiors (LEED®-CI).....	18-5
4. ENERGY STAR® for Lease Acquisition.....	18-5
a. The ENERGY STAR® Rating	18-5
b. ENERGY STAR® Label Requirement.....	18-6
c. How to Earn the Label	18-6
d. Time of Submission of Proof of ENERGY STAR® Label.....	18-6
e. Allowed Exceptions to an ENERGY STAR® Building Label.....	18-7



f. Requirements of ENERGY STAR®-Excepted Buildings for Energy Efficiency Building Improvements.....	18-8
g. Terminology	18-8
h. Extensions, Expansions, and Renewal Options.....	18-9
i. Simplified Leases.....	18-9
j. Lease Construction.....	18-9
k. ENERGY STAR® Online Tools	18-10
l. Lease Contracting Officer Follow-Up on Succeeding and Superseding Leases.....	18-10
m. Sources for Further Information.....	18-10
n. Reporting the Effect of ENERGY STAR® on Rent	18-11
5. Executive Order 13514.....	18-11
a. Greenhouse Gas (GHG) Emissions Reductions	18-11
b. Other Requirements of GSA's SSPP and Executive Order 13514	18-11
6. National Environmental Policy Act Compliance	18-12
7. Sustainable Location Policy for Leases	18-13
8. Asbestos	18-14
9. Radon in Air.....	18-14
a. Where Does Radon Occur?	18-14
b. Policy	18-14
c. Radon in Air Request for Lease Proposal and Lease Paragraph	18-15
10. Radon in Water.....	18-15
a. Policy	18-15
b. Implementation	18-15
11. Indoor Air Quality.....	18-15
a. Policy	18-15
b. Implementation	18-15
12. Mold.....	18-16
a. Policy	18-16
b. Implementation	18-16
13. Recycling and Reuse	18-16
a. Policy	18-16
b. Implementation	18-16



14. Other Environmental Considerations	18-17
a. Hazardous Materials.....	18-17
b. Polychlorinated Biphenyls (PCBs) and Lead Products	18-17
c. Climate Change Adaptation.....	18-17
15. Green Purchasing Plan.....	18-18
Attachment 1: Matrix of Green RLP and Lease Paragraphs	18-19
Attachment 2: ENERGY STAR® Process Flowchart	18-23



1. Overview

a. Sustainability Practices

Leasing Specialists must be cognizant of sustainability issues when working on a lease procurement. Sustainability is related "to creating and maintaining conditions under which humans and nature can exist in productive harmony, that permit fulfilling the social, economic, and other requirements of present and future generations" (as referenced in Executive Order 13514: Federal Leadership in Environmental, Energy, and Economic Performance, dated October 8, 2009 - Section 19L). The common definition of sustainability relates to meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Public Buildings Service (PBS) has incorporated energy efficiency and sustainability provisions in guidelines for owned and leased buildings since 1996, as new Federal laws, policies, and Executive orders have been issued. Today, there is much emphasis placed upon sustainability in the selection, design, construction, and operation of leased space. There are requirements for leased buildings to achieve a third-party certification for energy efficiency through the ENERGY STAR® program, while allowing for exceptions in certain defined circumstances. For some lease types, a Leadership in Energy and Environmental Design® certification is required¹. There are also sustainability requirements in the form of mandatory green lease paragraphs that are intended to provide minimum sustainability standards for the procurement of leases. These green paragraphs address the use of sustainable materials and services that may go into leased space, as well as the operation and maintenance of leased space.

b. Sustainability Goals and The Guiding Principles

PBS, a leader in sustainable real estate, is increasing the environmental efficiency of GSA's portfolio while meeting agency's mandated sustainability targets. Per Executive Order 13514, GSA, PBS, and PBS' client agencies must establish sustainability goals related to reducing greenhouse gas emissions reductions, and meet energy efficiency, water use reduction waste diversion, high performance green building and sustainable purchasing targets. Lease acquisitions must be made in a way that contribute toward meeting these goals.

All federal agencies must comply with OMB's guidance on high performance and sustainable buildings, which require that a percentage of owned and leased buildings (and all new construction) meet the Guiding Principles. The most recent version of OMB guidance dated December 2008 can be found at http://www.wbdg.org/pdfs/hpsb_guidance.pdf.

The Guiding Principles for Federal Leadership in High Performance and Sustainable Buildings were issued and adopted as a Memorandum of Understanding dated January 2006. They incorporate strategies related to designing, building, and operating buildings in a sustainable

¹ Section 436(h) of the Energy Independence and Security Act (EISA) requires GSA to evaluate green building certification systems every five years to identify a system and certification level "deem(ed) to be most likely to encourage a comprehensive and environmentally sound approach to certification of green buildings." EISA directs the Director of GSA's Office of Federal High-Performance Green Buildings to provide the findings to the Secretary of Energy who, in consultation with the Department of Defense and GSA, formally identifies the system(s) to be used across the federal government. In 2006, GSA first evaluated certification systems focusing on new construction and major renovation. Based on this 2006 review, GSA identified the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) certification system for use in the Federal sector. Following this review, a LEED NC silver certification for lease-construction projects was made a requirement. GSA is currently evaluating several building certification systems as part of the five-year review cycle required by EISA.



manner. More recently, a number of statutes, regulations and policies impose mandated energy, environmental, and sustainability requirements on space leased by the Government. Refer to the Desk Guide introductory chapter for a list of Executive orders and Public Laws, and paragraph 5 of this Desk Guide chapter for more information on EO 13514.

c. Strategic Sustainability Performance Plan

The Strategic Sustainability Performance Plan (SSPP) is the GSA document that addresses and implements different provisions of Executive Order 13514. The SSPP serves as the green handbook for GSA, incorporating multiple sustainability requirements into one document. The SSPP sets timelines and goals associated with various sustainability metrics, and defines how GSA will use its influence to reduce the environmental impact of the Federal government.

GSA is required to demonstrate progress toward compliance with the Guiding Principles, based on established annual targets which increase progressively from 5 percent in Fiscal Year 2010, to 28 percent by 2020. The two alternative paths to achieve Guiding Principle compliance consist of either signing leases in buildings (or spaces) which are third-party LEED® or Green Globes®-rated, or including a specified list of mandatory green paragraphs in a lease procurement. At the end of each fiscal year, GSA reports to the Office of Management and Budget (OMB) and the White House Council on Environmental Quality (CEQ) on the number of buildings and leases in third-party rated space, and the inclusion of green lease paragraphs in lease procurements. This information is included on GSA's Sustainability and Energy Scorecard issued by OMB. Leasing Specialists must refer to Attachment 1 of this chapter for the matrix which identifies the required green lease paragraphs applicable to different lease situations and models. These green paragraphs are mandatory for a lease to be considered as Guiding Principle compliant (in the absence of the building or space having a LEED or Green Globes rating).

d. Environmental Considerations

Many sustainability provisions are related to minimizing the impact of environmental hazards such as radon, asbestos, mold, and unhealthy indoor air quality. These environmental hazards are also addressed in this chapter.

Some manufactured and naturally occurring chemicals in the office environment can cause health risks for the occupants. The Center for Disease Control and Prevention states that "maintaining a healthy office environment requires attention to chemical hazards, equipment and work station design, physical environment (temperature, humidity, light, noise, ventilation, and space), task design, psychological factors (personal interactions, work pace, job control) and sometimes, chemical or other environmental exposures."

e. Applicability

This policy applies to all lease actions.

All PBS employees associated with the leasing program must actively support environmental sustainability in GSA leasing to the highest extent feasible and use mandated sustainability and green lease paragraphs as required.



2. Energy and Sustainable Business Practice Requirements

a. Importance of Request for Lease Proposal and Lease Paragraphs

Sustainability requirements in lease contract paragraphs are either mandatory for all leases, mandatory for certain categories or sizes of leases, situationally applied, or optional. The mandatory or optional requirement is readily identifiable in the usually hidden blue text in the Request for Lease Proposal (RLP) or Lease. The specifications are designed to foster environmental best practices such as the use of public transportation, concentration of development in transit oriented urban centers and mixed-use locales, consumption of less energy and water, enhancement of indoor environmental quality, use of recycled and environmentally friendly materials, and recycling of construction and other waste.

Leasing Specialists must leave paragraphs with sustainability implications (whether mandatory or situational) intact as written to the fullest extent possible. Modification or elimination of these paragraphs must be avoided because these paragraphs help ensure meaningful progress is being made toward SSPP goals, including the annual number of leased assets reported as complying with the Guiding Principles. Refer to Attachment 1 of this chapter for a list of the required sustainability-related lease paragraphs.

b. Prescription of Request for Lease Proposal and Lease Paragraphs

Certain sustainable and green paragraphs are required in all RLPs and leases, while others are mandatory only in specialized circumstances as shown in the following categories:

- Green paragraphs are required for compliance with the Guiding Principles in all RLPs and leases for more than 5,000 rentable square feet. Green paragraphs are required for compliance with the ENERGY STAR® building label requirement (one of the paragraphs is required in all RLPs and leases except leases for rooftop antennas, parking garages, and land leases):
 - ENERGY STAR® paragraphs for existing buildings,
 - ENERGY STAR® paragraphs for lease construction projects,
- Green paragraphs required in lease construction projects for 10,000 rentable square feet or greater (LEED®-New Construction (NC) Silver situations),
- Green paragraphs required when LEED® for Commercial Interior Design (LEED®-CI) has been specified by the client agency.



3. Use of Green Building Certification Systems to Meet Sustainability Requirements in Lease Procurements

One way to meet GSA's SSPP compliance with the Guiding Principles is by signing a lease in a third-party, multi-attribute, green-rated building or space, such as those certified or rated by Leadership in Energy and Environmental Design® (LEED®) or Green Globes®.

a. What is Leadership in Energy and Environmental Design®?

LEED® is an internationally recognized certification system for rating the design, construction, and operation of high-performing, green buildings.

The U.S. Green Building Council (USGBC) is an independent, nonprofit organization unaffiliated with the U.S. Government which provides third party certification of compliance with its LEED® rating system. According to the USGBC, the number of LEED®-rated commercial buildings continues to steadily increase. (Visit the USGBC Web site, www.usgbc.org for the current number and list of LEED®-rated commercial buildings).

There are four categories within the LEED® rating systems that apply to commercial office buildings:

- New Construction (NC): Applies to new construction of an entire building, often to a build-to-suit.
- Commercial Interiors (CI): Applies to individual, interior tenant spaces.
- Existing Buildings: Operations & Maintenance (EB: O&M): Applies to ongoing operations and maintenance of an existing building.
- Core & Shell (CS): Applies to new speculative buildings where a developer controls the design and construction of the core and shell base building elements, but has no control over the design and construction of the tenant fit-out.

GSA is currently applying the first two LEED® ratings listed above (New Construction and Commercial Interiors) to leases as described in sub-paragraphs b and c below. A leased space that has achieved a LEED®-CI certification can be reported as complying with the Guiding Principles. Similarly in accordance with the OMB guidance on high performance green buildings and sustainable design (dated December 2008), a space leased in a LEED® certified building also meets this requirement.

b. LEED®-NC Silver for Lease Construction

In addition to getting the requisite approval for lease construction from GSA Central Office, Lease Contracting Officers must require new lease construction buildings to achieve a LEED®-New Construction (LEED®-NC) Silver (or higher) rating when the following conditions exist:

- The Government is purposefully seeking only new construction or full and open competition results in only new construction being offered; and
- The lease will be for 10,000 rentable square feet or more.



If a Silver rating is not supported by the market, that is, the Leasing Specialist cannot secure sufficient competition, offered rates are excessive, etc., the Lease Contracting Officer must provide written justification for not obtaining the rating in the Price Negotiation Memorandum.

Specific guidance on the required RLP and Lease paragraphs related to achieving a LEED®-NC Silver rating for new lease construction per each lease model can be found in the matrix in Attachment 1.

c. LEED® for Commercial Interiors (LEED®-CI)

LEED®-CI refers to the rating of individual tenant interior spaces. A LEED®-CI rating is available for use when specifically requested by a client agency. According to PBS pricing policy, the costs attributable to LEED®-CI must be paid by the client agency from the tenant improvement allowance. The certification and commissioning costs required to earn the LEED®-CI rating are the lessor's responsibility and must be covered in the shell price. More specific guidance on required RLP and Lease paragraphs related to LEED®-CI requirements per each lease model can be found in the matrix in Attachment 1.

d. What is Green Globes®?

Green Globes® is another building environmental design and management tool and rating system. It delivers an online assessment protocol, rating system, and guidance for green building design, operation, and management. Like LEED®, it provides market recognition of a building's environmental attributes through third-party verification. Green Globes® is an independent organization unaffiliated with the Government. The Green Globes® Web site (www.greenglobes.com) includes further information. In accordance with the OMB guidance on high performance green buildings and sustainable design (dated December 2008), a space leased in Green Globes®-rated building can be reported as complying with the Guiding Principles.

4. ENERGY STAR® for Lease Acquisition

a. 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 appliances and buildings and reduce greenhouse gas (GHG) emissions. ENERGY STAR® is a technical assistance and recognition program that offers owners and managers of certain building types access to free tools and resources to help them benchmark and evaluate their energy performance and reduce energy use and GHG emissions. As of the date of this chapter issuance, there are 15 building types in ENERGY STAR®, including offices, warehouses, courts, and data centers. ENERGY STAR®'s Portfolio Manager tool provides a cost effective means to track data required for reporting energy use, greenhouse gas emissions, and compliance with the Guiding Principles. 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. 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).



b. ENERGY STAR® Label Requirement

Pursuant to the Energy Independence and Security Act of 2007 (EISA), all leases awarded on or after December 19, 2010 require that the building have earned the ENERGY STAR® label in the most recent year, (i.e., within 12 months prior to the due date for final proposal revisions), unless the lease meets specific exceptions provided in the statute (EISA Section 435). Sub-paragraph 4(f) of this chapter explains Offeror requirements if a building is utilizing an exception to the ENERGY STAR® label requirement.

To implement these EISA requirements for ENERGY STAR® labeled buildings, Leasing Specialists must include certain mandatory RLPs and lease paragraphs. Refer to the matrix in Attachment 1 for specific required RLP and Lease paragraphs for each lease model.

Except as provided in sub-paragraph 4d below, existing buildings must have earned the ENERGY STAR® label in the most recent year and show proof of it no later than the due date for final proposal revisions, unless the offered space meets one of the statutory exceptions listed in sub-paragraph 4e. All new construction (defined as buildings specifically built as a result of the Government's lease) must 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 (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 due date for final proposal revisions. For example, an ENERGY STAR® label awarded by EPA on October 1, 2010, is valid for all lease procurements where final proposal revisions are due on or before September 30, 2011.

The ENERGY STAR® requirements do not apply to land leases, rooftop antenna leases, or parking garage leases. EPA does not issue ENERGY STAR® labels for these types of space and it is impractical to implement cost-effective energy efficiency improvements in these situations.

c. How to Earn the Label

Eligibility requirements for earning the ENERGY STAR® label are provided on the program's Web site: www.energystar.gov/eslabel. There is no charge to apply for or to receive the ENERGY STAR® label, but the building owner or manager must have a licensed professional (architect or engineer) attest to the accuracy of the application. EPA states that it typically takes 10 to 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.

d. Time of Submission of Proof of ENERGY STAR® Label

Not 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 cost-effective energy efficiency and conservation improvements that will be made. If no improvements can be made, the Offeror must demonstrate in writing to the Government why no energy efficiency and conservation improvements are cost effective, using the Building Upgrade Manual and Building Upgrade Value Calculator, two ENERGY STAR® online tools.

Building Upgrade Manual

http://www.energystar.gov/index.cfm?c=business.bus_upgrade_manual



Building Upgrade Value Calculator

http://www.energystar.gov/index.cfm?c=comm_real_estate_building_upgrade_value_calculator

Offerors of the following types of buildings may commit in writing (by the due date of final proposal revisions) that an ENERGY STAR® label will be earned, rather than achieve the label by the due date of final proposal revisions. In these instances the successful Offeror will have up to 18 months after occupancy by the Government, or as soon thereafter as the building is eligible for the ENERGY STAR® consideration, to achieve an ENERGY STAR label. In the following three instances there is no requirement to propose cost-effective energy efficiency and conservation improvements since an ENERGY STAR® label must be obtained:

- All existing buildings that have had an ENERGY STAR® label but are unable to obtain a label in the most recent year (i.e., within 12 months prior to the due date for final proposal revisions), because of insufficient occupancy.
- Newly built buildings that have used ENERGY STAR®'s Target Finder tool and either achieved a "Designed to Earn the ENERGY STAR®" or received an unofficial score (in strict adherence to Target Finder's usage instructions, including use of energy modeling if required) of 75 or higher prior to the due date for final proposal revisions and that are unable to obtain a label in the most recent year because of insufficient occupancy.
- An existing building that is unable to obtain a label because of insufficient occupancy but that can produce an indication, through the use of energy modeling or past utility and occupancy data input into ENERGY STAR®'s Portfolio Manager tool or Target Finder tool, that it can receive an unofficial score of 75 or higher using all other requirements of Target Finder or Portfolio Manager, except for actual data from the most recent year.

e. Allowed Exceptions to an ENERGY STAR® Building Label

Four statutory exceptions to the requirements for the ENERGY STAR® label include the following:

- 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. (Note: this will not be known until all offers are received);
- The agency will remain in a building it currently occupies;
- 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.

Being excepted from the ENERGY STAR® Label requirement does not mean being exempted from EISA Section 435 requirements. Cost-effective, (over the firm term of the lease), energy efficiency, and conservation improvements are required for excepted buildings. Only lease extensions, expansions within "the scope of the lease," and evaluated and unevaluated renewal options do not require cost-effective energy efficiency and conservation improvements. If the option rental price in an unevaluated renewal option is determined to be at market rent and the Other Than Full And Open Competition analysis demonstrates that it is desirable to exercise the option, the Leasing Specialist may request that the lessor voluntarily implement cost-effective energy efficiency and conservation improvements prior to exercising the option.



f. Requirements of ENERGY STAR®-Excepted Buildings for Energy Efficiency Building Improvements

If a building will not have an ENERGY STAR® label in accordance with one of the statutory exceptions listed in sub-paragraph e above, the successful Offeror must renovate the space for all energy efficiency and conservation improvements that would be cost-effective over the firm term 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 written offer whether or not any cost-effective energy efficiency and conservation improvements can be made, and to itemize the upgrades to be done. If no improvements can be made, the Offeror must demonstrate in writing to the Government why no energy efficiency and conservation improvements can be made, using the Building Upgrade Manual and Building Upgrade Value Calculator ENERGY STAR® Online Tools (www.energystar.gov/index.cfm?c=tools_resources.bus_energy_management_tools_resources). Using the Offeror's online tool reports, the Lease Contracting Officer must evaluate the explanation for reasonableness based on the definitions of "cost effective" and "operational cost savings" in this Desk Guide chapter. If the Lease Contracting Officer determines the explanation to be unreasonable, then the Lease Contracting Officer must deem the offer to be technically unacceptable. In performing this evaluation which would result in the elimination of a lowest price offer, the Lease Contracting Officer must consult with the Office of Regional Counsel and technical experts including, but not limited to, the regional sustainability program manager and available technical contract resources.

The Lease Contracting Officer must document in the lease all cost-effective, 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 **not later than 1 year after signing the lease**.

Because of the ENERGY STAR® requirement in leasing, the evaluation of competition has become a very complex subject. For instance, in any one competition, ENERGY STAR® buildings may be competing with excepted buildings or may be competing only with ENERGY STAR® buildings. Therefore, Leasing Specialists must devote proper time and attention to this part of the evaluation of offers process. Lease Contracting Officers are reminded that they must carefully evaluate price and determine that the price is fair and reasonable before making an award.

To implement these requirements for ENERGY STAR® labeled buildings, all RLPs and leases must contain certain paragraphs. Refer to the matrix in Attachment 1 for specific required RLP and Lease paragraphs associated with each lease model.

The flow chart in Attachment 2 outlines the ENERGY STAR® process in lease acquisitions.

g. Terminology

- **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 cost-effective improvements that achieve cost savings over the firm term of the lease sufficient to pay the incremental additional costs of making cost-effective improvements.
- **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 due date for final proposal revisions. For example, an ENERGY STAR® label awarded by EPA on October 1, 2010, is valid for all lease procurements where final proposal revisions are due on or before September 30, 2011.

h. Extensions, Expansions, and Renewal Options

An ENERGY STAR® label, while encouraged, is not required when the agency will remain in a building it currently occupies. However, cost-effective energy efficiency and conservation improvements are required when an agency is staying in a building, with the following exceptions:

Extensions

Since extensions are interim housing solutions generally effective for 6 to 18 months, PBS has categorically determined that energy efficiency and conservation improvements would not be cost-effective over the life of an extension. Lessors' documentation of such is not required.

Expansions Within Scope

Expansions are typically small amounts of space that are added to accommodate an agency's program requirements by amending an existing lease to increase the square footage. Requirements to make cost-effective, 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 for an ENERGY STAR® label or cost-effective energy efficiency and conservation improvements would apply.

Renewal Options

Renewal options are provisions in existing leases permitting continued occupancy of space at specified terms and conditions. They are not new lease contracts and therefore not subject to EISA. The Lessor is not required to make energy efficiency and conservation improvements or alternatively obtain an ENERGY STAR® label should the Government exercise an evaluated or unevaluated renewal option.

i. Simplified Leases

EISA requirements apply to simplified leases; therefore, all leases under the Simplified Lease Acquisition Threshold (SLAT) must include the appropriate paragraphs as noted in Attachment 1.

j. Lease Construction

EISA requirements apply to all new lease construction projects; therefore, the leases must include certain paragraphs in the RLP and the Lease. Refer to the matrix in Attachment 1 for required RLP and lease paragraphs for each lease model. The following guidelines also apply.

- All new construction must achieve an ENERGY STAR® label within 18 months after occupancy by the Government.



- To earn the ENERGY STAR® label, a building owner or representative must follow the instructions on the ENERGY STAR® Web site at www.energystar.gov/eslabel.
- Prior to the issuance of a permit for building construction, all new construction must obtain a Statement of Energy Design Intent (SEDI) using ENERGY STAR®'s Target Finder tool reflecting an ENERGY STAR® benchmark score of 75 or higher and a "Designed to Earn the ENERGY STAR®" certification.
- The Offeror is encouraged to purchase at least 50 percent of the Government tenant's electricity from renewable sources.

k. ENERGY STAR® Online Tools

The ENERGY STAR® Building Upgrade Manual and the Building Upgrade Value Calculator are two free tools that can be helpful to Offerors as they consider cost-effective, energy efficiency and conservation improvements to their buildings.

The ENERGY STAR® Building Upgrade Manual provides information on planning and implementing cost effective, energy saving building upgrades. The ENERGY STAR® Building Upgrade Manual is available on the ENERGY STAR® Web site at www.energystar.gov/bldgmanual.

The ENERGY STAR® Building Upgrade Value Calculator, developed by the U.S. EPA, is a product of the partnership between ENERGY STAR®, Building Owners and Managers Association (BOMA) International, and the BOMA Foundation. This calculator was developed as part of BOMA's Energy Efficiency Program, 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 efficiency 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 ENERGY STAR® Building Upgrade Value Calculator is available on the ENERGY STAR® Web site at www.energystar.gov/financiaevaluation.

ENERGY STAR® Labeled Buildings

The following Web site provides a listing of all ENERGY STAR® labeled buildings throughout the United States: http://www.energystar.gov/index.cfm?fuseaction=labeled_buildings locator.

l. Lease Contracting Officer Follow-Up on Succeeding and Superseding Leases

Within 1 year of award, the Lease Contracting Officer must request Lessors to submit documentation regarding the completion of cost-effective, energy efficiency, and conservation improvements.

m. Sources for Further Information

Additional information may be obtained from regional sustainability program managers or from the Center for Lease Policy in Central Office.



n. Reporting the Effect of ENERGY STAR® on Rent

To keep track of the effect on rent of the ENERGY STAR® label requirement in lease acquisition, Regional Leasing Services Officers are required to track and report to Central Office the following information:

- All lease awards where the winning Offeror was not the lowest price technically acceptable offer as a result of the implementation of the ENERGY STAR® lease acquisition requirements; and
- The rent difference between the successful offer and the offer that would have won the award in the absence of the ENERGY STAR® requirement.

5. Executive Order 13514

Executive Order 13514, Federal Leadership in Environmental, Energy, and Economic Performance, which was issued on October 5, 2009, has several impacts on GSA leasing. It provides a path and mandate for Federal agencies to:

- Increase energy efficiency;
- Measure, report, and reduce their greenhouse gas (GHG) emissions from direct and indirect activities;
- Conserve and protect water resources through efficiency, reuse, and storm water management;
- Eliminate waste, recycle, and prevent pollution;
- Leverage agency acquisitions to foster markets for sustainable technologies and environmentally preferable materials, products, and services;
- Design, construct, maintain, and operate high-performance sustainable buildings in sustainable locations; and
- Strengthen the vitality and livability of the communities in which Federal facilities are located.

a. Greenhouse Gas (GHG) Emissions Reductions

Executive Order 13514 requires agencies to set their own targets for GHG emissions' reductions. The following reflects GSA's GHG emissions' targets:

- A 28.7-percent reduction in scope 1 and 2 GHG emissions in absolute terms from fiscal year 2008 by fiscal year 2020.
- A 14.6-percent reduction in scope 3 GHG emissions in absolute terms from fiscal year 2008 by fiscal year 2020.

b. Other Requirements of GSA's SSPP and Executive Order 13514

- A 2-percent annual reduction in potable water consumption intensity beginning in fiscal year 2008, with a 26-percent cumulative reduction by the end of fiscal year 2020 relative to baseline fiscal year 2007.
- A 2-percent annual reduction in industrial, landscaping, and agricultural water consumption with a 20-percent cumulative reduction by fiscal year end 2020 relative to a 2010 baseline.



- Diversion of at least 50 percent of non-hazardous solid waste, construction and demolition materials and debris by the end of fiscal year 2015.
- Advance regional and local integrated planning by ensuring that planning for new Federal facilities or new leases includes consideration of sites that are pedestrian friendly, near existing employment centers, and accessible to public transit, and emphasizes existing central cities, and in rural communities, existing or planned town centers.
- At least 15 percent of an agency's existing buildings and building leases above 5,000 gross square feet meet the Guiding Principles by fiscal year 2015. GSA has set a higher target of 18 percent.
- 95 percent of new contract actions, including task and delivery orders for products and services (with the exception of the acquisition of weapon systems), must be energy efficient (ENERGY STAR® or Federal Energy Management Program designated), water-efficient, biobased, environmentally preferable, non-ozone depleting, contain recycled content, or nontoxic or contain less toxic alternatives, where such products and services meet agency performance requirements.

6. National Environmental Policy Act Compliance

The National Environmental Policy Act (NEPA) of 1969 is a Federal law that is one of the Nation's fundamental charters for environmental protection. It requires that all Federal agencies consider the potential environmental impacts of proposed actions. NEPA promotes better agency decision making by ensuring that quality environmental information is available to agency officials and the public before the agency decides whether and how to undertake a major Federal action. NEPA requires an assessment of the environmental impact of every proposed Federal action that could affect the environment. Since all Federal actions are subject to the requirements of NEPA, all leasing actions must document NEPA compliance in the lease file.

The appropriate NEPA compliance for a specific action (Categorical Exclusion, Environmental Assessment, or Environmental Impact Statement) will be determined by the Regional NEPA Specialist or Regional Environmental Quality Advisor. The Leasing Specialist must initiate conversations with the regional NEPA expert early and often in the leasing process, before the opportunity to consider alternatives has been overtaken by the urgency of the lease requirement.

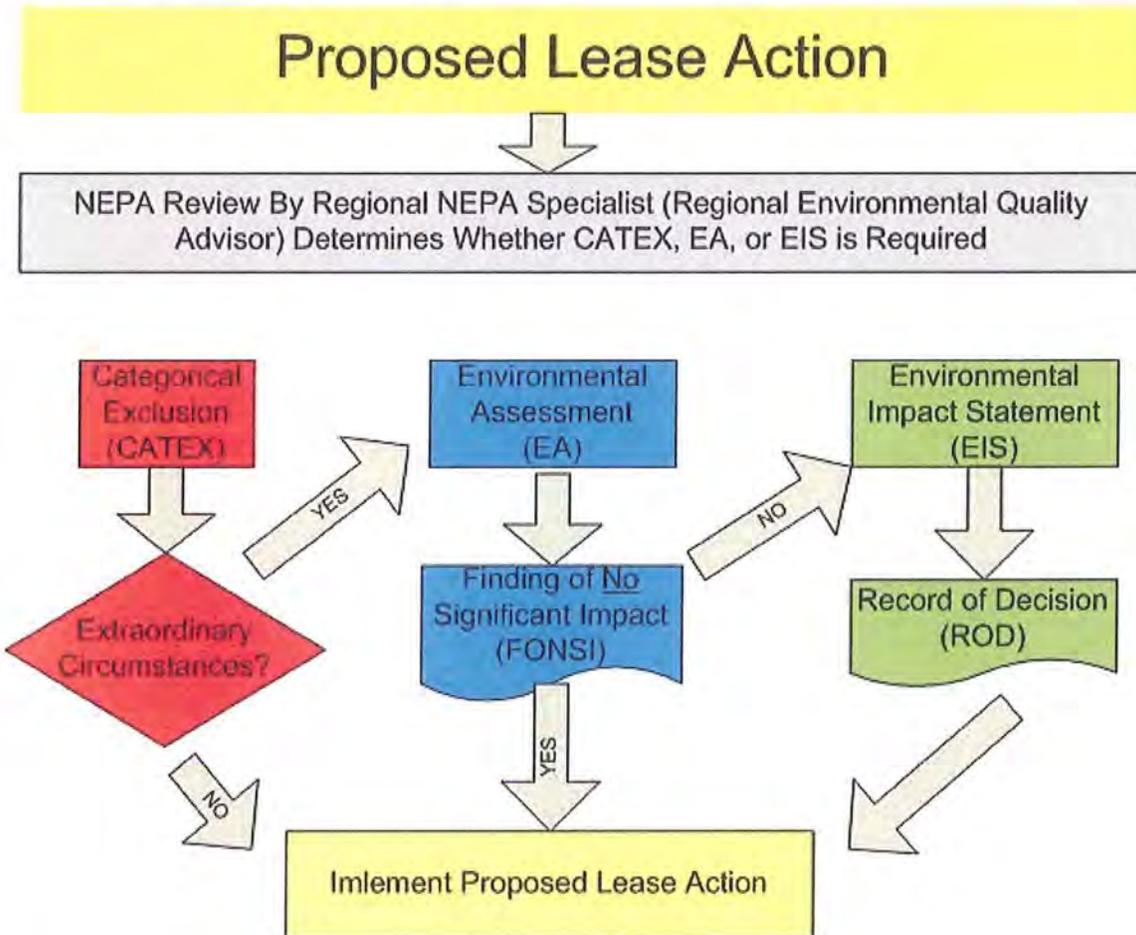
Most GSA leases either acquire space in an existing building that does not change the type or intensity of use, or are lease extensions, renewals, and succeeding leases. These are categorically excluded from a formal NEPA assessment.

The Council on Environmental Quality guidelines (at 40 CFR 1508.4) support a categorical exclusion (CATEX) for most leases. The guidelines define a CATEX to encompass actions that "do not individually or cumulatively have a significant effect on the human environment and which have been found to have no such effect in procedures adopted by a Federal agency...and for which, therefore, neither an Environmental Assessment nor an Environmental Impact Statement is required."

Categorical exclusions will be considered either an "automatic" CATEX, meaning a type of action that experience has shown never poses a significant impact on the quality of the human environment, or a "checklist" CATEX, meaning a type of action that requires completion of a checklist to ascertain that extraordinary circumstances do not exist.

Additional information regarding the NEPA process and GSA's implementing instructions can be found in the PBS NEPA Deskguide (http://pbsportal.pbs.gsa.gov:7777/pls/portal/docs/page/PL/Documents/PL/library/NEPA_DeskGuide_1.pdf) and the GSA PBS NEPA Integration Guide (2007).

The flowchart below outlines the three levels of NEPA documentation required for a proposed lease action, including Categorical Exclusion (CATEX), Environmental Assessment (EA), or Environmental Impact Statement (EIS).



7. Sustainable Location Policy for Leases

Location policy considerations are an essential part of the requirements development and lease acquisition process. Desk Guide Chapter 2, New or Replacing Lease, provides a detailed description of regulations, policies, and factors that affect agencies' location decisions and selection of delineated areas.

Since location factors are not addressed in the current Guiding Principles (GP) for Federal Leadership in High Performance and Sustainable Buildings issued in December 2008 by OMB, they are not included in the list of mandatory lease paragraphs associated with GP compliance.



8. Asbestos

Leasing Specialists must request offers for space with no asbestos-containing materials (ACM), or with ACM in a stable, solid matrix (for example, asbestos flooring or asbestos cement panels) that is not damaged or subject to damage by routine operations. If no offers are received for such space, the Lease Contracting Officer may consider space with thermal system insulation ACM (for example, wrapped pipe or boiler lagging) that is not damaged or subject to damage by routine operations. If space that contains ACM is offered, Offerors must submit an asbestos management plan that conforms to EPA guidance prior to awarding a lease.

