VA

Department of Veterans Affairs

Office of Construction & Facilities Management

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# Lease Based Outpatient Clinic Design Guide

# Foreword

The General Services Administration (GSA) holds the primary authority for Federal real property lease acquisition. Leasing performed by GSA focuses primarily on Office Type Space, not on Clinical/Medical space required to house functions such as those contained within an outpatient clinic. With VA's ability to directly procure Clinical/Medical space upon delegation from GSA, the need for guides specific to these intensely technical requirements was apparent. This design guide for a lease-based facility focuses on Outpatient Clinics that meet all federal minimum requirements for leased space, as well as health care industry standards of design..

The material contained in this Design Guide for Lease-Based Outpatient Clinics is the culmination of an intense effort on the part of the Department of Veterans Affairs Office of Construction & Facilities Management. The goal of this Design Guide is to delineate the process by which an Outpatient Clinic is leased and to ensure the quality of VA facilities while controlling leasing and operating costs.

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Section 1

# General Information, Abbreviations & Definitions

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# General Information

This Design Guide is intended for use in assisting the VA team in the acquisition of a new freestanding Community-Based Outpatient Clinic (CBOC) of greater than 20,000 usable square feet and not located at a Medical Center.

In recent history, leased CBOCs have ranged in size from 20,000 NUSF up to 300,000 NUSF. Generally these fall into three categories: Small (20-50,000 NUSF), Standard (50-150,000 NUSF), and Large (150-300,000 NUSF). The Large category can include Health Care Center Facilities. This Guide may be used for all of these. Throughout this Design Guide, specific guidance is provided for large leases and the complex challenges that may be encountered during these procurements.

In addition to an overview of the lease process, this Guide contains checklists and template documents to assist the team during the planning and preparation of the solicitation documents. These documents are intended to alert VA staff and consultants to the choices and issues to be addressed during the process and to provide a uniform basis for soliciting offers for new CBOCs. The template was developed as a model for VA's build-to-suit, leased facilities that contains all of the federal minimum requirements. This serves dual purposes of keeping costs in check while providing all necessary components of medical facilities that will not be owned by VA. To this end, when designing the space and requirements of each leased space, end-users may reference the Wish List document for items or services not listed in the SFO when additional features are necessary. The template is not project- or site-specific. It does not replace the exercise of judgment on the part of VA personnel and the project team in matters of fiscal, leasing, or legal matters or in matters of architectural and engineering design, construction, and facilities operations.

This Guide is comprised of eight sections. Supplemental material is found in three appendices.

Section 1 contains general information (how to use this Guide), abbreviations, and definitions.

Section 2 provides an overview of the lease process.

Section 3 details development of pre-SFO administrative, legal, fiscal, real estate, space planning, and design actions.

Section 4 focuses on special technical pre-SFO issues including layout and spatial requirements and selection of technical requirements from VA Standards and Guides.

Section 5 focuses on the preparation of the SFO package based on decisions reached from the activities in Sections 3 and 4.

Section 6 addresses the issuance and award of the contract.

Section 7 identifies issues that arise during construction and includes procedures to ensure quality of the completed facility.

Section 8 addresses finalization of the lease following VA acceptance of the space, administration of the lease during its term, including its ultimate closeout.

**Appendix A** includes worksheets, forms, checklists, and examples of documents which are mentioned in this Guide. **Appendix B** contains the Template SFO for New Construction / Build to Suit. These materials have been consolidated from existing VA Standards, Guides, Manuals, and criteria applicable to the planning, design, and construction of a CBOC.

Starting in Section 3, checklists have been included as an aid to persons involved in the process. These checklists identify tasks, the person responsible for the task, those involved in it, documents to be completed or submitted as a result of the task, and to whom they are to be submitted.

Two major efforts take place throughout the leasing of a CBOC. The contractual side of the process involves leasing, administrative, real property, fiscal, and legal staff; the architecture-engineering side involves both VA technical staff and an Indefinite Delivery Indefinite Quantity (IDIQ) contractor as consultant to VA.

It is recommended that users unfamiliar with the leasing process read VA Directive 7815,

available at http://www.va.gov/vapubs/ for an understanding of the VA leasing authority. Those already familiar with the process can proceed to the overview provided in Section 2 of this Design Guide.

# Abbreviations & Definitions

**003C1E.** Real Property Service (CFM).

**10NA5.** Office of Capital Asset Management and Engineering Service.

**ACO**. Administrative Contracting Officer. A duly designated appointee of the Contracting Officer to whom administration of the lease contract has been delegated.

**ADA.** Americans with Disabilities Act.

**A/E.** Architect/Engineer.

**A&MM.** Acquisitions and Material Management.

**Appraisal.** A written statement that sets forth a value of a specific property as of a given date.

**Appraiser.** A professional who estimates quantity, quality, and value based on facts gathered during an investigation of the market place or an asset.

**Area, Building Support.** The portion of the floor area that is not usable by an occupant's personnel or furnishings. It consists of the mechanical, electrical, public toilet, custodial, lobby and main entrance, circulation, chases, and construction areas, including their enclosing walls, and represents the difference between gross area and usable area.

**Area, Circulation.** That portion of the gross area, both horizontal and vertical, which is for physical access to the space. Includes lobbies, ceiling-high corridors which cannot be removed, such as exit ways, or to which the public has unrestricted access, stairwells, elevator shafts, and escalators.

**Area, Gross.** The sum of all building floor areas, which have floor surfaces and clear standing headroom of 8 feet, including basements (except unexcavated portions), attics, garages, roofed porches, mezzanines, loading platforms, shipping platforms, penthouses, mechanical equipment spaces, floors, lobbies, and corridors. Gross area does not include open courts, light wells, upper portions of rooms, lobbies, etc., which rise above the story being measured, drives, ramps, unroofed areas such as cooling towers and unenclosed portions at ground level, or inter-mediate stories.

**Area, Mechanical.** That portion of the gross area designed to house mechanical equipment, including boiler rooms, stacks, cooling towers, machine rooms, electrical equipment, wire closets, telephone frame rooms, and transfer vaults.

**Area, Rentable.** The space in a building for which a tenant pays rent. It includes usable area and may include a pro rata portion of building support/common areas such as elevator lobbies, building corridors, and floor service area.

**Area, Usable**. "Area, Usable" means that portion of the gross area that is available for use by an occupant's personnel or furnishings. It is measured to the inside finish of the dominant portion, e.g., window glass line, of permanent exterior walls. It also includes circulation within the space assignment. For VA purposes, this is equal to Net Usable Square Feet.

**Assessment.** The value assigned to real property for taxation purposes.

**BCA.** Benefit Cost Analysis. The methodology utilized to compare the relative advantages of procuring the following three interests in real property: (1) a leasehold interest; (2) a fee simple interest in improved real property; and (3) a fee simple interest in unimproved real property which the Government will improve by new construction.

**Building Gross Square Feet (BGSF)** is the floor area of the entire building or project, which includes floor area occupied by rooms/spaces, walls (interior and exterior), corridors, conveyances, mechanical/utility rooms, and shafts.

**BOCA.** Building Officials and Code Administrators International.

**BOMA.** The Building Owners and Managers Association which develops private industry's most acceptable standards of floor measurement for office buildings.

**Building Code.** Locally adopted ordinance or regulation controlling the design, construction, alteration, repair, quality of materials, use and occupancy, and related factors of any building or structure within a jurisdiction.

**Building Setback.** A line fixed at certain distances from the front, sides, and back property

lines beyond which no building or part of a building can project.

**CADD.** Computer Aided Design and Drafting.

**CARES.** Capital Asset Realignment for Enhanced Services.

**CBA.** Cost Benefit Analysis.

**CBD.** Central Business District.

**CERCLA.** Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) as codified at 42 U.S.C. § 9601 *et seq*.

**CD.** Construction Documents.

**CFR.** Code of Federal Regulations. A codification of the general and permanent rules published in the Federal Register by the Executive Departments and Agencies of the Federal Government.

**CICA**. The Competition in Contracting Act of 1984. A federal statute that requires all Federal procurements be completed using full and open competition to the greatest extent possible, except in certain special circumstances.

**Commissioning.** A systematic process of ensuring that all building systems perform interactively according to the contract documents, the owner's objectives and operational needs. This is achieved ideally by developing and documenting Project Requirements beginning in the pre-design phase, continuing through design with reviews of design and contract documents, and continuing through construction and the warranty period with actual verification through review, testing, and documentation of performance. In terms of this SFO, commissioning is addressed under sustainability. (See Appendix B, Template SFO, Part I, Section 4.)

**Common Area Factor.** This is a conversion factor determined by a building owner and applied to the BOMA Usable Square Feet to determine the rentable square feet for offered space.

**CNO.** Chief Network Officer.

**CO.** Contracting Officer. An individual with the authority to enter into, administer, and/or terminate contracts and make related findings and determinations.

**Condemnation.** The act of the Government to acquire an interest in real property, such as fee, leasehold or easement, under the right of eminent domain, upon depositing the estimated just compensation into the Registry of the Court.

**Cost.** The actual price paid for real estate, goods, and other procurements.

**COR**. Contracting Officer's Representative. A qualified member of Engineering Service or a consultant who advises the CO on such matters as the technical progress of the Lessor's alterations and conformance with the Government's plans and specifications.

**CRB**. Contract Review Board. Responsible for reviewing all acquisitions at the solicitation and pre-award phases whose total value is estimated to exceed $5 million.

**CRT.** Contract Review Teams. Review team composed of acquisition and legal professionals that ensures contract files are appropriately documented.

**CS.** Contract Specialist.

**CxA.** The Commissioning Agent responsible for executing the commissioning scope of work.

**CxC.** The Contractor's representative on the Commissioning team.

**Debarment.** As defined in FAR Part 9.406, debarment means actions taken by a debarring official to exclude a contractor from Federal Government contracting and Federal Government-approved sub-contracting for a reasonable specified period; a contractor so excluded is *debarred*.

**Declaration of Taking.** The document filed in the United States District Federal Court in a condemnation proceedings to acquire an interest in real property.

**Delineated Area**. That geographical area, as precisely described in an advertisement and the SFO, from which acceptable offered sites will be considered.

**Departmental Gross Square Feet (DGSF).** The floor area within the boundaries of a functional department as defined by a space planning criteria chapter, including floor area occupied by rooms/spaces, walls defining the spaces, and circulation corridors connecting the different rooms of the department.

**Dir.** VAMC Director or designee.

**Discounting.** Conversion of future costs and future incomes into their present values. It is the concept of value which holds that the present values of future costs or incomes decrease with the amount of time that will elapse before those costs are paid or incomes are received.

**Drawings, As-Built.** Drawings prepared by the contractor showing the on-site changes to the original construction documents.

**Drawings, Record.** Drawings prepared by the architect, reflecting on-site changes the contractor noted in the as-built drawings. They are often compiled as a set of on-site changes made for the owner per the owner-architect contract.

**Drawings, Shell.** Reproducible, scaled drawings showing exterior walls and permanent interior features such as columns, lobbies, core areas, corridor partitions, stairwells, elevator shafts, toilets, mechanical areas, and wire closets.

**DUNS Number.** The DATA Universal Numbering System (DUNS) Number, issued by Dun and Bradstreet, Inc., identifies contractors and provides a link to information about the contractor's business.

**ES.** Engineering Service.

**Escalator Clause, Leasing.** This is an agreement in the lease contract that provides for an adjustment in rental payments in the event of an increase or decrease of certain costs such as services or utilities.

**Expenses, Fixed.** These are costs for taxes, insurance, and reserves for replacement of equipment, which vary little from year to year.

**Expenses, Operating.** These are expenses for janitorial services, heating and air-conditioning, electricity, water, sewer, and other costs related to operating a building.

**FAR. (**The Federal Acquisition Regulation) Title 48, CFR, sets forth the Federal Acquisition Regulations System, a system which was established for the codification and publication of uniform policies and procedures for acquisition by all Civilian Executive Agencies.

**FedBizOpps.** Advertisements for goods and services desired by the Federal government can be placed in this on-line publication (www.fbo.gov).

**Fee, Management.** Compensation for time spent managing the lease by the Lessor.

**Floor Load.** The weight stated in pounds per square foot which, if uniformly distributed, may safely be placed upon the floor of a building. This is also known as the live load. The weight of the building itself, including equipment such as boilers and machinery, is known as dead load and is not included.

**FPMR**. Federal Property Management Regulation. Those regulations, policies, procedures and delegations of authority pertaining to the management of property, both personal and real, as set forth in Chapter 101 of Title 41, CFR.

**GC/RC.** General/Regional Counsel

**GREX.** The system of record for the General Services Administration (GSA) to gather information and provide delegation to federal agencies, including VA.

**GSA.** General Services Administration.

**GSAR.** General Services Acquisition Regulation. GSAR applies to all contracts for the procurement of supplies and services, including construction, whether by purchase or lease, by GSA. GSAR Part 570 describes procedures and policies regarding acquisition of leasehold interests in real property. GSA created this part of GSAR due to the unique aspects of procuring leasehold interests in real property. Generally, leased space under a delegation of authority from GSA is subject to the GSAR requirements.

**Highest and Best Use.** The most profitable use, within the realm of reasonable probability, to which a property can be put or adapted and for which there is a current market.

**HVAC**. Heating, ventilation, and air-conditioning.

**IBC.** International Building Code.

**IDIQ.** Indefinite Delivery Indefinite Quantity Contractor. Contractors retained under the IDIQ form of contract.

**IDIQ-CO.** Contracting Officer in charge of IDIQ contracts.

**Income, Gross.** Total receipts received by a Lessor during a scheduled period.

**Income, Net.** The gross income minus the Lessor's expenses is equal to the net income.

**Just Compensation.** A monetary payment by the Government for an interest in real property either by a voluntary conveyance from the owner or by a condemnation action filed in the United States District Court.

**Landlord or Lessor.** Any individual, firm, partnership, trust, association, State or local government, or other legal entity that leases real property to the Government.

**LEED®**. Leadership in Energy and Environmental Design is a green building rating system offered by the U.S. Green Building Council.

**Lease Acquisition.** The acquiring by lease of an interest in improved real property for use by the Federal Government, whether the space already exists or must be constructed.

