

September 26, 2008

RSL-2008-07

MEMORANDUM FOR ASSISTANT REGIONAL ADMINISTRATORS, PBS
REGIONAL REALTY SERVICES OFFICERS

FROM: SAMUEL J. MORRIS, III (Signed)
ASSISTANT COMMISSIONER FOR OFFICE OF REAL
ESTATE ACQUISITION - PR

SUBJECT: Special Aspects of Contracting for Succeeding Leases

1. Purpose. This Realty Services Letter (RSL) provides guidance to lease contracting officers and transaction managers on the succeeding lease workflow, the appropriate use of succeeding lease acquisition methods established in General Services Administration Acquisition Manual (GSAM) Part 570, and the technical Solicitation For Offers (SFO) content of succeeding leases.
2. Background.
 - a. The GSA PBS (FY) 2007/2008 Strategic Business Plan outlines PBS's priorities for FY 2007/2008 to excel at meeting our customers' leased space requirements by delivering superior space, in a timely fashion, at the best value for the taxpayer. In specific terms, the business plan identifies our long-term goals, trends in customer behavior, performance results, oversight reports, and industry shifts, and it establishes five priorities, including one entitled "Improve the Real Estate Leasing Program," for PBS. To improve its leasing program, PBS must identify better tools and processes, identify consistent enterprise-wide operational delivery strategies, strengthen expertise and breadth of disciplines, and incorporate private industry practice and feedback.
 - b. While there are many situations that justify extending a lease, we want to avoid those where we extend without a good business reason. Also, we are concerned about the increasing workload of realty specialists; when extensions continue, their workload is compounded and expanded exponentially as expiring extensions from prior years are added to the current-year lease expiration workload. It is important to try and take advantage of all the tools at our disposal to increase efficiency and leverage our resources. Therefore, where requirements have not materially changed, realty specialists are reminded of the requirements to use succeeding lease protocols to negotiate leases with longer terms than that contemplated by annual lease extensions. In addition, this RSL includes as reminders the requirements and processes for awarding a succeeding lease.

- c. GSAM Part 570, entitled “Acquiring Leasehold Interests in Real Property,” provides GSA guidance on the acquisition of leasehold interests in real property, including the special aspects of contracting for continued space requirements. These continued space requirements include renewal options, succeeding leases, superseding leases, lease expansions, and lease extensions. Since 2,025 GSA leases are due to expire in FY 2009, GSA’s success in its leasing program will be defined, in a large part, by its performance managing expiring leases and succeeding lease projects.
 - d. While the GSAM guidance on managing expiring leases (i.e., succeeding leases) is clear, some realty specialists may not be aware of the specific authorities provided by this section that enable the Government to run an advertisement, conduct market research, perform a cost-benefit analysis, and, if justified, prepare a sole source justification to negotiate directly with the present lessor. While this approach is especially useful if the agency’s space requirements have not changed, GSA realty specialists are reminded that they must include the most recent SFO paragraphs in all succeeding leases in order to comply with all effective Realty Services Letters (e.g., Lease Security Standards, Green Lease Policies and Procedures for Lease Acquisition) implementing GSA’s leasing policy, unless otherwise waived or determined not applicable according to their terms. This approach eliminates the need for the Government to negotiate with all offerors in situations where the Government cannot expect to recover relocation costs and duplication of costs through competition. This approach also saves the private sector the time and expense associated with developing, submitting, and negotiating proposals in those instances where the Government cannot expect to recover relocation costs and duplication of costs through competition.
3. Effective Date/Expiration Date. This RSL and instructions are effective immediately and will expire 5 years after the date of issuance unless modified, canceled, or reissued earlier.
 4. Cancellation. Not applicable.
 5. Applicability. This RSL applies to all real property leasing activities.
 6. Instructions/Procedures. See Attachment 1.

Attachments: Attachment 1 – Special Aspects of Contracting for Succeeding Leases
Attachment 2 – Sample “Succeeding Lease” Advertisement Template
Attachment 3 – Sample “Cost-benefit Analysis” Template for Succeeding Leases
Attachment 4 – Sample “Succeeding Lease” Justification for Other Than Full and Open Competition
Attachment 5 – Succeeding Lease Workflow