If asbestos abatement work is to be performed in the tenant space after occupancy, the Lessor must submit the occupant safety plan and a description of the methods of abatement and reoccupancy clearance, in accordance with Occupational Safety and Health Administration, the Environmental Protection Agency, the Department of Transportation, State, and local regulations and guidance, at least 4 weeks prior to commencement of the abatement work.

If any waste materials encountered during the demolition or construction phase are found to contain asbestos or other harmful substances, the lessor must handle and remove these in accordance with Federal and State laws and requirements concerning hazardous waste.

The asbestos-related RLP and Lease paragraphs are included in Attachment 1.

9. Radon in Air

a. Where Does Radon Occur?

Radon is an environmental hazard that can occur in many areas and can significantly contaminate indoor air quality. Radon gas from natural sources can accumulate in buildings and cause harm to human health.

b. Policy

If space is planned for occupancy on the second floor (above grade) or lower, the Leasing Specialist must require Lessors to test the space for radon in the air and provide evidence that the space has air levels that are below EPA's action concentration of 4 picocuries per liter. If radon above this level is detected, Lessors must complete space modifications to reduce the concentration to acceptable levels before the building can be occupied.

When the timing of occupancy is urgent, Lessors may test the space for 2 or 3 days using charcoal canisters or electrets ion chambers. In those cases, if radon levels fall below the action concentration, the space may be occupied. However, the Leasing Specialist must require the lessor to complete a follow-up test for a minimum of 90 days using alpha track detectors or electrets ion chambers. Leasing Specialists or Lease Administration Managers, if delegated, must obtain those test results and review them for compliance with EPA's action concentration.



c. Radon in Air Request for Lease Proposal and Lease Paragraph

If space will be occupied on the second floor (above grade) or lower, the Leasing Specialist must include one of two Radon in Air paragraphs. The long version of the Radon in Air paragraph is required for all leases in areas that have known radon issues. The short version of the paragraph is required in all other leases. All leases must include the Green Lease Submittals paragraph. Refer to Attachment 1 for RLP and Lease paragraphs related to Radon in Air requirements.

10. Radon in Water

a. Policy

If the water source in an offered building is not from a public utility, Leasing Specialists must require the Offeror to demonstrate compliance with EPA standards for radon in water. Leasing Specialists must not accept the space unless the space is in compliance with the standards.

b. Implementation

When the delineated area or some potential leased buildings in a delineated area do not use water from a public utility, Leasing Specialists must include the Radon in Water paragraph in the lease and collect a certification of compliance from each affected Offeror.

11. Indoor Air Quality

a. Policy

Leases require Lessors to maintain healthy indoor air quality and control for certain harmful contaminants. Lessors must respond to complaints about air quality and take appropriate corrective action where air quality does not meet applicable standards.

Directly related to indoor air quality is the use of non-harmful, environmentally preferable materials. Lessors must use environmentally preferable products and materials that contain recycled material, are biobased, and are rapidly renewable. More information is listed on EPA's environmentally preferable purchasing Web site (www.epa.gov/epp) and USDA's bio-preferred products Web site (www.biopreferred.gov).

b. Implementation

Multiple paragraphs in the lease restrict or prohibit the use of harmful materials and contaminants used in tenant build-out components, including paint, carpet, adhesives, wall covering, cleaning products, etc.

Additional lease paragraphs address the proper filtering, ventilation, and flush-out of tenant spaces that could contain harmful contaminants and chemical emissions. All of these lease paragraphs are intended to enhance and maintain healthy indoor air quality.



More specific guidance related to required RLP and Lease paragraphs associated with each lease model can be found in the matrix in Attachment 1.

12. Mold

a. Policy

All Lessors must provide space to the Government that is free from "actionable mold" and free from any conditions that reasonably can be anticipated to permit the growth of actionable mold. "Actionable mold" is mold in excess of that found in the local outdoor air.

The Government has the right to evaluate and inspect for the presence of mold or mold indicators. Lessors are responsible for conducting remediation in situations where actionable mold is present.

b. Implementation

Leasing Specialists must include the Mold paragraph in all Leases.

13. Recycling and Reuse

a. Policy

There are multiple provisions in the RLP and lease related to recycling, as well as the reuse of materials. Lease paragraphs apply to: i) the use of products with recycled content; ii) the recycling of products used in the course of the construction and build-out of space, and iii) the lessor's establishment of an ongoing recycling program in tenant spaces.

- The Lessor must use recycled content products designated by EPA in the Comprehensive Procurement Guidelines (CPG), and comply with the Resource Conservation and Recovery Act (RCRA). The CPG lists designated recycled content products. The list of designated products, EPA's recommendations, and lists of manufacturers and suppliers of the products can be found at www.epa.gov/cpg.
- Lessors are also required to recycle construction waste generated from new construction and the buildout of tenant space. Recycling construction waste is mandatory during the demolition and construction phases of a project.
- The reuse of building component items and materials is preferable to recycling them. Items and materials existing on the premises or to be removed from the premises during the demolition phase are eligible for reuse in the construction phase of a project. The Green Lease Submittals and Existing Fit-Out, Salvaged, or Reused Building Materials paragraphs in the lease require the Lessor to provide a reuse plan to the Lease Contracting Officer(LCO).

b. Implementation

Many lease paragraphs are related to recycling and reuse, and must be included in all lease procurements. Examples are identified in Attachment 1 and include: Recycled Content Products (Shell); Construction Waste Management (Shell); Green Lease Submittals (Shell); Existing Fit-Out, Salvaged, or Reused Building Materials (Shell); Environmentally Preferable Products (Shell);



Restroom – Partitions (Shell); Ceilings (Shell); Recycling (Obligations During Lease Term); and Selection of Paper Products (Obligations During Lease Term).

14. Other Environmental Considerations

a. Hazardous Materials

The Hazardous Materials paragraph must be included in all leases. Leased space must be free of hazardous materials according to applicable Federal, State, and local environmental regulations.

The Construction Waste Management paragraph in the lease addresses the handling and removal of harmful and hazardous substances. If any waste materials encountered during the demolition or construction phase are found to contain lead, asbestos, polychlorinated biphenyls (PCBs) or other harmful substances, they must be handled and removed in accordance with Federal and State laws.

Construction materials recycling records must be maintained by the Lessor and must be accessible to the Lease Contracting Officer. Records must include materials recycled or land-filled, quantity, date, and identification of hazardous wastes.

Leasing Specialists and Lease Contracting Officers should consult with regional environmental professionals and the Office of Regional Counsel if leased space had prior hazardous operations or if the property was other than typical office space.

b. Polychlorinated Biphenyls (PCBs) and Lead Products

Leasing Specialists must be aware that there are harmful health effects associated with PCBs and lead products. PCB production was banned by the United States Congress in 1979 due to their toxicity and classification as a persistent organic pollutant. The U.S. Consumer Product Safety Commission banned lead paint in 1977. The U.S. has regulations prohibiting lead paint, although lead paint may still be found in older properties painted prior to the introduction of such regulations.

The Construction Waste Management paragraph in the lease addresses the handling and removal of these harmful substances. If any waste materials encountered during the demolition or construction phase are found to contain lead, asbestos, polychlorinated biphenyls (PCBs), or other harmful substances, they must be handled or removed in accordance with Federal and state laws and requirements concerning hazardous waste.

It is recommended that Leasing Specialists and Lease Contracting Officers consult with regional environmental professionals and the Office of Regional Counsel if leased space had prior hazardous operations or if the previous use of the property was other than typical office space.

c. Climate Change Adaptation

A GSA Instructional Letter was issued on September 30, 2011, prescribing policies and establishing responsibilities and procedures to follow for integrating climate change adaptation planning into GSA operations and policies. The Instructional Letter was issued pursuant to Section 8(i) of Executive Order 13514, and outlines GSA's climate change adaptation plans based on GSA's evaluation of climate change risks and specific vulnerabilities. Climate Change Adaptation planning is vital for GSA to secure the Federal property investments and remain



responsive to customer agency needs. GSA's climate change adaptation plans are being developed to incorporate short-term and long-term strategies for addressing incremental climate change and variability.

Because the Government self-insures its property, special locational and building attributes related to the possible impact of potential climate change must be considered for specialized uses involving valuable equipment (such as data centers), or highly strategic missions. For example, locating a data center near, (but not in) a floodplain should be avoided because possible climate change could result in an expansion of the floodplain to encompass the leased location. Both the potential loss of the equipment and the cost of its relocation would be expensive should climate change occur that would jeopardize its safety.

15. Green Purchasing Plan

A 2011 GSA Order (OGP 2851.2) addressing Executive Order 13514 and the Strategic Sustainability Performance Plan established the Green Purchasing Plan (GPP), which includes requirements to promote the purchase of environmentally sustainable products and services. The GPP incorporates all Federal green purchasing requirements in one place. The GPP Order outlines agency-wide guidance to develop and maintain an effective green purchasing plan. Executive Order 13514 requires the Federal Government to demonstrate leadership in sustainable acquisition and foster the market for sustainable technologies and environmentally preferable materials, products, and services. It also requires Federal agencies to ensure that 95 percent of new contract actions, including task and delivery orders for products and services, are energy-efficient, water-efficient, biobased, environmentally preferable, non-ozone depleting, contain recycled content, or are non-toxic or less-toxic alternatives.

GSA's GPP fulfills the green product procurement requirements of various Federal laws, policies, and Executive Orders. The Public Buildings Service meets the intent of the GPP goals by incorporating sustainability provisions in the leasing program. There are over 40 green paragraphs and provisions in GSA's standard lease document related to the sustainable build-out and operation of tenant spaces.

Reporting requirements for the GPP are addressed with the quarterly Guiding Principle compliance reporting that is provided to the Office of Management and Budget and the White House Council on Environmental Quality.



Attachment 1: Matrix of Green RLP and Lease Paragraphs

The following chart identifies sustainability-related Request for Lease Proposal (RLP) and Lease paragraphs associated with each lease model and the corresponding sustainability objective. The chart first identifies RLP and Lease Paragraphs required to comply with the Guiding Principles (GP), and then identifies sustainability-related paragraphs that are required, yet not part of green paragraphs related to GP compliance.

Green RLP and Lease Paragraphs Required to Comply with Guiding Principles

Sustainable (Green) Lease Paragraph	Standard Model	Streamlined Model	Succeeding/Superseding Model	Simplified Model	On-Airport Model	Sustainability Objective Promoted
RLP						
Energy Independence and Security Act	Include	Include	Include	Include		Energy Efficiency, Reduced Energy Consumption
Additional Submittals	Include					Energy Efficiency, Use of Recycled Products, Use of Low Impact Materials
Additional Submittals (STREAMLINED)		Include				Energy Efficiency, Use of Recycled Products, Use of Low Impact Materials
Additional Submittals (SUCCEEDING)			Include			Energy Efficiency, Use of Recycled Products, Use of Low Impact Materials
EISA Submittals				Include		Energy Efficiency, Reduced Energy Consumption
LEED for Commercial Interiors (CI)	Include	Include				Energy Efficiency, Use of Recycled Products, Low Impact Materials
Construction Standards and Shell Components (Shell)						
Recycled Content Products (CPG)	Include	Include	Include	Include		Use of Recycled Products
Environmentally Preferable Building Products and Materials (Shell)	Include	Include	Include	Include		Reuse of Materials, Use of Low Impact Materials
Existing Fit-Out: Salvaged, Reused Building Materials (Shell)	Include	Include	Include	Include		Reuse of Materials
Construction Waste Management	Include	Include				Recycling of Waste Materials
Construction Waste Management (SUC)			Include			Recycling of Waste Materials
Wood Products	Include	Include		Include		Use of Low Impact Materials
Adhesives and Sealants	Include	Include		Include		Avoidance of Toxic Products
Vestibules	Include	Include		Include		Energy Conservation



Sustainable (Green) Lease Paragraph	Standard Model	Streamlined Model	Succeeding/Superseding Model	Simplified Model	On-Airport Model	Sustainability Objective Promoted
Vestibules (SUC)			Include			Conservation
Energy Independence and Security Act	Include	Include	Include	Include	Include	Energy Efficiency, Reduced Energy Consumption
Ceilings	Include	Include	Include			Use of Recycled Content Products
Ceilings (SIMP)				Include		Use of Recycled Content Products
Insulation: Thermal, Acoustic, & HVAC (Shell)	Include	Include	Include	Include		Use of Low Impact Materials
Painting – SHELL	Include	Include	Include	Include		Use of Low Impact Materials
Restrooms	Include	Include	Include	Include		Reduced Water Consumption and Use of Recycled Materials
Heating, Ventilation, & Air Conditioning – SHELL	Include	Include	Include			System Optimization for Efficiency, Maintaining Healthy IAQ
Heating, Ventilation, & Air Conditioning – SHELL (SIMP)				Include		System Optimization for Efficiency, Maintaining Healthy IAQ
Heating, Ventilation, & Air Conditioning – SHELL (ON AIRPORT)					Include	System Optimization for Efficiency, Maintaining Healthy IAQ
Lighting: Interior and Parking – SHELL	Include	Include	Include			Reduced Energy Consumption
Lighting: Interior and Parking – SHELL (SIMP)				Include		Reduced Energy Consumption
Energy Efficiency Conservation for New Construction	Include					Energy Efficiency, Reduced Energy Consumption
Leadership in Energy and Environmental Design – LEED	Include					Energy Efficiency, Use of Recycled Products, Low Impact Materials
Leadership in Energy and Environmental Design – LEED (STREAMLINED)		Include				Energy Efficiency, Use of Recycled Products, Low Impact Materials
Indoor Air Quality During Construction	Include	Include	Include	Include		Use of Low Impact Materials
Systems Commissioning	Include	Include	Include			Energy Efficiency

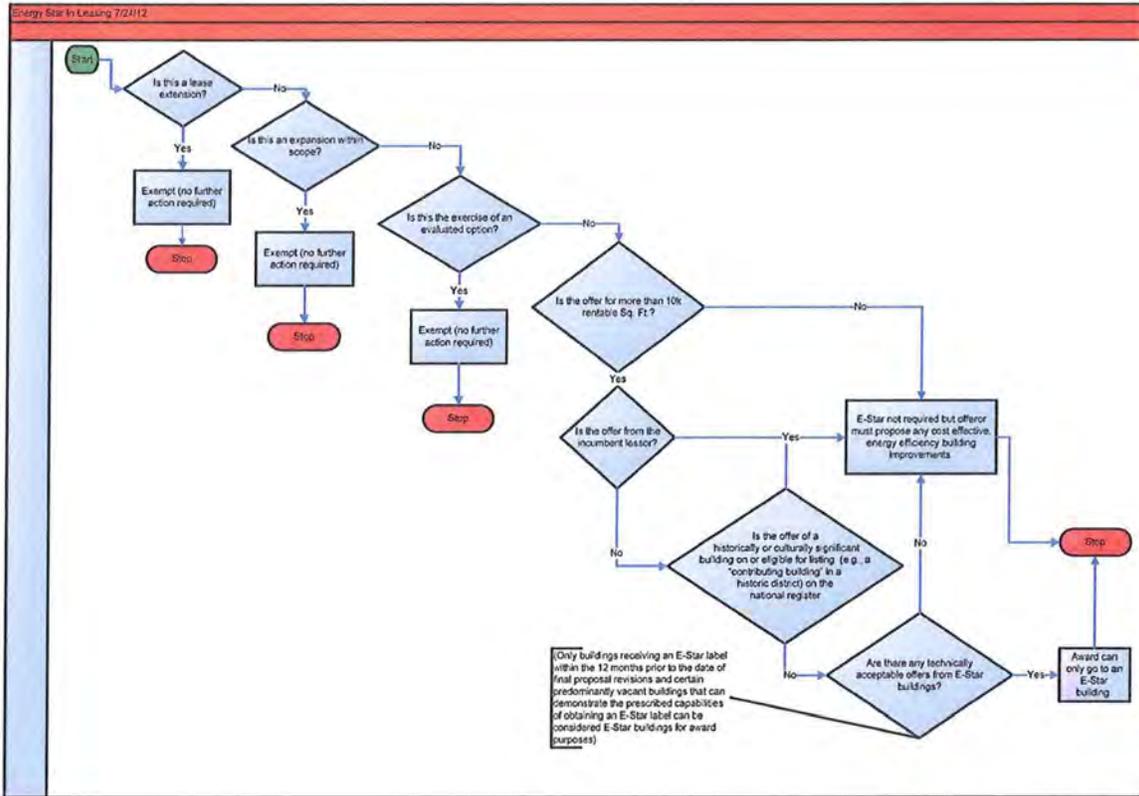
Sustainable (Green) Lease Paragraph	Standard Model	Streamlined Model	Succeeding/Superseding Model	Simplified Model	On-Airport Model	Sustainability Objective Promoted
Plumbing Fixtures: Water Conservation (Shell)	Include	Include	Include	Include		Potable Water Conservation
Green Lease Submittals	Include	Include				Energy Conservation, Energy Efficiency, Low Impact Materials
Green Lease Submittals (SIMP) (Shell)				Include		Energy Conservation, Energy Efficiency, Low Impact Materials
Tenant Improvement (T.I.) Components						
Doors: Hardware	Include	Include		Include		Use of Low Impact Materials
Doors: Hardware (SUC)			Include			Use of Low Impact Materials
Wall Finishes	Include	Include	Include	Include		Use of Low Impact Materials
Painting – T.I.	Include	Include	Include	Include		Use of Low Impact Materials
Floor Coverings and Perimeters	Include	Include	Include	Include		Use of Low Impact Materials
Heating & Air Conditioning	Include	Include		Include		Energy Efficiency
Heating & Air Conditioning (SUC)			Include			Energy Efficiency
Utilities, Services, and Obligations (Util/Oblig) During the Lease Term						
Heating and Air Conditioning	Include	Include	Include	Include		Energy Efficiency
Janitorial Services	Include	Include	Include	Include		Use of Low Impact Materials
Selection of Cleaning Products (Util/Oblig)	Include	Include	Include	Include		Use of Low Impact Materials
Selection of Paper Products	Include	Include	Include	Include		Use of Low Impact Materials
Landscaping	Include					Water Conservation, Reduced Chemical Use
Landscaping (SUC)			Include			Water Conservation, Reduced Chemical Use
Recycling	Include	Include	Include			Recycling of Waste Materials
Recycling (SIMP)				Include		Recycling of Waste Materials
Recycling (ON AIRPORT)					Include	
Indoor Air Quality	Include	Include	Include	Include	Include	Healthy Indoor Air Quality, Use of Low Impact Materials
Mold	Include	Include	Include			Healthy Air Quality
Mold (SIMP)				Include		Healthy Air Quality
Utility Consumption Reporting	Include	Include	Include	Include		Energy Efficiency and Energy Conservation



Sustainability-Related Paragraphs: Required, But Not Part of Green Paragraphs Mandated for Compliance With the Guiding Principles

Sustainable (Green) Lease Paragraph	Standard Model	Streamlined Model	Succeeding/Superseding Model	Simplified Model	Sustainability Objective Promoted
RLP: Neighborhood, Parking, Location, Amenities, and Public Transportation	Include	Include		Include	Efficient Location
RLP: Asbestos	Include	Include	Include	Include	Healthy Indoor Air Quality
Lease: Construction Waste Management (related to Asbestos)	Include	Include	Include	Include	Healthy Indoor Air Quality
Lease: Asbestos Abatement	Include	Include	Include	Include	Healthy Indoor Air Quality
Lease: Radon in Air	Include	Include	Include	Include	Healthy Indoor Air Quality
Lease: Radon in Water	Include	Include	Include	Include	Healthy Indoor Air Quality
Lease: Hazardous Materials	Include	Include	Include	Include	Healthy Indoor Air Quality

Attachment 2: ENERGY STAR® Process Flowchart



CHAPTER 19: Security

- Overview..... 19-1**
- 1. Definitions 19-1**
- 2. General Security Framework..... 19-2**
 - a. Making the Facility Security Level Determination 19-2
 - b. Determining Countermeasures 19-3
 - c. Determining the Threat 19-3
- 3. The Lease Process 19-4**
 - a. Interagency Security Committee Standards and Lease Reform 19-4
 - b. Security-Related Steps for Facility Security Levels I and II 19-5
 - c. Security-Related Steps for Facility Security Levels III and IV 19-6
- 4. Federal Protective Service Participation..... 19-7**
- 5. Costs..... 19-8**
 - a. Pricing Components..... 19-8
 - b. Application During the Lease Process 19-11
- 6. Request for Lease Proposals, Lease Security Paragraphs, and Security Unit Price List..... 19-11**
- 7. Background Investigations in Leased Space 19-12**
 - a. Investigation Process 19-12
 - b. Lease Paragraph: Identity Verification of Personnel..... 19-14
- 8. Guard Services 19-14**
- Attachment 1, Request for Lease Proposals Template Paragraphs Related To Security..... 19-15**
- Attachment 2, Lease Template Paragraphs Related To Security 19-23**



Attachment 3, Security Requirements for FSL I.....	19-31
Attachment 4, Security Requirements for FSL II.....	19-36
Attachment 5, Security Requirements for FSL III.....	19-46
Attachment 6, Security Requirements for FSL IV	19-60
Attachment 7, Security Unit Price List for FSL II.....	19-77
Attachment 8, Security Unit Price List for FSL III.....	19-80
Attachment 9, Security Unit Price List for FSL IV	19-84

Overview

This chapter outlines lease security standards for new and replacement space. Second, it provides instructions for competitive procurements based on the 2010 interim Interagency Security Committee (ISC), Physical Security Standards. Third, it outlines the Public Buildings Service's (PBS) responsibilities for performing background investigations on the lessors' contractors. Finally, this chapter clarifies PBS' responsibilities in leased spaces, which are outlined in Office of Management and Budget (OMB) guidance, M-05-24, Implementation of Homeland Security Presidential Directive (HSPD) 12, Policy for a Common Identification Standard for Federal Employees and Contractors.

Succeeding and superseding lease actions must also follow the requirements of this chapter. For renewal and extension actions, the Leasing Specialist must work with the Facility Security Committee (FSC) to determine if any changes to the security requirements are needed.

1. Definitions

Interagency Security Committee (ISC): A Federal committee dedicated to the protection of Federal civilian facilities in the United States. It has 21 primary member agencies and 30 associate member agencies. The ISC has developed standards applicable to all civilian Federal facilities, including leased facilities, and has provided the following information that affects the lease process:

- **Facility Security Level (FSL):** This standard categorizes buildings based on a security analysis, which involves several security related facility factors. The FSL is the basis for implementing the physical security measures specified in ISC Standards. Facilities are categorized from FSL I to FSL V (lowest to highest).
- **Physical Security Criteria for Federal Facilities:** This standard establishes baseline physical security measures for each FSL. This standard defines the process for determining the appropriate security measures; it also covers any uncommon measures required to address the unique risks at a particular facility. All Federal facilities must have physical security measures.
- **Design-Basis Threat (DBT):** This document profiles the type, composition, and capabilities of an adversary or threat.
- **Facility Security Committee (FSC):** This committee is responsible for addressing facility-specific security issues and approving all security measures and practices. The FSC is made up of representatives of each Federal agency in the facility, the Security Organization, and the leasing department or agency. When meeting about new leases, replacing leases, or lease construction, the FSC will also include the project team and the planned tenant(s). The FSC was formerly known as the Building Security Committee.



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Security organization: This refers to the Government agency or internal agency component identified by statute, interagency agreement, or policy responsible for physical security for the specific facility. The Federal Protective Service (FPS) is the designated security organization for all GSA lease projects, but client agencies have their own security organizations, which may provide valid input into projects.

Countermeasure: An action or device used to lessen an anticipated security threat.

2. General Security Framework

The facility security level (FSL) for each space requirement is set by the Department of Homeland Security-FPS and the client agency, in consultation with the General Services Administration (GSA) as part of the requirements development phase. If the client agency and FPS have not already conferred, the Leasing Specialist must coordinate a meeting with the necessary parties to set the appropriate level of security before the Request for Lease Proposal (RLP) package is drafted. For broker contract projects, a broker task order may not be issued until the FSL has been determined.

Implementing ISC Standards could increase lease procurement cycle time and costs. Accordingly, Leasing Specialists must maintain contact as necessary with the appropriate FPS inspector throughout the lease acquisition process.

a. Making the Facility Security Level Determination

The FPS and the client agencies will make the initial, basic FSL determination for new leased space as soon as practical after the identification of a space requirement, including succeeding leases. They must make the determination early enough in the space acquisition process to allow for the development of the acquisition strategy and the implementation of required countermeasures. The FSL represents the basic determination of risk or risk assessment for each project that results in the baseline security requirements.

Level V facilities are not discussed here because the requirements are project specific and, while the incorporation of additional factors and criteria makes this standard more useful to determine the FSL for special-use and other unique facilities—such as high-security laboratories, hospitals, or unique storage facilities for chemicals or munitions—some facilities may still not fit neatly into the criteria defined here.

In instances where there is a disagreement regarding the FSL determination, the ISC, as the representative of the Secretary of Homeland Security, will facilitate the final determination.



b. Determining Countermeasures

The Physical Security Criteria for Federal Facilities (PSC) prescribes the process for determining appropriate countermeasures for a facility. Adherence to this process:

- Ensures that all security criteria will be considered,
- Defines the relationship between the levels of risk determined for each undesirable event, and
- Mitigates risk through countermeasures that provide a commensurate Level of Protection (LOP).

The higher the risk, the higher the LOP. The baseline LOP must be implemented and completed for each facility, unless a documented risk assessment justifies a deviation. The assessment of risk in this step does not necessarily entail a comprehensive onsite risk assessment for existing facilities; however, site visits by the security organization are recommended. For new lease construction, no facility will exist; therefore, the assessment must be based on a conceptual design or set of requirements.

The ISC recommends basing security countermeasures on the FSL and an informed risk-based threat assessment. For acquisition purposes GSA is treating these ISC recommendations as Lease requirements. According, all baseline countermeasures and adjustments to countermeasures based on risk assessment are considered by GSA to be security requirements.

Risk is a function of the values of threat, consequence, and vulnerability. The objective of risk management is to create a level of protection that mitigates vulnerabilities to threats and their potential consequences, thereby reducing risk to an acceptable level. Ideally, all risk would be eliminated; however, that is not practical or feasible.

c. Determining the Threat

The FPS advises the FSC (the project team and agency personnel) on developing the facility-specific security requirements.

The FPS uses Design-Basis Threat (DBT) profiling in security planning. As mentioned previously, a DBT is a profile of the type, composition, and capabilities of an adversary used for security planning. DBT gives the Government a flexible approach for addressing potential security threats.

Security organizations are responsible for identifying and analyzing threats and vulnerabilities; they are also responsible for recommending appropriate and cost-effective countermeasures to the FSC. However, the FSC has the decision making authority to decide whether or not to implement those recommendations.



3. The Lease Process

a. Interagency Security Committee Standards and Lease Reform

The 2010 ISC Physical Security Standards presented a new approach to determining the security improvements. The 2010 standards revised the “one size fits all” approach; instead, changed its procedures to customized requirements based on the individual project’s security needs.

Initially, GSA’s leasing and security policy officials considered implementing the 2010 standards by adopting an approach where each project would receive a risk assessment. The evaluation would be incorporated in an estimated security cost (placeholder dollar amount), which the agency could use towards meeting its security needs. However, GSA not adopt that approach because having a customized level of protection for every lease action would unduly prolong the leasing process and would require more resources than are available.

Another reason for rejecting a custom “risk assessment” with placeholder pricing approach for each transaction was that GSA implemented a lease reform process that created multiple lease acquisition models (simplified, streamlined, etc.). While implementation of lease security standards using a placeholder security estimate may be accomplished with no issues for those models that included a Tenant Improvement (TI) allowance and post-award pricing in the RLP, it would provide complications for the turnkey models that require offerors to price the complete requirements package in lease proposals.

Turnkey pricing means that firm fixed pricing is established at lease award and is not subject to adjustment post-award. Placeholder allowance or estimate pricing means that final pricing is not determined until after post-award design. In both instances, certain amortization parameters are established at lease award; the only difference is when the actual costs (principal) are established. As stated above, lease reform implemented certain models that price TI as turnkey and others that price TI as a placeholder allowance. This chapter establishes similar processes (turnkey and placeholder estimate) for security pricing. However, the difference is that the TI pricing methodology is determined by the model selection, while the security pricing methodology is determined by the FSL.

This chapter issues a baseline set of security standards for each FSL (I through IV):

- FSL I and II will use turnkey pricing for their **security** requirements. The standard security requirements package (RLP paragraphs) will serve as the scope of work and offerors must price them preaward.
- FSL III and IV will use placeholder allowance pricing for their **security** requirements. This will provide the ability to customize the security requirements package for the client agency and the market. This is achieved by adjusting the appropriate baseline paragraphs starting with the requirements development process and completed before issuance of the RLP. The purpose of the customized security package is to identify for all offerors the security requirements and lease obligations. The successful offeror will price the required security after design, post-award similar to TI.

The Leasing Specialist may customize the security requirements for FSL I and II leases when the agency requires a higher level of protection, as recommended by the ISC risk and threat



assessment process performed by the physical security specialist. If the agency's security requirements package contains requirements above or outside of the customized baseline paragraphs indicated by the physical security specialist, then the costs for same will be funded as tenant specific security and not BSAC (see paragraph 5, Costs).

b. Security-Related Steps for Facility Security Levels I and II

During the requirements-development phase, the Leasing Specialist must work with the client agency and FPS to determine the FSL. When the project is designated as a FSL I or II the following process must be followed:

1. The Leasing Specialist must obtain the FSL from the FPS's designated physical security specialist (this process is described in paragraph 4, Federal Protective Service Participation). Then, the Leasing Specialist will meet with the tenant agency and the security organization representative to review the security paragraphs related to the FSL and determine if any (upward) risk-based adjustments need to be made to the set of security paragraphs associated with that FSL (not the FSL itself).
2. If one of the buildings to be considered currently houses other Government tenants, this may have an impact on the security countermeasures needed for this building. In such instances, the Leasing Specialist must notify the designated physical security specialist of the time and date of the market survey. The physical security specialist must be included on the market survey to advise the Leasing Specialist whether this increase in Government tenancy will affect the FSL of that building and necessitate additional security requirements.
3. The Leasing Specialist must attach the appropriate baseline security paragraphs (either FSL I or II) to the lease (located in the RLP package). These paragraphs will form the narrative scope of work for all security related improvements required under the lease, discussed in more detail below. The Leasing Specialist must forward a copy of the finalized RLP package to the physical security specialist.
4. The Leasing Specialist must consider estimated BSAC costs when developing his or her negotiation objectives for the lease procurement.
5. Offerors must specify the cost of meeting the security requirements on the Security Unit Price List (SecUP) (see paragraph 5, Costs). Offerors must also provide an amortization rate and term to convert the pricing for any BSAC rent. For FSL I and II projects, this rental component represents the firm fixed pricing for the security upgrades.
6. The Leasing Specialist must list the BSAC rental component as a separate line item (BSAC-lessor) on the Occupancy Agreement (OA).
7. After award, the Leasing Specialist must forward a copy of the executed lease to the physical security specialist and contact him or her to determine the appropriate level of involvement in the design phase. At a minimum, the Leasing Specialist must forward copies of the draft DIDs and construction documents (CDs) to the physical security specialist for review, specifying a timeframe for review that reflects the project schedule, followed by a set of final DIDs and CDs.
8. Prior to space acceptance, the Leasing Specialist must obtain the physical security specialist's final testing, acceptance, and approval of all installed countermeasures.



c. Security-Related Steps for Facility Security Levels III and IV

When the project is designated as a FSL III or IV, the security-related steps are similar to those for FSL I and II, but more detailed and include additional steps. During the requirements-development phase, the Leasing Specialist must work with the client agency and FPS to determine the FSL. The following process must be followed:

1. The Leasing Specialist must obtain the FSL from the FPS's designated physical security specialist (this process is described in paragraph 4, Federal Protective Service Participation). Then, the Leasing Specialist will meet with the tenant agency and the security organization representative to review the security paragraphs related to the FSL and determine if any risk-based adjustments need to be made to the set of security paragraphs associated with that FSL (not the FSL itself).
2. The Leasing Specialist must notify the designated physical security specialist of the time and date of the market survey. The physical security specialist must be included on the market survey to advise the Leasing Specialist about any special issues that need to be addressed in the RLP or Lease.
3. The Leasing Specialist must use the input from the market survey to adjust the baseline security paragraphs. He or she must attach any adjusted baseline paragraphs to the Lease portion of the RLP package. As discussed below, these paragraphs inform offerors of any potential security related improvements that may be required under the lease; however, these paragraphs are not meant to serve as the basis for lessor pricing of the BSAC. Instead, the BSAC for FSL III and IV projects will be a placeholder estimated dollar amount that is determined by security level. The placeholder dollar amounts are specified in the hidden instructional blue text of the RLP, to be adjusted by the PBS Office of Leasing, as required. The Leasing Specialist must include the appropriate BSAC placeholder dollar amount in the RLP package. The Leasing Specialist must forward a copy of the finalized RLP package to the physical security specialist.
4. The Leasing Specialist must consider estimated BSAC costs when developing his or her negotiation objectives for the lease procurement.
5. Offerors must provide an amortization rate and term and convert the pricing to BSAC rent. The actual BSAC rental component for FSL III and IV projects will be determined postaward based on final pricing. The process is very similar to the TI adjustment process, but can exceed the placeholder dollar value, as long as the total fully serviced rent stays below the high end of a market cap or prospectus dollar limitation. BSAC pricing above the placeholder estimate may be amortized in the rent. The SecUP will not be used until postaward (see step 7 below).
6. The Leasing Specialist must list the BSAC rental component as a separate line item as BSAC-lessor on the Occupancy Agreement (OA).
7. After award, the Leasing Specialist must forward a copy of the executed lease to the physical security specialist. When the DIDs are complete, the physical security specialist will work with client agency officials to specify the appropriate countermeasures and complete the security design. The physical security specialist will also provide GSA with an estimate for the costs of the recommended security countermeasures and will assist in



evaluating the security pricing.