**Lease or Leasehold Interest in Real Property.** A conveyance to the Government of the right of exclusive possession of real property for a definite period of time by a landlord. It may include operational services provided by the landlord.

**Lease, Gross.** A gross lease is one in which the Lessor assumes all operating costs.
**Lease, Net.** A lease that requires the Lessee (Government) to assume some of the Lessor's normal obligations such as services and utilities.

**Lease, Net Net.** This type of lease requires the Lessee to assume all of the obligations associated with ownership, operation, and maintenance. An example would be leasing a building "as is" with the Lessee performing all the alterations, maintaining the building, operating the building and providing the required services, including payment of taxes and insurance. VA does not acquire such leases.

**Lessee.** The party who possesses the right to occupy real property under a lease contract. The United States in all VA or GSA direct leases.

**Lessor.** The party who conveys the right to occupy real property under a lease contract.

**Lobby, Elevator.** Area in front of or between elevators, exclusively for use of elevator passengers.

**Lobby, Public.** Space inside the public entrance of a building affording circulation for the general public to and from other parts of the building.

**MST.** Market Survey Team.

**Multi-Use.** The type of land-use development that allows more than one type of function in a given structure or structures, such as retail, industrial, and general-purpose office space.

**NCA.** National Cemetery Administration.

**NEPA** National Environmental Policy Act of 1969 (NEPA) as codified at 42 U.S.C. § 4321 *et seq*. and implementing regulations at 40 C.F.R. Parts 1500-1508,

**NPVC.** Net Present Value Cost. The sum of the present values of incoming and outgoing cash flows over a period of time.

**NSF.** Net Square Feet is the floor area between the walls of a room or defined space.

**Network.** Veterans Integrated Service Network. See VISN.

**NTP.** Notice to Proceed.

**NUSF.** Net Usable Square Feet. Net usable space is that portion of rentable space that is available for a tenant's personnel, furnishings, and equipment. Net usable space is the area for which VA will pay a square foot rate. See "Area, Usable". (See Paragraph 2.3.2, Appendix B.)

**Obsolescence, Economic.** A condition wherein community and neighborhood factors have a negative influence on the value of the property.

**Obsolescence, Functional.** The loss in value in real estate due to outdated or poorly designed equipment or construction.

**Offeror.** A person or entity that makes a specific proposal to another to enter into a contract. In this case, those entities who offer to provide VA with facility meeting the requirements of the SFO.

**OMB.** Office of Management and Budget

**OPC.** Outpatient Clinic.

**Operational Services.** Services that support use of leased property, such as heating, ventilation, air conditioning, utilities, and custodial services.

**OPR.** As defined by LEED the "OPR" should be considered the LESSOR's Project Requirements indicating the information that LEED requires. SFO requires this to be compiled/drafted by the CxA. LEED documentation refers to the OPR as the Owner's Project Requirements as the "industry standard" term.

**Option, Assignable.** This is an option to purchase a site for which the Government may pay a consideration fee and which shall be assigned to the successful Offeror. The Offeror shall purchase the site from the owner and construct a building for the purpose of leasing it to the Government. The option obtained by the Government will cover a specific site at a pre-negotiated price.

**OSHA.** Occupational Safety and Health Act.

**Outlease.** An outlease is a sublease from the Government, who is the Lessee, to a third party for vacant leased space in Government inventory.

**PACT.** Patient Aligned Care Team

**Partitions, Free Standing.** Movable panels used to divide space, usually ranging in height from 4.5 to 6 feet.

**Partitions, Permanent.** Full-height walls which provide structural support to the floor or roof.

**Partitions, Subdividing.** Floor-to-ceiling or floor-to-above-ceiling walls used to divide space without providing structural support to the building.

**Present Value.** See Discounting.

**PNM.** Price Negotiation Memorandum. Also called Award Decision Memorandum.

**Property, Personal.** Property that is not permanently affixed to a building and that adds no value to the real estate.

**Property, Real.** Land, that which is permanently affixed to the land, that which is appurtenant to land, and that which is immovable.

**Prospectus (GSA).** As required by Section 7 of the Public Buildings Act of 1959, as amended, a statement of a proposed project that must be submitted for approval to the Public Works Committees of the Congress when the net rental will exceed the prospectus threshold which is indexed annually.

**Prospectus (VA).** Legislation applicable to VA (Title 38, Section 8104, U.S.C.) sets the prospectus approval level at $1,000,000 in unserviced annual rent.

**PVC.** Polyvinyl chloride.

**Rent and Related Services.** Consideration paid for the use of leased property plus the costs of operational services whether furnished by the Lessor, the Government, or both.

**Rentable Square Foot** – See "Area, Rentable."

**RE.** Resident Engineer. Office of Construction & Facilities Management (CFM) engineer assigned as on-site construction observer. The **RE** may function as the **COR** if designated by the **CO**.

**RESW.** Resinous/Epoxy Wall Base.

**RS.** Requesting Service.

**SAM.** System for Award Management

**SBA.** Small Business Administration.

**SCIP.** Strategic Capital Investment Planning. (SCIP) is an innovative Department-wide planning process that resulted in the creation of a single, integrated prioritized list of projects from all capital investment accounts (major construction, minor construction, and VHA non-recurring maintenance (NRM).

**SEPS.** The VA-Space Equipment Planning System (VA-SEPS) is a computerized space and equipment planning tool developed collaboratively by Department of Defense and the Department of Veterans Affairs, for use on all VA health care projects. Based on answers to input data questions, VA-SEPS creates a baseline space program, the Program for Design (PFD) based on the VA Space Planning Criteria, and an equipment plan/cost estimate for a health care project based on answers to input data questions, using a series of mathematical and logical formulas, driven by VA space Planning Criteria and Equipment Guide List.

**SFO**. Solicitation for Offers. A written document that the Government uses to communicate the exact minimum specifications of its space requirements to potential Offerors.

**SLAP** Simplified Lease Acquisition Procedures. The procedures for awarding leases at or below the Simplified Lease Acquisition Threshold.

**SLAT** Simplified Lease Acquisition Threshold. $150,000 average annual rent for the term of the lease, including option periods and excluding the cost of operational services.

**Small Business.** A concern, including affiliates, which is organized for profit, is independently owned and operated, is not dominant in the field of leasing commercial real estate, and has annual average gross receipts of $15 million or less for the preceding three fiscal years.

**Solicitation for Offers.** See SFO.

**Space.** This term means the premises leased or to be leased. The quantity of space is most often expressed in terms of square feet.

**Space, Office (Type).** This space must provide an acceptable environment suitable in its present state for an office operation. This requirement includes, but is not limited to, adequate lighting, heating and ventilation, floor covering, finished walls, and accessibility. The space may consist of a large open area or may be partitioned into rooms. Private corridors, closets, and similar areas that have been created within office-type space through the erection of partitions shall be coded as office-type space. Office-type space has no subsets. Office space includes corridors which have restricted public access and which could be eliminated to make that space suitable for office use. It also includes corridors, whether or not they can be removed, which have restricted public access and solely serve the security and convenience of the tenant.

**Space, Special (Type).** Space which, because of architectural features or the installation of fixed (built-in) equipment and special utilities, necessitates the expenditure of varying additional sums of money to construct, maintain, and/or operate as compared to office and storage space (print shops, computer facilities, health units, laboratories, etc.).

**Space, Storage (Type).** Space generally constructed with concrete, woodblock, or unfinished floors; bare block or brick interior walls; unfinished ceiling and similar construction containing only essential lighting and heating. This type of space would include basements, warehouses, sheds, inside parking areas, attics, unimproved areas of loft buildings, and unimproved building cores.

**Space, Warehouse.** Space with warehouse features, such as heavy live floor-load capacity, high ceilings, large capacity freight elevators, loading docks (truck and/or rail), industrial lighting, large open floor areas, or any combination of the majority of these features. Minor amounts of supporting office may be included.

**SRP**. Space Requirements Package. Requesting Services documents which generally describe the minimum specifications of the required space. The SRP may include layout plans, equipment specifications, parking requirements, and other detailed documents.

**Standstill Agreement**. A short term vehicle that maintains a contract with the lessor and avoids holdover.

**Substantial Completion**. For the purposes of this lease contract, a **Substantially Complete** facility is defined as space that can be fully utilized for its intended purposes (with the exception of the completion of **Punch List Items** as defined below), and is habitable as verified by local code and required inspections (including, but not limited to: receiving a permanent Certificate of Occupancy, fully-functional security system and keyed entry, and successful completion of fire and seismic inspections), and completely operational for its intended tenants, clients, and visitors. These requirements are in

addition to the definitions set forth in the Acceptance of Space and Certificate of Occupancy paragraph of GSA Form 3517, General Clauses.

**Substantially as follows or substantially the same as when used in prescribing a provision or clause.** Legal Counsel may prepare and use a variation of such provision or clause to accommodate requirements peculiar to an individual acquisition. The variation must include the salient features of the FAR or GSAR provision or clause. It must also be consistent with the intent, principle, and substance of the FAR or GSAR provision or clause and related coverage on the subject matter.

**Succeeding Lease**. A lease contract entered into by the Government to provide continued occupancy of a facility for which the Government does not have lease renewal rights and where no significant changes or alterations in the space are required.

**Superseding Lease**. A lease contract entered into by the Government for a currently occupied facility, which cancels the existing lease. A superseding lease is appropriate when the lease document and/or premises require substantial modifications which cannot be adequately addressed by executing a SLA. A superseding lease cannot change the term of the pre-existing lease.

**TEB.** Technical Evaluation Board. The board established by the Contracting Officer to rate and rank the proposals against the evaluation criteria. The **TEB** does not address cost or proposed lease rates.

**Temporary Lease.** An interim procurement of space resulting in a lease of limited duration, usually six months or less.

**Turnkey.** A term used to describe any job or contract in which the contractor agrees to complete the work to a certain specified point and to assume all risk. For leases, a turnkey contract requires the Lessor to complete all specified alterations necessary for the Government to occupy the space.

**UBC.** Uniform Building Code.

**UFAS.** Uniform Federal Accessibility Standards.

**USF** Usable Square Foot **- ANSI/BOMA.** See “Area, Usable”.

**Unserviced Annual Rent.** The base rent, including taxes, insurance, and any amortized build-out, but excluding operating expenses.

**VA.** U.S. Department of Veterans Affairs.

**VAAR.** VA Acquisition Regulations.

**VACO.** VA Central Office.

**VAMC.** VA Medical Center.

**VHA.** Veterans Health Administration.

**VISN.** Veterans Integrated Service Network.

**VSO.** Veterans Service Organizations.

**Wall, Curtain.** A non-bearing, enclosing wall of metal, glass, masonry, or wood.

**Wareyard.** Open land commonly used for parking or storage.

Section 2

# Lease Process Overview

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# Lease Process Overview

## Narrative

This section provides an **overview** of the leasing process, the development of the team, and individual and collective responsibilities.

A request for space starts a process that ultimately leads to a Lease, the following having **already occurred**:

1. The request for acquisition of space has been made and is part of the Network Plan;
2. The space requirements have been submitted and approved;
3. Availability of funding has been confirmed;
4. A Benefit Cost Analysis has been performed to document that leasing is the most advantageous method of acquisition.
5. The lease has all the required approvals, including SCIP approval, business case approval, and Congressional authorization, as appropriate.

Upon receipt of all agency approvals, and in advance of commencing the acquisition, delegation of authority must be requested from the General Services Administration (GSA) on each lease project. This delegation can be obtained through the GREX system. Note that as part of any delegation from GSA, VA is required to upload the lease contract and other requested documents into GREX following award to verify that lease awards are made in accordance with the provided delegation. Delegation must be in hand prior to release of the **Solicitation for Offers (SFO)**.

This guide sets forth procedures to use when leasing has been determined to be the best alternative to acquire space. Use of the Simplified Lease Acquisition Procedures has also been eliminated for one or more of the following reasons: the estimated average base (unserviced) annual rent is greater than $150,000 or the technical complexity of the space is such that only a fully developed SFO can provide sufficient detail to allow bidders to understand the requirements, ensuring adequate competition for the bid. Further, it has been determined that existing **GSA-controlled** space cannot readily meet VA's need within the time frame required.

The Competition in Contracting Act of 1984 (CICA), as codified at 41 U.S.C § 253 *et seq.*, requires that space be procured using full and open competition to the greatest possible extent. CICA requires obtaining competition through survey of the market. A team conducts the Market Survey which identifies existing facilities and/or land that will meet VA's needs within the delineated area. In either case, the process continues with development of the SFO. After the appropriate procurement methodology is determined (i.e., one-step or two-step process), the Solicitation for Offers is developed. In the case of available land, VA may move to obtain an Assignable Option to Purchase the land, as appropriate. If the survey has shown that neither suitable facilities nor suitable land exists within the delineated area, the boundaries of the area are adjusted and the market survey is performed again.

The preparation and distribution of a detailed and formal SFO can be a complex and lengthy task. The acquisition team headed by the Contracting Officer or his/her designee prepares and issues the SFO, conducts a Pre-Offer Conference, issues addenda as required, evaluates the offers (both from a price standpoint and a technical standpoint), establishes a competitive range, conducts negotiations, requests revised offers, and selects the best value offer. Because the SFO is the cornerstone of the lease, all activities associated with it are considered critical.

The offer which has been determined to be the most advantageous to the Government is validated by a formal appraisal and is developed into a lease contract document for submission to various elements of VA for review. The lease is then generated for execution by the Offeror and the Contracting Officer. Lease award contractually obligates the Government and the Offeror/Lessor. At this time any option to purchase land would be assigned to the successful Offeror.

Monitoring the preparation and acceptance of the premises is technically intense. Since design/construction period decisions impact the lease agreement, the **Resident Engineer (RE)/ Administrative Contracting Officer (ACO)** or **Contracting Officer's Representative (COR)** is an integral part of this phase which includes review and approval of design development and construction documents, multiple construction

in-progress site visits, careful monitoring of the schedule, issuing of change orders and time extensions, preparation of cure notices as necessary, final inspection, and acceptance.

Lease Administration commences with VA's execution of the lease and encompasses all of the activities and actions that are required of VA throughout the term of the lease.