8. The Leasing Specialist must negotiate a fair and reasonable price. For example, he or she must use the SecUP to gather separate pricing of the BSAC items from the lessor. This process can occur at the same time as the TI negotiation process. The Lease Contracting Officer will include the BSAC price acceptance in the TI notice to proceed.
9. The Leasing Specialist must adjust the OA to reflect the actual BSAC expenditure and incorporate the actual BSAC rent in a lease amendment. If the actual BSAC expenditure exceeds the BSAC figure stated under the original lease, the OA must be signed by the client agency, and the Lease Contracting Officer must obtain a revised BA 53 funding validation, before issuing a notice to proceed.
10. Prior to space acceptance, the Leasing Specialist must obtain the physical security specialist's final testing, acceptance, and approval of all installed countermeasures.
11. Depending on the size and complexity of the security build out, the Leasing Specialist may request the physical security specialist to perform progress inspections.

4. Federal Protective Service Participation

FPS is responsible for providing the physical security specialist, known by FPS as inspectors, for all GSA projects. When an FPS inspector has not been assigned, the Leasing Specialist must contact the GSA regional security officer to assist with identifying the FPS inspector.

The Leasing Specialist must submit a schedule to FPS detailing the procurement process and FPS' involvement in it. FPS must be given the opportunity to comment on the procurement schedule to maximize their participation.

Based on discussions with FPS, Leasing Specialists must ask regional inspectors in writing to participate during the following occasions:

- **When a space request is received.** The client agency representative and an FPS inspector will meet to set the appropriate FSL, which determines the baseline set of security requirements. They will also consult with the Leasing Specialist or other GSA requirements development specialist. Generally, FSL I and II do not have requirements for a project-specific risk assessment process beyond the establishment of the FSL. However, certain agencies have undergone programmatic assessments that determine a need for security requirements beyond the baseline (high FSL II requirements). The agency will identify these additional security requirements for the Leasing Specialist to include in the security attachment to the RLP package. FSL III and IV facilities will have project-specific risk assessments performed by the FPS during the requirements development phase. The assessments are used to determine recommended countermeasures and security design features. The Leasing Specialist must include those recommended countermeasures in the security attachment to the RLP package.
- **On projects with an FSL III and above, or where one of the buildings to be considered is currently occupied under a GSA lease.** The FPS inspector assigned to the project will accompany the Leasing Specialist on the market survey to advise him or her and the client agency representative of any security issues with the buildings. As discussed above, the inspector, the client agency, and the Leasing Specialist will use the information from the market survey to adjust the security attachment.



- **When offers have been received.** The inspector will assist the Leasing Specialist by evaluating the BSAC pricing (for FSL I and II, this must occur prior to lease award; for FSL III and IV, this must occur postaward). This process is discussed more thoroughly in paragraph 5, Costs.
- **Prelease form.** The prelease security form has been eliminated from the lease process.
- **Postaward.** The inspector will provide advice in the preparation of DIDs. The inspector will also review the DIDs and CDs to confirm that all security countermeasures and equipment are accounted for and placed appropriately.
- **Occupancy.** The inspector will inspect and approve the installation and startup of the required equipment provided under the lease. He or she will also oversee implementation of all other security measures outside the lease, including development of the Emergency Occupancy Plan (OEP).

Note: If GSA and FPS have coordination issues, the Leasing Specialist will resolve them regionally through the FPS chain of command (e.g., inspector or physical security specialist, Area Commander, District Director, Regional Director). Problems that cannot be resolved regionally must be reported to the Assistant Commissioners in the Office of Client Solutions and Office of Leasing.

5. Costs

The successful offeror must provide an itemized list of expected cost of security countermeasures using the SecUP form, for the purposes of OA billing and for reporting the cost of security to GSA's external stakeholders. Depending on the security level, the SecUP will either be completed preaward, with submission of final proposal revisions, or post-award, with the submission of the cost estimate for TIs, per the DIDs.

Note: In no event may any BSAC in addition to any amortized TI amounts push the total fully serviced rent over the high end of a market cap or prospectus dollar limitation. (See Pricing Desk Guide, Section 2.5.11 for further guidance.)

The breakdown of security costs below is applicable to all leases, including short-term disaster leases.

a. Pricing Components

In leasing, there are 4 pricing categories in which the security countermeasures can fall. These are:

- **Shell** - paid for by the lessor,
- **BSAC** and **SE** – amortized together as BSAC component of the rent,
- **TI** – for items not specified under a risk assessment and paid for and amortized as part of the TI component of the rent up to the maximum amount of the TIs, and
- **RWA** – lump sum funding described below.

Shell Rental Component



All of FSL I project security countermeasures are considered building shell. These countermeasures are carried over to the other FSLs, and are also priced as shell. Any security upgrades above shell must be priced as part of the BSAC or TI, which will be discussed in detail below.

Building Specific Amortized Capital Rental Component

In leasing, any item required by a threat assessment can be priced as BSAC and amortized in the rent.

Building Specific Amortized Capital (BSAC)

This may include not only capital items, but also equipment, as described below.

Under the Pricing Policy, BSAC is any physical security measure that is either part of the building or attached to the building and not easily removed. BSAC traditionally includes such items as:

- Vehicular barriers such as bollards, gates, pop-ups, and arm gates;
- Building exterior doors, locks, and garage doors;
- ISC required parking lot fencing and gates;
- Guard booths (both attached to the building and free standing);
- Blast resistant windows or shatter proof window glazing;
- Progressive collapse resistant construction; and
- Card readers at the building entrance that solely serve as a locking mechanism.

BSAC does not include TIs.

The BSAC charge is used for security items that are a separate capital investment in the leased property. BSAC charges are not included in the building shell or TIs for allowance or rate setting purposes. It is separately priced, normally amortized over the firm term, and charged to tenant agencies on their PBS Rent bill as BSAC. The amortization rate is typically the same as the TI rate, although the rates may differ, depending upon the circumstances of the lease transaction. For lease rates to compare favorably to local market rates, it is important to separate the BSAC charges from the shell rent.

Security Equipment (SE)

Security equipment is security related items that are not part of a building and are easily removed from the building. Security equipment includes:

- Magnetometers,
- X-ray machines,
- Closed Captioning Television (CCTV) systems and cameras, and



- Intrusion Detection System (IDS) and duress alarm systems

For most projects involving magnetometers and x-ray machines, FPS will be responsible for project execution, installation, maintenance, and repair. In addition, FPS will purchase security equipment through its office and will bill agencies directly for security fixtures and equipment (SE) costs. CCTV and IDS systems are usually installed by the lessor.

How the SE is charged varies, based on if it is an ISC recommendation or not. Sometimes the lessor will provide the ISC-recommended SE, which is determined through the risk and threat assessment process. When this occurs, the SE may be amortized in the BSAC Rent bill line item, but its amortization term is limited to a maximum of 5 years because of its shorter economic life. Other times, the SE is not an ISC recommendation and only the tenant requires the SE as part of their tenant-specific security. When this occurs, the SE must be paid in lump sum via RWA.

If item “x” is recommended by the FPS based on appropriate countermeasures for the FSL, then item “x” is BASC. However, if the agency also adds their security requirement “y”, then “x” is charged to BSAC and “y” is charged to the agency’s TI.

The lessor shall be responsible for maintaining the lessor-installed SE. Those maintenance charges must be part of the operating rent. At the end of the useful life of the SE the lessor will be responsibility for replacing the SE and the replacement costs must be reimbursed to the lessor as lump sum by the tenant agency via an RWA.

FPS normally provides the security equipment (including its operation and maintenance). However, the client agency may make a request to the Leasing Specialist to have the lessor furnish equipment and its maintenance.

FPS determines the specifications for security equipment and the details and specifications for the installation of the equipment, such as the type, number, and location of security cameras, magnetometers, and x-ray machines. The Leasing Specialist must ask the FPS inspector to provide the equipment specifications.

Tenant-Specific Security (Tenant Agency Funded as Part of their TIs)

These are security fixtures that are specific to one tenant agency, requested by that tenant agency, but not recommended by the risk and threat assessment process or FSL. These countermeasures are only used by the tenant in relation to their space and not the entire building. Fixtures, such as expanded wire mesh or bullet-resistant material in partitions, may be amortized in the TI allowance. Tenant-specific security equipment or measures that are not fixtures, such as the tenant’s HSPD 12 requirements, contractor background suitability determinations that are not covered by GSA’s HSPD-12 policy, or tenant’s specific contract security guards, may not be amortized in the TI allowance.

RWA

RWA funding may be used for the following:

- TIs related to tenant specific security over the general allowance, as part of the TI customization buy-down process,



- Tenant specific security that will push the TI over the TI allowance, and
- Security costs that push the rent over the high end of the market or prospectus limit.

b. Application During the Lease Process

Facility Security Level I and II

The offeror must provide a cost breakout of all of the BSAC security costs using the Security Unit Price List (SecUP), priced as firm fixed (turn-key) pricing before award. The BSAC amount (principal), amortization term, and interest rate will be negotiated and established at lease award.

Facility Security Level III and IV

In FSL III and IV facilities, BSAC is a placeholder estimate, identified as either dollars per ANSI/BOMA Office Area Square Foot (\$/ABOA SF) or total dollars for a project (\$/SF times SF).

The Leasing Specialist must include the BSAC placeholder amount in the RLP; the amortization term and interest rates are negotiated with the offeror and established at lease award. After construction drawings are complete, the lessor will use the SecUP List to obtain the security work pricing (similar to the postaward TI bidding process). After the final costs are negotiated, the BSAC rent is adjusted. While security work pricing is similar to the postaward TI bidding process, it has some differences as well. The BSAC will not have a limit as long as it meets two conditions: (1) the security features are required by the risk assessment and (2) the total does not push the fully serviced rent over the high end of the market cap or prospectus dollar limitation.

6. Request for Lease Proposals, Lease Security Paragraphs, and Security Unit Price List

The current security paragraphs required for FSL I-IV are located in Attachments 1 through 6. The SecUP Forms are located in Attachments 7 through 9. Below is a table summarizing the contents of each attachment.

Attachment Name	Content
Attachment 1	RLP template paragraphs related to security
Attachment 2	Lease template paragraphs related to security
Attachments 3 through 6	Security requirements, separated as follows: <ul style="list-style-type: none"> ○ Attachment 3: FSL I ○ Attachment 4: FSL II ○ Attachment 5: FSL III ○ Attachment 6: FSL IV
Attachments 7 through 9	SecUP, separated into three forms: <ul style="list-style-type: none"> ○ Attachment 7: FSL II (preaward submittal) ○ Attachment 8: FSL III (postaward submittal) ○ Attachment 9: FSL IV (postaward submittal)



The paragraphs in Attachments 1 and 2 are incorporated into existing paragraphs of the RLP and Lease documents. The current versions of the RLP and related documents are available in eLease or on the Office of Leasing's Google Web site.

The Leasing Specialist must choose the appropriate paragraphs for the security requirements and countermeasures from Attachments 3-6 (either FSL I, II, III, or IV) and attach the text to the RLP package (which will be retained as part of the final lease contract).

The Leasing Specialist must attach the SecUP listed in Attachment 7 to the RLP package for FSL I and II. The SecUP is a postaward submittal for FSL III and IV.

The prelease security form has been eliminated from the updated security process.

7. Background Investigations in Leased Space

For all leases, the manager of each PBS field office or service center must facilitate compliance with Homeland Security Presidential Directive 12—Policy for a Common Identification Standard for Federal Employees and Contractors (HSPD 12) by obtaining the required background investigations and fingerprint forms from the lessor. Once compiled, this information must be sent to FPS for processing in accordance with the 2006 PBS–FPS Memorandum of Agreement. The GSA Chief Information Officer (CIO) has a credentialing officer in each region that assists PBS in issuing credentials to lessor contractors.

a. Investigation Process

All lessor personnel and contractors with routine access to the Government's leased space for a period greater than 6 months, in Level III GSA-leased facilities with 100 percent Government occupancy or Level IV GSA-leased facilities, must submit complete fingerprint charts and personal history forms to obtain a background investigation. A client agency whose lease action does not meet these FSL parameters may also request background investigations on a reimbursable basis.

All GSA lease contractor employees who require routine access for more than six months to a GSA-controlled leased facility must receive the appropriate credentials (personal identity verification card) when the facility meets any one of the following ISC FSL determination risk levels:

- Level IV facility
- Level III facility solely occupied by the Federal Government
- Any facility with an on-site GSA childcare center

Routine Access Defined

Routine access is defined as regularly scheduled access that occurs post occupancy. For example, if a contractor reports to a facility on a regular basis to perform ongoing duties, he or she requires routine access and must have a background investigation. An intermittent contractor—for



example, an employee that is summoned for a service call as needed—is not required to have a background investigation. This definition of routine access only applies to contractor access after the space is occupied. The background investigation requirement does not apply to lessor personnel or contractors who are building out or otherwise preparing the space for occupancy.

Instructions for Background Investigations

The manager of each PBS regional field office or service center must comply with the following background investigations policy:

1. **Identify personnel requiring background investigations.** In all existing Level IV leases and Level III leases with 100 percent Government occupancy, or other leases where suitability determinations are required, and where background investigations have not been completed or are not current, a designated PBS employee must consult with the client agency and FPS to identify which of the lessor's personnel and contractors require background investigations.
2. **Contact Lessor.** The designated PBS employee must contact the lessor and provide a Contractor Information Worksheet (CIW), which is available on GSA Insite. The lessor will use the CIW to indicate if their identification verification process will be manual or electronic. If lessor will use the manual process, the following will be completed.

The following will be completed if the manual process is used:

- Two sets of hardcopy fingerprint cards (FD-258), available from the Government Printing Office (GPO) at <http://bookstore.gpo.gov>, or one set of electronic fingerprint cards.
- A SF-85P, Questionnaire for Public Trust Positions, for any individuals requiring background investigations.

The electronic process will be done through the e-QIP system. The lessor's contractor and his or her personnel will receive an email along with instructions for completing the electronic questionnaire. The designated PBS employee must then:

- Confirm and document that the forms have been returned to the Government and forwarded to FPS within 14 days or as otherwise specified by the lease.
 - Document when the request was made to the lessor, when the forms were forwarded to FPS, and when the investigations were completed.
 - Add this documentation to the lease file.
3. **Obtain credentials as necessary.** As outlined above, when lessor personnel have been identified, the designated associate must contact the regional credentialing officer to obtain the appropriate GSA-issued credential, as necessary, upon receipt from FPS of a successfully completed background investigation.
 4. **Consult Office of Regional Counsel.** In cases where lessors delay, resist, or refuse to provide the required information, the LCO must consult the Office of Regional Counsel to assist in obtaining such information from lessors. Contract clauses to be relied on include the existing Background Security Checks paragraph, if available, and the Changes clause in the



General Clauses. If the lessors have difficulty meeting the requirements of HSPD 12, document it in the lease file.

5. **Include new lease paragraph.** All new leases must include the Identity Verification of Personnel paragraph exactly as written. This paragraph must be included in each level of the security requirements and countermeasure attachments.

b. Lease Paragraph: Identity Verification of Personnel

The lease paragraph addressing HSPD 12 requirements is included in attachment 2.

8. Guard Services

At the higher FSLs, armed guard service may be required. If armed contract guard service is required, FPS must provide that service, unless the US Marshals Service is providing the service to the US Courts family of agencies. Any guards provided by the lessor are considered to be concierge guards and have no authority in the Government space. The Leasing Specialist, Lease Contracting Officer, and client agency must consider including extra space in the RLP for a guard break room, locker room, or both for FPS-provided guards. Unless otherwise specified by FPS, the Leasing Specialist must provide approximately 200 SF to accommodate five individuals per shift. The Leasing Specialist must negotiate this space with the lessor as part of the rentable common area if the space is used exclusively as a guard break room or locker room. Otherwise, it is to be paid by the tenant agency requiring the FPS guard service.



Attachment 1, Request for Lease Proposals Template Paragraphs Related To Security

These paragraphs revise existing RLP language for all models except On-Airport. Revisions are highlighted in yellow.

a. Section 1 (Changes)

The following paragraphs were amended:

LEASE DESCRIPTION (SEP 2012)

Offerors shall examine the Lease form included in the RLP documents to understand the Government's and the Lessor's respective rights and responsibilities under the contemplated Lease.

The Lease contemplated by this RLP includes:

- A. The term of the Lease, and renewal option, if any.
- B. Terms and Conditions of the Lease, including Definitions, Standards, and Formulas applicable to the Lease and this RLP.
- C. Building Shell standards and requirements.
- D. Information concerning the tenant agency's buildout requirements, to be supplemented after award.
- E. Security requirements.
- F. A description of all services to be provided by the Lessor.

Should the Offeror be awarded the Lease, the terms of the Lease will be binding upon the Lessor without regard to any statements contained in this RLP.

The Lease contemplated by this RLP is a fully serviced Lease. Rent will be based upon a proposed rental rate per Rentable Square Foot (RSF), limited by the offered rate and the maximum ABOA SF solicited under this RLP. Although certain Tenant Improvement (TI) requirements information is provided with this RLP and will be incorporated into the Lease, the TIs to be delivered by the Lessor will be based on the final design to be developed after award of the Lease, which reflects the Agency's full requirements. The Lessor shall design and build the TIs and will be compensated for TI costs, together with design and project management fees to be set under the Lease. Although the TI requirements will not be developed fully until after award, Offerors shall provide the allowance stated in the Tenant Improvement Allowance paragraph of the Lease. Offerors are encouraged to consider the use of existing fit-out and other improvements to minimize waste. However, any existing improvements must be deemed equivalent to Lease requirements for new construction, and Offerors are cautioned to consider those requirements before assuming efficiencies in its TI costs resulting from use of existing improvements.

Unless the Government prepares Design Intent Drawings (DIDs), after award the Lessor must prepare DIDs for the leased Space conforming to the lease requirements and other Government-supplied information related to the client agency's interior build-out requirements. The Government will have the opportunity to review the Lessor's DIDs to determine that the Lessor's design meets the requirements of the Lease. Only after the Government approves the DIDs and a final price for TIs is negotiated will the Lessor be released to proceed with buildout. The Lease also provides that the Government may modify the TI requirements, subject to the Lessor's right to receive compensation for such changes.

The security pricing process is described in a separate paragraph.

Upon completion and acceptance of the leased Space, the Space will be measured for establishing the actual annual rent, and the Lease Term shall commence. During the term of the Lease, rent will be adjusted for changes to the Lessor's operating costs and real estate taxes, pursuant to paragraphs set forth in Section 2 of the Lease.

Finally, Offerors are advised that doing business with the Government carries special responsibilities with respect to sustainability, fire protection and life safety, and security, as well as other requirements not typically found in private commercial leases. These are set forth both in the lease form and in the GSA Form 3517B, which will be part of the Lease.



The following paragraphs were added:

PRICING OF SECURITY REQUIREMENTS (SEP 2012)

A. This proposed Lease contains an attachment with the security requirements and obligations for the building, which are based on the facility security level (FSL). The Federal Government determines the facility's FSL rating, which ranges from FSL I to FSL IV. The FSL is based on client agency mix, required size of space, number of employees, use of the space, location, configuration of the site and lot, and public access into and around the facility.

ACTION REQUIRED: SELECT THE APPROPRIATE SUB-PARAGRAPH B. USE THE PARAGRAPH TITLED VERSION 1 FOR FSL I AND II (FIXED BSAC TURNKEY PRICING BEFORE AWARD). USE THE PARAGRAPH TITLED VERSION 2 FOR FSL III AND IV (BSAC PRICING BASED ON PLACEHOLDER DOLLAR ESTIMATE; ACTUAL PRICING AFTER AWARD).

VERSION 1 (FOR FSL I AND II): FIXED BSAC TURNKEY PRICING BEFORE AWARD

B. The security requirements attached to this Lease includes a list of security countermeasures that must be installed in the leased Space. The Offeror shall use the Security Unit Price List to provide the Government with itemized costs of these security countermeasures, and he or she shall amortize the cost of any Building Specific Amortized Capital (BSAC) into the rent.

VERSION 2 (FOR FSL III AND IV): BSAC PRICING BASED ON PLACEHOLDER DOLLAR ESTIMATE; ACTUAL PRICING AFTER AWARD

B. The security requirements attached to this Lease includes a general list of countermeasures that may be installed in the leased Space as part of the Building Specific Amortized Capital (BSAC). Because each building is unique, the final list of security countermeasures will be determined during the design phase and identified in the design intent drawings and construction documents. After completing the construction documents, the Lessor shall submit a list of the itemized costs. Such costs shall be subject to negotiation.

C. There shall be no charge to the Government for any items that already exist in the offered Building or facility.

The following paragraph was not edited:

SECURITY LEVEL DETERMINATION FOR FACILITY HOUSING OTHER FEDERAL TENANTS (APR 2011)

If an Offeror is offering Space in a facility currently housing a Federal agency, the security requirements of the facility may be increased and the Offeror may be required to adhere to a higher security standard than other Offerors competing for the same space requirement. If two or more Federal space requirements are being competed at the same time, an Offeror submitting on both or more space requirements may be subject to a higher security standard if the Offeror is determined to be the successful Offeror on more than one space requirement. It is incumbent upon the Offeror to prepare the Offeror's proposal accordingly.

b. Section 2

The following paragraphs were deleted:

SECURITY (JUN 2012)

~~The Lease contemplated by this RLP contains Building requirements and other obligations relating to Security. See the attachments to the Lease titled "Security Requirements" and "Security Unit Price List." The Government determines security levels, requirements and standards for facilities and agency spaces based upon tenant agency mix, use of the Space, size of Space, number of employees, location of the facility, configuration of the site and lot, and public access into and around the facility.~~



To be eligible for award, the Offeror must provide a Pre-Lease Building Security Plan with its offer that addresses its compliance with the Lease Security Requirements.

The Security Unit Price List includes various improvements, services and permissions by the Lessor and the Government. Each item is classified as part of the shell or tenant improvements or building specific security. Offeror shall complete the form and submit it as part of its offer. There shall be no charge to the Government for any items that already exist in the offered Building or facility.

The following paragraphs were updated:

PRICING TERMS (SEP 2012)

Offeror shall provide the following pricing information with its offer:

- A. GSA Form 1217, Lessor's Annual Cost of Services. Complete all sections of the 1217.
- B. GSA Form 1364C-STANDARD, Proposal to Lease Space. Complete all sections of the 1364C, including, but not limited to:
 1. A fully serviced Lease rate (gross rate) per ABOA and RSF, clearly itemizing both the total Building shell rental, and TI rate, Building Specific Amortized Capital rate, operating costs, and parking (itemizing all costs of parking above base local code requirements, or otherwise already included in shell rent).
 2. Improvements. All improvements in the base Building, lobbies, common areas, and core areas shall be provided by the Lessor, at the Lessor's expense. This Building shell rental rate shall include, but is not limited to, property financing (exclusive of TIs), insurance, taxes, management, profit, etc., for the Building. The Building shell rental rate shall also include all basic Building systems and common area buildout, including base Building lobbies, common areas, core areas, etc., exclusive of the ABOA Space offered as required in this RLP.
 3. The annual cost per ABOA and rentable square foot (RSF) for the cost of services and utilities. This equals line 27 of GSA Form 1217, Lessor's Annual Cost Statement, divided by the Building size (shown on the top of both GSA Form 1364C, Proposal to Lease Space, and Form 1217) for ABOA and RSF, respectively.
 4. The annual rent to amortize the Tenant Improvement Allowance (TIA). Such amortization shall be expressed as a cost per ABOA and RSF per year. This shall be all alterations for the Space above the Building shell buildout. Such alterations shall be described and identified in the drawings used to construct the Space. The TIA, which is to be provided by the Lessor to the Government for TIs, shall be made available at lease execution. If the Offeror chooses to amortize the TI for a period exceeding the Firm Term of the lease, the Offeror shall indicate the extended time in the offer. If the Government terminates the lease after the Firm Term or does not otherwise renew or extend the term beyond the Firm Term, the Government shall not be liable for any unamortized tenant improvement costs resulting from an extended amortization period.
 5. The annual rent to amortize the Building Specific Amortized Capital (BSAC), if any. Such amortization shall be expressed as a rate per ABOA and RSF per year. Refer to the security requirements attached to the Lease.
 6. A fully serviced Lease rate per ABOA and RSF for that portion of the lease term extending beyond the Firm Term. The rate proposed for this portion of the term shall not reflect any TIs as they will have been fully amortized over the Firm Term.
 7. An hourly overtime rate for overtime use of heating and cooling, and annual rate for areas requiring 24/7 HVAC. **Note:** Refer to the Lease document for additional guidance.
 8. Adjustment for Vacant Leased Premises. **Note:** Refer to the Lease document for additional guidance.
 9. Lessor's Fees to complete Tenant Improvements. Provide a listing of proposed (i) Lessor's Project Management fee and (ii) Lessor's A/E design costs to prepare construction documents, to complete the Tenant Improvements. State the basis for determining each component, (e.g. flat fee, cost per RSF, etc.). State any assumptions used to compute the dollar costs for each fee component.
 10. Rent concessions being offered. Indicate either on the GSA Form 1364C Proposal to Lease Space or in separate correspondence.



11. Compensation (expressed as either % or \$) to Offeror's broker and/or representative arising from an agreement between the Offeror and the Offeror's representative, agent(s), broker(s), property manager, developer, employee, or any other agent or representative in connection with the Lease contemplated herein shall be entered in block 25.b., and if GSA is using a Tenant Representative Broker, compensation (expressed as either % or \$) to GSA's Broker reflecting the agreement between Offeror and GSA's Broker, shall be entered in block 25.a.

ACTION REQUIRED: DELETE SUB-PARAGRAPH C FOR FSL III AND IV.

- C. **Security Unit Price List.** The Offeror shall use the Security Unit Price list to provide a cost breakdown of the security countermeasures, which were outlined in the security requirements attachment. The Security Unit Price list includes various improvements and services to be provided by the Lessor. Each item is classified as part of the shell, tenant improvements, or building specific amortized capital (BSAC). There shall be no charge to the Government for any items that already exist in the offered Building or facility.

ACTION REQUIRED: FOR NBC PROJECTS, E-LEASE CONTAINS A TEMPLATE FOR THE BROKER COMMISSION AGREEMENT. THIS TEMPLATE MUST BE INCLUDED AS AN RLP ATTACHMENT, AND BE INCLUDED WITH THE DOCUMENTS THAT COMPRISE AN OFFEROR'S INITIAL OFFER.

- D. Any Brokerage Commission Agreement between GSA's Tenant Representative and the Lessor for commissions identified in the GSA Form 1217.

ADDITIONAL SUBMITTALS (SEP 2012)

Offeror shall also submit with its offer the information concerning and documentation of the following:

- A. GSA Form 3518, Representations and Certifications. Note: This information applies to the status of the Ownership entity and not the authorized representative completing the form.
- B. Satisfactory evidence of at least a conditional commitment of funds in an amount necessary to prepare the Space. Such commitments shall be signed by an authorized bank officer, or other legally authorized financing official, and at a minimum shall state: amount of loan, term in years, annual percentage rate, and length of loan commitment.
- ~~C. Evidence that the Property is zoned in compliance with local zoning laws, including evidence of variances, if any, approved by the proper local authority, or the Offeror's plan and schedule to obtain all necessary zoning approvals prior to performance if the same have not been received at the time of submission of offers.~~

NOTE: AGREEMENTS SUCH AS GROUND LEASES OR THOSE TO ACQUIRE AN INTEREST IN THE PROPERTY SHOULD BE REVIEWED BY REGIONAL COUNSEL

- D. Evidence of ownership or control of Building or site. If the Offeror owns the Property being offered or has a long-term leasehold interest, documentation satisfactory to the LCO evidencing the Offeror's stated interest in the Property and any encumbrances on the Property, shall be submitted.
- E. If the Offeror does not yet have a vested interest in the Property, but rather has a written agreement to acquire an interest, then the Offeror shall submit a fully executed copy of the written agreement with its offer, together with a statement from the current owner that the agreement is in full force and effect and that the Offeror has performed all conditions precedent to closing, or other form of documentation satisfactory to the LCO. These submittals must remain current. The Offeror is required to submit updated documents as required.
- F. If claiming an historic preference in accordance with the Historic Preference paragraph in RLP Section 2, Eligibility and Preferences for Award, Offeror must submit one of the following as documentation that the Property is historic or the site of the offered Property is within a Historic District: a letter from the National Park Service stating that the Property is listed in the National Register of Historic Places or eligible for listing, with a date of the listing/decision; a letter from the State Historic Preservation Office stating that the Property is listed in the National Register of Historic Places, or on a statewide register, or eligible for inclusion, with a date of the listing/decision; or, the National Register of Historic Places Identification Number and date of listing available from the National Register of Historic Places Database found at www.nps.gov/nr.



G. If there is a potential for conflict of interest because of a single agent representing multiple owners, present evidence that the agent disclosed the multiple representation to each entity and has authorization from each ownership entity offering in response to this RLP package. Owners and agents in conflicting interest situations are advised to exercise due diligence with regard to ethics, independent pricing, and Government procurement integrity requirements. In such cases, the Government reserves the right to negotiate with the owner directly.

H. The Offeror must have an active registration in the Central Contractor Registration (CCR) System (via the Internet at <http://www.acquisition.gov>) prior to final proposal revisions.

I. The Offeror must submit the Fire Protection and Life Safety (FPLS) Information in sub-paragraph a through d unless the Building meets either exemption 2 or 3 below.

1. FPLS Submittal Information
 - a. Completed GSA Form 12000, Pre-Lease Fire Protection and Life Safety Evaluation for an Office Building (Part A or PART B, as applicable).
 - b. A copy of the previous year's fire alarm system maintenance record showing compliance with the requirements in NFPA 72 (if a system is installed in the Building).
 - c. A copy of the previous year's automatic fire sprinkler system maintenance record showing compliance with the requirements in NFPA 25 (if a system is installed in the Building).
 - d. A valid Building Certificate of Occupancy (C of O) issued by the local jurisdiction. If the Building C of O is not available or the local jurisdiction does not issue a Building C of O, a report prepared by a licensed fire protection engineer with their assessment of the offered Space regarding compliance with all applicable local Fire Protection and Life Safety -related codes and ordinances.
2. If the Space offered is 10,000 ABOA square feet or less in area and is located on the 1st floor of the Building, Offeror is not required to submit to GSA the Fire Protection and Life Safety (FPLS) Submittal Information listed in sub-paragraph 1 above.
3. If the Offeror provides a Building Certificate of Occupancy obtained under any edition of the IBC, and the offered Space meets or will meet all the requirements of the Lease with regard to Means of Egress, Automatic Fire Sprinkler System, and Fire Alarm System prior to occupancy, then the Offeror is not required to submit to GSA the FPLS Submittal Information listed in sub-paragraph 1 above.

~~J. A copy of pre-lease Building security plan addressing offer compliance with Lease security standards found in the Lease.~~

K. The legal description of the Property and tax ID number associated with the Property, copies of prior year tax notices and prior year tax bills, as well as any other information (such as a fact sheet, 5" wide x 3" high or larger color photograph, site plan, location map, and tax parcel map) in case of multiple tax parcels for an offered Building, and any other information that may affect the assessed value, in order for the Government to perform a complete and adequate analysis of the offered Property. The Offeror is to provide a detailed overview and documentation of any Tax Abatements on the Property as outlined in Real Estate Tax Adjustment" paragraph of the Lease.

L. A plan and short narrative as necessary to explain how the Offeror will meet the parking requirements

M. The architectural plans for modernization, if the offered Building is not a modern office Building.

N. An asbestos management plan, if the offered Building contains asbestos-containing materials.

O. First generation plans, scaled at 1/8" = 1'-0" (preferred) of the entire floor or floors for which Space is being offered and a plan of the floor of exit discharge.