## Development of the Team

### ESTABLISH THE ACQUISITION TEAM

The acquisition team is established prior to undertaking the leasing process and is traditionally composed of the following members:

- Contracting Officer (**CO**)
- Realty Specialist/Contracting Officer's Representative (**COR**)
- VAMC Director or Designee (**Dir**)
- Engineering Service Representative (**ES**)
- Requesting Service Representative (**RS**)
- General Counsel/Regional Counsel Representative (**GC/RC**)
- Contracting Officer's Representative (**COR**)
- Resident Engineer (**RE**)
- Administrative Contracting Officer (**ACO**)
- Architect/Engineer (**A/E**)
- Real Estate Brokers
- Others as needed

### APPOINT THE COR

The **CO** should designate, in writing, a Contracting Officer's Representative (**COR**). The **COR** can be a qualified member of **Engineering Service** or a **Resident Engineer**. The **COR** is the technical representative of the **CO** at the construction site. The **COR** will regularly visit the premises to inspect construction in progress. For the purposes of this guide, we will use **COR/RE** as Resident Engineers are most commonly appointed as the **COR**. If the **RE** has a warrant, they are designated as the **ACO**, which gives them authority to make changes. **COR**s are designated when the **RE** doesn't have a warrant.

## Individual and Collective Responsibilities

The **Contracting Officer** is the ultimate decision-maker and signatory authority for all lease actions. It is the **CO**'s responsibility to meet the requesting service's minimum needs with respect to the cost, quality, and timeliness of acquiring the needed space. The **CO** establishes the acquisition team.

The **Realty Specialist/COR** provides contracting expertise and is the liaison among the **CO**, other VA elements, and potential Lessors and their agents.

The **VAMC Director** or designee confirms the need for the requested space and provides coordination between his/her office and the **CO/COR**.

The **Engineering Service Representative** is the VAMC representative from Facilities or Engineering Service responsible for appropriate technical aspects of the acquisition process.

The **Architect/Engineer** is the firm or firms, usually an IDIQ contractor, which works with the COR and ES Representative. The A/E can be involved in the space planning and programming stage as well as validating an existing space program. The A/E should be brought into the procurement process early on; preferably before the site selection process has occurred, so the A/E can be used to help determine the amount of land to be procured. Not only can the A/E assist user groups in shaping criteria for site selection, but its input as to the buildability of a particular site is important during the market survey. The A/E can assist in addressing issues concerning the condition of soil, wetlands, topography such as visible terrain and slope issues, and the ability for a site to fit the desired building footprint. Identifying these issues in advance of rating available sites is invaluable in terms of time and cost for a procurement. A primary responsibility of the A/E is to work with the COR and ES Representative to develop the technical sections of the SFO, including the conceptual drawings. The A/E preparing the technical sections of the solicitation should be used to provide the independent technical review of design development and construction document submittals presented by the Lessor.

The **Real Estate Brokers** support the Realty Specialist/COR and liaison between potential Lessors and VA. They are brought on as advisors and support at the inception of a project and see projects through to completion of construction.

The **Requesting Service** initiates the process with its request for space and remains an integral member of the team throughout the entire acquisition process. Major areas of involvement include participation in the Market Survey, review of SFO, evaluation of offers, final inspection of prepared site, and planning of move-out.

The **General Counsel (GC) /Regional Counsel (RC) Representative** provides legal input throughout the process. The **GC/RC** may review the SFO prior to its issuance, will consult with the **CO** during the lease preparation, will review the lease contract prior to award, and will advise during closeout of the lease.

The **Resident Engineer** is responsible for monitoring design and construction activities by the Lessor to ensure adherence to technical lease requirements.

The **Administrative Contracting Officer (ACO)** is a contacting official appointed by the **CO** to administer the lease following occupancy of the space.

A more detailed description of the activities and responsibilities of the team members will be found in the next two sections and appendices of this guide.

Section 3

# Pre-SFO Issues—Contracting, Administrative, Fiscal & Legal

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# Pre-SFO Issues—Contracting, Administrative, Fiscal & Legal

## Narrative

The Request for Space starts the process that moves through the following six major phases:

I Establish the Requirement and Obtain Approval
II Create Competition and Survey the Market
III Develop the Solicitation for Offers
IV Prepare Contract, Obtain Clearance and Award
V Monitor Preparation of and Accept Premises
VI Administer Lease.

The first two phases are discussed in this section of the Design Guide.

### PHASE I: ESTABLISH THE REQUIREMENT AND OBTAIN APPROVAL

#### The Acquisition Plan

At project inception, the **Contracting Officer (CO)** develops an Acquisition Plan. The purpose of the Acquisition Plan is to identify, coordinate, and integrate the efforts of all personnel responsible for the acquisition in order to fulfill the agency needs in a timely manner at a reasonable cost.

The **CO** forms the Acquisition Team to ensure that agreement is reached regarding the requirements. Refer to the composition of the team in the previous section.

#### Benefit Cost Analysis

The **Requesting Service (RS)** determines how the space will be obtained by performing a **Benefit Cost Analysis (BCA)**. The BCA includes reviewing of market prices for buying, constructing, entering into service agreements, renovating VA controlled space, or leasing space. The **RS** compares the total net cost per Net Usable Square Foot (NUSF) stated in present value dollars, to procure space under the various alternatives. The BCA report worksheets and instructions for their completion can be found in Appendix A. The BCA becomes part of the project file and is forwarded to the Contracting Officer in CFM with the lease request. For the purposes of this Design Guide, the Leasing Alternative would have been selected. As part of the BCA or in coordination with it, the **CO** must score the project to determine whether the lease is likely to be a capital lease [see Capital Lease Checklist in Appendix A]. Appropriate budgeting action should be undertaken in line with the outcome of this scoring.

#### The Space Requirement Package

**RS** submits the approved **Space Requirement Package (SRP)** to the **CO** for use in the procurement. The SRP is a description of the physical space requirements based on management decisions about staffing, organizational structure, and projected workload and workflow. The SRP should be presented in enough detail to allow the Acquisition Team to obtain space which will meet the minimum requirements for satisfactory occupancy. As the responsible entity, the **Requesting Service** should work closely with **Engineering Service** and the **CO** while preparing the SRP. At a minimum, standard programming data are required. [Refer to Section 4 of this design guide for a discussion of Space Criteria] Quantities and types of space must be identified. The space plan must be reviewed and approved by the Office of Capital Asset Management and Engineering Service (OCAMES/10NA5) and as part of SCIP prior to submittal to the **CO** as part of the SRP.

In addition to the space program, the SRP addresses the delineated area, the quality of space, parking, and timing considerations. Quality-of-space issues needed for evaluating the appropriateness of space include accessibility to public transportation, eating establishments and lodging; visibility to major roadways; and proximity to acute care facilities. Requirements for parking should be included as well. Although VA Central Office may perform a Parking Analysis, consult local jurisdictional codes in determining the number required. The larger number of spaces needs to be incorporated in the requirements. The SRP must identify when the facility is needed and for how long, depending on projected workloads and the workload curve over time.

#### Certification of the SRP

The **CO** reviews the SRP submitted by the Medical Center/Veterans Integrated Service

Network (VISN) to verify that it is complete and contains all required information needed to proceed with the acquisition.

### Determination of Lease Type and Assembly of Authorization Package

This Design Guide follows standard leasing procedures. A Prospectus lease (>$1,000,000 annual rent) requires Congressional budget authorization. Prospectus Leases are submitted for approval through the SCIP process.

Non-Prospectus Leases (<$1,000,000 annual rent) are also approved through the SCIP process. In both instances, the annual rent threshold excludes cost of services and utilities.

Following this process and receipt of the necessary authorization or approval to procure the space, the **CO** can commence the procurement and creates the schedule for a Lease Acquisition.

### Request Delegation of Authority from GSA

Having obtained both SCIP approval and authorization, as required, the Contracting Officer submits a request to GSA via GREX for a delegation of authority to procure the space directly. As part of this process, GSA will check to see if they have existing space that can meet VA's needs within the timeframe required. If GSA does not have existing space available, or any objection to VA procuring the space directly, the lease will be delegated back to VA.

VA leases that exceed GSA's Prospectus threshold are not delegated to VA until GSA's Committees provide resolutions approving the acquisitions. This can be a lengthy process and must be coordinated with CFM to ensure to the best extent possible that it does not slow the progress of the lease procurement.

Note that the request for delegation must be submitted at the onset of a lease procurement. However, the delegation must be granted prior to VA releasing its Solicitation for Offers, unless GSA has provided official written direction otherwise.

## PHASE II: CREATE COMPETITION AND SURVEY THE MARKET

### Identify the Delineated Area

The second phase in the leasing process starts with the **CO's** gathering current, accurate, detailed information about the availability and price of space in the market. This is done following an examination of the delineated area requested in the SRP. The delineated area should be closed and defined using precise language, with consideration of access to public transportation and proximity to major thoroughfares and other amenities. The delineated area should meet the needs of the RS and should be of adequate size to encourage competition. Delineated areas can be created from a radius from a specific point (e.g. 5 mile radius from Tampa VAMC) or closed street boundaries. Survey of the market is usually performed by the Real Estate Brokers who are under contract with VA Central Office. As part of the SRP, the RS must provide the reasoning behind why the particular delineated area was selected, to document this for the contract file.

### Advertise Space Requirement

With the delineated area defined, the **CO** has multiple methods of gathering information. These include knowledgeable individuals, advertising, and industry publications (online databases and electronic bulletin boards). Advertising in *FedBizOpps* is mandatory for leases with an anticipated base rent greater than $150,000 annually. Therefore, advertising would be required for CBOCs anticipated in this Design Guide. The **CO** will advertise in *FedBizOpps* and newspapers to make the market aware of the Government's space requirement. The text for the advertisement should include a brief overview of space and parking requirements and a description of the delineated area within which the space must be located. A date for receipt of inquiries should be clearly stated as well as the name, address, and phone number of the VA contact. [See Advertisement For Space in Appendix A.]

Advertisements request properties identified in four categories:

1. Existing Building, or
2. Land (1-step) to be fully developed and space constructed by the submitting

party in accordance with VA requirements.
3. Land (2-step) to be optioned by VA for development and construction by a party to be selected by VA through a competitive process, or
4. Site submitted as a combination of the categories, as described above.

**Establish Market Survey Team**

The **CO** establishes the **Market Survey Team**. Team members are usually selected from the Acquisition Team and include the **CO,** the **Realty Specialist**, the **Requesting Service Representative, Engineering Service Representative, Fire Safety Officer**, and other **Technical Advisors** as needed. The purpose of the team is to establish site criteria and determine whether any of the offered sites is suitable or may be made suitable to satisfy VA's minimal requirements within a reasonable time frame.

This is the point in the project when the involvement of an architect (planning/design consultant) is required. VA Central Office has qualified Architects/Engineers (A/Es) available to provide services under IDIQ contracts. Use of an **IDIQ** A/E avoids the project delay that could occur if the **CO** had to advertise and select an A/E. It also helps in using A/Es who are familiar with VA leasing.

The **General/ Regional Counsel** should also be alerted to the lease acquisition project. Further, they should be made aware of the project at the inception, and consulted both on an ad-hoc basis as legal matters arise, and as a routine business practice at various points in the process. The method for both ad-hoc and routine consultation should be as agreed to by leadership of the procuring office and Counsel office. Meaning, if written requests for review and concurrence with standard review timeframes have been agreed to by both offices that is the method which shall be utilized.

**Conduct Survey of Spaces**

The **Market Survey Team** meets with each potential Offeror to determine whether the offered sites meet the VA requirements or can be made to meet them within a reasonable time frame. GSA Form 3627, Market Survey, may be used as the inspection checklist to ensure efficient, thorough, and uniform inspections of all the offered sites. [See Appendix A for GSA Form 3627.]

**Prepare Market Survey Report**

Following these site visits, the team meets to make a recommendation for each site surveyed. These recommendations are recorded in the Market Survey Report and require approval or disapproval by each member of the **Market Survey Team**. Based on the market survey findings, the Contracting Officer must choose the procurement strategy (Existing Building, Land (1-step), Land (2-step)) that provides the best value to the government. The Contracting Officer can then post a second advertisement clarifying the procurement strategy/ requirements. When sufficient competition exists in the market place, locating in an existing building is preferred, followed by preference for the one-step method. The determination must be memorialized in the Market Survey Report. The **CO** subsequently notifies each participating, potential Offeror in writing of the results of the site surveys, providing a reason if the site was disqualified.

**Advertise For Land and Construction**

The remainder of this Design Guide focuses on a new facility. Assume that an appropriate existing facility with available space was not found. Land for a new facility may be acquired by a Two-Step process (where VA pre-selects the property for the new clinic), or in a One-Step process (where the Offerors propose their own site for the new clinic).

**Two Step process:** when preselecting a site, VA may advertise for land in the delineated area. [Refer to Advertisement For Land in Appendix A.] The **Market Survey Team** examines the land, performs, or has performed, due diligence and approves the land.

VA must complete the following due diligence items in a two-step process before issuing an SFO:

Obtain ALTA Survey.

Obtain Geotechnical Report.

Conduct Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) as codified at 42 U.S.C. § 9601 *et seq*. and any regulation promulgated

under CERCLA, Phase 1 Environmental Assessment.

Comply with requirements of National Environmental Policy Act of 1969 (NEPA) as codified at 42 U.S.C. § 4321 *et seq*. and implementing regulations at 40 C.F.R. Parts 1500-1508, to include documenting a Categorical Exclusion "Catex" or performing an Environmental Assessment or Environmental Impact Statement. This process must include identification and consideration of threatened and endangered species subject to the Endangered Species Act, wetlands and applicable state regulations (if any), and coastal zones subject to the Coastal Zone Management Act.

Comply with Endangered Species Act in the event that threatened and endangered species are present.

Comply with Section 106 of the NHPA.

Obtain Appraisal.

Obtain Abstract of Title Search.

Geotechnical reports, surveys and appraisals should be completed by local specialists.

When the land has been approved, the **CO** at that point may obtain an Assignable Option on the land.

If land has been identified and approved and the Assignable Option obtained, the **CO** will then advertise for construction of the CBOC. [Refer to Appendix A for Advertisement For Construction.]