1. All plans submitted for consideration shall include the locations of all exit stairs, elevators, and the Space(s) being offered to the Government. In addition, where Building exit stairs are interrupted or discontinued before the level of exit discharge, additional floor plans for the level(s) where exit stairs are interrupted or discontinued must also be provided.
2. All plans submitted for consideration shall have been generated by a Computer Aided Design (CAD) program which is compatible with the latest release of AutoCAD. The required file extension is .DWG. Clean and purged files shall be submitted on CD-ROM. Plans shall include a proposed corridor pattern for typical floors and/or partial floors. The CAD file showing the offered Space should show the Poly-Line utilized to determine the square footage on a separate and unique layer. All submissions shall be accompanied with a written matrix indicating the layering standard to verify that all information is recoverable. All architectural features of the Space shall be accurately shown.



3. Photostatic copies are not acceptable. All architectural features of the Space shall be accurately shown. If conversion or renovation of the Building is planned, alterations to meet this RLP shall be indicated.
4. Plans shall reflect corridors in place or the proposed corridor pattern for both a typical full (single-tenant) floor and/or partial (multi-tenant) floor. The corridors in place or proposed corridors shall meet local code requirements for issuance of occupancy permits. If the offered Space is above the first floor (or floor exiting at grade), provide plans for the first floor (or floor at grade) also.
5. GSA will review all plans submitted to determine if an acceptable level of safety is provided. In addition, GSA will review the common corridors in place and/or proposed corridor pattern to determine whether these achieve an acceptable level of safety as well as to verify that the corridors provide public access to all essential Building elements. The Offeror will be advised of any adjustments that are required to the corridors for determining the ABOA Space. The required corridors may or may not be defined by ceiling-high partitions. Actual corridors in the approved layout for the successful Offeror's Space may differ from the corridors used in determining the ABOA square footage for the lease award. Additional egress corridors required by the tenant agency's design intent drawings will not be deducted from the ABOA square footage that the most efficient corridor pattern would have yielded.

P. As provided in the "Amount and Type of Space and Lease Term" paragraph in the RLP, advise whether there are existing vending facilities in the offered Building which have exclusive rights in the Building.

MUST USE WHEN USING THE NEIGHBORHOOD, PARKING, LOCATION AMENITIES, AND PUBLIC TRANSPORTATION PARAGRAPH IN THE STATEMENT OF REQUIREMENTS SECTION OF THIS RLP, OTHERWISE DELETE.

Q. Provide evidence demonstrating amenities do or will exist by the Government's required occupancy date. Such evidence shall include copies of signed leases, construction contracts, or other documentation as deemed acceptable by the LCO.

R. No later than the due date for final proposal revisions, the Offeror must submit to the LCO:

1. Evidence of an Energy Star® label obtained within the 12 months prior to the due date of final proposal revisions,
2. Offerors falling under a statutory exception must also indicate by the due date for final proposal revisions what cost effective energy efficiency and conservation improvements they are proposing to make.
3. If no cost-effective improvements can be made, the Offeror must demonstrate to the Government using the ENERGY STAR® Online Tools referenced in the RLP paragraph, entitled "ENERGY INDEPENDENCE AND SECURITY ACT," why no energy efficiency and conservation improvements are cost effective. This explanation will be subject to review by the LCO. If the explanation is considered unreasonable, the offer may be considered technically unacceptable,
4. If the offeror is claiming eligibility for additional time to obtain the Energy Star® label per sub-paragraph B of the RLP paragraph entitled "Energy Independence and Security Act," then the offeror shall provide such indication with its initial offer and also must provide by the due date for final proposal revisions evidence substantiating their claim for additional time to obtain the Energy Star® label and substantiating their capability of earning the Energy Star®.
5. For new construction, the offeror need not submit anything regarding compliance with EISA by the date of final proposal revisions, but shall be required to produce prior to the issuance of a permit for building construction a Statement of Energy Design Intent (SEDI) using Energy Star's® Target Finder online tool reflecting an Energy Star® benchmark score of 75 or higher and a certification from EPA of being Designed to Earn the Energy Star®.



ACTION REQUIRED: THE NEXT TWO SUB-PARAGRAPHS MUST BE USED FOR ALL LEASE CONSTRUCTION PROCUREMENTS OF 10,000 RSF OR MORE

S. For projects 10,000 RSF and above, a LEED®-NC Silver scorecard documenting the proposed Credits to meet Silver level. Along with the proposed scorecard, the Offeror shall submit a brief statement outlining how each of the credits proposed on the scorecard will be achieved.

T. From the entirety of available LEED Credits, the Offeror must achieve the following Credits on the project:

Water Efficiency	Credit 1.2	Water Use Reduction 30%
Energy and Atmosphere	Credit 1.1	Optimize Performance – Lighting Power
Energy and Atmosphere	Credit 1.3	Optimize Energy Performance- HVAC
Energy and Atmosphere	Credit 2	Enhanced Commissioning
Materials and Resources	Credit 5.1	Regional Materials 20% Manufactured Regionally
Indoor Environmental Quality	Credit 2	Increased Ventilation
Indoor Environmental Quality	Credit 3.2	Construction IAQ Management Plan, Before Occupancy
Innovation and Design	Credit 2	LEED® Accredited Professional

The Offeror must identify the USGBC LEED® accredited professionals (APs) as team members, including their roles throughout the project.

X. If the Offeror requests any deviations, all deviations must be documented on Form 1364C in block labeled "Additional Remarks or Conditions with Respect to this Offer". GSA at its sole discretion will make the decision whether or not to accept the deviation. Any deviations must be requested prior to the request for final proposal revisions. If the Offeror requests any deviations, GSA at its sole discretion will make the decision whether to accept the deviation.

Y. Evidence of seismic safety compliance as required in Section 2 of this RLP

The following paragraphs were added:

ACTION REQUIRED: MANDATORY FOR ACTIONS DESIGNATED AT FACILITY SECURITY LEVEL (FSL) III OR IV, WHICH REQUIRES OFFERORS TO DETERMINE BSAC RENT BASED UPON AN ESTIMATED DOLLAR AMOUNT SUPPLIED BY THE GOVERNMENT. DELETE FOR FSL I AND II, WHICH RELIES ON FIRM FIXED (TURNKEY) PRICING FOR SECURITY WORK.

ACTION REQUIRED. LEASING SPECIALIST MUST ENTER THE BSAC AMOUNT PRIOR TO ISSUING THE RLP. FOR FSL III, INSERT \$25.00 PER ABOA SF. FOR FSL IV, INSERT \$35.00 PER ABOA SF. THESE NUMBERS ARE ESTIMATED BASED ON THE FSL.

NOTE: AMORTIZED TI AND BSAC MAY NOT EXCEED THE HIGH END OF THE MARKET. IF THE INCLUSION OF THE BSAC AMOUNT IS ANTICIPATED TO PUSH THE RENT ABOVE THE HIGH END OF THE MARKET, REDUCE THE BSAC FIGURE BELOW AND OBTAIN AN RWA FOR THE DIFFERENCE.

SECURITY IMPROVEMENTS INCLUDED IN OFFER (SEP 2012)

A. The Building Specific Amortized Capital (BSAC) amount is _____ per ABOA SF. The BSAC shall be used for the build-out of security-related improvements in the Building in accordance with the Government-approved design intent drawings. All security countermeasures required by the Government for occupancy shall be performed by the successful Offeror as part of the rental consideration, and all improvements shall meet the quality standards and requirements of this RLP package and its attachments.

B. The BSAC shall include all the Offeror's administrative costs, general contractor fees, subcontractor's profit and overhead costs, Offeror's profit and overhead, design costs, and other associated project fees necessary to prepare



construction documents and to complete the security countermeasures. It is the successful Offeror's responsibility to prepare all documentation (working/construction drawings, etc.) required to receive construction permits. No costs associated with the building shell or TI shall be included in the BSAC pricing.



Attachment 2, Lease Template Paragraphs Related To Security

These paragraphs revise existing Lease language for all models except On-Airport. Revisions are highlighted in yellow.

a. Section 1 (Changes)

The following paragraphs were amended:

ACTION REQUIRED: ADJUST THE RENTAL RATES IN THE TABLE TO REFLECT THE RENTAL RATES OF THE LEASE AND ADJUST THE TI **AND BSAC AMORTIZATION**. ADD ADDITIONAL TABLES AS NECESSARY FOR MULTIPLE STEP RENTS.

NOTE: THE INCLUSION OF THE AMORTIZED TI AND BSAC CANNOT CAUSE THE RENT TO EXCEED THE HIGH END OF THE MARKET, IN WHICH INSTANCE AN RWA IS NEEDED TO FUND THE EXCESS.

NOTE FOR TURNKEY MODELS: CONFIRM WHETHER THE TENANT IMPROVEMENT COSTS LISTED IN THE PROPOSAL EXCEED THE AGENCY'S AUTHORIZED TI TIER. IN ACCORDANCE WITH PRICING POLICY, TI COSTS IN EXCESS OF THE TIER CANNOT BE AMORTIZED INTO THE RENT UNLESS **A DEVIATION** IS GRANTED BY PORTFOLIO. IF THE TI COSTS EXCEED THE AUTHORIZED TIER, THE LEASING SPECIALIST MUST EITHER GAIN APPROVAL TO INCREASE THE TI **ALLOWANCE**, OR OBTAIN AN RWA FOR THE EXCESS TI COSTS. IN ADDITION, THE 1364 MUST BE REVISED TO REFLECT TO LOWER TI PRINCIPAL AND RENT RATE. INCLUDE LUMP SUM PAYMENT LANGUAGE UNDER SECTION 7.

RENT AND OTHER CONSIDERATION (SEP 2012)

A. The Government shall pay the Lessor annual rent, payable in monthly installments in arrears, at the following rates:

	FIRM TERM	NON FIRM TERM
	ANNUAL RENT	ANNUAL RENT
SHELL RENT ¹	\$XXX,XXX.XX	\$XXX,XXX.XX
TENANT IMPROVEMENTS RENT ²	\$ XXX,XXX.XX	\$0.00
OPERATING COSTS ³	\$ XXX,XXX.XX	\$ XXX,XXX.XX
BUILDING SPECIFIC AMORTIZED CAPITAL ⁴	\$ XXX,XXX.XX	\$ XXX,XXX.XX
PARKING ⁵	\$ XXX,XXX.XX	\$ XXX,XXX.XX
TOTAL ANNUAL RENT	\$XXX,XXX.XX	\$XXX,XXX.XX

¹Shell rent (Firm Term) calculation: \$XX per RSF multiplied by XX RSF

²The Tenant Improvement Allowance of \$XX is amortized at a rate of X percent per annum over XX years.

³Operating Costs rent calculation: \$XX per RSF multiplied by XX RSF

⁴**Building Specific Amortized Capital** (BSAC) of \$XX are amortized at a rate of X percent per annum over XX years

⁵Parking costs described under sub-paragraph G below



ACTION REQUIRED: INSERT THIS SUB-PARAGRAPH ONLY WHEN AMORTIZING TI OR BSAC BEYOND THE FIRM TERM OF THE LEASE. OTHERWISE DELETE

In instances where the Lessor amortizes either the TI or Building Specific Amortized Capital for a period exceeding the Firm Term of the Lease, should the Government terminate the Lease after the Firm Term or does not otherwise renew or extend the term beyond the Firm Term, the Government shall not be liable for any costs, including unamortized costs, beyond the Firm Term.

ACTION REQUIRED:

- INPUT INFORMATION IN HIGHLIGHTED TEXT AREA
- DELETE B WHEN USING THE SUCCEEDING/SUPERSEDING LEASE MODEL

B. Rent is subject to adjustment based upon a mutual on-site measurement of the Space upon acceptance, not to exceed **XX** ABOA SF based upon the methodology outlined under the "Payment" clause of GSA Form 3517.

ACTION REQUIRED: DELETE C WHEN USING TURNKEY MODELS (SUCCEEDING/SUPERSEDING AND STREAMLINED OPTIONS 1 AND 3)

C. Rent is subject to adjustment based upon the final Tenant Improvement (TI) cost to be amortized in the rental rate, as agreed upon by the parties subsequent to the Lease Award Date.

ACTION REQUIRED: DELETE SUB-PARAGRAPH D FOR FSL I AND II (TURNKEY SECURITY PRICING)

D. Rent is subject to adjustment based on the final Building Specific Amortized Capital (BSAC) cost to be amortized in the rental rate, as agreed upon by the parties subsequent to the Lease Award Date.

E. If the Government occupies the Premises for less than a full calendar month, then rent shall be prorated based on the actual number of days of occupancy for that month.

F. Rent shall be paid to Lessor by electronic funds transfer in accordance with the provisions of the General Clauses. Rent shall be payable to the Payee designated in the Lessor's Central Contractor Registration (CCR). If the payee is different from the Lessor, both payee and Lessor must be registered in CCR.

G. Lessor shall provide to the Government, in exchange for the payment of rental and other specified consideration, the following:

1. The leasehold interest in the Property described in the paragraph entitled "The Premises."
2. All costs, expenses and fees to perform the work required for acceptance of the Premises in accordance with this Lease, including all costs for labor, materials, and equipment, professional fees, contractor fees, attorney fees, permit fees, inspection fees, and similar such fees, and all related expenses;

ACTION REQUIRED: USE THE FIRST SUB-PARAGRAPH "3" BELOW FOR A "FULLY SERVICED" LEASE, AND DELETE THE SECOND SUB-PARAGRAPH. USE THE SECOND SUB-PARAGRAPH "3," BELOW FOR A "LEASE NET OF UTILITIES." IDENTIFY WHICH UTILITIES (ELECTRIC AND/OR GAS) ARE NET. THEN DELETE THE FIRST SUB-PARAGRAPH "3." ALSO DELETE ONE OF THE UTILITIES PARAGRAPHS IN THE "UTILITIES, SERVICES, AND OBLIGATIONS DURING THE LEASE TERM" SECTION OF THIS LEASE, ACCORDINGLY.

3. Performance or satisfaction of all other obligations set forth in this Lease; and all services, utilities, and maintenance required for the proper operation of the Property, the Building, and the Premises in accordance with the terms of the Lease, including, but not limited to, all inspections, modifications, repairs, replacements, and improvements required to be made thereto to meet the requirements of this Lease.

3. Performance or satisfaction of all other obligations set forth in this Lease; and all services, utilities (with the exclusion of **XX**), maintenance required for the proper operation of the Property, the Building, and the Leased Premises, in accordance with the terms of the Lease, including, but not limited to, all inspections, modifications, repairs, replacements and improvements required to be made thereto to meet the requirements of this Lease. The Government shall be responsible for paying the cost of **XX** directly to the utility provider. The Lessor shall ensure that such utilities are separately metered. The Lessor shall provide and install as part of shell rent, separate meters for utilities. Sub-meters are not acceptable. The Lessor shall furnish in writing to the LCO, prior to occupancy by the Government, a record of the meter numbers and verification that the meters measure Government usage only. Proration is not permissible. In addition, an automatic control system shall be provided to assure compliance with heating and air conditioning requirements.



ACTION REQUIRED: IF PARKING IS CHARGED SEPARATELY, USE THE FOLLOWING SUB-PARAGRAPH, AS APPROPRIATE. OTHERWISE, DELETE THE FOLLOWING SUB-PARAGRAPH. NOTE: PARKING RATE IS TYPICALLY ON A PER MONTH BASIS.

H. Parking shall be provided at a rate of \$XX per parking space per month (Structure), and \$XX per parking space per month (Surface).

The following paragraphs have been added:

ACTION REQUIRED: MANDATORY FOR ACTIONS DESIGNATED AT FACILITY SECURITY LEVEL (FSL) III OR IV, WHICH REQUIRES OFFERORS TO DETERMINE BSAC RENT BASED UPON AN ESTIMATED DOLLAR AMOUNT SUPPLIED BY THE GOVERNMENT. DELETE FOR FSL I AND II, WHICH RELIES ON FIRM FIXED (TURNKEY) PRICING FOR SECURITY WORK.

ACTION REQUIRED. LEASING SPECIALIST MUST ENTER THE BSAC PRIOR TO ISSUING LEASE DOCUMENT WITH THE RLP. MUST MATCH THE AMOUNT USED UNDER THE RLP. INSERT THE AMORTIZATION RATE AT LEASE AWARD.

BUILDING SPECIFIC AMORTIZED CAPITAL (SEP 2012)

For purposes of this Lease, the Building Specific Amortized Capital (BSAC) is \$XX.XX per ABOA SF. The Lessor will make the total BSAC amount available to the Government, which will use the funds for security related improvements. This amount is amortized in the rent over the Firm Term of this lease at an annual interest rate of X percent.

ACTION REQUIRED: MANDATORY FOR ACTIONS DESIGNATED AT FACILITY SECURITY LEVEL (FSL) III OR IV, WHICH REQUIRES OFFERORS TO DETERMINE BSAC RENT BASED UPON AN ESTIMATED DOLLAR AMOUNT SUPPLIED BY THE GOVERNMENT. DELETE FOR FSL I AND II, WHICH RELIES ON FIRM FIXED (TURNKEY) PRICING FOR SECURITY WORK.

BUILDING SPECIFIC AMORTIZED CAPITAL RENTAL ADJUSTMENT (SEP 2012)

A. The Government, at its sole discretion, shall make all decisions about the use of the Building Specific Amortized Capital (BSAC). The Government may use all or part of the BSAC. The Government may return to the lessor any unused portion of the BSAC in exchange for a decrease in rent (where applicable) according to the agreed-upon amortization rate over the Firm Term.

B. The Government may elect to make lump-sum payments for any work covered by the BSAC. The part of the BSAC amortized in the rent shall be reduced accordingly. At any time after occupancy and during the Firm Term of the Lease, the Government, at its sole discretion, may elect to pay a lump sum for any part or all of the remaining unpaid amortized balance of the BSAC. If the Government elects to make a lump-sum payment for the BSAC after occupancy, the payment of the BSAC by the Government will result in a decrease in the rent according to the amortization rate over the Firm Term of the Lease.

C. If it is anticipated that the Government will spend more than the BSAC identified above, the Government shall have the right to either:

1. Reduce the security countermeasure requirements;
2. Pay a lump sum for the amount overage upon substantial completion in accordance with the "Acceptance of Space and Certificate of Occupancy" paragraph; or
3. Negotiate an increase in the rent.

b. Section 4 (Changes)

The following paragraphs have been amended:



SCHEDULE FOR COMPLETION OF SPACE (SEP 2012)

Design and construction activities for the Space shall commence upon Lease award. The Lessor shall schedule the following activities to achieve timely completion of the work required by this Lease:

ACTION REQUIRED: CHOOSE ONE OF THREE DID METHODS BELOW: "GOVERNMENT-PROVIDED DID," OR "DID WORKSHOP," OR "LESSOR-PROVIDED DID"; AND DELETE THE OTHER TWO METHODS. NOTE: AFTER SELECTION AND DELETION OF TWO OF THE FOLLOWING THREE METHODS, CONTINUE THIS PARAGRAPH FROM SUB-PARAGRAPH "D," BELOW. FILL IN THE REQUIRED DATES OR WORKING DAYS.

GOVERNMENT-PROVIDED DID METHOD

A. Government-Provided Design Intent Drawings (DIDs): The Government shall prepare and provide to the Lessor the Government's approved DIDs based upon the base Building documents provided by the Lessor as required in the paragraph titled "DOCUMENTS INCORPORATED IN THE LEASE" paragraph of this lease. These DIDs will detail the TIs to be made by the Lessor within the Space. DIDs shall be due to the Lessor within **XX** Working Days from award.

B. DIDs. For the purposes of this Lease, DIDs are defined as fully dimensioned drawings of the leased Space which reflect all Lease requirements provided by the Government sufficient for the preparation of construction documents (CDs), including, but not limited to:

1. Generic furniture layout, wall, door, and built-in millwork locations;
2. Telephone, electrical, and data outlet types and locations;
3. Information necessary for calculation of electrical and HVAC loads;
4. **Work related to security requirements; and**
5. All finish selections.

DID WORKSHOP METHOD

A. Design Intent Drawing (DID) Workshop: In conjunction with the Government, the Lessor shall commit as part of shell costs to a **X**-day DID workshop tentatively scheduled to begin **month/day/year or X Working Days after award** at the office of the Lessor's architect or an alternate location agreed to by the Government. The architect will provide full design services so that the DIDs can be completed during this conference.

B. DIDs. For the purposes of this Lease, DIDs are defined as fully dimensioned drawings of the leased Space which reflect all Lease requirements provided by the Government sufficient for the preparation of construction documents (CDs), including, but not limited to:

1. Generic furniture layout, wall, door, and built-in millwork locations;
2. Telephone, electrical, and data outlet types and locations;
3. Information necessary for calculation of electrical and HVAC loads
4. **Work related to security requirements; and**
5. All finish selections.

C. The Government's review and approval of the DIDs is limited to conformance to the specific requirements of the Lease and the client agency build-out requirements as they apply to the Space. The Government will provide formal approval of DIDs in writing **XX** Working Days from the conclusion of the DID conference.

LESSOR-PROVIDED DID METHOD

A. Lessor-Provided Design Intent Drawings (DIDs): The Lessor must submit to GSA, as part of the shell cost, complete DIDs conforming to the requirements of this Lease and other Government-supplied information related to the tenant agency's interior build-out requirements not later than **XX** Working Days following the Lease Award Date, provided that the Government supplies such information and direction as reasonably required for Lessor to timely complete DIDs. The Government (GSA and the tenant agency) shall attend two meetings at the Lessor's request for the purpose of providing information and direction in the development of DIDs. The Lessor should anticipate at least two submissions of DIDs before receiving approval. At the sole discretion of the Government, the Lessor may be required to submit a budget proposal based on the TIs and associated work as shown on the DIDs. This budget proposal shall be completed within **XX** Working Days of the Government's request.



B. DIDs. For the purposes of this Lease, DIDs are defined as fully dimensioned drawings of the leased Space that reflect all Lease requirements provided by the Government sufficient for the preparation of construction documents (CDs), including, but not limited to:

1. Generic furniture layout, wall, door, and built-in millwork locations;
2. Telephone, electrical, and data outlet types and locations;
3. Information necessary for calculation of electrical and HVAC loads;
4. **Work related to security requirements; and**
5. **All finish selections.**

C. Government review and approval of Lessor-provided DIDs: The Government must notify the Lessor of DID approval not later than **XX** Working Days following submission of DIDs conforming to the requirements of this Lease as supplied by the Government. Should the DIDs not conform to these requirements, the Government must notify the Lessor of such non-conformances within the same period; however, the Lessor shall be responsible for any delay to approval of DIDs occasioned by such non-conformance. The Government's review and approval of the DIDs is limited to conformance to the specific requirements of the Lease as they apply to the Space.



D. The Lessor's preparation and submission of construction documents (CDs): The Lessor as part of the TI must complete CDs conforming to the approved DIDs not later than **XX** Working Days following the approval of DIDs. The pricing for this work is included under the A/E fees established under Section 1 of the Lease. If during the preparation of CDs the Lessor becomes aware that any material requirement indicated in the approved DIDs cannot be reasonably achieved, the Lessor shall promptly notify GSA, and shall not proceed with completion of CDs until direction is received from the LCO. The LCO shall provide direction within **XX** Working Days of such notice, but the Government shall not be responsible for delays to completion of CDs occasioned by such circumstances. For the purpose of this paragraph, a "material requirement" shall mean any requirement necessary for the Government's intended use of the Space as provided for in, or reasonably inferable from, the Lease and the approved DIDs (e.g., number of workstations and required adjacencies).

E. Government review of CDs: The Government shall have **XX** Working Days to review CDs before Lessor proceeds to prepare a TI price proposal for the work described in the CDs. At any time during this period of review, the Government shall have the right to require the Lessor to modify the CDs to enforce conformance to Lease requirements and the approved DIDs.

F. The Lessor's preparation and submission of the TI price proposal: The Lessor shall prepare and submit a complete TI price proposal in accordance with this Lease within **XX** Working Days following the end of the Government CD review period.

G. Negotiation of TI price proposal and issuance of notice to proceed (NTP): The Government shall issue NTP within **XX** Working Days following the submission of the TI price proposal, provided that the TI price proposal conforms to the requirements of the paragraph titled "Tenant Improvements Price Proposal" and the parties negotiate a fair and reasonable price for TIs.

ACTION REQUIRED: DELETE SUB-PARAGRAPH H FOR FSL I AND II (SECURITY TURNKEY PRICING).

H. The Lessor's preparation and submission of the BSAC price proposal: The Lessor shall prepare and submit a complete BSAC price proposal in accordance with this Lease within **XX** Working Days following the end of the Government CD review period.

ACTION REQUIRED: DELETE SUB-PARAGRAPH I FOR FSL III and IV (SECURITY PRICED POST-AWARD).

I. Negotiation of TI price proposal and issuance of notice to proceed (NTP): The Government shall issue NTP within **XX** Working Days following the submission of the TI price proposal, provided that the TI price proposal conforms to the requirements of the paragraph titled "Tenant Improvements Price Proposal" and the parties negotiate a fair and reasonable price for TIs.

ACTION REQUIRED: DELETE SUB-PARAGRAPHS J FOR FSL I AND II (SECURITY TURNKEY PRICING).

J. Negotiation of TI and BSAC price proposals and issuance of notice to proceed (NTP): The Government shall issue NTP within **XX** Working Days following the submission of the TI and BSAC price proposals, provided that both the TI and BSAC price proposals conform to the requirements of the paragraphs titled "Tenant Improvements Price Proposal" and "Building Specific Amortized Capital Price Proposal" and the parties negotiate a fair and reasonable price for TIs.



K. **Construction of TIs and completion of other required construction work:** The Lessor shall complete all work required to prepare the Premises as required in this Lease ready for use not later than **XX** Working Days following issuance of NTP.

CONSTRUCTION DOCUMENTS (SEP 2012)

The Lessor's CDs shall include all mechanical, electrical, plumbing, fire protection, life safety, lighting, structural, **security**, and architectural improvements scheduled for inclusion into the Space. CDs shall be annotated with all applicable specifications. CDs shall also clearly identify TIs already in place and the work to be done by the Lessor or others. Notwithstanding the Government's review of the CDs, the Lessor is solely responsible and liable for their technical accuracy and compliance with all applicable Lease requirements.

TENANT IMPROVEMENTS PRICING REQUIREMENTS (SEP 2012)

- A. Under the provisions of FAR Subpart 15.4, the Lessor shall submit a TI price proposal with information that is adequate for the Government to evaluate the reasonableness of the price or determining cost realism for the TIs within the time frame specified in this section. The TI price proposal shall use the fee rates specified in the "Tenant Improvement Fee Schedule" paragraph of this Lease. The Lessor shall exclude from the TI price proposal all costs for fixtures and/or other TIs already in place, provided the Government has accepted same. However, the Lessor will be reimbursed for costs to repair or improve the fixture(s) and/or any other improvements already in place. The Lessor must provide certified cost or pricing data for TI proposals exceeding the threshold in FAR [15.403-4](#), to establish a fair and reasonable price. For TI proposals that do not exceed the threshold in FAR 15-403-4, the Lessor shall submit adequate documentation to support the reasonableness of the price proposal as determined by the LCO.
- B. The TIs scope of work includes the Lease, the DIDs, the CDs, and written specifications. In cases of discrepancies, the Lessor shall immediately notify the LCO for resolution. All differences will be resolved by the LCO in accordance with the terms and conditions of the Lease.
- C. In lieu of requiring the submission of detailed cost or pricing data as described above, the Government (in accordance with FAR 15.403) is willing to negotiate a price based upon the results of a competitive proposal process. A minimum of two qualified General Contractors (GCs) shall be invited by the Lessor to participate in the competitive proposal process. Each participant shall compete independently in the process. In the absence of sufficient competition from the GCs, a minimum of two qualified subcontractors from each trade of the Tenant Improvement Cost Summary (TICS) Table (described below) shall be invited to participate in the competitive proposal process.
- D. Each TI proposal shall be (1) submitted by the proposed General Contractors (or subcontractors) using the TICS Table in CSI Masterformat; (2) reviewed by the Lessor prior to submission to the Government to ensure compliance with the scope of work (specified above) and the proper allocation of shell and TI costs; and (3) reviewed by the Government. The GCs shall submit supporting bids from major subcontractors along with additional backup to the TICS Table in a format acceptable to the Government, consistent with the TICS Table Masterformat cost elements.
- E. Unless specifically designated in this Lease as a TI **or BSAC** cost, all construction costs shall be deemed to be included in the Shell Rent. Any costs in the GC's proposal for Building shell **and BSS** items shall be clearly identified on the TICS Table separately from the TI costs.
- F. The Government reserves the right to determine if bids meet the scope of work, that the price is reasonable, and that the Lessor's proposed contractors are qualified to perform the work. The Government reserves the right to reject all bids at its sole discretion. The Government reserves the right to attend or be represented at all negotiation sessions between the Lessor and potential contractors.
- G. The Lessor shall demonstrate to the Government that best efforts have been made to obtain the most competitive prices possible, and the Lessor shall accept responsibility for all prices through direct contracts with all contractors. The LCO shall issue to the Lessor a NTP with the TIs upon the Government's sole determination that the Lessor's proposal is acceptable. The Lessor shall complete the work within the time frame specified in this section of the Lease.



The following paragraph has been added:

ACTION REQUIRED: MANDATORY FOR ACTIONS DESIGNATED AT FACILITY SECURITY LEVEL (FSL) III OR IV, WHICH REQUIRES OFFERORS TO DETERMINE BSAC RENT BASED UPON AN ESTIMATED DOLLAR AMOUNT SUPPLIED BY THE GOVERNMENT. DELETE FOR FSL I AND II, WHICH RELIES ON FIRM FIXED (TURNKEY) PRICING FOR SECURITY WORK.

ACTION REQUIRED: LEASING SPECIALIST MUST ENTER THE BSAC PRIOR TO ISSUING LEASE DOCUMENT WITH THE RLP. MUST MATCH THE AMOUNT USED UNDER THE RLP. INSERT THE AMORTIZATION RATE AT LEASE AWARD.

NOTE: AMORTIZED TI AND BSAC MAY NOT EXCEED THE HIGH END OF THE MARKET. IF THE INCLUSION OF THE BSAC AMOUNT IS ANTICIPATED TO PUSH THE RENT ABOVE THE HIGH END OF THE MARKET, REDUCE THE BSAC FIGURE BELOW AND OBTAIN AN RWA FOR THE DIFFERENCE

BUILDING SPECIFIC AMORTIZED CAPITAL (BSAC) PRICE PROPOSAL (SEP 2012)

The Lessor's BSAC price proposal shall be supported by sufficient cost or pricing data to enable the Government to evaluate the reasonableness of the proposal, or documentation that the Proposal is based upon competitive proposals. The pricing requirements described in the "Tenant Improvements Pricing Requirements" paragraph shall apply to BSAC pricing, except that pricing shall be submitted using the Security Unit Price List (SecUP).

c. Section 6 (Changes)

The following paragraph has been added:

IDENTITY VERIFICATION OF PERSONNEL (SEP 2012)

The Government reserves the right to verify identities of personnel with routine pre-occupancy and/or unaccompanied access to Government space. The Lessor shall comply with the agency personal identity verification procedures below that implement [Homeland Security Presidential Directive-12](#) (HSPD-12), Office of Management and Budget (OMB) guidance [M-05-24](#), and Federal Information Processing Standards Publication (FIPS PUB) Number 201, as amended.

The Lessor shall insert this paragraph in all subcontracts when the subcontractor is required to have physical access to a federally controlled facility or access to a federal information system. Lessor compliance with sub-paragraphs below will suffice to meet the Lessor's requirements under HSPD-12, OMB M-05-24, and FIPS PUB Number 201.

The Government reserves the right to conduct background checks on Lessor personnel and contractors with routine access to Government leased space.

Upon request, the Lessor will notify the Government whether they will use either the manual process and submit completed fingerprint charts and background investigation forms, or use the electronic process of ID verification, completed through the E-QUIP system. This would be done for each employee of the Lessor, as well as employees of the Lessor's contractors or subcontractors who will provide building operating services requiring routine access to the Government's leased space for a period greater than 6 months. The Government may also require this information for the Lessor's employees, contractors, or subcontractors who will be engaged to perform alterations or emergency repairs in the Government's space.

MANUAL PROCESS

The Lessor shall provide Form FD 258, Fingerprint Chart (available from the Government Printing Office at <http://bookstore.gpo.gov>), and Standard Form 85P, [Questionnaire for Public Trust Positions](#), completed by each person and returned to the Lease Contracting Officer (or the contracting officer's designated representative) within 30 days from receipt of the forms.

ELECTRONIC PROCESS

The electronic process will be done through the E-QIP system. The Lessor's contractor/personnel will receive an email along with instructions for completing the Office of Personnel Electronic Questionnaire (e-QIP).



The contractor/personnel will have up to (7) seven business days to login and complete the e-QIP for the background investigation.

The contractor/personnel will be instructed to access the website, and receive on screen instructions which include but it is not limited to:

- § How to Log In
- § How to Answer and Create New Golden Questions
- § What Additional Documents to Send
- § To Print and Sign two Signature Forms (Certification That My Answers Are True)
- § To complete the submission process press the "Release /Request Transmit to the Agency" and exit the process
- § Where to Send ;

The Lessor must ensure prompt input, and timely receipt of the following, from their contractor/personnel:

- (1) Two (2) FBI Fingerprint Cards (Form FD-258) or one (1) card produced by a livescan device,
- (2) Certification That My Answers Are True
- (3) Authorization for Release of Information

The Lessor must ensure the contracting officer (or the contracting officer's designated Representative has all of the requested documentation to ensure the completion of the investigation.