**One Step process:** if VA does not pre-select a site, the SFO may be prepared using the optional paragraphs in the template document for site location and site selection criteria for property offered by prospective Lessors. Offerors are responsible for providing proof of ownership and a clean buildable site in compliance with all requirements of the solicitation. VA must complete the following due diligence for the land offered prior to award:

Comply with requirements of NEPA, to include documenting a Categorical Exclusion "Catex" or performing an Environmental Assessment. In the case of multiple sites within the competitive range, all sites must evaluated within the scope of the NEPA.

If the survey has shown that neither suitable facilities nor suitable land exist within the delineated area, the boundaries of the area may be adjusted and the market survey is performed again.

**Challenges in Site Selection**

Delays in the lease process frequently occur in the land selection process for two-step lease procurements. Common issues with the preferred site(s) include development restrictions, difficulty reaching agreement on price, utility issues on undeveloped properties, and more. It is important for the Project Manager and Contracting Officer to work closely during this phase of the procurement process to ensure that VA gives adequate time allowances and other flexibility to site owners, while at the same time keeping an eye on the procurement schedule and not allowing the limitations of one site to significantly impact VA's ability to procure the lease in a timely manner.

Site delays are less common in one-step procurements, but it is critical that the market survey team thoroughly evaluate each site in accordance with the go-no go criteria. This will ensure that only sites meeting VA's minimum criteria will be allowed into further competition, and protects both VA and the Offerors from investing time and resources in a site that will ultimately not meet VA's need. If the Market Survey Team is unsure if a site meets or can be made to meet VA's minimum criteria, close consultation with the Contracting Officer is recommended to come to the best decision.

Following the successful completion of this phase, the Lease Acquisition Team moves on into the next major phase: Development of the Solicitation for Offers (SFO). Prior to the actual writing/editing of the SFO, a number of activities both programming and technical must be undertaken before the SFO can be developed. These are described below in Section 4 of this Design Guide.

**Additional Challenges for Large Projects**

Many of the large leases procured using the guidance inherent in this Design Guide face a number of unique challenges, in addition to the site selection challenges described above. Stakeholder interest in these projects is high, and having a communication plan and strategy

to keep stakeholders informed is imperative to success.
Additional expertise and technical advisors may be necessary. For example, architects from CFM's Planning group may be engaged to assist in the conceptual design, as well as the design effort that occurs following lease award to ensure that all requirements are met and captured within the design, and that costs are managed while all Requesting Service needs are met.

Documentation of any significant procurement decisions or unusual circumstances leading to such decisions is essential so that the integrity of the procurement can be assured in the event of protest. Protests, especially of the award decision, occur frequently on large-scale projects due to the high dollar values involved.

# Checklist For Lease Process Phases One And Two

**Legend:**
**CO**=Contracting Officer or designee; **RS**=Requesting Svc; **ES**=Engineering Svc; **F**=Finance Officer or Fiscal Svc; **Dir**=VAMC Director or designee; **GC/RC**=General/Regional Counsel; **OT**=Other Technical; **CS**=Contract Specialist; **VISN**=Veterans Integrated Service Network; **COR**=Realty Specialist, CO's Representative; **RE**=Resident Engineer; **MST**=Market Survey Team; **10NA5**=Capital Asset Mgmt & Engineering Service ; **003C1E**=Real Property Service (CFM)

| · | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **---** | **ESTABLISH THE PROJECT FILE** | **---** | **---** |
| ☐ | **CO** | **---** | **ESTABLISH THE TEAM** | **Notification Letter or e-mail** | **CS; RS; ES; F; Dir; GC; OT** |

## PHASE I: ESTABLISH THE REQUIREMENT & OBTAIN APPROVAL

| · | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **RS** | **ES CO COR** | Develop Space Requirement Package (SRP) | **SRP** | **---** |
| ☐ | **RS** | **COR** | Submit SRP | **SRP** | **CO** |
| ☐ | **10NA5** | **ES RS CO** | Certify space request in accordance with VA criteria (Certify SRP) | **Memo** | **File** |
| ☐ | **CO** | **VISN** | Request confirmation of funding approval | **Memo** | **F** |
| ☐ | **RS** | **COR** | Perform Benefit Cost Analysis (BCA) | **Wkrshts 1-4** | **File** |
| ☐ | **RS** | **COR** | Write Report on Recommendation for Choice of Alternative | **Wrkshts 1-4 + Written Recommend.** | **File** |
| ☐ | **CO** | **COR** | Check with GSA for Availability of Appropriate Space | **Letter** | **GSA** |
| ☐ | **CO** | **COR** | Develop Lease Acquisition Schedule | **Schedule** | **File** |
| ☐ | **CO** | **COR** | Complete Capital Lease Checklist for Record as necessary | **Capital Lease Checklist Form** | **File** |
| ☐ | **10NA5, OT** | **COR** | Assemble Authorization Package for Congressional Notification | **Funding Verification; BCA; SRP Certification; Capital Lease Checklist** | **003C1E; File** |

## PHASE II: CREATE COMPETITION & SURVEY THE MARKET

| ▪ | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **COR** | Establish & Notify Market Survey Team | **Notification Letter or e-mail** | **RS; ES; OT; CS; RE; IDIQ** |
| ☐ | **CO** | **COR** | Gather current, accurate, detailed information about availability and price of space in market | **---** | **File; MST** |
| ☐ | **RS** | **COR RS Dir** | Identify and Document the Justification for the Delineated Area | **Narrative of Delineated Area** | **File; MST** |
| ☐ | **CO** | **COR** | Advertise the Space Requirement | **Ad For Space** | **File; *FedBizOpps*** |
| ☐ | **CO** | **COR** | Receive Responses from Ads | **Expressions of Interest** | **File** |
| ☐ | **CO** | **COR** | Maintain Records of Publications, etc. | **List of Places of Publication** | **File** |
| ☐ | **CO** | **Dir ES RS RE OT COR IDIQ** | Assemble/Meet with Market Survey Team (**MST**) | **---** | **---** |
| ☐ | **CO** | **Dir ES RS RE OT COR IDIQ** | Review Potential Site Offerings | **---** | **---** |
| ☐ | **CO** | **Dir ES RS RE OT COR IDIQ** | Conduct the Survey of Available Spaces or Land | **GSA Form 3627** | **File** |
| ☐ | **CO** | **Dir ES RS RE OT COR IDIQ** | Document Findings of Market Survey | **Market Survey Report** | **Dir; VISN; File; 003C1E** |
| ☐ | **CO** | **COR** | Notify Potential Offerors of Findings | **Notification of Findings Letter** | **Potential Offerors; File** |
| ☐ | **CO** | **COR** | Obtain Assignable Option on Land, if Applicable | **Option** | **File** |

| ▪ | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **COR** | Perform Due Diligence activities. | **Environmental Assessment; Title Search; Appraisal, etc.** | **File** |
| ☐ | **CO** | **COR** | Advertise For Developers, (Two-Step), or Post Notice of Sites that are Approved (One-Step) | **Ad For Construction** | **File; MST** |

Section 4

# Pre-SFO Issues—Programming and Technical

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# Pre-SFO Issues—Programming and Technical

## General

This section addresses Programming and Technical Activities which can occur prior to or concurrent with the Development of the SFO. When they occur varies from project to project. The purpose of this section is to define the procedures no matter when they are used. The Programming Activities described focus on the space and functional requirements, i.e., developing the Space Program and the Conceptual Plans. The Technical Activities address equipment needs, materials and finishes, sustainability, staffing, and other special requirements which might be incorporated into the completed CBOC.

## Role of IDIQ A/E

The **IDIQ A/E** hired prior to the market survey phase will take the lead role in working with the user groups in the formation of the conceptual layout. The IDIQ A/E may be supported by Planning Support of CFM to best navigate the needs of each Requesting Service. The IDIQ A/E will conduct a series of user group meetings, typically two meetings, to confirm both the needs of each service represented in the new facility, and the Space Program. The first session of user group meetings will provide an approved design. The second session of meetings will be to confirm the medical equipment, telecommunication requirements and electrical devices required for typical room types.

The design of the CBOC will be based on the selection one of three prototype designs that VA CFM (Office of Construction and Facilities Management) utilizes. The prototype designs center around One PACT, Two PACT or Three PACT concepts. The A/E shall use the VA Design Guide for Outpatient Clinics, and the PACT Design Guide, both of which include design guide plates for each room type, and other criteria available from VA Technical Information Library, supplemented with data gathered during the user group meetings, to design a conceptual layout and populate Schedules B, C, E, and F that are addended to the Solicitation for Offers (SFO).

An approved space program generated by VA CFM generated through the VA's SEPS (Space and Equipment Planning System will be provided to the A/E at the beginning of the project.

User group meetings should begin following the site selection process. In the case of a two-step lease procurement process, this will run concurrently with due diligence. Starting user group meetings at this time allows site restrictions to be incorporated into the design. Note that for one-step, build-to-suit lease procurements, the user groups meetings should start at the same time and will be focused on designing to a generic site. It is important to have a representative from the Director of the Medical Center's office or Engineering Service present at all user group meetings to act as the final decision maker.

Following the user group meetings, the A/E generates a conceptual plan. The conceptual plan must provide potential offerors with a visual concept of the required adjacencies between the various VA services and the overall footprint desired for the facility. The A/E will populate the technical portions in the SFO, including Schedules B, C, E and F. After the A/E concludes this portion of its scope of work, it may also participate after award as the independent peer reviewer of the awardee's construction documents. If the project group intends to use the same A/E for both pre-award and post-award functions, that should be mentioned at the time of initial contract to ensure that VA and the A/E can comply with IDIQ requirements and consider the A/E's contractual cap.

CBOC Prototype Design Layouts
http://www.cfm.va.gov/til/Prototype/CBOCPrototype-05-Layouts.pdf

The schematic design process can occur whether a specific site has been selected (Two-Step) or multiple sites remain in competition (One-Step). In the case of a One-Step lease project, the schematic design is somewhat more general and follows an ideal floorplan. The planning team from CFM assists the VAMC in developing the schematic designs, in conjunction with the work of the IDIQ A/E.

PACT

The prototype designs incorporate Patient Aligned Care Team (PACT) design philosophies. In general, PACT design involves grouping care providers into teamlets who share an "offstage" work space. The "onstage" areas for patients are designed place the patient in an exam room as quickly as possible and bring the care providers to the patient. The conceptual floor plan should reflect PACT design standard and space program provided by VA.

PACT Design Guide link:
http://www.cfm.va.gov/til/dGuide.asp

## Programming Activities Spatial Requirements and Layout

The **Space Program** documents the needs and goals for the project. It is comprised of a complete listing of the spaces to be provided in the project, the net area required for each space, and the functional relationships between individual spaces and departments within the clinic. Conversion factors can be applied to the net areas for each department or service, and again for the building as a whole, to arrive at an estimate of the net usable and gross building area required. The required areas and functional relationships defined in the Space Program are used as the basis for designing the **Conceptual Plan** of the CBOC and ultimately for determining whether the building proposed by the Lessor meets VA's needs. The VA and Department of Defense Space Equipment and Planning System (SEPS) software is frequently used to standardize program spaces and equipment throughout the VA system. The **Conceptual Plan** is developed by VA for inclusion with the SFO.

Of note, the services that are outlined in the space program must align with the services accounted for within VA's Prospectus document for leases that require Congressional authorization.

### SPACE PROGRAM

The initial Request for Space by the Requesting Service included the amount of space required. That initial request or the Space Requirement Package [Refer to Section 3] may have been based on a completed Space Program or on other preliminary planning efforts. Before proceeding with preparing the SFO document, the team must review the program information for an understanding of the requirements of the Requesting Service. The available program should provide complete information for each space and the functional relationships required; if it does not, the missing information must be developed. The Team should record the parameters set by these earlier space documents. This Parameter Summary should include the Planning Horizon Year, Outpatient Visits, Clinic Stops, Number of FTEE, Services to Be Included, Extent of Services, and Grossing Factors to Be Used. This information will be carried forward into Part VI--Schedule E of the SFO and will be used to develop parts of Part III, Schedule C.

Any missing programmatic information must be developed using current VA Space Planning Criteria. http://www.cfm.va.gov/TIL/planning.asp Chapter 265 *Outpatient Clinic (Satellite OPC / Community Based OPC) establishes criteria for 28 functional areas typically found in the outpatient clinic.* Development of space requirements for specialized spaces such as Radiology (276), Pharmacy (268), SPD (285), and Surgery (286) that will provide expanded services may require the use of criteria chapters specific to those services.

Refer to other Space Planning Criteria for services not typically included in Outpatient Clinics that have been approved for inclusion in the project program: Chaplain Service (208), Veterans Assistance Unit (218), Medical Media Service (248), Nuclear Medicine Service (252), Magnetic Resonance Imaging (275), Dialysis Center (316), and Library Service (400).

Approved Departmental Conversion Factors (departmental grossing factors) are as identified in the table below:

| Departments | Approved Factor |
|---|---|
| **Outpatient Clinic** (includes the following):<br>AMM Service<br>Audiology & Speech Pathology<br>Canteen<br>Cardiology Clinic<br>Clinic Management Suite<br>Dental Service<br>Education Facilities<br>EEG Laboratory<br>Endoscopy Suite<br>Engineering Service<br>Environmental Management<br>Eye Clinic<br>Lobby<br>Medical Administration<br>Outpatient Psychiatric Clinics<br>Pathology & Laboratory<br>Medicine<br>Pharmacy<br>Physical Medicine & Rehabilitation Medicine<br>Police and Security<br>Prosthetic and Sensory Aids<br>Pulmonary Medicine<br>Radiology<br>Service Organizations<br>Supply Processing & Distribution<br>Surgery Service<br>Voluntary Service | 1.55 |
| **Chaplain Service** | 1.30 |
| **Dialysis** | 1.50 |
| **Education Facilities** | 1.30 |
| **Library Service** | 1.20 |
| **Magnetic resonance Imaging** | 1.60 |
| **Medical Media Service** | 1.30 |
| **Mental Health Clinic** | 1.40 |
| **Nuclear Medicine** | 1.50 |
| **Veterans Assistance Unit** | 1.20 |

Departmental Gross Area (DGSF) also known as Net Usable Area (NUSF) is calculated by multiplying the Net Area (NSF) from the space program by the Departmental Conversion Factors from the table above. The Building Conversion Factor is then applied to the total of the Departmental Gross Areas (DGSF/NUSF) to arrive at an estimate of the total Building Gross Area (BGSF). The BGSF may then be used in determining the site area required for the CBOC. VA Space Planning Criteria limits the ratio of the total Net Area (NSF) to Building Gross Area (BGSF) to a maximum of **1.90** (or BGSF must be equal to or less than NSF x 1.90). Therefore the building grossing factor for DGSF to BGSF should be approximately 1.2. Adjust the building conversion factor if necessary to avoid exceeding the 1.90 limit.

An initial approximation of the net usable area (NUSF) also known as Departmental Gross Area (DGSF) may be obtained from the total of the net areas for each space by applying a factor of 1.52. Establish the final range of net usable area from the Conceptual Plans using the definition for net usable area from the solicitation.

Example:

Net Area (NSF) = 20,000 NSF

20,000 NSF
X 1.55 CBOC Dept. Conversion Factor
= 31,000 DGSF/NUSF

31,000 DGSF/NUSF
X 1.2 Building grossing factor
**= 37,200 BGSF**

VA Space Planning Criteria Maximum Check
Net Area (NSF) = 20,000 NSF

20,000 NSF
x 1.9 max. total net area to building gross area
= **38,000 BGSF**

**37,200 BGSF is under 38,000 BGSF**

## LAYOUT

### Conceptual Floor Plan

The Conceptual Plans to be issued with the SFO shall be designed from the Space Program and any special needs identified for the project. Since the Lessor will use the Conceptual Plans provided by VA to produce the final layout drawings for the clinic, the space/functional relationships and design concepts shown on these drawings require careful consideration.

In addition to input from the using service, guidance on the functional relationships of the individual spaces and departments in the CBOC is provided in the narratives and diagrams included in Chapter 265, Outpatient Clinic and other relevant Chapters from VA Space Planning Criteria; and the *Outpatient Clinic—Satellite/Community Based* Design Guide

available from the VA TIL [see Paragraph Design Guides below].
The level of detail for the Conceptual Floor Plans should be similar to "developmental plans" or "schematic block plans (SD1)" as described in A/E Submission Instructions PG-18-15 Volume B. http://www.cfm.va.gov/til/ae/aeSubMaj.pdf
The Conceptual Plans should include the following characteristics:

Be drawn at a scale that will permit an entire floor to be shown on one drawing when possible.

Allow for exterior walls and show the overall exterior dimensions for determining the total building gross area.

Indicate size and shape of all departmental functions and services in the space program. Label each service or activity listed in the Project Scope Data of the Design Program and indicate boundaries with a distinctive line. Include the department number [Chapter number from Space Planning Criteria]. Lay out departments with adjacencies and functional relationships established during the Programming activities.

Show all rooms and spaces within each department or service as required by the space program. Label each room or functional area with the room code from VA Space Planning Criteria.

Show primary circulation (including material transport), entrances to buildings, loading docks, main entry point to each functional block, and approximate sizes of building service equipment spaces on the drawings.

A building structural grid and interior structural elements need not be indicated (Lessor is responsible for designing structure based on criteria in SFO).

The Conceptual Plan will provide the information needed to compute a range of net usable areas to be included in the SFO and should identify the areas considered net usable square footage.

## DESIGN GUIDES

### Introduction

VA has developed a number of Design Guides (PG-18-12) to assist in the planning and design of VA facilities. The *Design Guide for Outpatient Clinics* should be obtained from the VA TIL. That document is intended to be used with current VA technical manuals in planning Outpatient Clinics. The Design Guide is not intended as a standard design. Use of the Design Guide does not preclude the need for a functional and physical design program. It is the responsibility of the Project Architect and the Project Engineer to develop a complete and accurate project design that best meets the users' needs and applicable code requirements.

The Design Guide includes sections with general considerations and functional relationships for the Outpatient Clinic; and sections with special considerations for Ambulatory Surgery, Satellite Clinics, and CBOCs. The bulk of the Design Guide consists of Design Guide Plates that offer typical layouts for specific kinds of rooms/spaces. Each Guide Plate generally consists of four pages: Equipment Plan, Ceiling Plan, Design Criteria page, and Equipment List. For complex spaces, the Equipment List may be two or more pages. The Equipment Lists from the Design Guide may be used as a starting point in developing Schedule B for the SFO. Alternatively, the master Equipment Guide List, PG-18-5, or VASEPS 3.0 Space and Equipment Planning tool may be used to create an initial equipment list.

In all cases the Guide Plates and Equipment Lists should be reviewed against project criteria and any special requirements. It is recommended that they be used with moderate caution to assure that current standards of the health care industry are addressed in meeting VA's needs. The Office of Construction & Facilities Management, Facilities Quality Service, may be contacted for assistance.

Some CBOCs may include program requirements for departments or space types not included in the Basic Clinic. Additional guidance may be found in other Design Guides in PG-18-12 (such as Radiology and Surgery) available from the VA Technical Information Library at http://www.cfm.va.gov/til/dGuide.asp .

Note that Guide Plates may not be available for every possible space in a CBOC. In those cases the services of a planning/design consultant or VA Office of Construction & Facilities Management may be helpful in establishing criteria for the layout, equipment, and utility services for the space.

# Checklist For Pre-SFO *Programming* Activities

**Legend:**
**CO**=Contracting Officer or designee; **COR**=Realty Specialist/Contracting Officer's Representative; **RS**=Requesting Svc; **ES**=Engineering Svc; **Dir**=VAMC Director or designee; **IDIQ-CO**=Contracting Officer in charge of IDIQ contracts; **IDIQ**=IDIQ Contractor; **CO Prkng**=Central Office Parking Specialist

## ANALYSIS OF PROGRAMMING ACTIVITIES TO BE PERFORMED

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **COR** | Establish team for programming activities Recommend team include local facility leadership, department or service leads, facility directors among others. | **Notification Letter or e-mail** | **RS; ES; Dir--** |
| ☐ | **CO** | **RS; ES; Dir** | Evaluate initial Request for Space/Space Requirement Package to determine need to develop Space Program | **---** | **---** |
| ☐ | **CO** | **RS; ES; Dir** | Evaluate Programming Activities to be performed and need for IDIQ A/E to perform pre- or other SFO programming activities | **---** | **---** |
| ☐ | **CO** | **COR** | Based on determination of need for IDIQ contractor, write scope for pre-SFO IDIQ A/E | **Scope of Work for IDIQ Contractor** | **---** |
| ☐ | **CO** | **COR** | Submit Scope to obtain IDIQ Contractor | **Scope of Work for IDIQ Contractor** | **IDIQ-CO** |

## DEVELOP SPACE PROGRAM

### Establish Parameters

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **RS** | **ES; Dir** | Establish Planning Horizon Year (10 years from latest base year available) | **SCIP Business Case** | **File** |
| ☐ | **RS** | **ES; Dir** | Establish Projected Number of Outpatient Visits and Clinic Stops for Horizon Year | **SCIP Business Case** | **File** |
| ☐ | **RS** | | Establish Projected Number of FTEE for Horizon Year | **SCIP Business Case** | **File** |
| ☐ | **RS** | **ES; Dir; IDIQ** | Establish Services to be included and Extent of Services | **SCIP Business Case** | **File** |

### Develop Space Program

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **RS** | **ES; Dir; IDIQ A/E** | Apply VA Space Criteria Chapter 265 and other chapters as required for specialized spaces, develop space program | **SCIP Business Case** | **File** |

**DEVELOP LAYOUT**
**Develop Conceptual Floor Plan**

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **IDIQ A/E** | **RS; ES; Dir; CO** | Develop Conceptual Floor Plan | **Conceptual Floor Plan** | **File** |

# Technical Activities

## Narrative

The technical criteria Template SFO Documents included in Appendix B of this Design Guide have been adapted to include federal minimum and healthcare industry standards.

Most of the technical criteria in the Template SFO are applicable at all locations. The Template Documents also include technical criteria for topics commonly encountered in different regions of the country (e.g., requirements for seismic and hurricane zones, HVAC design parameters), and special systems (e.g., requirements for dental air and oral evacuation) that may not be in all clinic programs. **The Template Documents must be edited to the specific requirements of the project and geographic location.**

The team developing a new solicitation shall start from the template SFO documents. **In no case may a SFO for another facility be re-used or copied or selectively reworded for a new solicitation.**

In some portions of the documents, there are options or selections that require a decision by the **CO**. The **CO** should meet with IDIQ A/E and other technical members of the project team such as representatives from Engineering Service and Other Technical entities to review VA Standards and local conditions in order to establish the technical criteria specific to the CBOC. Local factors to be considered include:

- Climate (temperature range, rain, snow, etc.),
- Special hazards (hurricanes, tornados, and earthquake),
- Local building practices, and codes
- Availability of materials and/or construction trades.
- Municipal building codes and zoning ordinances

### SITE DESIGN CRITERIA

### Factors Affecting Site Selection and Design

In order to prepare the SFO documents, the site should have been selected or criteria for site selection established. Factors that affect the conceptual plans are:

- Location
- Environmental Issues (NEPA)
- Size
- Topography
- Stormwater Retention/Detention Requirements
- Orientation
- Availability of Utilities
- Zoning or Development Restrictions
- Required Parking
- Space for On-Site Utilities and Associated Equipment, Portable MRI, etc.
- Compatibility of Adjacent Uses
- Access from Transportation Routes
- Access to Public Transportation
- Offsite circulation
- Onsite circulation.

Consult the local Authorities Having Jurisdiction (AHJ) to determine the minimum number of parking spaces required, as defined by local parking code. For VA OPCs, more parking than what meets local code is often required due to the unique customer served by VA.

The total of the gross building area resulting from the approved space program, the area required for parking and circulation; and the area required for storm water retention should be compared with local zoning or development standards for lot coverage. Allow for site amenities, and exterior equipment such as emergency generators, chillers, transformers, fuel tanks, etc., and outdoor use areas when computing size of land required for the project.

### Conceptual Site Plan

A conceptual site plan should be prepared for the SFO. If a site has been preselected, all of the items noted below should be indicated on the conceptual site plan. If multiple sites are allowed to proceed in competition, at minimum the starred items should be indicated on the conceptual site plan.

- Property dimensions
- *Setbacks and easements
  - Known restrictions on use
- *Physical Security stand off distances
- Preferred building orientation
- *Canopies
- *Sidewalks
- *Major Onsite and Offsite circulation for vehicles and pedestrians
- *Building Entrances and relation to parking and circulation systems.

*Space designated for chillers, emergency generators, portable MRI, fuel tanks, etc.
Location of Public Utilities intended to service this property
*Fences and gates, as required

## BUILDING DESIGN CRITERIA

Since the size and program for each new CBOC will vary, the **CO** should consult with the **Requesting Service** and/or **VAMC Director,** and technical resources (such as **ES**, **OT**, or **IDIQ**) to determine which criteria apply to the project and to identify any requirements unique to the project. Items to consider include:

Location
Climate
Type of Windows (e.g., in hurricane prone areas)
Types of Exterior Entrance Doors
Building Classification
Entry Vestibule Required
Use or Occupancy Following a Disaster
Special Programs of Functions
Special Equipment
Unusual Loads
Special Utilities:
- HVAC
- Exhaust
- Lighting
- Power
- Communications
- Portable MRI

## INTERIOR CONSTRUCTION AND FINISHES

The **CO** should consult with **RS** and/or **Dir** and technical resources (**ES**, **OT**, or **IDIQ**) to identify any requirements unique to the project. Items to consider include:

Building Classification (Business, Ambulatory Health Care)
Sound Isolation, Acoustics
Typical and Special Floor, Wall, and Ceiling Finishes
Wallcovering and Wall Protection
Built-in Work (Casework, Countertops, Shelving, and Lockers)
Interior Signage and Wayfinding
Room Numbering
X-ray Shielding
Toilets, Showers, and Accessories
Window Treatments

## PHYSICAL SECURITY

In order to comply with Executive Orders, Federal laws, and VA policy, space leased by VA must meet certain physical security requirements. VA has adopted the protection of the Interagency Security Committee (ISC) Security Design Criteria (August 2013) for all facilities as the minimum requirement. The design requirements of ISC are extensive and time consuming and maybe not be fully understood or developed by the A/E of Record during the bidding phase of the project. Ultimately the A/E of Record is responsible for compliance with these requirements; but the RE and the IDIQ A/E need to be well versed in the requirements in order to be able to review the construction documents during review phases of the project.

Based on site location, determine which natural disasters should be provided for in the design of the facility.

The security paragraphs in the template SFO are based on ISC criteria. The facilities are not intended to remain in operation following a natural or manmade event. The paragraphs pertaining to natural disasters should be edited accordingly in close conjunction with VACO and the local facility to ensure the level of service and desired hours of operation are met.

Some of the requirements may not be appropriate for all locations. Contact RPS and OCFM for interpretations and exceptions. Buildings of such occupancy type and floor area that would allow Type V construction as defined in the International Building Code are exempt from the requirements of structure countermeasures in the ISC.

## SUSTAINABILITY

All CBOCs must conform to federal mandates for sustainability and energy efficiency. These requirements have been built into the SFO documents. In order to support these requirements, VA requires that all new leased CBOCs must achieve LEED® certification under the LEED for Healthcare rating system.

Build-to-suit leases over 10,000 square feet shall earn an Energy Star label under the program offered by the DOE.

## SEISMIC

In order to ensure that VA's leased facilities comply with seismic criteria, the SFO shall include the requirement that Offerors submit seismic information pertaining to their offered site or existing building, as well as a plan to mitigate seismic deficiencies, as part of their lease proposal. Further, prior to facility acceptance, and prior to the execution of any options, extensions, or renewals, the lessor shall be required to submit a Certificate of Seismic Compliance on an appropriate form. The **CO** shall verify that these requirements are contained within the SFO.

## SERVICE AND MAINTENANCE

Maintenance of the building, building systems, and grounds is the responsibility of the Lessor. The **CO** should confirm whether interior cleaning will be the responsibility of the Government and verify normal working hours with the clinic administration.