Based on the information furnished, the Government will conduct background investigations of the employees. The contracting officer will advise the Lessor in writing if an employee fails the investigation, and, effective immediately, the employee will no longer be allowed to work or be assigned to work in the Government's space.

Throughout the life of the lease, the Lessor shall provide the same data for any new employees, contractors, or subcontractors who will be assigned to the Government's space. In the event the Lessor's contractor or subcontractor is subsequently replaced, the new contractor or subcontractor is not required to submit another set of these forms for employees who were cleared through this process while employed by the former contractor or subcontractor. The Lessor shall resubmit Form FD 258 and Standard Form 85P for every employee covered by this paragraph on a 5 year basis.

d. Section 7 (Changes)

The following paragraph was not edited:

ACTION REQUIRED: INSERT SECURITY LEVEL BELOW AND ATTACH APPROPRIATE SECURITY STANDARDS FROM NATIONAL OFFICE OF LEASING GOOGLE SITE.

SECURITY STANDARDS (JUN 2012)

The Lessor agrees to the requirements of Security Level **X** attached to this Lease.



Attachment 3, Security Requirements for FSL I

Requirements for FSL I are on the following pages.



INSTRUCTIONS TO LEASING SPECIALISTS: THE FOLLOWING BASELINE SPECIFICATIONS REPRESENT THE FULL EXTENT OF SECURITY SPECIFICATIONS AVAILABLE TO LEVEL I REQUIREMENTS UNDER THE ISC.

THESE ARE THE MINIMUM BASELINE REQUIREMENTS (MANDATORY). THE LCO MAY INCLUDE ADDITIONAL REQUIREMENTS, IDENTIFIED THROUGH PROGRAMMATIC OR RISK BASED ASSESSMENT. ANY ADDITIONAL REQUIREMENTS NOT SUPPORTED BY RISK ASSESSMENT MAY BE INCLUDED, BUT MUST BE FUNDED AS TENANT SPECIFIC SECURITY (TIS), AND NOT AS BSAC.

SECURITY REQUIREMENTS - FACILITY SECURITY LEVEL I

THESE PARAGRAPHS CONTAIN SECURITY REQUIREMENTS, AND, UNLESS INDICATED OTHERWISE, ARE TO BE PRICED AS PART OF THE BUILDING SHELL. WHERE THEY ARE IN CONFLICT WITH ANY OTHER REQUIREMENTS ON THIS LEASE, THE STRICTEST SHALL APPLY.

DEFINITIONS:

CRITICAL AREAS - The areas that house systems that if damaged or compromised could have significant adverse consequences for the facility, operation of the facility, or mission of the agency or its occupants and visitors. These areas may also be referred to as "limited access areas," "restricted areas," or "exclusionary zones." Critical areas do not necessarily have to be within Government-controlled space (e.g., generators, air handlers, electrical feeds which could be located outside Government-controlled space).

SENSITIVE AREAS - Sensitive areas include vaults, Sensitive Compartmented Information Facilities (SCIFs), evidence rooms, war rooms, and sensitive documents areas. Sensitive areas are primarily housed within Government-controlled space.

FACILITY ENTRANCES, LOBBY, COMMON AREAS, NON-PUBLIC, AND UTILITY AREAS.

FACILITY ENTRANCES AND LOBBY

EMPLOYEE ACCESS CONTROL AT ENTRANCES

The Lessor shall provide key or electronic access control for all Government employees under this Lease to the entrance to the Building (including after-hours access).



COMMON AREAS, NON-PUBLIC, AND UTILITY AREAS.

PUBLIC RESTROOM ACCESS

The Government reserves the right to control access to public restrooms located within the Space.

SECURING CRITICAL AREAS

The Lessor shall secure areas designated as Critical Areas to restrict access:

- A. Keyed locks, keycards, or similar security measures shall strictly control access to mechanical areas. Additional controls for access to keys, keycards, and key codes shall be strictly maintained. The Lessor shall develop and maintain accurate HVAC plans and HVAC system labeling within mechanical areas.
- B. Roofs with HVAC systems shall also be secured. Fencing or other barriers may be required to restrict access from adjacent roofs based on a Government Building Security Assessment. Roof access shall be strictly controlled through keyed locks, keycards, or similar measures. Fire and life safety egress shall be carefully reviewed when restricting roof access.
- C. At a minimum, Lessor shall secure building mechanical and janitorial areas including sprinkler rooms, electrical closets, telecommunications rooms and janitor closets.

VISITOR ACCESS CONTROL

Entrances are open to the public during business hours. After hours, visitor entrances are secured, and have a means to verify the identity of persons requesting access prior to allowing entry into the Space.

INTERIOR (GOVERNMENT SPACE)

DESIGNATED ENTRANCES

The Government shall have a designated main entrance.

IDENTITY VERIFICATION

The Government reserves the right to verify the identity of persons requesting access to the Space prior to allowing entry.

FORMAL KEY CONTROL PROGRAM



The Government reserves the right to implement a formal key control program. The lessor shall have a means of allowing the electronic disabling of lost or stolen access media, if electronic media is used.

SITES

SIGNAGE

POSTING OF SIGNAGE IDENTIFYING THE SPACE AS GOVERNMENTAL

The Lessor shall not post sign(s) or otherwise identify the facility and parking areas as a Government, or specific Government tenant, occupied facility, including during construction, without written Government approval.

POSTING OF REGULATORY SIGNAGE

The Government may post or request the Lessor to post regulatory, statutory and site specific signage at the direction of the Government.

LANDSCAPING

LANDSCAPING REQUIREMENTS

Lessor shall maintain landscaping (trees, bushes, hedges, land contour, etc.) around the facility. Landscaping shall be neatly trimmed in order to minimize the opportunity for concealment of individuals and packages/containers. Landscaping shall not obstruct the views of security guards and CCTV cameras, or interfere with lighting or IDS equipment.

CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN

The Lessor shall separate from public access, restricted areas as designated by the Government, through the application of Crime Prevention Through Environmental Design (CPTED) principles by using trees, hedges, berms, or a combination of these or similar features, and by fences, walls, gates and other barriers, where feasible and acceptable to the Government.

SECURITY SYSTEMS

No requirements

STRUCTURE

Lessor shall provide written emergency shutdown procedures for air handlers.



OPERATIONS AND ADMINISTRATION

LESSOR TO WORK WITH FACILITY SECURITY COMMITTEE (FSC)

The Lessor shall cooperate and work with the buildings Facility Security Committee (FSC) throughout the term of the lease.

ACCESS TO BUILDING INFORMATION

Building Information—including mechanical, electrical, vertical transport, fire and life safety, security system plans and schematics, computer automation systems, and emergency operations procedures—shall be strictly controlled. Such information shall be released to authorized personnel only, approved by the Government, by the development of an access list and controlled copy numbering. The Contracting Officer may direct that the names and locations of Government tenants not be disclosed in any publicly accessed document or record. If that is the case, the Government may request that such information not be posted in the building directory.

Lessor shall have emergency plans and associated documents readily available in the event of an emergency.



Attachment 4, Security Requirements for FSL II

Requirements for FSL II are on the following pages.



INSTRUCTIONS TO LEASING SPECIALISTS: THE FOLLOWING BASELINE SPECIFICATIONS REPRESENT THE FULL EXTENT OF SECURITY SPECIFICATIONS AVAILABLE TO LEVEL II REQUIREMENTS UNDER THE ISC.

FOR LEASE CONSTRUCTION PROJECTS, CONSULT WITH PHYSICAL SECURITY SPECIALIST TO OBTAIN ADDITIONAL BLAST RESISTANT CONSTRUCTION STANDARDS (E.G. SETBACK, FAÇADE HARDENING).

THESE ARE THE MINIMUM BASELINE REQUIREMENTS (MANDATORY). THE LCO MAY INCLUDE ADDITIONAL REQUIREMENTS, IDENTIFIED THROUGH PROGRAMMATIC OR RISK BASED ASSESSMENT. ANY ADDITIONAL REQUIREMENTS NOT SUPPORTED BY RISK ASSESSMENT MAY BE INCLUDED, BUT MUST BE FUNDED AS TENANT SPECIFIC SECURITY (TIS) AND NOT AS BSAC.

SECURITY REQUIREMENTS - FACILITY SECURITY LEVEL II

THESE PARAGRAPHS CONTAIN ADDITIONAL SECURITY REQUIREMENTS, AND, UNLESS INDICATED OTHERWISE, ARE TO BE PRICED AS PART OF THE BUILDING SPECIFIC AMORTIZED CAPITAL (BSAC). WHERE THEY ARE IN CONFLICT WITH ANY OTHER REQUIREMENTS ON THIS LEASE, THE STRICTEST SHALL APPLY.

DEFINITIONS:

CRITICAL AREAS - The areas that house systems that if damaged or compromised could have significant adverse consequences for the facility, operation of the facility, or mission of the agency or its occupants and visitors. These areas may also be referred to as "limited access areas," "restricted areas," or "exclusionary zones." Critical areas do not necessarily have to be within Government-controlled space (e.g., generators, air handlers, electrical feeds which could be located outside Government-controlled space).

SENSITIVE AREAS – Sensitive areas include vaults, SCIFs, evidence rooms, war rooms, and sensitive documents areas. Sensitive areas are primarily housed within Government-controlled space.

FACILITY ENTRANCES, LOBBY, COMMON AREAS, NON-PUBLIC, AND UTILITY AREAS.

FACILITY ENTRANCES AND LOBBY

EMPLOYEE ACCESS CONTROL AT ENTRANCES (SHELL)

The Lessor shall provide key or electronic access control for all Government under this Lease employees to the entrance to the building (including after-hours access).

Security Requirements (Level II) (REV 9/28/12) Page 1



COMMON AREAS, NON-PUBLIC, AND UTILITY AREAS.

PUBLIC RESTROOM ACCESS (SHELL)

The Government reserves the right to control access to public restrooms located within the Space.

ACTION REQUIRED. INSERT OTHER CRITICAL AREAS AS DEFINED BY THE CLIENT AGENCY.

SECURING CRITICAL AREAS (SHELL)

The Lessor shall secure areas designated as Critical Areas to restrict access:

- A. Keyed locks, keycards, or similar security measures shall strictly control access to mechanical areas. Additional controls for access to keys, keycards, and key codes shall be strictly maintained. The Lessor shall develop and maintain accurate HVAC diagrams and HVAC system labeling within mechanical areas.
- B. Roofs with HVAC systems shall also be secured. Fencing or other barriers may be required to restrict access from adjacent roofs based on a Government Building Security Assessment. Roof access shall be strictly controlled through keyed locks, keycards, or similar measures. Fire and life safety egress shall be carefully reviewed when restricting roof access.
- C. At a minimum, Lessor shall secure building common areas including sprinkler rooms, electrical closets, telecommunications rooms.

VISITOR ACCESS CONTROL (SHELL)

Entrances are open to the public during business hours. After hours, visitor entrances are secured, and have a means to verify the identity of persons requesting access prior to allowing entry into the Space.

INTERIOR (GOVERNMENT SPACE)

DESIGNATED ENTRANCES (SHELL)

The Government shall have a designated main entrance.

IDENTITY VERIFICATION (SHELL)

The Government reserves the right to verify the identity of persons requesting access to the Space prior to allowing entry.

**FORMAL KEY CONTROL PROGRAM (SHELL)**

The Government reserves the right to implement a formal key control program. The Lessor shall have a means of allowing the electronic disabling of lost or stolen access media, if electronic media is used.

SITES AND EXTERIOR OF THE BUILDING**SIGNAGE****POSTING OF SIGNAGE IDENTIFYING THE SPACE AS GOVERNMENTAL (SHELL)**

The Lessor shall not post sign(s) or otherwise identify the facility and parking areas as a Government, or specific Government tenant, occupied facility, including during construction, without written Government approval.

POSTING OF REGULATORY SIGNAGE (SHELL)

The Government may post or request the Lessor to post regulatory, statutory, sensitive areas and site specific signage.

LANDSCAPING**LANDSCAPING REQUIREMENTS (SHELL)**

Lessor shall maintain landscaping (trees, bushes, hedges, land contour, etc.) around the facility. Landscaping shall be neatly trimmed in order to minimize the opportunity for concealment of individuals and packages/containers. Landscaping shall not obstruct the views of security guards and CCTV cameras, or interfere with lighting or IDS equipment.

CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN (SHELL)

The Lessor shall separate from public access, restricted areas as designated by the Government, through the application of Crime Prevention Through Environmental Design (CPTED) principles by using trees, hedges, berms, or a combination of these or similar features, and by fences, walls, gates and other barriers, where feasible and acceptable to the Government.

HAZMAT STORAGE

If there is HAZMAT storage, Lessor shall locate it in a restricted area or storage container away from loading docks, entrances, and uncontrolled parking.



PLACEMENT OF RECEPTACLES, CONTAINERS, AND MAILBOXES

Trash receptacles, containers, mailboxes, vending machines, or other fixtures and/or features that could conceal packages, brief cases, or other portable containers shall be located 10 feet away from building.

SECURITY SYSTEMS

THE FOLLOWING CCTV, IDS, AND DURESS ALARMS ITEMS ARE TO BE INSTALLED BY EITHER THE LESSOR OR FPS. CONSULT WITH CLIENT AGENCY TO DETERMINE WHICH VERSIONS APPLY. WHEN CHOOSING PARAGRAPHS REQUIRING LESSOR INSTALLATION, ESPECIALLY FOR DURESS ALARMS, OBTAIN SPECIFICATIONS FROM FPS AND AGENCY.

CLOSED CIRCUIT TELEVISION SYSTEM (CCTV)

ACTION REQUIRED: LEASING SPECIALIST MUST CHOOSE 1 OF THE 2 FOLLOWING PARAGRAPHS (LESSOR PROVIDED OR GOVERNMENT PROVIDED) AND DELETE THE OTHER PARAGRAPH.

LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE

The lessor shall design, install, and maintain a Closed Circuit Television (CCTV) system as described in this section. The CCTV system will support the entry control system (at entrances and exits to the space), with time lapse video recording, that will allow Government employees to view and communicate remotely with visitors before allowing access to the Space. As determined by the Government the CCTV system shall provide unobstructed coverage of designated pedestrian entrances and exits. Technical review of the proposed system shall be coordinated with the Government security representative, at the direction of the Contracting Officer, prior to installation. CCTV system testing and acceptance shall be conducted by the Government prior to occupancy. The CCTV system shall comply with the Architectural Barriers Act, section F230.0. The Government will centrally monitor the CCTV system. Government specifications are available from the Lease Contracting Officer. CCTV system components which fail or require maintenance or which fail during testing should be serviced in accordance with the Security System Maintenance Criteria listed below.

Security System Maintenance Criteria: The Lessor, in consultation and coordination with a security provider, either internal or external, as determined by the Lease Contracting Officer, and the Government security representative, shall implement a preventive maintenance program for all security systems the Lessor has installed. Any critical component that becomes inoperable must be replaced or repaired by the Lessor within 5 business days. Critical components are those required to provide security (IDS, CCTV, access control, etc.) for a perimeter access point or critical area. "Replacement" may include implementing other temporary measures in instances where the replacement or repair is not achievable within the specified time frame (e.g. a temporary barrier to replace an inoperable pop-up vehicle barrier, etc.). Failure by the Lessor to provide sufficient replacement measures within the timeframe



identified above may result in the Government's providing guard service, the cost of which must be reimbursed by the Lessor.

GOVERNMENT PROVIDED PRODUCT, INSTALLATION, AND MAINTENANCE

The Government shall provide and install an entry control system, with time lapse video recording, that will allow Government employees to view and communicate remotely with visitors before allowing access. This Closed Circuit Television (CCTV) system shall provide the Government with unobstructed coverage, as determined by the Government, of designated pedestrian entrances and exits. The Lessor shall permit twenty-four hour CCTV coverage and recording, provided and operated by the Government. The Government will centrally monitor the CCTV surveillance. Government specifications are available from the Contracting Officer. The Lessor shall post necessary regulatory, statutory, and/or site specific signage, as determined by the Government.

The Lessor, at the notice to proceed stage of the procurement, shall advise the Government of the appropriate time to install the equipment during the construction of the Space. The Lessor shall facilitate the installation by allowing access to electrical panels and other areas of the building as necessary.

INTRUSION DETECTION SYSTEM (IDS)

ACTION REQUIRED: LEASING SPECIALIST MUST CHOOSE 1 OF THE 2 FOLLOWING PARAGRAPHS (LESSOR PROVIDED OR GOVERNMENT PROVIDED) AND DELETE THE OTHER PARAGRAPH.

LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE

The Lessor shall design, install, and maintain an Intrusion Detection System (IDS) as described in this section. The Government requires an IDS, which will cover perimeter entry and exit doors, and operable ground-floor windows. Basic Security-in-Depth IDS components include: magnetic door switch(s), alarm system keypad, passive infrared sensor(s) (PIR), an alarm panel (to designated monitoring center) and appropriate communication method i.e. telephone and/or Internet connection, glass-break detector, magnetic window switches or shock sensors. Technical review of the proposed system shall be coordinated with the Government security representative, at the direction of the Lease Contracting Officer, prior to installation. System testing and acceptance shall be conducted by the Government prior to occupancy.

Basic Security-in-Depth IDS shall be connected to and monitored at a central station operated by the Department of Homeland Security Megacenter. Emergency notification lists shall be coordinated with the monitoring station to include all applicable Government and lessor points of contact. Monitoring shall be designed to facilitate a real-time detection of an incident, and to coordinate an active response to an incident. The Lessor must complete the Megacenter Alarm Requirements (MAR) application process specified by the Government to meet the monitoring requirements for a functional IDS. Components which fail or require maintenance or which fail



during testing shall be serviced in accordance with the Security System Maintenance Criteria listed below..

Security System Maintenance Criteria: The Lessor, in consultation and coordination with a security provider, either internal or external, as determined by the Lease Contracting Officer, and the Government security representative, shall implement a preventive maintenance program for all security systems the Lessor has installed. Any critical component that becomes inoperable must be replaced or repaired by the Lessor within 5 business days. Critical components are those required to provide security (IDS, CCTV, access control, etc.) for a perimeter access point or critical area. "Replacement" may include implementing other temporary measures in instances where the replacement or repair is not achievable within the specified time frame (e.g. a temporary barrier to replace an inoperable pop-up vehicle barrier, etc.). Failure by the Lessor to provide sufficient replacement measures within the timeframe identified above may result in the Government's providing guard service, the cost of which must be reimbursed by the Lessor.

GOVERNMENT PROVIDED SCOPE AND PRODUCT, INSTALLATION, AND MAINTENANCE

The Lessor shall permit installation of a perimeter Intrusion Detection System (IDS) to be operated by the Government. The Government shall provide and install an IDS on perimeter entry and exit doors, and operable ground-floor windows. Basic Security-in-Depth IDS—include: magnetic door switch(s), alarm system keypad, passive infrared sensor(s) (PIR), an alarm panel (to designated monitoring center) and appropriate communication method i.e. telephone and/or Internet connection, glass-break detector, magnetic window switches or shock sensors.

Basic Security-in-Depth IDS shall be connected and monitored at a central station. Emergency notification lists shall be coordinated with the monitoring station to include all applicable Government and Lessor points of contact. Monitoring shall be designed to facilitate a real-time detection of an incident, and to coordinate an active response to an incident.

The Lessor, at the notice to proceed stage of the procurement, shall advise the Government of the appropriate time to install the equipment during the construction of the Space. The Lessor shall facilitate the installation by allowing access to electrical panels and other areas of the building, as necessary.

DURESS ALARM

ACTION REQUIRED: LEASING SPECIALIST MUST CHOOSE 1 OF THE 2 FOLLOWING PARAGRAPHS (LESSOR PROVIDED OR GOVERNMENT PROVIDED) AND DELETE THE OTHER PARAGRAPH.

**LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE**

The Lessor shall design, install, and maintain a duress alarm system as described. **THE GOVERNMENT SHALL PROVIDE A SCOPE OF WORK FOR A DURESS ALARM SYSTEM. (LCO SHOULD ADD SPECIFIC SCOPE HERE)** Technical review shall be coordinated with the Government security representative, at the direction of the Contracting Officer, prior to installation. System testing and acceptance shall be conducted by the Government prior to occupancy. This system shall comply with the Architectural Barriers Act, section F230.0.

The Lessor in consultation and coordination with the security provider and Government shall conduct security system performance testing annually. Testing must be based on established, consistent agency-specific protocols, documented and furnished to the Contracting Officer. Components which fail or require maintenance or which fail during testing should be serviced in accordance with the Security System Maintenance Criteria listed below.

Security System Maintenance Criteria: The Lessor in consultation and coordination with a security provider, either internal or external, as determined by the Lease Contracting Officer, and the Government security representative shall implement a preventive maintenance program for all security systems they have installed. Any critical component that becomes inoperable must be replaced or repaired within 5 business days. Critical components are those required to provide security (IDS, CCTV, access control, etc.) for a perimeter access point or critical area. "Replacement" may include implementing other temporary measures in instances where the replacement or repair is not achievable within the specified time frame (e.g. a temporary barrier to replace an inoperable pop-up vehicle barrier, etc.). Failure by the Lessor to provide sufficient replacement measures within the timeframe identified above may result in the Government's providing guard service, the cost of which must be reimbursed by the Lessor.

GOVERNMENT PROVIDED SCOPE, PRODUCT, INSTALLATION, AND MAINTENANCE

The Lessor shall permit installation of a duress alarm system to be provided and operated by the Government. The Government, in coordination with a security provider, either internal or external, as determined by the Contracting Officer, shall document and implement duress procedures for emergency situations.

The Lessor, at the notice to proceed stage of the procurement, shall advise the Government of the appropriate time to install the equipment during the construction of the Space and shall facilitate the installation, including access to electrical panels and other areas of the building, as necessary.



STRUCTURE

WINDOWS

SHATTER-RESISTANT WINDOW PROTECTION

The Lessor shall provide and install, shatter-resistant material not less than 0.18 millimeters (7 mil) thick on all exterior windows in Government-occupied space meeting the following properties - Film composite strength and elongation rate measured at a strain rate not exceeding 50% per minute shall not be less than the following:

- Yield Strength: 12,000 psi
- Elongation at yield: 3%
- Longitudinal Tensile strength: 22,000 psi
- Traverse Tensile strength: 25,000 psi
- Longitudinal Elongation at break: 90%
- Traverse Elongation at break: 75%

THE ALTERNATIVE METHOD is for the Lessor to provide a window system that conforms to a minimum glazing performance condition of "3b" for a high protection level and a low hazard level. Window systems shall be certified as prescribed by WINGARD PE 4.3 or later to GSA performance condition 3b (in accordance with the GSA Standard Test Method for Glazing and Window Systems Subject to Dynamic Loadings or Very Low Hazard (in accordance with ASTM F 1642, Standard Test Method for Glazing or Glazing Systems Subject to Air Blast Loading) in response to air blast load of 4 psi/28 psi-msec.

If the Lessor chooses the Alternative Method, they shall provide a description of the shatter-resistant window system and provide certification from a licensed professional engineer that the system as offered meets the above standard. Prior to installation, this will be provided for evaluation by the Government, whose approval shall not be unreasonably withheld.

OPERATIONS AND ADMINISTRATION

LESSOR TO WORK WITH FACILITY SECURITY COMMITTEE (FSC) (SHELL)

The Lessor shall cooperate and work with the buildings Facility Security Committee (FSC) throughout the term of the lease.

ACCESS TO BUILDING INFORMATION (SHELL)

Building Information—including mechanical, electrical, vertical transport, fire and life safety, security system plans and schematics, computer automation systems, and emergency operations procedures—shall be strictly controlled. Such information shall be released to authorized personnel only, approved by the Government, by the development of an access list



and controlled copy numbering. The Contracting Officer may direct that the names and locations of Government tenants not be disclosed in any publicly accessed document or record. If that is the case, the Government may request that such information not be posted in the building directory.

Lessor shall have emergency plans and associated documents readily available in the event of an emergency.



Attachment 5, Security Requirements for FSL III

Requirements for FSL III are on the following pages.



INSTRUCTIONS TO LEASING SPECIALISTS: THE FOLLOWING BASELINE SPECIFICATIONS REPRESENT THE FULL EXTENT OF SECURITY SPECIFICATIONS AVAILABLE TO LEVEL III REQUIREMENTS UNDER THE ISC. LEASING SPECIALISTS MUST TAILOR THESE SPECIFICATIONS PRIOR TO ISSUING THE RLP, BASED UPON THE RISK ASSESSMENT PROCESS OUTLINED UNDER THE LDG.

FOR LEASE CONSTRUCTION PROJECTS, CONSULT WITH PHYSICAL SECURITY SPECIALIST TO OBTAIN ADDITIONAL BLAST RESISTANT CONSTRUCTION STANDARDS (E.G. SETBACK, FAÇADE HARDENING).

SECURITY REQUIREMENTS - FACILITY SECURITY LEVEL III

THESE PARAGRAPHS CONTAIN ADDITIONAL SECURITY REQUIREMENTS THAT MAY BE INSTALLED IN THE LEASED SPACE, AND UNLESS INDICATED OTHERWISE, ARE TO BE PRICED AS PART OF THE BUILDING SPECIFIC AMORTIZED CAPITAL (BSAC). BECAUSE EACH BUILDING IS UNIQUE, THE FINAL LIST OF SECURITY COUNTERMEASURES WILL BE DETERMINED DURING THE DESIGN PHASE AND IDENTIFIED IN THE DESIGN INTENT DRAWINGS AND CONSTRUCTION DOCUMENTS. AFTER COMPLETING THE CONSTRUCTION DOCUMENTS, THE LESSOR SHALL SUBMIT A LIST OF THE ITEMIZED COSTS. SUCH COSTS SHALL BE SUBJECT TO NEGOTIATION.

WHERE THEY ARE IN CONFLICT WITH ANY OTHER REQUIREMENTS OF THIS LEASE, THE STRICTEST SHALL APPLY.

DEFINITIONS:

CRITICAL AREAS AND SYSTEMS- The areas that house systems that if damaged and/or compromised could have significant adverse consequences for the facility, operation of the facility, or mission of the agency or its occupants and visitors. These areas may also be referred to as "limited access areas," "restricted areas," or "exclusionary zones." Critical areas do not necessarily have to be within Government-controlled Space (e.g., generators, air handlers, electrical feeds, utilities, telecom closets or potable water supply that may be located outside Government-controlled Space).

SENSITIVE AREAS – Sensitive areas include vaults, SCIFs, evidence rooms, war rooms, and sensitive documents areas. Sensitive areas are primarily housed within Government-controlled space.



FACILITY ENTRANCES, LOBBY, COMMON AREAS, NON-PUBLIC, AND UTILITY AREAS

If the leased Space is greater than 75% of the space in the Building (based upon ABOA measurement), the requirements of **FACILITY ENTRANCES AND LOBBY** Section below shall apply to the entrance of the Building. If the leased Space is less than or equal to 75% of the space in the Building (based upon ABOA measurement), then the requirements of **FACILITY ENTRANCES AND LOBBY** Section below shall apply to the entrance of the leased Space.

FACILITY ENTRANCES AND LOBBY

LIMITING LOBBY QUEUING

The Lessor and the Government shall create a separate foot traffic flow pattern for employees and visitors at entrances to minimize lobby queuing caused by screening, visitor processing, and access control systems.

LEVEL III ONLY

PHYSICAL BOUNDARIES TO CONTROL ACCESS TO PUBLIC AND NON-PUBLIC AREAS – LEVEL III

The Government reserves the right to use stanchions, counters, furniture, knee walls or product-equivalents, as determined by the Government, to establish physical boundaries to control access to non-public areas. The Lessor shall post directional signs as appropriate.

SCREENING REQUIREMENTS

VISITOR SIGN-IN/OUT AFTER HOURS

The Lessor shall provide a system, acceptable to the Government, that after hour visitors to the Building shall be required to sign in and sign out either electronically or in a Building register.

MAGNETOMETERS AND X-RAYS AT PUBLIC ENTRANCES

Magnetometers and X-ray machines will be installed by the Government at the public entrance. Armed security guards, provided by the Government, will direct the occupants and visitors through the screening equipment. Appropriate lobby and entrance/exit space shall be made available for this purpose. This space shall be considered part of the lease common area and not ABOA square footage. The Government requires visitors to non-public areas to display a visitor's identification badge. If there are other non-Government tenants, the Lessor shall notify them of this requirement and assist those tenants in obtaining ID acceptable to the Government.

ACCOMMODATION OF RETAIL/MIX USE SPACE

Security Requirements (Level III) (REV 9/28/12) Page 2



All non-Government personnel entering from retail or public space must enter through a screening point.

COMMON AREAS, NON-PUBLIC, AND UTILITY AREAS

PUBLIC RESTROOMS ACCESS (SHELL)

The Lessor shall provide a means to control access to public restrooms within Government controlled space that is acceptable to the Government.

SECURING CRITICAL AREAS

Areas designated as Critical Areas shall be locked using HSPD-12 compliant electronic access control equipment (see IDS requirements). The Government shall have the right to monitor and limit access to these areas. Access shall be limited to authorized personnel, as determined by the Government.

VISITOR ESCORT AND ID REQUIREMENTS

The Government shall require the Lessor to escort contractors, service personnel, and visitors to all non-public areas. The Lessor shall require visitors to non-public areas to display a visitor ID at all times.

SECURING COMMON BUILDING UTILITIES AND ACCESS TO ROOF

The Lessor shall secure utility, mechanical, electrical telecommunication rooms, and access to interior space from the roof using locks and an Intrusion Detection System (IDS).

RESTRICT CONTACT FROM PUBLIC AREAS WITH PRIMARY VERTICAL LOAD MEMBERS

The Lessor shall implement architectural or structural features, or other positive countermeasures that deny contact with exposed primary vertical load members in the public areas. A minimum standoff of at least 100 mm (4 inches) is required.

RESTRICT CONTACT FROM MAIL AREA WITH PRIMARY VERTICAL LOAD MEMBERS

The lessor shall implement architectural or structural features, or other positive countermeasures in the mail screening and receiving areas that deny contact with exposed primary vertical load members. A minimum standoff of at least 150 mm (6 inches) is required.



INTERIOR OF SPACE

WEARING PHOTO ID IN GOVERNMENT SPACE

The Lessor and his contractors shall be required to wear a photo ID to be visible at all times when in Government- controlled Space.

SECURE EMPLOYEE ENTRANCE DOORS

The Lessor shall provide a means to secure, as determined by the Government, doors identified by Government as employee entrance doors. The Government may elect to post guards to verify ID badges via visual and physical inspection before entry to Government occupied Space.

LIMIT ON ENTRY POINTS (SHELL)

The Government may elect to limit the number of entry points to the Building or to the Government occupied Space to the fewest number practicable.

FORMAL KEY CONTROL PROGRAM (SHELL)

The Government reserves the right to implement a formal key control program. The Lessor shall have a means of allowing the electronic disabling of lost or stolen access media, if electronic media is used.

ELECTRONIC ACCESS FOR EMPLOYEES

The Lessor shall provide electronic access control for employee entry doors without a guard post (including after-hours access) in conjunction with CCTV coverage.

SITE AND EXTERIOR OF THE BUILDING

SIGNAGE

POSTING OF SIGNAGE IDENTIFYING THE SPACE AS GOVERNMENTAL (SHELL)

The Lessor shall not post sign(s) or otherwise identify the facility and parking areas as a Government, or specific Government tenant, occupied facility, including during construction, without written Government approval.

POSTING OF REGULATORY SIGNAGE (SHELL)

The Government may post or request the Lessor to post regulatory, statutory, sensitive areas, and site specific signage.



LANDSCAPING AND ENTRANCES

LANDSCAPING REQUIREMENTS (SHELL)

Lessor shall maintain landscaping (trees, bushes, hedges, land contour, etc.) around the facility. Landscaping shall be neatly trimmed in order to minimize the opportunity for concealment of individuals and packages/containers. Landscaping shall not obstruct the views of security guards and CCTV cameras, or interfere with lighting or IDS equipment.

CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN (SHELL)

The Lessor shall separate from public access, restricted areas as designated by the Government, through the application of Crime Prevention Through Environmental Design (CPTED) principles by using trees, hedges, berms, or a combination of these or similar features, and by fences, walls, gates and other barriers, where feasible and acceptable to the Government.

HAZMAT STORAGE

If there is HAZMAT storage, Lessor shall locate it in a restricted area or storage container away from loading docks, entrances, and uncontrolled parking.

(LEVEL III ONLY)

PLACEMENT OF RECEPTACLES, CONTAINERS, AND MAILBOXES – LEVEL III

Trash receptacles, containers, mailboxes, vending machines, or other fixtures and features that could conceal packages, brief cases, or other portable containers shall be located _10_ feet away from the Building.

VEHICLE BARRIERS

The Lessor shall provide vehicle barriers to protect pedestrian and vehicle access points, and Critical Areas from penetration by a 4700 pound vehicle traveling at 35 mile per hour.

PARKING

NUMBER OF PARKING ENTRANCES

The number of parking entrances shall be limited to the minimum required for efficient operations or local code. Entrances to parking areas shall be equipped with vehicle gates to control access to authorized vehicles (employee, screened visitor and approved Government vehicle).

**ILLUMINATION OF ENTRANCES, EXITS, PARKING LOTS AND GARAGES (SHELL)**

Facility entrances, exits, parking lots and garages shall be illuminated to a minimum of 5 lumens, at all times.

AUTHORIZED ACCESS TO PARKING (SHELL)

Lessor shall limit parking and access to parking to authorized individuals.

VEHICLE SCREENING

The Government may elect to screen all visitor vehicles as prescribed by the Government. This screening shall include ID verification and visual inspection of the vehicle, including undercarriage. The Lessor shall provide adequate lighting in screening area to illuminate the vehicle exterior and undercarriage. CCTV coverage of the screening area shall be provided by the Lessor (see CCTV requirements).

PUBLIC ACCESS TO GOVERNMENT PARKING AREAS

Where there is Government controlled parking the area shall be controlled by limiting pedestrian access to the controlled parking areas. Pedestrian and vehicle access points to all parking areas shall be monitored by CCTV camera(s) at all times.

SECURITY SYSTEMS

THE FOLLOWING CCTV, IDS, AND DURESS ALARMS ITEMS ARE TO BE INSTALLED BY EITHER THE LESSOR OR FPS. CONSULT WITH CLIENT AGENCY TO DETERMINE WHICH VERSIONS APPLY. WHEN CHOOSING PARAGRAPHS REQUIRING LESSOR INSTALLATION, ESPECIALLY FOR DURESS ALARMS, OBTAIN SPECIFICATIONS FROM FPS AND AGENCY.

CLOSED CIRCUIT TELEVISION SYSTEM (CCTV)

ACTION REQUIRED: LEASING SPECIALIST MUST CHOOSE 1 OF THE 2 FOLLOWING PARAGRAPHS (LESSOR PROVIDED OR GOVERNMENT PROVIDED) AND DELETE THE OTHER PARAGRAPH.

LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE – LEVEL III

The Lessor shall design, install, and maintain a Closed Circuit Television (CCTV) system as described in this section. The CCTV system will support the entry control system (at entrances and exits to the space), with time lapse video recording, that will allow Government employees to view and communicate remotely with visitors before allowing access to the Space. As determined by the Government the CCTV system shall provide unobstructed coverage of



designated pedestrian entrances and exits. Technical review of the proposed system shall be coordinated with the Government security representative, at the direction of the Contracting Officer, prior to installation. CCTV system testing and acceptance shall be conducted by the Government prior to occupancy. The CCTV system shall comply with the Architectural Barriers Act, section F230.0. The Government will centrally monitor the CCTV system. Government specifications are available from the Lease Contracting Officer. CCTV system components which fail or require maintenance or which fail during testing should be serviced in accordance with the Security System Maintenance Criteria listed below.

Security System Maintenance Criteria: The Lessor in consultation and coordination with a security provider, either internal or external, as determined by the Lease Contracting Officer, and the Government security representative shall implement a preventive maintenance program for all security systems the Lessor has installed. Any critical component that becomes inoperable must be replaced or repaired by the Lessor within 72 hours. Critical components are those required to provide security (IDS, CCTV, access control, etc.) for a perimeter access point or critical area. "Replacement" may include implementing other temporary measures in instances where the replacement or repair is not achievable within the specified time frame (e.g. a temporary barrier to replace an inoperable pop-up vehicle barrier, etc.). Failure by the Lessor to provide sufficient replacement measures within the timeframe identified above may result in the Government's providing guard service, the cost of which must be reimbursed by the Lessor.

GOVERNMENT PROVIDED PRODUCT, INSTALLATION, AND MAINTENANCE

The Government shall provide and install an entry control system, with time lapse video recording, that will allow Government employees to view and communicate remotely with visitors before allowing access. This Closed Circuit Television (CCTV) system shall provide the Government with unobstructed coverage, as determined by the Government, of designated pedestrian entrances and exits. The Lessor shall permit twenty-four hour CCTV coverage and recording, provided and operated by the Government. The Government will centrally monitor the CCTV surveillance. Government specifications are available from the Contracting Officer. The Lessor shall post necessary regulatory, statutory, and/or site specific signage, as determined by the Government.

The Lessor, at the notice to proceed stage of the procurement, shall advise the Government of the appropriate time to install the equipment during the construction of the Space and shall facilitate the installation, including access to electrical panels and other areas of the building, as necessary.

INTRUSION DETECTION SYSTEM (IDS)

ACTION REQUIRED: LEASING SPECIALIST MUST CHOOSE 1 OF THE 2 FOLLOWING PARAGRAPHS AND DELETE THE OTHER PARAGRAPH.

**LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE – LEVEL III**

The Lessor shall design, install, and maintain an Intrusion Detection System (IDS) as described in this section. The Government requires an IDS, which will cover perimeter entry and exit doors, and operable ground-floor windows. Basic Security-in-Depth IDS components include: magnetic door switch(s), alarm system keypad, passive infrared sensor(s) (PIR), an alarm panel (to designated monitoring center) and appropriate communication method i.e. telephone and/or Internet connection, glass-break detector, magnetic window switches or shock sensors. Technical review of the proposed system shall be coordinated with the Government security representative, at the direction of the Lease Contracting Officer, prior to installation. System testing and acceptance shall be conducted by the Government prior to occupancy.

Basic Security-in-Depth IDS shall be connected to and monitored at a central station operated by the Department of Homeland Security Megacenters. Emergency notification lists shall be coordinated with the monitoring station to include all applicable Government and Lessor points of contact. Monitoring shall be designed to facilitate a real-time detection of an incident, and to coordinate an active response to an incident. The Lessor must complete the Megacenters Alarm Requirements (MAR) application process specified by the Government to meet the monitoring requirements for a functional IDS. Components which fail or require maintenance or which fail during testing shall be serviced in accordance with the Security System Maintenance Criteria listed below.

Security System Maintenance Criteria: The Lessor in consultation and coordination with a security provider, either internal or external, as determined by the Lease Contracting Officer, and the Government security representative shall implement a preventive maintenance program for all security systems the Lessor has installed. Any critical component that becomes inoperable must be replaced or repaired by the Lessor within 72 hours. Critical components are those required to provide security (IDS, CCTV, access control, etc.) for a perimeter access point or critical area. "Replacement" may include implementing other temporary measures in instances where the replacement or repair is not achievable within the specified time frame (e.g. a temporary barrier to replace an inoperable pop-up vehicle barrier, etc.). Failure by the Lessor to provide sufficient replacement measures within the timeframe identified above may result in the Government's providing guard service, the cost of which must be reimbursed by the Lessor.

GOVERNMENT PROVIDED SCOPE AND PRODUCT, INSTALLATION, AND MAINTENANCE

The Lessor shall permit installation of a perimeter Intrusion Detection System (IDS) to be operated by the Government. The Government shall provide and install an IDS on perimeter entry and exit doors, and operable ground-floor windows. Basic Security-in-Depth IDS—include: magnetic door switch(s), alarm system keypad, passive infrared sensor(s) (PIR), an alarm panel (to designated monitoring center) and appropriate communication method i.e. telephone and/or Internet connection, glass-break detector, magnetic window switches or shock sensors.



Basic Security-in-Depth IDS shall be connected and monitored at a central station. Emergency notification lists shall be coordinated with the monitoring station to include all applicable Government and Lessor points of contact. Monitoring shall be designed to facilitate a real-time detection of an incident, and to coordinate an active response to an incident.

The Lessor, at the notice to proceed stage of the procurement, shall advise the Government of the appropriate time to install the equipment during the construction of the Space and shall facilitate the installation, including access to electrical panels and other areas of the building, as necessary.

DURESS ALARM

ACTION REQUIRED: LEASING SPECIALIST MUST CHOOSE 1 OF THE 2 FOLLOWING PARAGRAPHS (LESSOR PROVIDED OR GOVERNMENT PROVIDED) AND DELETE THE OTHER PARAGRAPH.

LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE – LEVEL III

The Lessor shall design, install, and maintain a duress alarm system as described. **THE GOVERNMENT SHALL PROVIDE A SCOPE OF WORK FOR A DURESS ALARM SYSTEM. (LCO SHOULD ADD SPECIFIC SCOPE HERE)** Technical review shall be coordinated with the Government security representative, at the direction of the Contracting Officer, prior to installation. System testing and acceptance shall be conducted by the Government prior to occupancy. This system shall comply with the Architectural Barriers Act, section F230.0.

The Lessor in consultation and coordination with the security provider and Government shall conduct security system performance testing annually. Testing must be based on established, consistent agency-specific protocols, documented and furnished to the Lease Contracting Officer. Components which fail or require maintenance or which fail during testing should be serviced in accordance with the Security System Maintenance Criteria listed below.

Security System Maintenance Criteria: The Lessor in consultation and coordination with a security provider, either internal or external, as determined by the Lease Contracting Officer, and the Government security representative shall implement a preventive maintenance program for all security systems they have installed. Any critical component that becomes inoperable must be replaced or repaired within 72 hours. Critical components are those required to provide security (IDS, CCTV, access control, etc.) for a perimeter access point or critical area. "Replacement" may include implementing other temporary measures in instances where the replacement or repair is not achievable within the specified time frame (e.g. a temporary barrier to replace an inoperable pop-up vehicle barrier, etc.). Failure by the Lessor to provide sufficient replacement measures within the timeframe identified above may result in the Government's providing guard service, the cost of which must be reimbursed by the Lessor.



GOVERNMENT PROVIDED SCOPE, PRODUCT, INSTALLATION, AND MAINTENANCE

The Lessor shall permit installation of a duress alarm system to be provided and operated by the Government. The Government, in coordination with a security provider, either internal or external, as determined by the Contracting Officer, shall document and implement duress procedures for emergency situations.

The Lessor, at the notice to proceed stage of the procurement, shall advise the Government of the appropriate time to install the equipment during the construction of the Space and shall facilitate the installation, including access to electrical panels and other areas of the building, as necessary.

STRUCTURE

WINDOWS

SHATTER-RESISTANT WINDOW PROTECTION

The Lessor shall provide and install, shatter-resistant material not less than 0.18 millimeters (7 mil) thick on all exterior windows in Government-occupied Space meeting the following properties - Film composite strength and elongation rate measured at a strain rate not exceeding 50% per minute shall not be less than the following:

- Yield Strength: 12,000 psi
- Elongation at yield: 3%
- Longitudinal Tensile strength: 22,000 psi
- Traverse Tensile strength: 25,000 psi
- Longitudinal Elongation at break: 90%
- Traverse Elongation at break: 75%

THE ALTERNATIVE METHOD is for the Lessor to provide a window system that conforms to a minimum glazing performance condition of "3b" for a high protection level and a low hazard level. Window systems shall be certified as prescribed by WINGARD PE 4.3 or later to GSA performance condition "3b" (in accordance with the GSA Standard Test Method for Glazing and Window Systems Subject to Dynamic Loadings or Very Low Hazard (in accordance with ASTM F 1642, Standard Test Method for Glazing or Glazing Systems Subject to Air Blast Loading) in response to air blast load of 4 psi/28 psi-msec.

If the Lessor chooses the Alternative Method, the Lessor shall provide a description of the shatter-resistant window system and provide certification from a licensed professional engineer that the proposed system meets the above standard. Prior to installation, this will be provided for evaluation by the Government, whose approval shall not be unreasonably withheld.

**LOCK GROUND FLOOR WINDOWS (SHELL)**

The Lessor shall lock all ground floor windows with L-brackets using security screws, or equivalent measure, acceptable to the Government.

SECURE NON-WINDOW OPENINGS (SHELL)

The Lessor shall secure all non-window openings, such as, mechanical vents, utility entries, and exposed plenums to prevent unauthorized entry.

PREVENT VISUAL OBSERVATION INTO "SENSITIVE AREAS"

The Lessor shall provide blinds, curtains, or other window treatments in "Sensitive Areas" that can be employed to prevent visual observation of that area that is acceptable by the Government.

BUILDING SYSTEMS**ACTION REQUIRED: FILL IN BLANKS BASED ON DISCUSSION WITH SECURITY PROFESSIONAL.****EMERGENCY GENERATOR**

The Lessor shall locate emergency generators, either pre-existing or installed as part of Tenant Improvements, in a secure area, protected from unauthorized access and vehicle ramming, if outdoors. The emergency generator and its fuel tank must be located at least 25 feet from loading docks, entrances, and parking areas. (If the 25 foot distance cannot be achieved, a combination of standoff, hardening, and venting methods must be implemented to protect utilities from vehicle borne improvised explosive devices of ____ pounds of TNT equivalency.)

SECURING ON-SITE PUBLICLY-ACCESSIBLE UTILITIES

The Lessor shall secure the water supply handles, control mechanisms, and service connections at on-site publicly-accessible locations with locks and anti-tamper devices acceptable to the Government.

SECURING AIR INTAKE GRILLES

The Lessor shall secure air intake grilles less than 30 feet above grade or otherwise accessible. Air intake grilles shall be secured with tamper switches connected to a central alarm monitoring station and monitored by CCTV or other security systems. As an alternative the air intake may be relocated to a position greater than 30 feet above grade.



HVAC SYSTEM FOR CHEMICAL, BIOLOGICAL AND RADIOLOGICAL (CBR) ATTACK-SUSCEPTIBLE AREAS

The Lessor shall provide separate isolated HVAC systems in lobbies, loading docks, mail rooms and other locations as identified by a risk assessment as susceptible to CBR attack, to protect other building areas from possible contamination.

All exterior air handling units (AHUs), including the supply air for re-circulating AHUs, shall be equipped with Minimum Efficiency Reporting Value (MERV) 10 particulate filters. AHUs serving lobbies and mailroom, including the supply air stream for re-circulating AHUs, shall be equipped with Minimum Efficiency Reporting Value (MERV) 13 filters.

OPERATIONS AND ADMINISTRATION

LESSOR TO WORK WITH FACILITY SECURITY COMMITTEE (SHELL)

The Lessor shall cooperate and work with the buildings Facility Security Committee (FSC) throughout the term of the lease.

ACCESS TO BUILDING INFORMATION (SHELL)

Building Information—including mechanical, electrical, vertical transport, fire and life safety, security system plans and schematics, computer automation systems, and emergency operations procedures—shall be strictly controlled. Such information shall be released to authorized personnel only, approved by the Government, by the development of an access list and controlled copy numbering. The Lease Contracting Officer may direct that the names and locations of Government tenants not be disclosed in any publicly accessed document or record. If that is the case, the Government may request that such information not be posted in the building directory.

Lessor shall have emergency plans and associated documents readily available in the event of an emergency.

SECURITY PLANS AND LAYOUTS – LEVEL III

The Lessor shall treat and safekeep any plans and specifications related to security measures as For Official Use Only (FOUO).

(LEVEL III ONLY)

SCREENING OF MAIL AND PACKAGES – LEVEL III

Lessor shall provide space suitable for the Government to inspect and screen all mail and packages using X-ray at a loading dock, if present. If there is no loading dock, Lessor shall provide space at an existing screening location or at an alternative location in the Building acceptable to the Government. The space shall be located on an exterior wall, 25 feet or less



from an exterior door, with a stand-alone air handling system. The screeners shall physically inspect items that cannot be passed through screening equipment before distribution to the Government agencies throughout the facility. This space shall be considered part of the lease common area and not ABOA square footage.

OCCUPANT EMERGENCY PLANS (SHELL)

The Lessor is required to cooperate, participate and comply with the development and implementation of the Government's Occupant Emergency Plan (OEP) and if necessary, a supplemental Shelter-in Place (SIP) Plan. Periodically, the Government may request that the Lessor assist in reviewing and revising its OEP and SIP. The Plan, among other things, must include an annual emergency evacuation drill, emergency notification procedures of the Lessor's building engineer or manager, building security, local emergency personnel, and Government agency personnel.

SECURITY GUARD POSTINGS

The Government may elect to post armed security guards at all screening checkpoints and at the entrances to Government-occupied Space.



Attachment 6, Security Requirements for FSL IV

Requirements for FSL IV are on the following pages.



INSTRUCTIONS TO LEASING SPECIALISTS: THE FOLLOWING BASELINE SPECIFICATIONS REPRESENT THE FULL EXTENT OF SECURITY SPECIFICATIONS AVAILABLE TO LEVEL IV REQUIREMENTS UNDER THE ISC. LEASING SPECIALISTS MUST TAILOR THESE SPECIFICATIONS PRIOR TO ISSUING THE RLP, BASED UPON THE RISK ASSESSMENT PROCESS OUTLINED UNDER THE LDG.

FOR LEASE CONSTRUCTION PROJECTS, CONSULT WITH PHYSICAL SECURITY SPECIALIST TO OBTAIN ADDITIONAL BLAST RESISTANT CONSTRUCTION STANDARDS (E.G. SETBACK, FAÇADE HARDENING).

SECURITY REQUIREMENTS - FACILITY SECURITY LEVEL IV

THESE PARAGRAPHS CONTAIN ADDITIONAL SECURITY REQUIREMENTS THAT MAY BE INSTALLED IN THE LEASED SPACE, AND UNLESS INDICATED OTHERWISE, ARE TO BE PRICED AS PART OF THE BUILDING SPECIFIC AMORTIZED CAPITAL (BSAC). BECAUSE EACH BUILDING IS UNIQUE, THE FINAL LIST OF SECURITY COUNTERMEASURES WILL BE DETERMINED DURING THE DESIGN PHASE AND IDENTIFIED IN THE DESIGN INTENT DRAWINGS AND CONSTRUCTION DOCUMENTS. AFTER COMPLETING THE CONSTRUCTION DOCUMENTS, THE LESSOR SHALL SUBMIT A LIST OF THE ITEMIZED COSTS. SUCH COSTS SHALL BE SUBJECT TO NEGOTIATION.

WHERE THEY ARE IN CONFLICT WITH ANY OTHER REQUIREMENTS OF THIS LEASE, THE STRICTEST SHALL APPLY.

DEFINITIONS:

CRITICAL AREAS AND SYSTEMS- The areas that house systems that if damaged and/or compromised could have significant adverse consequences for the facility, operation of the facility, or mission of the agency or its occupants and visitors. These areas may also be referred to as "limited access areas," "restricted areas," or "exclusionary zones." Critical areas do not necessarily have to be within Government-controlled Space (e.g., generators, air handlers, electrical feeds, utilities, telecom closets or potable water supply that may be located outside Government-controlled Space).

SENSITIVE AREAS – Sensitive areas include vaults, SCIFs, evidence rooms, war rooms, and sensitive documents areas. Sensitive areas are primarily housed within Government-controlled space.



FACILITY ENTRANCES, LOBBY, COMMON AREAS, NON-PUBLIC, AND UTILITY AREAS

If the leased Space is greater than 75% of the space in the Building (based upon ABOA measurement), the requirements of **FACILITY ENTRANCES AND LOBBY** Section below shall apply to the entrance of the Building. If the leased Space is less than or equal to 75% of the space in the Building (based upon ABOA measurement), then the requirements of **FACILITY ENTRANCES AND LOBBY** Section below shall apply to the entrance of the leased Space.

FACILITY ENTRANCES AND LOBBY

LIMITING LOBBY QUEUING

The Lessor and the Government shall create a separate foot traffic flow pattern for employees and visitors at entrances to minimize lobby queuing caused by screening, visitor processing, and access control systems.

LEVEL IV ONLY

PHYSICAL BOUNDARIES TO CONTROL ACCESS TO PUBLIC AND NON-PUBLIC AREAS – LEVEL IV

The Government reserves the right to use stanchions, counters, furniture, knee walls or product-equivalents, IDS, electronic access control, and security guards, as determined by the Government, to establish physical boundaries to control access to non-public areas. The Lessor shall post directional signs as appropriate.

LOBBY BLAST PROTECTION

The Lessor shall reinforce window and door glass in critical areas, as determined by the Government, to resist an explosive blast.

SCREENING REQUIREMENTS

VISITOR SIGN-IN/OUT AFTER HOURS

The Lessor shall provide a system, acceptable to the Government, that after hour visitors to the Building shall be required to sign in and sign out either electronically or in a Building register.

MAGNETOMETERS AND X-RAYS AT PUBLIC ENTRANCES

Magnetometers and X-ray machines will be installed by the Government at the public entrance. Armed security guards, provided by the Government, will direct the occupants and visitors through the screening equipment. Appropriate lobby and entrance/exit space shall be made available for this purpose. This space shall be considered part of



the lease common area and not ABOA square footage. The Government requires visitors to non-public areas to display a visitor's identification badge. If there are other non-Government tenants, the Lessor shall notify them of this requirement and assist those tenants in obtaining ID acceptable to the Government.

ACCOMMODATION OF RETAIL/MIX USE SPACE

There shall not be unscreened access to Government-protected space from retail or public space. All non-Government personnel must enter through a screening point.

BALLISTIC PROTECTIVE BARRIER

The Lessor shall provide for a ballistic protective barrier to a UL 752 level 3 standard, around guard booths, desks, or podiums where armed guards and other security personnel are stationed.

ACTION REQUIRED: FILL IN BLANKS BASED ON DISCUSSION WITH SECURITY PROFESSIONAL.

MAIL SCREENING ROOMS: COLLAPSE AND AIRBLAST INJURY PREVENTION

The Lessor shall utilize hardening and venting methods for mail screening rooms and receiving areas, to prevent progressive collapse and limit airblast injuries in adjacent areas from explosives equivalent to _____ pounds of TNT detonated in this area. In the event of such explosion, significant structural damage to the walls, ceilings, and floors of the mailroom/receiving area may occur. However, the adjacent areas must not experience severe damage or collapse.

COMMON AREAS, NON-PUBLIC, AND UTILITY AREAS

PUBLIC RESTROOMS ACCESS (SHELL)

The Lessor shall provide a means to control access to public restrooms within Government controlled space that is acceptable to the Government.

SECURING CRITICAL AREAS

Areas designated as Critical Areas shall be locked using fully HSPD-12 compliant electronic access control equipment (see IDS requirements). The Government shall have the right to monitor and limit access to these areas. Access shall be limited to authorized personnel, as determined by the Government.

VISITOR ESCORT AND ID REQUIREMENTS

The Government shall require the Lessor to escort contractors, service personnel, and visitors to all non-public areas. The Lessor shall require visitors to non-public areas to display a visitor ID at all times.

**SECURING COMMON BUILDING UTILITIES AND ACCESS TO ROOF**

The Lessor shall secure utility, mechanical, electrical telecommunication rooms, and access to interior space from the roof using locks and an Intrusion Detection System (IDS).

CONTROL ACCESS TO CRITICAL AREAS WITHIN THE BUILDING

The Lessor shall secure utility, mechanical, electrical telecommunication rooms, and access to interior space from the roof using electronic access control and an IDS.

**THE SECURITY PROFESSIONAL WILL PROVIDE INPUT FOR THIS PARAGRAPH
CRITICAL SYSTEM RELOCATION**

Critical Systems (e.g., mechanical, electrical, utility rooms; HVAC vents; emergency generator) shall be located at least 25 feet from the Building loading dock, entrances, unscreened vehicle entrance(s), and uncontrolled parking areas or implement sufficient standoff, hardening, and venting methods to protect critical Building system areas from a vehicle borne explosives equivalent to _____ pounds of TNT detonated at the loading dock, vehicle entrance, or uncontrolled parking area.

RESTRICT CONTACT FROM PUBLIC AREAS WITH PRIMARY VERTICAL LOAD MEMBERS

The Lessor shall implement architectural or structural features, or other positive countermeasures that deny contact with exposed primary vertical load members in the public areas. A minimum standoff of at least 100 mm (4 inches) is required.

RESTRICT CONTACT FROM MAIL AREA WITH PRIMARY VERTICAL LOAD MEMBERS

The Lessor shall implement architectural or structural features, or other positive countermeasures in the mail screening and receiving areas that deny contact with exposed primary vertical load members. A minimum standoff of at least 150 mm (6 inches) is required.

INTERIOR OF SPACE**WEARING PHOTO ID IN GOVERNMENT SPACE**

The Lessor and his contractors shall be required to wear a photo ID, to be visible at all times, when in Government- controlled Space.

SECURE EMPLOYEE ENTRANCE DOORS



The Lessor shall provide a means to secure, as determined by the Government, doors identified by Government as employee entrance doors. The Government may elect to post guards to verify ID badges via visual and physical inspection before entry to Government occupied Space.

LIMIT ON ENTRY POINTS (SHELL)

The Government may elect to limit the number of entry points to the Building or to the Government occupied Space, to the fewest number practicable.

FORMAL KEY CONTROL PROGRAM (SHELL)

The Government reserves the right to implement a formal key control program. The Lessor shall have a means of allowing the electronic disabling of lost or stolen access media, if electronic media is used.

ELECTRONIC ACCESS FOR EMPLOYEES

The Lessor shall provide electronic access control for employee entry doors without a guard post (including after-hours access) in conjunction with CCTV coverage.

DELAYED EGRESS HARDWARE AT EMERGENCY EXITS

The Lessor shall provide delayed egress hardware at emergency exits from critical or sensitive areas, if local codes allow the installation of this equipment.

CONTROLLED ACCESS TO "SENSITIVE AREAS"

The Government may elect to designate space within the leased Space as "sensitive areas" to be locked using electronic access control or high security locks. The Lessor shall not have access to these areas unless they are escorted by Government personnel.

SITE AND EXTERIOR OF THE BUILDING**SIGNAGE****POSTING OF SIGNAGE IDENTIFYING THE SPACE AS GOVERNMENTAL (SHELL)**

The Lessor shall not post sign(s) or otherwise identify the facility and parking areas as a Government, or specific Government tenant, occupied facility, including during construction, without written Government approval.

**POSTING OF REGULATORY SIGNAGE (SHELL)**

The Government may post or request the Lessor to post regulatory, statutory, sensitive areas, and site specific signage.

LANDSCAPING AND ENTRANCES**LANDSCAPING REQUIREMENTS (SHELL)**

Lessor shall maintain landscaping (trees, bushes, hedges, land contour, etc.) around the facility. Landscaping shall be neatly trimmed in order to minimize the opportunity for concealment of individuals and packages/containers. Landscaping shall not obstruct the views of security guards and CCTV cameras, or interfere with lighting or IDS equipment.

CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN (SHELL)

The Lessor shall separate from public access, restricted areas as designated by the Government, through the application of Crime Prevention Through Environmental Design (CPTED) principles by using trees, hedges, berms, or a combination of these or similar features, and by fences, walls, gates and other barriers, where feasible and acceptable to the Government.

HAZMAT STORAGE

Where applicable, Lessor shall locate HAZMAT storage in a restricted area or storage container away from loading docks, entrances, and uncontrolled parking.

(LEVEL IV ONLY)**PLACEMENT OF RECEPTACLES, CONTAINERS, AND MAILBOXES – LEVEL IV (SHELL)**

Trash receptacles, containers, mailboxes, vending machines, or other fixtures and features that could conceal packages, brief cases, or other portable containers shall be located _25_ feet away from the Building. If the blast containment measures are proposed, a certification by a certified registered professional engineer that the equivalent mitigation capability is present is required.

VEHICLE BARRIERS

The Lessor shall provide vehicle barriers to protect pedestrian and vehicle access points, and Critical Areas from penetration by a 4700 pound vehicle traveling at 35 mile per hour.

CHANNELING VISITORS TO AUTHORIZED AREAS/ENTRANCES

If it is a multitenant Building or if the Space is in a campus-type setting, the Lessor shall install signage and walkways with fencing, landscaping, or other barriers to easily guide and direct pedestrians to authorized areas or entrances.



PARKING

NUMBER OF PARKING ENTRANCES

The number of parking entrances shall be limited to the minimum required for efficient operations or local code. Entrances to parking areas shall be equipped with vehicle gates to control access to authorized vehicles (employee, screened visitor and approved Government vehicle).

ILLUMINATION OF ENTRANCES, EXITS, PARKING LOTS AND GARAGES (SHELL)

Facility entrances, exits, parking lots and garages shall be illuminated to a minimum of 5 lumens, at all times.

AUTHORIZED ACCESS TO PARKING (SHELL)

Lessor shall limit parking and access to parking to authorized individuals.

VEHICLE SCREENING

The Government may elect to screen all visitor vehicles as prescribed by the Government. This screening shall include ID verification and visual inspection of the vehicle, including undercarriage. The Lessor shall provide adequate lighting in screening area to illuminate the vehicle exterior and undercarriage. CCTV coverage of the screening area shall be provided by the Lessor (see CCTV requirements).

PUBLIC ACCESS TO GOVERNMENT PARKING AREAS

Where there is Government controlled parking the area shall be controlled by limiting pedestrian access to the controlled parking areas. Pedestrian and vehicle access points to all parking areas shall be monitored by CCTV camera(s) at all times.

SECURITY SYSTEMS

THE FOLLOWING CCTV, IDS, AND DURESS ALARMS ITEMS ARE TO BE INSTALLED BY EITHER THE LESSOR OR FPS. CONSULT WITH CLIENT AGENCY TO DETERMINE WHICH VERSIONS APPLY. WHEN CHOOSING PARAGRAPHS REQUIRING LESSOR INSTALLATION, ESPECIALLY FOR DURESS ALARMS, OBTAIN SPECIFICATIONS FROM FPS AND AGENCY.



CLOSED CIRCUIT TELEVISION SYSTEM (CCTV)

ACTION REQUIRED: LEASING SPECIALIST MUST CHOOSE 1 OF THE 2 FOLLOWING PARAGRAPHS (LESSOR PROVIDED OR GOVERNMENT PROVIDED) AND DELETE THE OTHER PARAGRAPH.

LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE – LEVEL IV

The Lessor shall design, install, and maintain a Closed Circuit Television (CCTV) system as described in this section. The CCTV system will support the entry control system (at entrances and exits to the space), with time lapse video recording, that will allow Government employees to view and communicate remotely with visitors before allowing access to the Space. As determined by the Government the CCTV system shall provide unobstructed coverage of designated pedestrian entrances and exits. Technical review of the proposed system shall be coordinated with the Government security representative, at the direction of the Contracting Officer, prior to installation. CCTV system testing and acceptance shall be conducted by the Government prior to occupancy. The CCTV system shall comply with the Architectural Barriers Act, section F230.0. The Government will centrally monitor the CCTV system. Government specifications are available from the Lease Contracting Officer. CCTV system components which fail or require maintenance or which fail during testing should be serviced in accordance with the Security System Maintenance Criteria listed below.

Security System Maintenance Criteria: The Lessor in consultation and coordination with a security provider, either internal or external, as determined by the Lease Contracting Officer, and the Government security representative shall implement a preventive maintenance program for all security systems the Lessor has installed. Any critical component that becomes inoperable must be replaced or repaired by the Lessor within 24 hours. Critical components are those required to provide security (IDS, CCTV, access control, etc.) for a perimeter access point or critical area. "Replacement" may include implementing other temporary measures in instances where the replacement or repair is not achievable within the specified time frame (e.g. a temporary barrier to replace an inoperable pop-up vehicle barrier, etc.). Failure by the Lessor to provide sufficient replacement measures within the timeframe identified above may result in the Government's providing guard service, the cost of which must be reimbursed by the Lessor.

GOVERNMENT PROVIDED PRODUCT, INSTALLATION, AND MAINTENANCE

The Government shall provide and install an entry control system, with time lapse video recording, that will allow Government employees to view and communicate remotely with visitors before allowing access. This Closed Circuit Television (CCTV) system shall provide the Government with unobstructed coverage, as determined by the Government, of designated pedestrian entrances and exits. The Lessor shall permit twenty-four hour CCTV coverage and recording, provided and operated by the Government. The Government will centrally monitor the CCTV surveillance. Government specifications



are available from the Contracting Officer. The Lessor shall post necessary regulatory, statutory, and/or site specific signage, as determined by the Government.

The Lessor, at the notice to proceed stage of the procurement, shall advise the Government of the appropriate time to install the equipment during the construction of the Space. The Lessor shall facilitate the installation by allowing access to electrical panels and other areas of the building as necessary.

INTRUSION DETECTION SYSTEM (IDS)

ACTION REQUIRED: LEASING SPECIALIST MUST CHOOSE 1 OF THE 2 FOLLOWING PARAGRAPHS (LESSOR PROVIDED OR GOVERNMENT PROVIDED) AND DELETE THE OTHER PARAGRAPH.

LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE – LEVEL IV

The Lessor shall design, install, and maintain an Intrusion Detection System (IDS) as described in this section. The Government requires an IDS, which will cover perimeter entry and exit doors, and operable ground-floor windows. Basic Security-in-Depth IDS components include: magnetic door switch(s), alarm system keypad, passive infrared sensor(s) (PIR), an alarm panel (to designated monitoring center) and appropriate communication method i.e. telephone and/or Internet connection, glass-break detector, magnetic window switches or shock sensors. Technical review of the proposed system shall be coordinated with the Government security representative, at the direction of the Contracting Officer, prior to installation. System testing and acceptance shall be conducted by the Government prior to occupancy.