VA should also review types and quantities of wastes to be generated at the clinic, develop information necessary for VA to procure disposal services for pathological or radiological wastes, and determine if the Lessor is to provide for disposal of general waste and trash.

# Checklist for Pre-SFO *Technical* Activities

**Legend:**
**CO**=Contracting Officer or designee; **RS**=Requesting Svc; **ES**=Engineering Svc; **Dir**=VAMC Director or designee; **OT**=Other Technical; **IDIQ-CO**=Contracting Officer in charge of IDIQ contracts; **IDIQ**=IDIQ Contractor; **PS**=VACO Parking Specialist

## ANALYSIS OF TECHNICAL ACTIVITIES TO BE PERFORMED

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **---** | Establish VA technical team | **Notification Letter or e-mail** | **ES, OT** |
| ☐ | **CO** | **ES, OT, Dir** | Evaluate scope of Technical Activities to be performed and select IDIQ A/E to perform pre- or other SFO activities | **---** | |
| ☐ | **CO** | **ES** | Write scope for IDIQ A/E | **Scope of Work for IDIQ Contractor** | **---** |
| ☐ | **CO** | | Submit scope to obtain IDIQ A/E | **Scope of Work for IDIQ Contractor** | **IDIQ-CO** |

## ANALYSIS OF SITE CRITERIA

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **ES, OT, IDIQ, Dir, RS** | Identify factors affecting site selection and design criteria | **Summary** | **File** |
| ☐ | **CO** | **ES, RS, Dir** | Considering potential for natural disaster or other emergencies, determine requirements for emergency services and level of operation to be provided by CBOC staff following a disaster | **Summary** | **File** |

## DEVELOP LAYOUT
### Develop Conceptual Site Plan

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **RS** | **CO; ES; Dir; IDIQ** | Establish parking requirements | **Summary** | **File** |
| ☐ | **CO** | **RS; ES; PS; Dir; IDIQ** | Compare with parking requirements dictated by Code of Jurisdiction Having Authority; obtain VA Parking Analysis, if necessary | **Summary/ VA Facility Parking Analysis** | **File** |

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **RS; ES; Dir; IDIQ** | Research zoning requirements of Code of local Jurisdiction Having Authority—setbacks, circulation, access, storm water retention, landscaping, etc. | **Summary** | **File** |
| ☐ | **CO** | **RS; ES Dir** | Define physical security requirements for site and grounds—fencing, lighting, setbacks, etc. | **Summary** | **File** |
| ☐ | **CO** | **RS; ES; Dir** | Define equipment and space, special features and amenities required for site planning--MRI pad, chillers, emergency generator, fuel tanks, transformer, etc. | **Summary** | **File** |
| ☐ | **CO** | **RS; ES; Dir; IDIQ** | Develop Conceptual Site Plan | **Conceptual Site Plan** | **File** |
| ☐ | **CO** | **RS, ES, Dir** | Determine requirements for utility systems under disaster or emergency conditions | **Summary** | **File** |

## ANALYSIS OF BUILDING DESIGN CRITERIA

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **ES, IT, IDIQ** | Determine Building Classification | **Note** | **File** |
| ☐ | **CO** | **ES, OT, IDIQ** | Identify special requirements affecting the criteria for building foundations and structural systems | **Summary** | **File** |
| ☐ | **CO** | **ES, OT, IDIQ** | Identify special requirements affecting criteria for building enclosure systems, windows, roofs, and skylights | **Summary** | **File** |
| ☐ | **CO** | **ES, RS, Dir** | Determine type of entrance doors/vestibule to be used | **Summary** | **File** |
| ☐ | **CO** | **RS, ES, Dir** | Determine requirements for use or occupancy after a disaster (structural and non-structural) | **Summary** | **File** |
| ☐ | **CO/ IDIQ A/E** | **CO; Dir** | Determine requirements for physical security | **Summary** | **File** |
| ☐ | **CO** | **ES, OT, IDIQ** | Identify special requirements affecting the criteria for mechanical, plumbing, and electrical services including unusual space/functional needs, special programs, and special equipment | **Summary** | **File** |

## ANALYSIS OF CRITERIA FOR INTERIOR CONSTRUCTION AND FINISHES

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **ES,RS, Dir** | Identify requirements unique to project for: interior finishes, interior design, signage and wayfinding, room numbering, and window treatments | **Summary** | **File** |
| ☐ | **CO** | **ES,RS, Dir** | Identify requirements for special construction--sound isolation, acoustics, X-ray shielding, etc. | **Summary** | **File** |
| ☐ | **CO** | **ES,RS, Dir** | Identify requirements for built-in casework, toilets, showers, and accessories—identify items to be included in Special Pricing Schedule B | **Summary** | **File** |

## SERVICE AND MAINTENANCE CRITERIA

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **RS, Dir** | Confirm whether interior cleaning will be by the Government or Lessor | **Summary** | **File** |
| ☐ | **CO** | **RS, Dir** | Verify normal working hours | **Summary** | **File** |
| ☐ | **CO** | **ES, RS, Dir, OT** | Determine requirements for waste disposal: Identify types and quantities of wastes generated; determine responsibilities for disposal | **Summary** | **File** |

Section 5

# Development of SFO Package

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# Development of the Solicitation For Offers (SFO) Package

## Narrative

The purpose of this section is to review the steps in the preparation of the solicitation documents to be issued to prospective Offerors. Sections 3 and 4 in this Guide covered information and decisions required prior to the final preparation and issuing of the SFO Package.

This Guide includes templates of the documents to be included in the SFO Package. [Refer to Appendix B] The **Template Documents** are based on lease contract documents issued by the GSA. Because the space and equipment requirements for CBOCs are significantly different from typical GSA leased space (office or warehouse), the basic GSA documents have been edited to include requirements for medical space and the special requirements and features usually found in VA CBOCs.

This Section provides instructions for the use of the template documents.

### General

The SFO forms the basis for the lease negotiation process and becomes part of the lease. The **CO** shall use the most current version of the Template Documents as the starting point for the preparation of the SFO. The size and complexity of the CBOCs for which the Template SFO is intended warrants the use of an experienced A/E to develop the planning and technical aspects of the SFO. In order to reduce the time necessary to secure the services of the A/E, it is highly recommended that the CO take advantage of appropriately trained IDIQ Contractors available through CFM The **CO** should consider requesting the assignment of an **RE** to monitor the project during construction. The **CO** benefits most from having the IDIQ A/E manage the development of the SFO and involving the **RE** early in the process.

### Format

The Template SFO Documents are designed for a build-to-suit project for a freestanding, single-tenant CBOC of 20,000 or more NUSF. They are adaptable to all leases for over 10,000 NUSF.

### Documentation

Prepare the SFO electronically and in hard copy.

### Modification

The **CO** should modify the template documents to reflect the selected site (or approved delineated area), space requirements, and build-out to meet the needs of the Requesting Service. The SFO must include criteria or specifications in functional, performance, or design terms; and include restrictive provisions to fulfill only VA's **minimum** requirements, special requirements, and delivery schedule. As a minimum, the SFO will include the following:

- Description of the Government's requirements;
- Description of method the Government will use to measure space;
- Date, time, and place for the submission of offers;
- Explanation of how offers are to be structured;
- Explanation of how the Government will evaluate offers, identifying evaluation factors, and sub-factors and the weighting of other factors compared to cost or price;
- Indication that award will be made to Offeror who meets the SFO's minimum criteria for acceptable price, with other factors considered (Best Value);
- Any forms prescribed by General Services Acquisition Regulation (GSAR) 570.7 and required Federal Acquisition Regulation (FAR) and GSAR clauses;
- Description of the source selection procedures the Government will use [See GSAR 570.304]; and
- A statement outlining the information the Government may disclose in briefings [See FAR 15.505 and 15.506].

## Instructions

The Instructions below are intended to highlight the portions of the template documents in which specific actions or decisions are necessary, or to provide additional background information to supplement the editing notes in the template documents. Specific instructions are not provided in this Section of the Design Guide for

every paragraph or portion of the documents. Although many parts of the template SFO may not require editing, all portions of the SFO should be checked to verify coordination between various parts, and to make the document project specific.

### Editing Notes

The template documents have been made general to cover many possible applications. Editing Notes are provided throughout the template documents to alert the preparer to areas in the documents that require decisions or actions or to provide additional background or guidance on the topic at hand. These are hidden and will appear when you open the Word template if you have your Show Codes option on. Once you are completely done editing, these can be deleted. Follow the instructions on the Instructions pages at the very beginning of the template in the Word document.

Conventions for the Editing Notes in the Template are:

Text between //---// marks indicate a decision must be made whether or not items are appropriate for the project; and

[____] marks indicate places to insert information appropriate for the project.

**Paragraph numbers have been automated. Cross references to specific paragraphs have been reduced but do exist. These are handled using Word's cross-reference coding. Follow the instructions on the Instruction pages at the very beginning of the template.**

Instructions for updating the page numbers on the Table of Contents can also be found on the Instructions page. Update **ONLY** the page numbers.

### Electronic Documents

Most of the template documents are in either Microsoft Word or Excel format. Electronic documents to be issued to Offerors should be in pdf form except for CAD drawings and forms which require completion.

Instructions for **Excel spreadsheets** with formulas: These templates have been created with protection 'on'. Offerors should be able to enter unit costs or quantities without altering formulas used to derive extensions and totals. The template documents are distributed with protection 'on.' Unprotect the worksheets (no password is necessary) to insert information to be completed by VA during preparation of the SFO. Use caution to preserve formulas and links. Re-apply protection prior to issuing the documents with the SFO to Offerors. Some documents have hidden columns. Uses for hidden items are explained in the notes for the individual documents. **Since anyone can remove protection without a password, protection should be put on with a password; and the password should be recorded in the project file established by the CO. This will prevent the Offerors from overwriting or changing formulas.**

### Parts and Sections

There are eleven parts to the SFO. Part I has multiple sections and subsections.

### PART I BASIC SOLICITATION REQUIREMENTS

Part I contains the bulk of the SFO documents and establishes the procedures used during solicitation, negotiation, award, and implementation of the lease. Part I is subdivided into twelve sections:

(1) Summary;

(2) How to Offer;

(3) Procurement Process;

(4) Evaluations and Lease Award;

(5) Post-Award; Design and Construction; Acceptance;

(6) Contract Changes;

(7) Space Acceptance and Post-Acceptance Items;

(8) General Design Criteria;

(9) Building Design Criteria;

(10) Interior Construction, Finishes, and Interior Design;

(11) Services, Utilities and Maintenance;

(12) Safety, Fire Protection, and Environmental Management;

Each section will require review and editing. Add identifying information for the CBOC and project specific requirements to the template documents.

The first step in editing is to read the instructions in the Word document. There are important instructions related to adding or deleting paragraphs, cross-references, and table of contents.

**Part I—Section 1: Summary**

Follow the Editing Notes. Specific paragraphs that require editing by the preparer are as follows.

Insert minimum net usable square feet and edit text on the cover page and in Paragraph 1.1.

In Paragraph 1.2, enter the location of the site. If the site is not already selected, the limits of the approved delineated area would be entered instead.

Edit Paragraph 1.2.1 to 1.2.5 for “One-Step” or “Two-Step” site selection and acquisition process as applicable.

Include Paragraph 1.2.2 if site has not been selected. Otherwise, delete text. Review and include any other evaluation factors relevant to local conditions and project requirements.

Paragraphs 1.2.3 and 1.2.4 include options under Zoning and Control of Property depending on whether VA has obtained an option on the property. Follow editing notes in the template.

In Paragraph 1.3, follow editing notes in the template if space in existing buildings may be offered. Keep in mind this section is the overall summary only. Detailed requirements are to be spelled out in Sections 4 through 7.

In Paragraph 1.4 enter the term of the lease. In most cases a 15-year term with one 5-year renewal option will provide the best value.

Enter dates for occupancy in paragraph 1.5

In Paragraph 1.6.1 insert the information for the applicable General Wage Decision.

Edit Paragraphs 1.9 and 1.7 as appropriate for single-or multiple-tenant facilities.

**Part I—Section 2: How to Offer.**

Section 2 defines the procedures and requirements used during evaluation of offers and communications with the Offerors. Usually this section will not require extensive editing.

Section 2 provides instructions to the Lessor for the completion of the forms in Part VII of the Solicitation.

Enter dates offers are due and required occupancy date in appropriate locations in Paragraph 2.1.1.

Insert **CO** name and address in Paragraph 2.1.2.

Paragraph 2.3.1 provides definition of net usable space. As the A/E prepares the conceptual plans, net usable space (NUSF) and building gross area (BGSF) should be computed. Establish the minimum NUSF that will be acceptable for the SFO.

**Part I—Section 3: Procurement Process.**

Paragraphs 3.1 through 3.3 generally will not require modification.

Include Paragraph 3.4 Oral Presentations only if the CO has determined oral presentation will be required.

**Part I—Section 4: Evaluations and Lease Award.**

Since offers must be evaluated solely in accordance with the factors and sub-factors stated in the SFO, attention should be given to the evaluation criteria delineated here especially the Paragraphs 4.2.1 TECHNICAL QUALITY, 4.2.1 D OPERATIONS AND MAINTENANCE PLAN, and 4.2.1 E EVIDENCE OF CAPABILITY TO PERFORM PRIOR TO AWARD. Paragraph 4.2.1 Technical Quality includes sub-headings for Quality of Building Design and Concept, Quality of Site Development, and Site Physical Security. Paragraph 4.2.1 Operations and Maintenance Plan includes factors relevant to the Offeror’s proposed ongoing maintenance and repair of the facility. Paragraph 4.2.1 E Evidence of Capability to Perform Prior to Award includes factors for evaluation of the Offeror’s past performance, financial resources, the qualifications and experience of the design team and construction contractor; and the capacity to undertake this project. Carefully review criteria in the SFO. Obtain concurrence of CO before making any changes. VA also must include the

requirement that offerors are to submit documentation evidencing their teaming arrangements with key team members, such as general contractors and A/E firms, as part of their proposal. Evidence of teaming arrangements will help to ensure that all key team members are committed to the project and able to participate should the lease be awarded to the offeror.

**Part I—Section 5: Post-Award; Design and Construction; Acceptance.**

Section 5 covers a variety of topics. Editing or input will be necessary in a few specific locations.

Include Paragraph 5.8.1 if the Lessor will be required to provide office space for the Resident Engineers. The options for space and furnishings are based on general conditions from VA construction specifications. Adjust if necessary if the number of RE staff assigned to the project is substantially different.

Liquidated Damages, Paragraph 5.9. The amount set for liquidated damages may be adjusted for the size and scope of the project, and other relevant factors (such as costs incurred for extension of current lease). The amount set should reflect the actual costs or damages to the government arising from delays on the part of the Lessor. Arbitrary or punitive liquidated damages may not be enforceable. **Consultation with and concurrence of Counsel is strongly recommended.**

Paragraph 5.10.2 specifies independent technical review of the documents prepared by the Lessor. These checks are intended to help identify potential deviations from solicitation requirements before the building is constructed. It should be emphasized that while the Lessor is paying the reviewers, there is no other obligation between the Lessor and the technical reviewers and the technical review shall be independent. The SFO allows VA to tell the Offeror which IDIQ contractor they are to use and how much they are to pay them to perform the reviews. Identify an IDIQ A/E who could be used for this by contacting one of the **COs** in charge of the IDIQ contracts. The IDIQ or other independent entity should be familiar with VA criteria and standards to provide the necessary reviews but should also understand that this is not a VA-owned building and that the contents of the SFO take precedence. Insert the appropriate information in the spaces provided.

Follow editing notes for Paragraphs 5.11.and 5.12. The template allows approximately 210 to 230 calendar days for design development and preparation of construction documents by Lessor and VA reviews. Schedule may be adjusted for very small or large projects if necessary. Consider effect on overall schedule and completion date before revising. Excessive time for VA or independent reviews may delay overall schedule.

In Paragraphs 5.11.1, 5.11.2, 5.12.1, and 5.12.2, edit the submittal requirements to show the proper quantities and distribution of design development and construction document materials for VA and independent technical review. In general, the IDIQ team used for the independent review will prefer hard copies of the drawings, specifications, narratives and calculations.

Edit Paragraphs 5.12.1 through 5.12.5 to reflect project specific requirements.

**Part I—Section 6 Contract Changes**

Section 6 covers a Contract Changes. Editing or input will be necessary in a few specific locations.

**Part I—Section 7 Space Acceptance and Post-Acceptance Items**

Paragraph 7.3 specifies the as-built information to be provided to VA after occupancy. Since VA does not own or maintain the site, the building, or the mechanical, plumbing, and electrical systems, only the drawings relevant to facility (space) planning, equipment, and furnishings are included here. Edit to reflect drawing and CAD formats required by the clinic and / or parent VAMC.

**Part I—Section 8: General Design Criteria.**

Section 8 contains “cross-disciplinary” criteria and standards that generally apply to the facility as a whole. **Unlike VA owned facilities**, the Lessor must obtain permits from the local Authorities Having Jurisdiction (AHJ) and comply with local codes and ordinances. However, VA is required by law or policy to comply with the criteria in Paragraph 8.2.1. Requirements applicable to most CBOCs have been incorporated in the template documents.

Since every possible contingency could not be anticipated, the A/E preparing the technical sections must review and edit Sections 9, 10, 11, and 12 to ensure that any local or other special conditions are addressed.

Edit Paragraph 8.2.2 for number of HAC's in "public" areas. Coordinate with Part VI, Schedule E.

Edit Paragraph 8.2.3 to provide physical security criteria and countermeasures required by the Risk Management Process For Federal Facilities: An Interagency Security Committee Standard, and to meet requirements of Requesting Service. Coordinate physical security features with Part II, Schedule B, Special Items for the Entire Clinic; and Part VI, Schedule E, Room Finish and Door Schedule.

In most cases CBOCs will not be required to provide services following a disaster or during an emergency. Edit detailed requirements in Paragraph 8.2.3 to suit site specific conditions (such as hurricane prone areas or earthquake zones).

Paragraph 8.3.3 defines Fire Protection Occupancy Type. The difference between Business and Ambulatory Health Care occupancies can have significant implications for fire protection and other building systems. Determine all applicable occupancy groups and insert list in this paragraph.

Paragraph 8.8 defines requirements for sustainable design applicable to all disciplines.

Review and edit Section 8.11 to include desired site amenities.

Edit Paragraphs 8.11.1 through 8.11.10 if necessary to coordinate with site conditions and conceptual plans.

Insert the number of parking spaces required by local code or the VA parking analysis, whichever is greater, in Paragraph 8.11.8. Considerations for motorcycle parking should also be included in this section.

If accommodations are to be provided for a mobile imaging unit(s) and detailed information on the equipment is available, edit Paragraph 8.11.9 to incorporate the salient requirements. Any information not available during preparation of the SFO must be provided to the Lessor for preparation of construction documents.

Follow editing notes in the template document to edit Paragraph 8.14. Using VA Site Design Manual, determine if landscape irrigation is necessary.

VA *Signage Design Guide* is available from VA TIL and can provide valuable assistance in editing Paragraph 8.15, Exterior Signage. Be sure requirements are coordinated with conceptual plans as necessary.

Edit Paragraph 8.16 if necessary to reflect security requirements for the clinic. Waivers or variances to physical security criteria must be made by VA Central Office.

**Part I—Section 9: Building Design Criteria.**

Section 9 defines the criteria for the building "shell" including: Structural, Architectural, Equipment, Mechanical, Fire Protection, Plumbing, Electrical, Telecommunications, and Elevators. The template document provides criteria for all but the most unusual conditions without extensive editing. In order to foster completion and obtain the best value for the government, the acquisition team should keep in mind that this space will be occupied by VA only for the duration of the lease. VA does not own the buildings or site improvements and will not retain them at the expiration of the lease term. Accordingly, the SFO should **specify only the minimum requirements in excess of prevailing best commercial practice** necessary to meet the programmatic needs of the clinic and statutory and policy requirements applicable to VA. The template documents have been revised from previous versions to reflect this approach. Submittal requirements with the initial offer and during design development and construction document phases have been clarified and expanded in the template SFO to better allow for confirmation of compliance with VA requirements.

Follow editing notes in Paragraph 9.2 and coordinate selections with the conceptual drawings. Coordinate Paragraph 9.6.2 with Paragraphs 8.11.1 and 8.11.6. Edit Paragraph 9.2.2 to reflect physical security requirements applicable to the clinic.
Paragraph 9.3 requires close coordination with Part III Schedule B and Part XI Schedule F, and the conceptual drawings. Include Paragraph

9.3.2 A if there will be VA Furnished/Lessor Installed equipment.

Subparagraphs under Paragraph 9.4, “Mechanical,” include a number of options and detailed requirements for specialty clinics and specific functions. Review carefully and coordinate with project requirements, medical and special equipment, and local climatic conditions. Follow directions in editing notes in the template document.

Edit subparagraphs under Paragraph 9.5, “Fire Protection, to include all applicable project requirements and conditions. Keep in mind that space leased by VA is required to comply with NFPA (except NFPA 5000 and NFPA 900).

Subparagraphs under Paragraph 9.6, “Plumbing,” include a number of options and detailed requirements for specialty clinics and other specific functions. Review carefully and coordinate with project requirements, medical equipment, and special equipment. Coordinate special systems with Part III, Schedule B.

Subparagraphs under Paragraph 9.7, “Electrical,” include a number of options and detailed requirements for specialty clinics and specific functions. Review carefully and coordinate with project requirements, medical equipment, and special equipment. Determine type of essential electrical system required based on occupancy and use (medical program), before editing Paragraph 9.7.2.

Subparagraphs under Paragraph 9.8, “Telecommunications,” include a number of options and detailed requirements. Review carefully and coordinate with project requirements. Determine types, quantities and sizes of telecommunications systems rooms required. Coordinate special systems with Part III, Schedule B and Part VI Schedule E.

Include Paragraph 9.9 if a multi-story building is considered and elevators would be necessary. A minimum of two elevators is specified: one passenger and one service. Increase number if justified by elevator study or calculations for size of clinic and anticipated traffic. Show locations and configuration of elevators on conceptual plans.

**Part I—Section 10: Interior Construction, Finishes, and Interior Design.**

Section 10 defines criteria for the “fit out” of the building shell defined in Sections 8.10 and 9. Coordinate floor, wall, and ceiling finishes with spaces listed in Part VI, Schedule E and conceptual plan. List quantities and types of finishes for unit costing in Part IV, Schedule C.
Subparagraphs in Section 10 include a number of options for finish materials. All materials may not be required for every facility. Edit material types to suit project needs. Follow editing notes in the template document.

It is best if room numbers are established on the conceptual plans by the Using Service and A/E preparing the SFO. In some cases, this may not be possible. Edit Paragraph 10.1.2 accordingly.

Paragraph 10.3 includes both hollow metal and wood doors. Hollow metal are preferred for exterior and some interior applications (refer to VA Architectural Design Manual and PG-18-14). Edit as required for the project and coordinate with part VI, Schedule E and conceptual plans.

Edit Paragraph 10.12 for types of x-ray equipment required and for acquisition methods. Coordinate with conceptual plans.

**Part I—Section 11: Services, Utilities, and Maintenance.**

Section 11 defines the responsibilities of the Lessor and VA for building services, utilities, and maintenance during the term of the lease.

The Lessor is responsible for all connection and impact fees to public utilities, including but not limited to, any and all tap fees associated with public utilities.

In most cases, VA will be responsible for the cost of utility usage and cleaning (janitorial) services for the entire interior space of the building in a single-tenant building. The Lessor is responsible for the maintenance of the building; building systems; equipment, including Schedule B items; and site and grounds. Discussions regarding maintenance should occur early in the SFO editing process to establish expectations for the local users.
Edit Paragraph 11.2.2 to reflect project requirements for waste handling and exterior cleaning by Lessor.

If VA decides that some or all of the interior cleaning should be provided by the Lessor, select appropriate text in Paragraph 11.2.3.

Insert normal working hours for the clinic in spaces provided in Paragraphs 11.3.

Use Paragraph 11.7 to identify VA responsibilities for cleaning and waste disposal.

**Part I—Section 12: Safety, Fire Protection, and Environmental Management**.

Section 12 defines the Lessor's responsibilities for occupancy permit(s) and testing and maintenance of building systems to ensure the safety and welfare of patients and employees for the term of the lease.

Edit Paragraph 12.1.2 if additional testing by Lessor will be required for JCAHO accreditation.

**PART II SCHEDULE A—OPERATIONS AND MAINTENANCE (O&M) PLAN**

Schedule A defines the level of detail expected in the Lessor's Operating Plan. Review and coordinate Schedule A with any revisions made to Part I Section 8 related to the Operating Plan.

Schedule A includes a Maintenance Cost Worksheet. The worksheet is to be completed by the Offerors. It provides for additional breakdown of the Annual Operating Expenses and Capital Replacement & Reserves shown in GSA form 1217, Lessor's Annual Cost Statement. [Refer to Part VIII Forms of the Template SFO in Appendix B of this Guide.]

If the CO has determined that a Funded Maintenance Account (FMA) is required, include Paragraphs 1.5 through 1.8 in Schedule A and the sample Property Management Agreement.. RPS recommends the use of a FMA.

**PART III SCHEDULE B—SPECIAL REQUIREMENTS**

Schedule B defines the special equipment requirements for the clinic for which VA will pay a lump sum. The offeror shall provide appropriate cost information for these items. Schedule B does not include equipment and special requirements that are to be provided by the Lessor as part of the basic rental rate. Do not include items from Schedules C, E, or F; or other items that do not meet the definition of Schedule B (see Paragraph 9.3 of Part I of the SFO).

Schedule B consist of a Word file titled "Pt 03A--Schedule B" and Excel workbook titled: "Pt 03B--Schedule B". The Word template file contains the Index, Sections 1 to 3 and the title page for Section 4. The majority of Section 4 (functional room list for special requirements) and all of Section 5 are in the Excel workbook.

**Instructions.** Read the instructions at the front of the electronic files. They contain important information on how the template documents are organized, how to edit and save the documents, and how to prepare electronic files for issue with the SFO. These instructions are for preparation of the SFO and are to be deleted before issue.

**Index.** Update index and add page numbers.

**Section 1 Instructions.** These are the instructions to the Offerors for pricing the Schedule B items and preparing the documents to be submitted with their offers. Follow editing notes in the template document.

**Section 2 General**. More general instructions to Offerors. Follow editing notes in the document.

**Section 3 Special Items for the Entire Clinic.** This section lists telecommunications, security systems, and other systems that are to be priced for the entire clinic (not by room or department). Review and edit to suit the requirements of the clinic.

**Section 4 Special Equipment by Functional Area.** In the Word file, this is the index page for the equipment list that follows. Edit list of services and insert page numbers.

The Excel workbook is the actual Equipment List and Summary Price Sheet for Schedule B. There are two Tabs (or worksheets) in the Excel template.

**Section 4 Functional Room List.** This worksheet lists each type of functional space in the clinic that may have special equipment items. The template worksheet includes the 28 functional areas included in Chapter 265 of VA Space Planning Criteria for an Outpatient Clinic. The equipment listed for each space is from VA and DoD Space and Equipment Planning System software (SEPS), the guidelines established in VA PG-18-5, Equipment Guide List and PG-18-12, Design Guide for Outpatient

Clinics. Edit the worksheet as necessary, deleting or adding functional areas that have special equipment to match the approved space program.

The worksheet is laid out as follows:

| | |
|---|---|
| Column "A" | identifies the department of functional area within the clinic |
| Column "B" | is the room code from VA Space Criteria |
| Column "C" | is the quantity of each room in the space plan. **Insert number of rooms.** |
| Column "D" | is the function or room name |
| Column "E" | is the Equipment Symbol or JSN Code number |
| Column "F" | is the item description |
| Column "G" | is the quantity of the item required for each room |
| Column "H" | is the unit cost of the item (The costs shown are from VA-SEPS for December 2008; these may be used as is or updated as needed for the government estimate.) **Leave this column blank** in the SFO issued to Offerors. Offerors may enter proposed costs here. |
| Column "I" | Is the extended cost (Column G x Column H) |
| Column "J" | Is the subtotal of all costs by room code for each functional area. This cell is linked to the appropriate location in Section 5 Summary Price Sheet. |
| Column "K" | Remarks |

**Section 5 Summary Price Sheet.** This worksheet has been designed with two pages. The first page lists Special Equipment items for the Entire Clinic. Edit to coordinate with text for Section 3. Insert estimated quantities in Column "C." Offerors are to enter unit costs in Column "D." Extended amounts are computed in Column "E" and subtotaled in Column "F." Subtotals are linked to carry forward to grand totals on page 2.