Basic Security-in-Depth IDS shall be connected to and monitored at a central station operated by the Department of Homeland Security Megacenter. Emergency notification lists shall be coordinated with the monitoring station to include all applicable Government and Lessor points of contact. Monitoring shall be designed to facilitate a real-time detection of an incident, and to coordinate an active response to an incident. The Lessor must complete the Megacenter Alarm Requirements (MAR) application process specified by the Government to meet the monitoring requirements for a functional IDS.

Components which fail or require maintenance or which fail during testing shall be serviced in accordance with the Security System Maintenance Criteria listed below.

Security System Maintenance Criteria: The Lessor in consultation and coordination with a security provider, either internal or external, as determined by the Lease Contracting Officer, and the Government security representative shall implement a preventive maintenance program for all security systems the Lessor has installed. Any critical component that becomes inoperable must be replaced or repaired by the Lessor within 24 hours. Critical components are those required to provide security (IDS, CCTV, access control, etc.) for a perimeter access point or critical area. "Replacement" may include implementing other temporary measures in instances where the replacement or



repair is not achievable within the specified time frame (e.g. a temporary barrier to replace an inoperable pop-up vehicle barrier, etc.). Failure by the Lessor to provide sufficient replacement measures within the timeframe identified above may result in the Government's providing guard service, the cost of which must be reimbursed by the Lessor..

GOVERNMENT PROVIDED SCOPE AND PRODUCT, INSTALLATION, AND MAINTENANCE The Lessor shall permit installation of a perimeter Intrusion Detection System (IDS) to be operated by the Government. The Government shall provide and install an IDS on perimeter entry and exit doors, and operable ground-floor windows. Basic Security-in-Depth IDS— include: magnetic door switch(s), alarm system keypad, passive infrared sensor(s) (PIR), an alarm panel (to designated monitoring center) and appropriate communication method i.e. telephone and/or Internet connection, glass-break detector, magnetic window switches or shock sensors.

Basic Security-in-Depth IDS shall be connected and monitored at a central station. Emergency notification lists shall be coordinated with the monitoring station to include all applicable Government and Lessor points of contact. Monitoring shall be designed to facilitate a real-time detection of an incident, and to coordinate an active response to an incident.

The Lessor, at the notice to proceed stage of the procurement, shall advise the Government of the appropriate time to install the equipment during the construction of the Space and shall facilitate the installation, including access to electrical panels and other areas of the building, as necessary.

DURESS ALARM

ACTION REQUIRED: LEASING SPECIALIST MUST CHOOSE 1 OF THE 2 FOLLOWING PARAGRAPHS (LESSOR PROVIDED OR GOVERNMENT PROVIDED) AND DELETE THE OTHER PARAGRAPH.

LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE – LEVEL IV
The Lessor shall design, install, and maintain a duress alarm system as described. **THE GOVERNMENT SHALL PROVIDE A SCOPE OF WORK FOR A DURESS ALARM SYSTEM. (LCO SHOULD ADD SPECIFIC SCOPE HERE)** Technical review shall be coordinated with the Government security representative, at the direction of the Lease Contracting Officer, prior to installation. System testing and acceptance shall be conducted by the Government prior to occupancy. This system shall comply with the Architectural Barriers Act, section F230.0.

The Lessor in consultation and coordination with the security provider and Government shall conduct security system performance testing annually. Testing must be based on



established, consistent agency-specific protocols, documented and furnished to the Lease Contracting Officer. Components which fail or require maintenance or which fail during testing should be serviced in accordance with the Security System Maintenance Criteria listed below.

Security System Maintenance Criteria: The Lessor in consultation and coordination with a security provider, either internal or external, as determined by the Lease Contracting Officer, and the Government security representative shall implement a preventive maintenance program for all security systems they have installed. Any critical component that becomes inoperable must be replaced or repaired within 24 hours. Critical components are those required to provide security (IDS, CCTV, access control, etc.) for a perimeter access point or critical area. "Replacement" may include implementing other temporary measures in instances where the replacement or repair is not achievable within the specified time frame (e.g. a temporary barrier to replace an inoperable pop-up vehicle barrier, etc.). Failure by the Lessor to provide sufficient replacement measures within the timeframe identified above may result in the Government's providing guard service, the cost of which must be reimbursed by the Lessor.

GOVERNMENT PROVIDED SCOPE, PRODUCT, INSTALLATION, AND MAINTENANCE

The Lessor shall permit installation of a duress alarm system to be provided and operated by the Government. The Government, in coordination with a security provider, either internal or external, as determined by the Lease Contracting Officer, shall document and implement duress procedures for emergency situations.

The Lessor, at the notice to proceed stage of the procurement, shall advise the Government of the appropriate time to install the equipment during the construction of the Space and shall facilitate the installation, including access to electrical panels and other areas of the building, as necessary.

ADDITIONAL SECURITY SYSTEMS DESIGN REQUIREMENTS

(LEVEL IV ONLY) SECURITY SYSTEMS DESIGN

The Lessor, in consultation and coordination with security providers (internal or external) and the agency designated security representative, shall ensure at the time of system design, system construction, and throughout the term of the lease, that alarm and physical access control panels, CCTV components, controllers, and cabling shall be secured from unauthorized physical and logical access (Reference: Security Criterion Interior Security of Critical Areas). Computer-based systems may also be required to meet agency-specific CIO certification and accreditation requirements.



CENTRAL SECURITY CONTROL CENTER

CENTRAL SECURITY CONTROL CENTER DESIGN

The Lessor, in consultation and coordination with security providers (internal or external) and the agency designated security representative, shall design an onsite central security control center in compliance with all applicable INTERIOR security criterion and agency requirements. Design and technical review shall be coordinated with the Federal Protective Service and agency security representative prior to construction.

CENTRALIZED COMMUNICATIONS SYSTEM

The Lessor, in consultation and coordination with security providers (internal or external) and the agency designated security representative, shall provide and maintain a communication system for security and emergency announcements. Communication may be achieved through public address systems, specially-designed phone systems, and computer-based mass delivery. This communication system should be utilized to provide emergency announcements, alerts and instructions to occupants. On site communication with guards (if applicable), designated response personnel and OEP support employees is essential during an incident. Procedures for standard announcements and drills shall be developed. Standard announcements may be prerecorded into the Building communication system for immediate notification.

EMERGENCY POWER TO SECURITY SYSTEMS

The Lessor, in consultation and coordination with a security provider (internal or external) and the agency designated security representative, shall provide uninterruptible emergency power to essential electronic security systems for a minimum of 4 hours. Uninterruptible power can be provided through the use of batteries, emergency generators, UPS, or a combination thereof to meet the requirements.

SYSTEM PERFORMANCE TESTING

The Lessor in consultation and coordination with a security provider (internal or external) and the agency designated security representative shall conduct security system performance testing annually. Testing must be based on established, consistent agency-specific protocols, and documented. Testing protocols will be determined at the time of design. Components which fail during testing shall be serviced in accordance with the security system maintenance criteria stated above.

STRUCTURE

WINDOWS

SHATTER-RESISTANT WINDOW PROTECTION

The Lessor shall provide and install, shatter-resistant material not less than 0.18 millimeters (7 mil) thick on all exterior windows in Government-occupied Space meeting the following properties - Film composite strength and elongation rate measured



at a strain rate not exceeding 50% per minute shall not be less than the following:

- Yield Strength: 12,000 psi
- Elongation at yield: 3%
- Longitudinal Tensile strength: 22,000 psi
- Traverse Tensile strength: 25,000 psi
- Longitudinal Elongation at break: 90%
- Traverse Elongation at break: 75%

THE ALTERNATIVE METHOD is for the Lessor to provide a window system that conforms to a minimum glazing performance condition of "3b" for a high protection level and a low hazard level. Window systems shall be certified as prescribed by WINGARD PE 4.3 or later to GSA performance condition "3b" (in accordance with the GSA Standard Test Method for Glazing and Window Systems Subject to Dynamic Loadings or Very Low Hazard (in accordance with ASTM F 1642, Standard Test Method for Glazing or Glazing Systems Subject to Air Blast Loading) in response to air blast load of 4 psi/28 psi-msec.

If the Lessor chooses the Alternative Method, the Lessor shall provide a description of the shatter-resistant window system and provide certification from a licensed professional engineer that the proposed system meets the above standard. Prior to installation, this will be provided for evaluation by the Government, whose approval shall not be unreasonably withheld.

LOCK GROUND FLOOR WINDOWS (SHELL)

The Lessor shall lock all ground floor windows with L-brackets using security screws, or equivalent measure, acceptable to the Government.

SECURE NON-WINDOW OPENINGS (SHELL)

The Lessor shall secure all non-window openings, such as, mechanical vents, utility entries, and exposed plenums to prevent unauthorized entry.

PREVENT VISUAL OBSERVATION INTO "SENSITIVE AREAS"

The Lessor shall provide blinds, curtains, or other window treatments in "Sensitive Areas" that can be employed to prevent visual observation of that area that is acceptable by the Government.

BUILDING SYSTEMS

ACTION REQUIRED: FILL IN BLANKS BASED ON CONSULTATION WITH PHYSICAL SECURITY SPECIALIST - THIS SHOULD BE NO LESS THAN 50 POUNDS EMERGENCY GENERATOR – LEVEL IV

If an emergency generator is required by the Government, the Lessor shall locate the generator in a secure area, protected from unauthorized access, and vehicle ramming, if outdoors. The emergency generator and its fuel tank must be located at least 25 feet from loading docks, entrances, and parking areas. (If the 25 foot distance cannot be



achieved, a combination of standoff, hardening, and venting methods must be implemented to protect utilities from vehicle borne improvised explosive devices of _____ pounds of TNT equivalency.)

SECURING ON-SITE PUBLICLY-ACCESSIBLE UTILITIES

The Lessor shall secure the water supply handles, control mechanisms, and service connections at on-site publicly-accessible locations with locks and anti-tamper devices.

SECURING AIR INTAKE GRILLES

The Lessor shall secure air intake grilles less than 30 feet above grade or otherwise accessible. Air intake grills shall be secured with tamper switches connected to a central alarm monitoring station and monitored by CCTV. As an alternative the air intake may be relocated to a position greater than 30 feet above grade.

HVAC SYSTEM FOR CHEMICAL, BIOLOGICAL AND RADIOLOGICAL (CBR) ATTACK-SUSCEPTIBLE AREAS

The Lessor shall provide separate isolated HVAC systems in lobbies, loading docks, mail rooms and other locations as identified by a risk assessment as susceptible to CBR attack, to protect other building areas from possible contamination.

All exterior air handling units (AHUs), including the supply air for re-circulating AHUs, shall be equipped with Minimum Efficiency Reporting Value (MERV) 10 particulate filters. AHUs serving lobbies and mailroom, including the supply air stream for re-circulating AHUs, shall be equipped with Minimum Efficiency Reporting Value (MERV) 13 filters.

SECURING UTILITY, SERVICE, AND HVAC ROOMS

The Lessor shall secure utility, mechanical, electrical, telecom, and HVAC rooms, roof access points, and rooms containing HVAC system control panels with high security locks (UL 437 compliant) monitored by a Central Station Monitored - Intrusion Detection System (CSM-IDS).

POWER DISTRIBUTION SYSTEMS

The Lessor shall install emergency and normal power distribution systems (including electric panels, conduits, and switchgears) at least 25 feet apart.

DOCUMENTED EMERGENCY PROCEDURES (SHELL)

The Lessor shall develop and maintain documented procedures for emergency shut-down and/or exhaust of air handling system which shall be available for review by the Government for the purpose of developing its Occupancy Emergency Plan. (Note: OEP shall address closing or opening of windows when HVAC is in shut down mode developed in consultation with the Building engineer.)



OPERATIONS AND ADMINISTRATION

LESSOR TO WORK WITH FACILITY SECURITY COMMITTEE (SHELL)

The Lessor shall cooperate and work with the buildings Facility Security Committee (FSC) throughout the term of the lease.

ACCESS TO BUILDING INFORMATION (SHELL)

Building Information—including mechanical, electrical, vertical transport, fire and life safety, security system plans and schematics, computer automation systems, and emergency operations procedures—shall be strictly controlled. Such information shall only be released to authorized personnel, approved by the Government by the development of an access list and controlled copy numbering. The Lease Contracting Officer may direct that the names and locations of Government tenants not be disclosed in any publicly accessed document or record, including the building directory.

Lessor shall have emergency plans and associated documents readily available in the event of an emergency.

SECURITY PLANS AND LAYOUTS – LEVEL IV

The Lessor shall secure and keep safe any security plans, construction and alteration plans and layouts. This shall be addressed in the construction security plan.

CONSTRUCTION SECURITY PLAN

The Lessor shall submit a security plan for all post-occupancy construction and alterations projects in the leased Space, throughout the term of this Lease. The construction security plan shall describe in detail, how the Government's information, assets, equipment, and personnel will be protected during the construction process. (This shall include background checks, restrictions on accessibility, and escorts for the construction personnel). The required security measures will vary with the risk presented during the project.

ACTION REQUIRED. INCLUDE IF AGENCY REQUIRES SECURITY CLEARANCES PRIOR TO OCCUPANCY

ADDITIONAL SECURITY REQUIREMENTS

Pre-occupancy construction and initial space alterations shall require background checks, restrictions on accessibility, and escorts for construction personnel. The Lessor shall submit a construction security plan that addresses these measures.

(LEVEL IV ONLY)

SCREENING OF MAIL AND PACKAGES – LEVEL IV

The Lessor shall provide dedicated space for the Government furnished security guards, agency personnel, or contracted personnel to inspect and screen all mail and packages using X-ray at a loading dock if present or at an existing screening location if there is no loading dock. Lessor shall locate mail receiving areas away from entrances, critical



service utilities and IT distribution points. For mailroom security measures and mitigation of design events, reference GSA's "Guidelines for Mailroom Construction and Renovation" and the U.S. Postal Inspection Service's "Mail Center Security Guide" Publication 166, September 2002 (at www.usps.com). This space shall be considered part of the lease common area and not ABOA square footage.

OCCUPANT EMERGENCY PLANS (SHELL)

The Lessor is required to cooperate, participate and comply with the development and implementation of the Government's Occupant Emergency Plan (OEP) and if necessary, a supplemental Shelter-in Place (SIP) Plan. Periodically, the Government may request that the Lessor assist in reviewing and revising its OEP and SIP. The Plan, among other things, must include an annual emergency evacuation drill, emergency notification procedures of the Lessor's building engineer or manager, building security, local emergency personnel, and Government agency personnel.

SECURITY GUARD POSTINGS

The Government may elect to post armed security guards [assigned by the Government] at all screening checkpoints and at the entrances to Government-occupied Space.

SECURITY GUARD PATROLS

The Government may elect to provide interior and exterior roving guard patrols which shall be conducted during normal business hours. The security guard force, provided by DHS FPS, will be armed and equipped with a centralized radio network with incident response dispatch capability from the on-site central security control center. The Lessor and the Government shall develop in coordination with the Government's Designated (security) Official, the security guard response SOPs to alarms and incidents to ensure full coordination and cooperation between the on-site Lessor representative and the Government tenant(s).



Attachment 7, Security Unit Price List for FSL II

The Security Unit Price List for FSL II is on the following pages.



SECURITY UNIT PRICE LIST (FSL II)			
REQUEST FOR LEASE PROPOSAL [INSERT RLP#]			
[INSERT DATE]			
[INSERT CLIENT NAME]			
[INSERT CITY and STATE]			
<i>To be filled out with initial offer</i>			
<p>The following security countermeasures are required by the Request for Proposals package. Using this form, the offeror shall quote unit prices on all security countermeasures identified in the RLP package, and enter the total costs on the GSA Form 1364 as Building Specific Amortized Capital (BSAC). Upon lease award, BSAC pricing shall be fixed and not subject to further negotiation. Refer to "Security Requirements" attachment to the lease for additional details. This form must be submitted with all offers.</p>			
Lease Security Standards Section	Unit Price	Quantity	Total
FACILITY ENTRANCES			
<u>FACILITY ENTRANCES AND LOBBY</u>			
EMPLOYEE ACCESS CONTROL AT ENTRANCES			
<u>COMMON AREAS, NON-PUBLIC, AND UTILITY AREAS</u>			
PUBLIC RESTROOM ACCESS			
SECURING "CRITICAL AREAS"			
VISITOR ACCESS CONTROL			
INTERIOR OF SPACE (GOVERNMENT)			
DESIGNATED ENTRANCES			
IDENTITY VERIFICATION			
FORMAL KEY CONTROL PROGRAM			N/A
SITE AND EXTERIOR OF BUILDING			
<u>SIGNAGE</u>			
POSTING OF SIGNAGE IDENTIFYING THE SPACE AS GOVERNMENTAL			
POSTING OF REGULATORY SIGNAGE			

INITIALS: _____ LESSOR
 _____ GOVT



<u>LANDSCAPING AND ENTRANCES</u>			
LANDSCAPING REQUIREMENTS			
CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN			
HAZMAT STORAGE			
PLACEMENT OF RECEPTACLES, CONTAINERS, AND MAILBOXES			
SECURITY SYSTEMS			
<u>CLOSED CIRCUIT TELEVISION</u>			
LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE - LEVEL II			
GOVERNMENT PROVIDED PRODUCT, INSTALLATION, AND MAINTENANCE			
<u>INTRUSION DETECTION SYSTEM</u>			
LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE - LEVEL II			
GOVERNMENT PROVIDED PRODUCT, INSTALLATION, AND MAINTENANCE			
<u>DURESS ALARM</u>			
LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE - LEVEL II			
GOVERNMENT PROVIDED PRODUCT, INSTALLATION, AND MAINTENANCE			
STRUCTURE			
<u>WINDOWS</u>			
SHATTER-RESISTANT WINDOW PROTECTION			
OPERATIONS AND ADMINISTRATION			
LESSOR TO WORK WITH THE FACILITY SECURITY COMMITTEE (FSC)			
ACCESS TO BUILDING INFORMATION			
TOTAL COSTS			

INITIALS: _____ LESSOR
 _____ GOV'T



Attachment 8, Security Unit Price List for FSL III

The Security Unit Price List for FSL III is on the following pages.



SECURITY UNIT PRICE LIST (FSL III)			
LEASE NUMBER [INSERT LEASE #]			
[INSERT CLIENT NAME]			
[INSERT CITY AND STATE]			
<i>To be filled out post-award</i>			
<p>The Building Specific Amortized Capital (BSAC) amount under the Lease represents an estimate of the possible countermeasures outlined under the Security Requirements section of the lease. The actual BSAC amount shall be determined after the final design. Using this form, the Lessor shall quote unit prices on all security countermeasures identified in the Lease, as reflected in the final Design Intent Drawings (DIDs) and Construction Documents (CDs). These unit costs shall be subject to further negotiation, prior to issuance of a Notice To Proceed for the security improvements. Refer to "Security Standards" attachment to the Lease for additional details.</p>			
<i>Lease Security Standards Section</i>	<i>Unit Price</i>	<i>Quantity</i>	<i>Total</i>
FACILITY ENTRANCES			
<u>FACILITY ENTRANCES AND LOBBY</u>			
REDUCING LOBBY QUEUING			
PHYSICAL BOUNDARIES TO CONTROL ACCESS TO NON-PUBLIC AREAS			
<u>SCREENING REQUIREMENTS</u>			
VISITOR SIGN IN/OUT AFTER HOURS			
MAGNETOMETERS AND X-RAYS AT PUBLIC ENTRANCES			
ACCOMMODATION OF RETAIL/MIX USE SPACE			
<u>COMMON AREAS, NON-PUBLIC, AND UTILITY AREAS</u>			
PUBLIC RESTROOM ACCESS			
SECURING "CRITICAL AREAS"			
VISITOR ESCORT AND ID REQUIREMENTS			
SECURING COMMON BUILDING UTILITIES AND ACCESS TO THE ROOF			
RESTRICT CONTACT FROM PUBLIC AREAS WITH PRIMARY VERTICAL LOAD MEMBERS			
RESTRICT CONTACT FROM MAIL AREAS WITH PRIMARY VERTICAL LOAD MEMBERS			
INTERIOR OF SPACE			
WEARING PHOTO ID IN GOVERNMENT SPACE			
SECURE EMPLOYEE ENTRANCE DOORS			
LIMIT ON ENTRY POINTS (SHELL)			
FORMAL KEY CONTROL PROGRAM (SHELL)			
ELECTRONIC ACCESS FOR EMPLOYEES			



SITE AND EXTERIOR OF BUILDING				
<u>SIGNAGE</u>				
	POSTING OF SIGNAGE IDENTIFYING THE SPACE AS GOVERNMENTAL			
	POSTING OF REGULATORY SIGNAGE			
<u>LANDSCAPING AND ENTRANCES</u>				
	LANDSCAPING REQUIREMENTS			
	CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN			
	HAZMAT STORAGE			
	PLACEMENT OF RECEPTACLES, CONTAINERS, AND MAILBOXES			
	VEHICLE BARRIERS			
<u>PARKING</u>				
	NUMBER OF PARKING ENTRANCES			
	ILLUMINATION OF ENTRANCES, EXITS, PARKING LOTS, AND GARAGES			
	AUTHORIZED ACCESS TO PARKING			
	VEHICLE SCREENING			
	PUBLIC ACCESS TO GOVERNMENT PARKING AREAS			
SECURITY SYSTEMS				
<u>CLOSED CIRCUIT TELEVISION - LEVEL III</u>				
	LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE			
	GOVERNMENT PROVIDED PRODUCT, INSTALLATION, AND MAINTENANCE			
<u>INTRUSION DETECTION SYSTEM - LEVEL III</u>				
	LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE			
	GOVERNMENT PROVIDED PRODUCT, INSTALLATION, AND MAINTENANCE			
<u>DURESS ALARM - LEVEL III</u>				
	LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE			
	GOVERNMENT PROVIDED PRODUCT, INSTALLATION, AND MAINTENANCE			



STRUCTURE			
<u>WINDOWS</u>			
SHATTER-RESISTANT WINDOW PROTECTION			
LOCK GROUND FLOOR WINDOWS			
SECURE NON-WINDOW OPENINGS			
PREVENT VISUAL OBSERVATION INTO "SENSITIVE AREAS"			
<u>BUILDINGS SYSTEMS</u>			
EMERGENCY GENERATOR			
SECURING ON-SITE PUBLICLY-ACCESSIBLE UTILITIES			
SECURING AIR INTAKE GRILLES			
HVAC SYSTEM FOR CBR ATTACK SUSCEPTIBLE AREAS			
OPERATIONS AND ADMINISTRATION			
LESSOR TO WORK WITH THE FACILITY SECURITY COMMITTEE (FSC)			
ACCESS TO BUILDING INFORMATION			
SECURITY PLANS AND LAYOUTS			
SCREENING OF MAIL AND PACKAGES -LEVEL III			
OCCUPANT EMERGENCY PLANS			
SECURITY GUARD POSTINGS			
TOTAL COSTS			



Attachment 9, Security Unit Price List for FSL IV

The Security Unit Price List for FSL IV is on the following pages.



SECURITY UNIT PRICE LIST (FSL IV)			
LEASE NUMBER [INSERT LEASE #]			
[INSERT CLIENT NAME]			
[INSERT CITY AND STATE]			
<i>To be filled out post-award</i>			
<p>The Building Specific Amortized Capital (BSAC) amount under the Lease represents an estimate of the possible countermeasures outlined under the Security Requirements section of the lease. The actual BSAC amount shall be determined after the final design. Using this form, the Lessor shall quote unit prices on all security countermeasures identified in the Lease, as reflected in the final Design Intent Drawings (DIDs) and Construction Documents (CDs). These unit costs shall be subject to further negotiation, prior to issuance of a Notice To Proceed for the security improvements. Refer to "Security Standards" attachment to the Lease for additional details.</p>			
<i>Lease Security Standards Section</i>	<i>Unit Price</i>	<i>Quantity</i>	<i>Total</i>
FACILITY ENTRANCES			
<u>FACILITY ENTRANCES AND LOBBY</u>			
LIMITING LOBBY QUEUING			
PHYSICAL BOUNDARIES TO CONTROL ACCESS TO NON-PUBLIC AREAS - LEVEL IV			
LOBBY BLAST PROTECTION			
<u>SCREENING REQUIREMENTS</u>			
VISITOR SIGN IN/OUT AFTER HOURS			
MAGNETOMETERS AND X-RAYS AT PUBLIC ENTRANCES			
ACCOMMODATION OF RETAIL/MIX USE SPACE			
BALLISTIC PROTECTIVE BARRIER			
MAIL SCREENING ROOM: COLLAPSE AND AIRBLAST INJURY PREVENTION			
<u>COMMON AREAS, NON-PUBLIC, AND UTILITY AREAS</u>			
PUBLIC RESTROOM ACCESS			
SECURING "CRITICAL AREAS"			
VISITOR ESCORT AND ID REQUIREMENTS			
SECURING COMMON BUILDING UTILITIES AND ACCESS TO THE ROOF			
CONTROL ACCESS TO CRITICAL AREAS WITHIN THE BUILDING			
CRITICAL SYSTEM RELOCATION			
RESTRICT CONTACT FROM PUBLIC AREAS WITH PRIMARY VERTICAL LOAD MEMBERS			
RESTRICT CONTACT FROM MAIL AREAS WITH PRIMARY VERTICAL LOAD MEMBERS			



INTERIOR OF SPACE				
WEARING PHOTO ID IN GOVERNMENT SPACE				
SECURE EMPLOYEE ENTRANCE DOORS				
LIMIT ON ENTRY POINTS (SHELL)				
FORMAL KEY CONTROL PROGRAM (SHELL)				
ELECTRONIC ACCESS FOR EMPLOYEES				
DELAYED EGRESS HARDWARE AT EMERGENCY EXITS				
CONTROLLED ACCESS TO "SENSITIVE AREAS"				
SITE AND EXTERIOR OF BUILDING				
SIGNAGE				
POSTING OF SIGNAGE IDENTIFYING THE SPACE AS GOVERNMENTAL				
POSTING OF REGULATORY SIGNAGE				
LANDSCAPING AND ENTRANCES				
LANDSCAPING REQUIREMENTS				
CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN				
HAZMAT STORAGE				
PLACEMENT OF RECEPTACLES, CONTAINERS, AND MAILBOXES - LEVEL IV				
VEHICLE BARRIERS				
CHANNELING VISITORS TO AUTHORIZED AREAS/ENTRANCES				
PARKING				
NUMBER OF PARKING ENTRANCES				
ILLUMINATION OF ENTRANCES, EXITS, PARKING LOTS, AND GARAGES				
AUTHORIZED ACCESS TO PARKING				
VEHICLE SCREENING				
PUBLIC ACCESS TO GOVERNMENT PARKING AREAS				



SECURITY SYSTEMS			
<u>CLOSED CIRCUIT TELEVISION</u>			
LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE - LEVEL IV			
GOVERNMENT PROVIDED PRODUCT, INSTALLATION, AND MAINTENANCE			
<u>INTRUSION DETECTION SYSTEM (IDS)</u>			
LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE - LEVEL IV			
GOVERNMENT PROVIDED PRODUCT, INSTALLATION, AND MAINTENANCE			
<u>DURESS ALARM</u>			
LESSOR PROVIDED DESIGN, INSTALLATION, AND MAINTENANCE - LEVEL IV			
GOVERNMENT PROVIDED PRODUCT, INSTALLATION, AND MAINTENANCE			
<u>ADDITIONAL SECURITY SYSTEMS DESIGN REQUIREMENTS</u>			
SECURITY SYSTEMS DESIGN			
<u>CENTRAL SECURITY CONTROL CENTER</u>			
CENTRAL SECURITY CONTROL CENTER DESIGN			
CENTRALIZED COMMUNICATIONS SYSTEM			
EMERGENCY POWER TO SECURITY SYSTEMS			
SYSTEM PERFORMANCE TESTING			
STRUCTURE			
<u>WINDOWS</u>			
SHATTER-RESISTANT WINDOW PROTECTION			
LOCK GROUND FLOOR WINDOWS			
SECURE NON-WINDOW OPENINGS			
PREVENT VISUAL OBSERVATION INTO "SENSITIVE AREAS"			



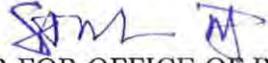
BUILDINGS SYSTEMS			
EMERGENCY GENERATOR PROTECTION - LEVEL IV			
SECURING ON-SITE PUBLICLY-ACCESSIBLE UTILITIES			
SECURING AIR INTAKE GRILLES			
HVAC SYSTEM FOR CBR ATTACK SUSCEPTIBLE AREAS			
SECURING UTILITY, SERVICE, AND HVAC ROOMS			
POWER DISTRIBUTION SYSTEMS			
DOCUMENTED EMERGENCY PROCEDURES			
OPERATIONS AND ADMINISTRATION			
LESSOR TO WORK WITH THE FACILITY SECURITY COMMITTEE (FSC)			
ACCESS TO BUILDING INFORMATION			
SECURITY PLANS AND LAYOUTS - LEVEL IV			
CONSTRUCTION SECURITY PLAN			
ADDITIONAL SECURITY REQUIREMENT (OPTIONAL)			
SCREENING OF MAIL AND PACKAGES -LEVEL IV			
OCCUPANT EMERGENCY PLANS			
SECURITY GUARD POSTINGS			
SECURITY GUARD PATROLS			
TOTAL COSTS			



OCT 27 2010

LAC-2010-02

MEMORANDUM FOR REGIONAL COMMISSIONERS, PBS
REGIONAL REALTY SERVICES OFFICERS

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

SUBJECT: Leasing Desk Guide

1. **Purpose.** This Lease Acquisition Circular (LAC) issues the Leasing Desk Guide (Desk Guide) chapter 20 entitled *On- Airport Leasing for TSA and Other Agencies*. It also issues revised carpet specifications and notifies regional users about the current version of SF 2, U.S. Government Lease for Real Property.
2. **Effective Date.** Thirty days from the issuance date.
3. **Applicability.** The Desk Guide applies to all GSA real property leasing activities and to activities delegated by GSA to other federal agencies.
4. **Cancellation.** Realty Services Letter, RSL 2006-07, *Airport Leasing for the Transportation Security Administration*, dated October 30, 2006 is canceled.
5. **Instructions and Procedures.** Instructions and procedures are attached.

Attachment 1, Summary and Filing Instructions

Attachment 2, Revised Carpet Specification

Attachment 3, SF-2, U.S. Government Lease for Real Property

Attachment 4, Loose-leaf Leasing Desk Guide

LAC-2010-02 SUMMARY AND FILING INSTRUCTIONS

Lease Acquisition Circular (LAC) 2010-02 issues the policies listed below:

Desk Guide Chapter 20, *On- Airport Leasing for TSA and Other Agencies*

This chapter provides customized procurement tools and instructions for leasing airport space for the Transportation Security Administration (TSA). This chapter singles out TSA because they must be at every airport. However, some airports must also have other agencies, such the Departments of Agriculture and Homeland Security, onsite. The same noncompetitive situation is created by their requirements and this chapter serves as general guidance for those leases.

Standard Form 2, *U.S. Government Lease for Real Property (Rev. 6/2003)*

The GSA Office of Governmentwide Policy issued a revised SF 2 in 2003 and since that time our gsa.gov/leasing Webpage has been linking to the 2003 version. However, PBS had not officially notified regional users about the new form version, which is included in this LAC as Attachment 3.

SFO Carpet Specification Revision

This paragraph replaces the paragraphs entitled Carpet: Broadloom (AUG 2008) and Carpet Tile (AUG 2008). It is mandatory because both specifications are included in one paragraph. The new specification was sent through the PBS Issuance process by the Office of Design and Construction. The revision is being incorporated into eLease and the manual SFO.

LDG Filing Instructions

Part	Remove Pages	Insert Pages
Table of Contents	TOC-ii	TOC-ii
Chapter 20: On-Airport Leasing for TSA and Other Agencies	None	20-i – 20-16

SFO CARPET SPECIFICATION

CARPET

MANDATORY PARAGRAPH

MAY BE ALTERED BUT MUST CONTAIN SUBSTANTIALLY THE SAME INFORMATION

Carpet (Oct 2010)

- A. Carpet must have third party certification in accordance with NSF 140 2007e Sustainable Carpet Assessment Standard at a "Gold" level minimum.
- B. Recycled Content. Broadloom carpet must contain a minimum of 10 percent recycled content by total product weight. PVC-free modular tile carpet is preferred; if PVC is used, it must contain a minimum of 30 percent pre-consumer/post-consumer recycled content by total product weight.
- C. Adhesives. The carpet and floor adhesive for glue-down installations must meet the Green Label Plus and floor adhesive for direct glue down requirements of the Carpet and Rug Institute. Carpet and all installation components including adhesives, sealers, seam welds, and seam sealers must meet the low emitting materials standards as outlined in U.S. Green Building Council LEED criteria. Adhesives must meet VOC content standards per South Coast Air Quality Management District Rule #1168.
- D. Face Fiber Content. Face yarn shall be 100 percent nylon fiber. Loop Pile shall be 100 percent Bulk Continuous Filament (BCF); cut and loop shall be 100 percent BCF for the loop portion and may be BCF or staple for the cut portion; cut pile carpet shall be staple or BCF.
- E. Performance Requirements for Broadloom and Modular Tile:
 - Static. Less than or equal to 3.5 kV when tested by AATCC Test Method 134 (Step Test Option).
 - Flammability. Meets CPSC-FF-1-70, DOC-FF-1-70 Methenamine Tablet Test criteria.
 - Flooring Radiant Panel Test. Meets NFPA Class I or II depending upon occupancy and fire code when tested under ASTM E-648 for glue down installation.
 - Smoke Density. NBS Smoke Chamber - Less than 450 Flaming Mode when tested under ASTM E-662.
- F. Additional Requirements for Broadloom:
 - Edge Ravel. Minimum 1 lb, Loop Pile only - ASTM D-7267.
 - Delamination. Minimum 3.5 lb per inch of width - ASTM D-3936.
 - Tuft Bind. Minimum 10 lb average tuft bind for Loop Pile - ASTM D-1335.
- G. Additional Requirement for Modular Tile:
 - Tuft Bind Minimum 8 lb average tuft bind for Loop Pile – ASTM D-1335.
- H. Texture Appearance Retention Rating (TARR). Meet TARR ratings specified below:

Space Definition	Traffic Classification	TARR Classification
Private Offices	Moderate	≥ 3.0 TARR
Training, conference, courtrooms, etc	Heavy	≥ 3.0 TARR
Open Office, cafeteria, corridors, lobbies	Severe	≥ 3.5 TARR

The carpet should be evaluated using ASTM D-5252 Hexapod Drum Test as per the commercial carpet test procedure and the TARR classification determined using ASTM D-7330.

**Standard Form 2
U.S. Government Lease for Real Property**

The SF-2 follows this page.

U.S. GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

LEASE NO.

THIS LEASE, made and entered into this date by and between

whose address is

and whose interest in the property hereinafter described is that of

hereinafter called the Lessor, and the UNITED STATES OF AMERICA, hereinafter called the Government:

WITNESSETH: The parties hereto for the considerations hereinafter mentioned, covenant and agrees as follows:

1. The lessor hereby leases to the Government the following described premises:

to be used for

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning on _____ through _____, subject to termination and renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent of \$ _____ at the rate of \$ _____ per _____ in arrears. Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

4. The Government may terminate this lease at any time by giving at least _____ days' notice in writing to the Lessor and no rental shall accrue after the effective date of termination. Said notice shall be computer commencing with the day after the date of mailing.

5. This lease may be renewed at the option of the Government, for the following terms and at the following rentals:

provided notice be given in writing to the Lessor at least _____ days before the end of the original lease term or any renewal term; all other terms and conditions of this lease shall remain the same during any renewal term. Said notice shall be computed commencing with the day after the date of mailing.

6. The Lessor shall furnish to the Government, as part of the rental consideration, the following:

7. The following are attached and made a part hereof:
The General Provisions and Instructions

8. The following changes were made in this lease prior to its execution:

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

LESSOR

SIGNATURE

SIGNATURE

NAME OF SIGNER

NAME OF SIGNER

IN PRESENCE OF

SIGNATURE

SIGNATURE

NAME OF SIGNER

NAME OF SIGNER

UNITED STATES OF AMERICA

SIGNATURE

NAME OF SIGNER

OFFICIAL TITLE OF SIGNER

LOOSE-LEAF LEASING DESK GUIDE

The Desk Guide issuances follow this page.



Table of Contents

Introduction: General Information, Lease Authorities, and Responsibilities	i
Chapter 1: Requirements Development	1-i
Chapter 2: New or Replacing Lease	2-i
Chapter 3: Simplified Lease Acquisition	Reserved
Chapter 4: Accelerated Lease	Reserved
Chapter 5: Succeeding Lease, Superseding Lease	Reserved
Chapter 6: Change in Square Footage—Expansion and Reduction	Reserved
Chapter 7: Lease Extension	Reserved
Chapter 8: Alterations in Leased Space	Reserved
Chapter 9: Renewal Options	Reserved
Chapter 10: Lease Holdover	Reserved
Chapter 11: Prospectus-Level Leases	Reserved
Chapter 12: Disaster Leasing	12-i
Chapter 13: Source Selection	Reserved
Chapter 14: Lease Construction	Reserved
Chapter 15: Hoteling	15-i
Chapter 16: National Broker Contract Leases	16-i



Chapter 17: Lease Administration	Reserved
Chapter 18: Environmental Sustainability in Leases	Reserved
Chapter 19: Security	Reserved
Chapter 20: On-Airport Leasing for TSA and Other Agencies	20-i
Appendix A: Glossary of Terminology	Reserved
Appendix B: Checklists	Reserved
Appendix C: Forms, Samples, and Models	Reserved
Appendix D: Fire Protection and Life Safety	Reserved
Appendix E: Accessibility Standards	Reserved



CHAPTER 20:

On-Airport Leasing for TSA and Other Agencies

- 1. Overview 20-1**
- 2. General On-Airport Leasing Procedures 20-1**
 - a. Acquisition Plan 20-1
 - b. Type of Lease Action 20-2
 - c. Delineated Area 20-2
- 3. Solicitation, Negotiations, and Award 20-2**
 - a. Justification for Other Than Full and Open Competition (OTFO) 20-2
 - b. Floodplains 20-3
 - c. Compliance With the National Environmental Policy Act (NEPA) Desk Guide 20-3
 - d. Federal Aviation Administration (FAA) Sponsor Assurances 20-4
 - e. Nonstandard Leases 20-4
- 4. Floodplains 20-4**
 - a. Application of Policies to On-Airport Leasing 20-4
 - b. Coordination With Environmental Staff 20-5
 - c. Determination Notice 20-5
- 5. Postaward 20-6**
- Attachment 1: Justification for Other Than Full and Open Competition 20-7**
- Attachment 2: Sole Source Advertisement Language 20-10**
- Attachment 3: Floodplain Critical Action Letter to Agency 20-11**
- Attachment 4: TSA Blanket Critical Action Letter 20-13**



Attachment 5: FAA Sponsor Assurances Summary 20-15



1. Overview

This chapter provides customized procurement tools and instructions for leasing airport space for the Transportation Security Administration (TSA). This chapter singles out TSA because it must be at every airport. However, some airports must also have other agencies on-site, such as the Departments of Agriculture and Homeland Security. The same noncompetitive situation is created by their requirements, and this chapter serves as general guidance for those leases.

P.L. 107-71 established TSA authority. Legislative bodies, through State or local law, may create airport authorities, with the accompanying authority to operate the airport; construct, manage, and maintain the facilities; protect the facilities, employees, and users; and generate operating capital to finance these activities. Accordingly, the airport leasing rates are driven by their governing authority and are not comparable to the local market, because there is no competition. Typically, these leases are not fully serviced, and tenant improvements are not included.

These instructions apply to all TSA continuing need requirements for support and administrative space (such as office, break, training, and storage areas) but not security checkpoint screening areas (baggage and passenger screening areas) on-airport. Public law requires the airport authority or owner to provide security checkpoint screening areas to TSA free of charge.

The term "on-airport" in this chapter refers to any space leased from the airport authority or owner within the boundaries of the airport's property line. In some cases, the airport may not have space, and TSA will go to the local market. For off-airport TSA leases, the Leasing Specialist must follow the appropriate procedures in other chapters of this guide, such as Chapter 2, New or Replacing Lease. Additional background on TSA leases can be found in Attachment 1 (Class Justification for TSA Leases) and on the TSA National Program Quickr collaboration Web site at <https://gsaworkspaces.gsa.gov/tsaprogram>. Contact the TSA Regional Account Manager, regional subject matter expert, or TSA National Account Manager for Web site access.

2. General On-Airport Leasing Procedures

a. Acquisition Plan

Leasing Specialists must use the [Limited Acquisition Plan](#) for all on-airport continuing need requirements exceeding the simplified lease acquisition threshold and all extensions, regardless of dollar amount. The Leasing Specialist must notify TSA or other client agencies of lease expiration dates at least 18 months in advance and immediately commence procurement planning. The Leasing Specialist must prepare the acquisition plan at least 12 months in advance of the lease expiration date.

On-airport leases may differ from standard leases in the following ways:

- There is no competition, and a Justification for Other Than Full and Open Competition is required.
- Market surveys are not required; however, if other leases exist on airport property, the rates charged for those leases should be considered.



3. Solicitation, Negotiations, and Award

- Airport rates will differ from open market rates. Airport authorities frequently require annual, unilateral increases in rent and operating costs.
- Airport authorities often will not sign long-term leases. Some can be as little as 12–24 months (tied to their budget cycles) and can have severe cancellation or move rights.
- On-airport leases are typically not fully serviced and taxes are not included in rent. Leasing specialists must coordinate other contract services to fill this gap (see Chapter 2).
- TSA leases typically do not include tenant improvements. Leasing specialists must coordinate other contract services to fill this gap.

If these variables do not apply, then the standard leasing process must be followed.

b. Type of Lease Action

Continuing need lease actions for a term greater than 1 year should generally be either succeeding or superseding. However, since most leases on airport property are noncompetitive and the process is subject to delay by airport authority responsiveness, regional managers may determine it prudent to sign long-term extension agreements. Possible reasons include managing internal workload and avoiding impacts to client billing. Such extension agreements should be made where agency requirements have not changed and the facility requires no tenant improvements. In cases where more than one on-airport lease exists, it is preferable to consolidate to one lease; however, there may be structural reasons why multiple leases are required. Leasing specialists should consult with their supervisors and regional TSA subject matter experts regarding their regional portfolio strategy for TSA.

c. Delineated Area

The delineated area (DA) is irrelevant to on-airport leases for TSA and other agencies. There is no competition to be found as in a typical DA, but other lease requirements may drive acceptable locations within the airport. TSA's operational preference is to locate all Federal Security Director functions on airport property. In practice, however, this often is not possible, given space and budget constraints. The Workspace Delivery Program in the Office of Client Solutions has worked with TSA to recommend functions that should be on-airport versus those that do not need to be. Leasing specialists should consult with their regional TSA subject matter experts for additional detail. TSA's Office of Real Estate Services will make the final determination of functions that will be on-airport at its discretion.

3. Solicitation, Negotiations, and Award

a. Justification for Other Than Full and Open Competition (OTFO)

The Leasing Specialist must use the attached class justification (Attachment 1) for all TSA continuing need requirements on airport property. In addition, the Leasing Specialist must place a sole source notice advertisement, using the language in Attachment 2, with either FedBizOpps.gov or the appropriate local media for all requirements, regardless of how small the square footage. This will inform the public of TSA's rights to invoke a sole source justification. Locations off airport property must be competed on a full and open basis.



Space acquired using the OTFO must be designated "noncancelable" in the Occupancy Agreement.

b. Floodplains

In 2006, the Public Buildings Service developed the following protocol for TSA and other agency on-airport leases to comply with Executive Order 11988, Floodplain Management (42 FR 26951; May 24, 1977):

- 1) It is known that a number of U.S. airports are located in floodplains. Therefore, the Leasing Specialist must contact the [regional environmental health and safety advisor](#), with the complete regional inventory of TSA and other agency on-airport leases to ascertain the floodplain status of each site. The advisor must then verify whether the space to be leased is in a 100-year floodplain or 500-year floodplain.

i. If found to be in a 100-year floodplain:

The advisor must contact the airport facility manager to determine previous floodplain analysis activities and mitigation measures implemented by the airport, issue and date a non-acceptable alternative determination notice, and provide this determination notice to the Leasing Specialist who will post it for 30 days on or adjacent to the front door of the agency's leased space.

ii. If found to be in a 500-year floodplain:

The TSA Office of Real Estate Services has provided a signed letter stating that its on-airport properties house noncritical actions. This blanket statement has been included as Attachment 4 and should be included in the lease file.

For agencies other than TSA, the Leasing Specialist must verify that the agency is not involved in any "critical action" as defined in Attachment 3. To do so, the Leasing Specialist must send the agency regional manager a letter, model included as Attachment 3, regarding 500-year floodplains and critical actions.

- 2) Signed and dated copies of any of the documents generated or received during or as a result of the above steps must be placed in the lease file.

c. Compliance With the National Environmental Policy Act (NEPA) Desk Guide

GSA's NEPA implementing regulations, contained in the NEPA Desk Guide, recognize that lease extensions, renewals, or succeeding leases can qualify for a categorical exclusion (CATEX) from the NEPA analysis. In particular, NEPA 5.3(e) sets forth an "automatic CATEX" for such actions, recognizing that the chances of significant environmental impacts from such actions "are so extremely limited that review of each such action is not warranted." The NEPA Desk Guide recognizes that any activity that is otherwise subject to an automatic CATEX could have the potential for a significant impact and require some level of NEPA analysis due to extraordinary circumstances. However, the determination here is that the above-mentioned lease actions for TSA and other agency on-airport continuing need requirements meet the standard for this automatic CATEX. The Leasing Specialist must document this determination in the lease file, under Tab II, Pre-Solicitation, with the following notation: "This lease action [specify which type it is: extension, renewal or succeeding lease] meets the definition of an activity that meets the requirement of an automatic CATEX, as specified in the GSA/PBS NEPA Desk Guide, at 5.3(e)."



d. Federal Aviation Administration (FAA) Sponsor Assurances

A summary and cross-reference of the GSA General Clauses (both as required by law and as duplicated in the FAA's sponsor assurances) are attached (Attachment 5) for the benefit of the Leasing Specialist in negotiating the inclusion of clauses with airport authorities. Leasing Specialists are encouraged to review these assurances in the case of airport authorities who refuse to sign mandatory clauses. The airport authority may already have agreed to the same language (incorporated by reference) on its agreement with the FAA, but not realize the significance of the agreement.

Many of GSA's General Clauses are derived from the statutes listed in "Sponsor Assurances," a document required by the FAA when airports accept funds from FAA-administered programs. To assist the Leasing Specialist, Attachment 7 identifies those clauses mandated by law as well as those clauses contained in both GSA Form 3517, General Clauses (Acquisition of Leasehold Interests in Real Property), and the FAA sponsor assurances. The Office of Regional Counsel must approve modification or deletion of any clause in GSA Form 3517.

e. Nonstandard Leases

If the lessor will not accept GSA lease language or lease clauses, this may be one of the rare cases where GSA must accept a nonstandard lease. Each airport authority has different approaches to leasing and services provided under its leases. Flexibility in negotiating the terms of on-airport leases is often necessary, and Leasing Specialists have some discretion negotiating terms, provided there is no exception to Federal law or regulation.

To simplify negotiations, some regions have issued modified versions of the GSA standard lease that eliminate up front the clauses that do not apply, given an airport's refusal to provide certain services. The most common examples of this are language pertaining to tenant improvements, maintenance, and janitorial services. Following negotiations of terms, many leases have been formed using alternatives to GSA's standard lease documents. A shorter GSA lease form may be used, and hybrid versions of the local airport authority's lease or addendums documenting agreements reached on specific exceptions to language in Federal documents can be used to address airport authority concerns. Examples of several such alternatives are available on the TSA National Program Web site. Leasing Specialists are advised to consult with their supervisors, the Office of Regional Counsel, and regional on-airport leasing subject matter experts to develop a strategy for approaching this issue on a case-by-case basis. Alternative lease agreements should be reviewed by the Office of Regional Counsel.

4. Floodplains

a. Application of Policies to On-Airport Leasing

A number of U.S. airports are located in 100-year floodplains, and some are located in 500-year floodplains. According to Executive Order (EO) 11988, Floodplain Management, agencies must conduct the Federal Emergency Management Agency's eight-step process when located in a 100-year floodplain. Since these lease sites are at established airport facilities that have addressed the necessary floodplain mitigation as part of construction or subsequent renovation, GSA will adapt these prior determinations to support its own floodplain determinations. Once adapted, the remaining step for GSA is to inform the public of its action and of any steps that will be taken to minimize the risk to the agency and the public.



b. Coordination With Environmental Staff

The Leasing Specialist must work closely with their regional NEPA specialist in managing this lease process. Names and numbers are available on the [Environmental Division Web site](#).

In order to expedite compliance with the EO guidelines on locating space in a floodplain, the NEPA specialist will:

- 1) Verify whether or not the space to be leased is in a floodplain.
- 2) For leases in 100-year floodplains:
 - Contact the airport facility manager to identify any previous floodplain determination efforts and document any mitigation measures implemented to reduce the risk due to floods.
 - Complete necessary public notice.
 - Issue GSA's determination with attached copies of the airport's previous floodplain determinations.
 - Post this GSA determination notice at inspection sites so that the public is informed.
- 3) If this lease is in a 500-year floodplain:
 - Verify that the agency is not involved in any critical action as defined in Attachment 3, Floodplain Critical Action Letter to Agency.
 - Send the agency regional manager a letter (Attachment 3 is an example) concerning 500-year floodplains and critical actions.

c. Determination Notice

The following is recommended language for the determination notice:

Notification is provided to the public that the U.S. General Services Administration (GSA) has executed a continuing need lease action for the (insert agency name) at NAME OF AIRPORT, STREET, CITY, STATE. The lease consists of approximately ____square feet and will be used for (administration, shift-change, and employee break areas). It has been determined that this facility and the subsequent GSA lease are located in a 100-year floodplain. Presidential Executive Order 11988, Floodplain Management, requires GSA to review its proposed projects for possible alternatives to being located in a floodplain. Since it is mandatory that (insert agency name) be physically located within the boundary of the airport property, there are no viable alternative sites that would meet the requirements of the agency. The agency mission and location requirements are functionally dependent. GSA has reviewed the mitigation measures developed and implemented by the airport facility to minimize the risk associated with being located in a 100-year floodplain. As a result of this review, GSA has determined that the agency and the public using this leased space are at no greater risk from the floodplain location. Public comment may be directed to



NAME OF LEASING SPECIALIST, PHONE, EMAIL, STREET, CITY, STATE, ZIP CODE, within 30 days of this notice (DATE NOTICE POSTED).

5. Postaward

If the airport authority does not provide services typical in off-airport leasing, such as construction relating to tenant improvements on new leases or alterations to existing leases, the Leasing Specialist must coordinate with other PBS business lines and the airport authority to award, approve, and execute design and construction. Despite the frequent refusal to provide these services, airports typically exert strict control over the design standards and specifications they expect from the third-party contractors GSA hires. These expectations are unique to each location and often differ from the standard practice of typical GSA providers. Additionally, most airports require construction designs to be approved by airport boards that may meet infrequently. Failure to meet the expectations of those boards or even slight modifications to preapproved construction designs can result in a requirement to resubmit design packages at the next board meeting. This can result in extensive delays if boards meet only monthly or quarterly.

Experience has shown that a key to successful implementation of on-airport design and construction services is establishing relationships with the appropriate design review officials at the airport authority. Engagement to establish expectations with these officials can help avoid unnecessary delays and rework. Leasing specialists are encouraged to identify and meet with reviewing officials to gather any written design requirements or guidelines that should be incorporated into design contracts. Then, as early in the process as possible, Leasing Specialist should facilitate a meeting between the design team and reviewer to verify that any unique requirements are understood. Leasing specialists are encouraged to meet with their supervisor and regional on-airport leasing subject matter expert to develop a strategy for approaching design and construction on a case-by-case basis.



Attachment 1: Justification for Other Than Full and Open Competition

U.S. GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE

JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

1. Identification and description of action being approved:

This class justification for other than full and open competition (FAR Subpart 6.3) is for use by General Services Administration (GSA) contracting activities in the acquisition of support and administrative workspace for the Transportation Security Administration (TSA) where required to be on airport property. TSA security checkpoint screening areas and requirements that are not required to be on airport property are not covered by this justification. The TSA was created by Public Law 107-71 and is responsible for the day-to-day Federal civil aviation security, screening operations for passenger air transportation, and intrastate air transportation. TSA requires space at every airport in the United States of America and its possessions and territories having scheduled commercial airline service.

2. Description of services and/or supplies required:

This justification applies to all TSA continuing need requirements for support and administrative workspace (such as office, break, training, and storage space) that are required to be on airport property. There are currently 441 locations under lease. On average, each location is approximately 3,000 square feet.

3. Identification of Statutory Authority:

An agency may use procedures other than competitive procedures when the property or services needed are available from only one responsible source and no other type of property or service will satisfy the needs of the agency, 41 U.S.C. 253 (c)(1).

4. Demonstration that the acquisition requires use of the authority cited:

FAR 6.302-1, which implements the referenced statutory authority, authorizes limited competition when the property or services needed are available from only one responsible source and no other type of property or service will satisfy the needs of the agency.

The Aviation and Transportation Security Act (ATSA) was signed into law on November 19, 2001. TSA employs more than 45,000 security screeners and provides guidance and training to flight crews for dealing with threats on board aircraft. Since February 17, 2002, TSA has been responsible for all civil aviation security functions. Because these tasks are directly related to the security of the national air transportation system, TSA has a critical need to be located on airport property.

5. Description of Efforts to Solicit as Many Offers as Practicable:

Market surveys will be conducted as the need for space arises and the notices required by FAR 5.201 and GSAM 505.202 will be published and any proposals received will be considered.

6. Determination that the anticipated cost will be fair and reasonable:

The cost for the space and any specific improvements shall be deemed to be fair and reasonable by each contracting officer by utilizing any market information available. Each



contracting officer must specifically determine in writing that the contract price for each lease acquired pursuant to this justification is fair and reasonable.

7. Description of the market survey conducted:

As the need for space arises, a market survey will be conducted to determine if space is available that meets the requirements of TSA off of the airport property, and all sources that can deliver the needed space, meeting the requirements of the agency, within the timeframe specified, will be solicited.

8. Other facts supporting the use of other than full and open competition:

None

9. List of sources that expressed an interest in the acquisition:

Not applicable.

10. Statement of actions to overcome barriers to competition:

None.

11. Contracting Officer Certification:

This class justification may be used by GSA contracting activities only when, with respect to the proposed lease contract, the contracting officer certifies as follows: "I certify that this lease contract is within the scope of the class justification for other than full and open competition for the acquisition of administrative and support work space for the Transportation Security Administration (TSA) in response to Public Law 107-71, and that the justification is accurate and complete to the best of my knowledge and belief."



CHAPTER 20: On-Airport Leasing for TSA and Other Agencies

Attachment 1: Justification for Other Than Full and Open Competition ↗

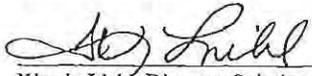
This class justification for other than full and open competition is hereby made and approved in accordance with Section 303 (f) of the Federal Real Property and Administrative Services Act of 1949, as amended (41 U.S.C 253 (f)) and FAR Subpart 6.3.

PREPARED BY:

 9/8/06

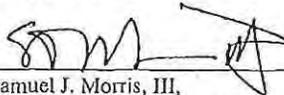
David Jordan, Analyst, Solutions Development Division
Office of National Customer Services Management (PQC)

APPROVED BY:

 9-8-06

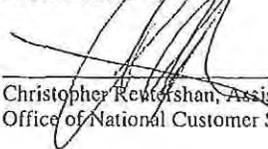
Wendy Liehl, Director, Solutions Development Division
Office of National Customer Services Management (PQC)

APPROVED BY:

 9/11/06

Samuel J. Morris, III,
Associate General Counsel
For Real Property (LR)

APPROVED BY:

 9-18-06

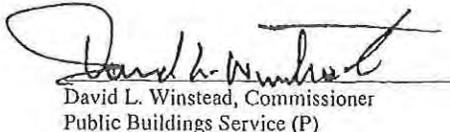
Christopher Kewershan, Assistant Commissioner
Office of National Customer Services Management (PQ)

APPROVED BY:



Emily W. Murphy
Chief Acquisition Officer

APPROVED BY:



David L. Winstead, Commissioner
Public Buildings Service (P)



Attachment 2: Sole Source Advertisement Language

Notice of Intent to Lease Space Using Other Than Full and Open Competition

The U.S. Government intends to award a succeeding lease using other than full and open competition for an existing lease for the Transportation Security Administration that is expiring in CITY, STATE at NAME OF AIRPORT.

The Government requires office and related space yielding a minimum of xx,xxx ANSI/BOMA office area and xx adjacent parking spaces. The space must be located on airport property, be contiguous, and all services, supplies, utilities, partitioning, and tenant alterations must be included as part of the rental consideration.

Minimum Sq. Ft. (ABOA):	[.....]
Maximum Sq. Ft. (ABOA):	[.....]

To submit a location for inspection, contact this office by DATE. (Submissions by other than the owner or manager of a property must be accompanied by a letter from the owner granting permission to make a general offering of the space).

Interested parties should send expressions of interest to:

- [Name]
- [Title]
- [Address]
- [Telephone]
- [Fax]
- [Email]



Attachment 3: Floodplain Critical Action Letter to Agency

Instruction: If the Regional Environmental Quality Advisor has determined that the airport location for the particular procurement is in a floodplain, this letter must be printed on GSA letterhead with the Leasing Specialist's or Lease Contracting Officer's contact details. The letter must be addressed to and receive concurrence by the regional or national facilities representative for any agency other than TSA, since their national office has stated their on-airport activities are not critical actions. The letter with signed concurrence is filed under Tab 1 of the lease contract file.

Dear NAME OF CLIENT CONTACT:

The delineated area for your space requirement at NAME OF AIRPORT, CITY, STATE, is located within [insert one of the following: "a 100-year floodplain " or "a 500-year floodplain"]. and is therefore subject to Executive Order 11988 requirements and procedures. Executive Order 11988, Floodplain Management, requires all federal agencies to avoid the long- and short-term adverse impacts associated with the occupancy and modification of flood plains. Agencies are also required to avoid direct and indirect support of floodplain development wherever there is a practicable alternative.

Critical actions cannot be located in either a 100- or 500-year floodplain unless there is no practicable alternative. If there is no practicable alternative and a critical action must be located within a 100-year or 500-year floodplain, structures should be elevated above the 500-year base flood. "Critical actions" are defined below.

Based on the attached definition, does your agency consider your proposed use a critical action?

If you do not consider the proposed use to be a critical action, please sign below where indicated and return to me. If you consider the proposed use to be a critical action, please notify me immediately.

If you have any questions, please contact (me or the Leasing Specialist) at (_____).

Sincerely,

(Lease Contracting Officer or Leasing Specialist)

Concurrence:

GSA Senior Asset Manager
GSA Regional Environmental Quality Advisor



On behalf of the (insert agency), we do not consider the proposed use a critical action based on the attached definition.

_____	_____
Name	Signature
_____	_____
Title	Date

Telephone

Definition of Critical Actions.

The Water Resources Council's Floodplain Management Guidelines for Implementing Executive Order 11988 defines a "critical action" as any activity for which even a slight chance of flooding would be too great a risk (and therefore should be located outside the 500-year floodplain). Examples include storage of irreplaceable records; storage of volatile, toxic, or water-reactive materials; construction or operation of hospitals and schools; and construction or operation of utilities and emergency services that would be inoperative if flooded. Examples of GSA actions that may be critical actions include:

- Storage of national strategic and critical materials
- Storage of irreplaceable records
- Acquisition of health facilities for client agencies
- Child care facilities
- Public benefit conveyances for schools, prisons, and some other institutional uses

Considerations.

- If flooded, would the proposed action create an added dimension to the disaster, as could be the case for liquefied natural gas terminals and facilities producing and storing highly volatile, toxic, or water-reactive materials?
- Given the flood warning lead-time available, would the occupants of buildings such as hospitals, schools, and nursing homes be insufficiently mobile to avoid loss of life and injury?
- Would essential and irreplaceable records be lost?
- Would utilities or emergency services stop operating if flooded?



Attachment 4: TSA Blanket Critical Action Letter



GSA Public Buildings Service

November 15, 2006

Mr. John Holloway
Director, Office of Real Estate Services
Transportation Security Administration
601 South 12th Street, TSA-17
Arlington, VA 22202

Dear John:

As part of the environmental requirements for TSA's continuing need for on-airport locations, GSA is in the process of identifying which TSA on-airport locations are in a floodplain.

Each GSA region will run the floodplain protocol specified in Realty Services Letter 2006-07, Airport Leasing for TSA. However, many regions have asked for assistance from the PBS National Accounts Division regarding the so-called "critical action" determination required for 500-year floodplains. To that end, I am asking you for a blanket critical action statement that would apply to all TSA on-airport locations. A critical action for this purpose is defined in the GSA Floodplain Management Desk Guide and excerpted here:

The Water Resources Council's Floodplain Management Guidelines for Implementing Executive Order 11988 defines a critical action as any activity for which even a slight chance of flooding would be too great a risk (and therefore should be located outside the 500-year floodplain). Examples include storage of irreplaceable records; storage of volatile, toxic, or water-reactive materials; construction or operation of hospitals and schools; and construction or operation of utilities and emergency services that would be inoperative if flooded.

Examples of GSA actions that may be critical actions include, but are not limited to:

- (1) Storage of national strategic and critical materials;
- (2) Storage of irreplaceable records;
- (3) Acquisition of health facilities for client agencies;
- (4) Child care facilities; and
- (5) Public benefit conveyances for schools, prisons, and some other institutional uses.

Although any potential property purchase or lease is required to consider alternative locations or mitigation methods if located in a 100-year floodplain, critical actions are restricted for placement even in a 500-year floodplain. Please base your designation of "critical action" only on the definition above. This special classification has an impact on the geographic location of your proposed agency facility or the conditions of your occupancy.

U.S. General Services Administration
1800 F Street, NW
Washington, DC 20405-0002
www.gsa.gov



DEC. 7. 2006 2:35PM TSA/IT-TRAINING

NO. 970 P. 1

TSA Critical Action Letter, p.2

Based on the above definition, does your agency consider the proposed use a critical action? If your agency does consider it a critical action, then GSA will need to apply the same analysis required in our Desk Guide and Executive Order 11988 that would be applied if your use were not a critical action and just in the 100-year floodplain.

If you do not consider the proposed use to be a critical action, please sign below where indicated and return a scanned copy to me by email. If you do consider the proposed use to be a critical action, please notify me immediately.

If you have any questions, please call me at 202-208-2164.

Sincerely,

Denise Funkhouser
National Account Director

The Transportation Security Administration does not consider its use of on-airport locations to be a critical action based on the definition above, as excerpted from the GSA Floodplain Management Desk Guide.

John P. Holloway
Name
Director of Real Estate
Title
571-227-2097
Telephone

John P. Holloway
Signature
12/7/2006
Date



Attachment 5: FAA Sponsor Assurances Summary

Many of GSA's General Clauses are required by the Federal Aviation Administration (FAA) in documents they call "sponsor assurances" when airports accept funds from FAA-administered programs. To assist the Leasing Specialist, the list below identifies those clauses that are mandatory by law as well as those clauses contained in both GSA Form 3517, General Clauses (Acquisition of Leasehold Interests in Real Property), and the FAA sponsor assurances. The Office of Regional Counsel must approve modification or deletion of any clause in GSA Form 3517.

Mandatory Clauses By Statute

GSA General Clause (11/2005 version)	48 CFR ref.	FAA Assurances (3/2005 version)	GSA Clause Required by Statute
Central Contractor Registration	52.204-7	None (however, GSA cannot pay without it)	
Covenant Against Contingent Fees	552.203-5	None (however, imposes no additional burden on airport)	41 U.S.C. 254(a)
Anti-Kickback Procedures	52.203-7	Section C.1.t.	41 U.S.C. 51-58
Drug-Free Workplace	52.222-6	Section C.1.x.	Drug-Free Workplace Act of 1998
Audit and Records— Negotiation	52.215-2	OMB Circular A-133, Section C.1.w. ¹ , and Section C.13	41 U.S.C. 254d(c)
Equal Opportunity	52.222-26	Section C.1 Executive Orders	41 CFR 60-1.4
Preaward On-Site Equal Opportunity Compliance	52.222-24	None (but only applies to leases > \$10M)	FAR 22.810 and 41 CFR 60-1.20
Prohibition of Segregated Facilities	52.222-21	Section C.1.n.	FAR 22.810
Equal Opportunity for Disabled Veterans and Veterans of the Vietnam Era	52.222-35	Section C.1 Federal Regulations (g) and Section C.15	41 CFR 60-250.5
Affirmative Action for Workers with Disabilities	52.222-36	Section C.1.m and Section C.30	41 CFR 60-741.4
Utilization of Small Business Concerns	52.219-8	Section C.1 Federal Regulations (m)	15 U.S.C. 637(d) and FAR 19.708
Small Business Subcontracting Plan	52.219-9	None	15 U.S.C. 637(d) and FAR 19.708
Liquidated Damages— Subcontracting Plan	52.219-16	None	15 U.S.C. 637(d)(4)(F) and FAR 19.708

¹ FAA Clause C.1.w. does not apply to private sponsors.



DISCRETIONARY GSA CLAUSES THAT ARE ALSO FAA CLAUSES

GSA General Clause (11/2005 version)	48 CFR ref.	FAA Assurances (3/2005 version)
Examination of Records by GSA	552.215-70	Clause C.13
Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment	52.209-6	Clause C.1. Federal Regulations (h)