The second page has the cost summary of the equipment items for the functional areas from Section 4. The only additional inputs normally necessary are overhead and profit rates in Column "E". If functional areas are added or deleted, the worksheet and links must be edited and tested for accuracy.

**Section 6 Special Equipment for Clinic.** The worksheet at the final tab (Special Systems Worksheet) is provided as an aid in estimating quantities of alarm, security, and other special systems that are to be priced in Section 3. Follow instructions in the electronic document. The worksheet is organized by room code. Do not add items from Schedule C to this list. **This worksheet is not intended to be issued to Offerors** (all information needed by Offerors will be in Section 3). Since this sheet indicates types and quantities of special systems items, it may be helpful to the successful Offeror if provided for use in preparation of the design development and construction documents.

**PART IV SCHEDULE C—UNIT COSTS & UNIT PRICES**

Schedule C is used to establish unit prices for adjustments and alterations. There are two template documents for Schedule C. The Word template file contains the divider and index pages for Part IV. The Excel workbook contains three tabs. Only two are to be issued to Offerors with the SFO. The worksheet at the first Tab (Exhibit A) is the list for unit cost to be used for adjustment during construction and prior to occupancy. The second tab (Exhibit B) is the list for units cost to be used for changes during the first year of occupancy. The lists of items are identical in both worksheets. Exhibit A has an additional column (Column "D") for Total Quantity Included in Proposed Rate. VA shall provide estimated quantities in this column and the Offerors shall base their initial bid on these quantities. The Offerors are to complete the columns for Cost of Materials, Number of Labor Hours, and Cost Labor Hour. Prices are to be fully installed and include all mark-ups. Extensions are automatically computed and totaled in the far right Column. The worksheet at the final tab (Electrical Items) is provided as an aid in estimating quantities of electrical and telecommunications items (receptacles and outlets) to be included in column D of Exhibit A. The worksheet is organized by room code. Follow instructions in the electronic document. Do not add items from Schedule B to this list.

**This worksheet is not intended to be issued to Offerors** (all information needed by Offerors will be in Exhibit A). Since this sheet indicates types and quantities of receptacles and tele/data outlets, it may be helpful to the successful Offeror if provided for use in preparation of the design development and construction documents.

When preparing the SFO, review and coordinate the lists of items in the exhibits with finishes, doors, and hardware specified in Part VI, Schedule E.

**PART V SCHEDULE D**

Part V is the Bid Summary Form. Two template documents are provided for Part V. The Word document ("Pt 05A--Schedule D Bid Summary Form") is the divider sheet for Part V. Follow the instructions in the electronic file. The Excel document ("Pt 05B--Schedule D Bid Summary Form") contains several tabs. The first (Instructions to Offeror), are the instructions to offerors on how to complete this schedule. The second (Schedule D Bid Summary) is the worksheet where offerors are to enter summary pricing or cost information. The third is a new worksheet to capture all lump sum costs associated with the project. Follow the instructions in the electronic files to prepare these documents for issue.

**PART VI SCHEDULE E**

Part VI is the template of the Room Finish, Door, and Hardware Schedule for the clinic. Two template documents are provided for Part VI. The Word document ("Pt 06A--Schedule E") contains the instructions and abbreviations for Schedule E. The Word template also includes the hardware specifications. Edit hardware sets and specifications for project requirements.

The Excel document ("Pt 06B--Schedule E") is the room finish, door, and hardware schedule for the room types listed in Chapter 265 of VA Space Planning Criteria for the 28 functional areas in the Outpatient Clinic.

The room finishes, doors, and hardware are based on VA PG-18-14 and VA Design Guide for Outpatient Clinics. Edit the worksheet as necessary, deleting or adding rooms or functional areas to match the approved space program Options are separated by "/" marks: option1 / option2. See editing notes in the Word template document for additional explanation of options and material selection to be made in preparing the SFO. Modify finishes and doors when justified to meet special project requirements.

The worksheet is organized by functional area. If desired, the worksheet may be further organized by floors in multistory buildings. The columns in the worksheet are laid out as follows. Columns E, F, and G are shaded. Use of these columns is optional. If used, remove shading in the file to be issued to Offerors with the SFO.

| | |
|---|---|
| Column "A" | identifies the department or functional area within the clinic |
| Column "B" | is the room code from VA Space Criteria |
| Column "C" | is the quantity of each room type required in the functional area. Enter the quantity of rooms. **It is not necessary to add lines for each individual room. This will facilitate pricing by the Offeror**. If necessary, adjustments in materials or quantities may be made during design development through construction and priced using the unit costs in Schedule C. |
| Column "D" | is the function or room name |
| Column "E" | unit area in net square feet |
| Column "F" | is the extended net area for the room code (Column C x Column E) |
| Column "G" | may be used area to be excluded from the Net Usable Area |
| Column "H" | Is the floor finish |
| Column "I" | is the wall base material |
| Column "J" | are the wall finishes |
| Column "k" | is used for wainscot material and height |
| Column "L" | is ceiling finish |
| Column "M" | is the ceiling height |
| Column "N" | is the door symbol (material and size codes; definitions are in the Word document and match PG-18-14 and PG-18-4 NCS Standard Details) |

| | |
|---|---|
| Column “A” | identifies the department or functional area within the clinic |
| Column “O” | is the hardware set (sets are listed in the Word document and match sets in VA MCS 087100) |
| Column “P” | is for notes |

**PART VII LABOR STANDARDS PROVISIONS**

Insert copy of Wage Rate Decision following the Labor Standards Provisions.

**PART VIII FORMS**

Part VIII is the compilation of forms to be used by the Offerors in response to the solicitation. Instructions to the Offerors on the use of the forms are also provided here. Modifications to these template documents are usually not necessary.

**PART IX CONCEPTUAL PLANS**

Part IX consists of the conceptual plans for the CBOC, both layout and site. Refer to Section 5 in this Design Guide for information that should be included in the conceptual plans. Coordinate conceptual plans with Schedules B, C, E, and F.

**PART X SITE SPECIFIC INFORMATION**

Include information and documents pertaining to the site selected by VA. Much of this will have come from performing due diligence when the site was selected. If the SFO is not site-specific, this section is deleted.

**PART XI SCHEDULE F**

Part XI is a template Equipment Guide List.

| | |
|---|---|
| Column “A” | identifies the department or functional area within the clinic |
| Column “B” | is the room code from VA Space Criteria |
| Column “C” | is the quantity of each room type required in the functional area. Enter the quantity of rooms. **It is not necessary to add lines for each individual room.** |
| Column “D” | is the function or room name |
| Column “E” | Is the Equipment Symbol or JSN Code |
| Column “F” | is the Item Name |
| Column “G” | Is the quantity of the item required for each room |
| Column “H” | Is the Acquisition/Installation Code. All items are set to C as the default. |
| Column “I” | is the detailed item description |
| Column “J” | Is provided for totaling the extended quantity of each item. |

# Checklist for Development of SFO Package

**Legend:**
**CO**=Contracting Officer or designee; **RS**=Requesting Svc; **ES**=Engineering Svc; **Dir**=VAMC Director or designee; **GC**=General Counsel; **OT**=Other Technical; **CS**=Contract Specialist; **ACO**=Administrative Contracting Officer; **RE**=Resident Engineer; **IDIQ**=IDIQ Contractor

**DRAFT SFO**

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **RS, ES, Dir, RE, GC** | Review Status of Pre-SFO Activities. If any items are not complete or are pending decision, prepare action plan to resolve remaining items. | **Design Guide Checklists from Sections 4 and 5** | **---** |
| ☐ | **CO** | **GC, CS, ACO, GC** | Review and edit SFO Template Documents for Procedural and Contract issues. | **SFO Part I, Sections 1, 2, 3, 4, 5, 6, & 7** | **---** |
| ☐ | **CO** | **ES, OT, RE, IDIQ, GC** | Review and Edit SFO Template Documents for Technical Criteria | **SFO Part I, Sections 8,9,11,& 12; Part II, Sch. A;** | **---** |
| ☐ | **CO** | **RS, ES, Dir, OT, RE, IDIQ, GC** | Review and Edit SFO Template Documents for Interiors and Finishes | **SFO Part I, Section 10; Part IV, Sch.C; Part VI, Sch. E** | **---** |
| ☐ | **CO** | **RS, ES, OT, RE, IDIQ, GC** | Review and Edit SFO Template Documents for Special Equipment | **SFO Part III, Sch. B** | **---** |
| ☐ | **CO** | **RS, ES, Dir, OT, RE, IDIQ, GC** | Review and Update Conceptual Plan | **Concept Plans SFO Part IX** | **---** |
| ☐ | **CO** | **RS, ES, Dir, OT, RE, IDIQ, GC** | Review and Update Equipment Guide List (if used) | **Equipment Guide List SFO Part XI** | **---** |
| ☐ | **CO** | **ES, CS, ACO, RE, IDIQ, GC** | Complete and Assemble Forms and Reference Materials | **SFO Part VII Labor Standards & Wage Rate; Part VIII, Forms; Part X, Site Specific Information** | **---** |
| ☐ | **CO** | **CS, ACO, GC** | Check all documents and complete summaries and submittal requirements | **SFO Part I, Sections 1 and 2** | **---** |

## REVIEW DRAFT SFO

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | CO | CS, ACO, GC | Reproduce and Distribute draft package for review. | Draft SFO | RS, ES, Dir, RC, CS, ACO, OT, RE |
| ☐ | --- | RS, ES, Dir, GC, OT, RE, IDIQ, GC | Review Draft package and provide written comments | Written Comments | CO; File |
| ☐ | CO | CS, ACO, GC | Receive and Evaluate comments. | Evaluation of Comments | File |
| ☐ | CO | CS, ACO, GC | Revise and Finalize SFO | SFO | File |
| ☐ | CO | CS, ACO | Prepare documents for electronic media distribution | SFO | --- |

Section 6

# Issuing of SFO through Award of Contract

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# Issuing of SFO Through Award of Contract

## Narrative

This section addresses the issuing of the SFO through award of the contract for a new freestanding, single-tenant outpatient clinic, i.e., a build-to-suit project, of 20,000 or more net usable square feet. The steps in this leasing process differ somewhat from those that would be followed for leasing existing facilities. For that situation, refer to the VA Directive 7815 as well as GSA's Request for Lease Proposal documents and associated guidance.

### ISSUING SFO

Having tailored the Template SFO to the particular needs of the CBOC, the **CO** submits the SFO for approval to **the Director of the Requesting Service**. Upon approval and incorporation of changes, the **CO** issues the SFO to all interested parties. These parties are Offerors who expressed interest in response to the advertisement. [See Section 3 of this guide.]

Prior to receiving the offers, the **CO** can receive written requests for information or clarification from the Offerors. These will be turned over to the appropriate acquisition team members, (**Engineering Service (ES)**, **Requesting Service (RS)**, **General/Regional Counsel (GC/RC)**, **Other Technical** staff **(OT), Resident Engineer (RE)**, **IDIQ Contractor,** or other team members responsible for all or portions of the SFO) for the formulation of a response. Upon receipt of these responses, the **CO** will evaluate suggested changes to the SFO and prepare and issue **Addenda to the SFO**.

A pre-bid conference should be held for all build-to-suit procurements and is recommended for any other procurement that utilizes this design guide. Budgetary constraints may provide for this conference to be held using electronic means (conference call, etc.) but an in-person conference is preferred. It is recommended that the project group bring a court reporter to the pre-bid meeting so that all potential Offerors receive minutes following the meeting and thus interpret questions and answers in the same manner. Likely participants in this conference, in addition to the **CO** and the Offerors, are representatives from **Engineering Service,** the **IDIQ Contractor,** and other VA staff as necessary. It is the **CO's** responsibility to carefully coach these members of the team on what topics they may respond to and what types of responses they may make. The SFO should be provided to potential Offerors a week or so prior to the scheduled pre-bid conference, so that questions can be prepared. Additionally, changes incorporated in the Design Guide SFO should be highlighted during the conference.

### EVALUATING OFFERS

The **CO** receives the offers and checks them to determine compliance with the submittal requirements of the SFO. This is a check to verify that each offer is complete and does not contain irregularities that would prohibit further consideration. The CO (or broker designee if applicable), must send past performance surveys to Offerors' references. References should be given a reasonable amount of time to respond (but no more than 5 days), and CO (or broker designee) should follow up with references three (3) times before deeming the reference non-responsive. 14 days prior to the TEB the CO (or broker designee) must provide the PM with a package that includes the following information: Abstract of Offers, Past Performance Report that includes the number of projects/references submitted in response to past performance factor, number of references questionnaires sent, number of references submitting questionnaires, and the number of references who were unresponsive (showing how many follow-up attempts were made by the broker), organized by Offeror, and an OMB scoring spreadsheet for each initial offer. The questionnaires themselves, or lack thereof, must be reviewed and considered by the TEB when determining past performance scores.

The **CO** will establish a **Technical Evaluation Board (TEB),** and will assemble and transmit necessary data to the **TEB**. An IDIQ A/E should be used to help with the technical evaluation. This data includes the SFO, any Addenda, the Technical Components of the Offers, and instructions on scoring. The **TEB** does not receive any portions of the offer that allude to the proposed lease rate.

Concurrent with the **TEB** determination, the **CO** and **COR** must verify the OMB scoring analysis of all initial offers. Once the **TEB** has evaluated each initial offer and rated and ranked it against the evaluation criteria, the **CO** must decide if an award can be made based on the initial offers. The VA may initiate action to award a contract at

any point after review of the initial offers **if this has been stated in the SFO**.

If an award cannot be made at this time, the **CO** will establish a Competitive Range of all the most highly rated proposals based on the technical and cost evaluations. The **CO** may hold exchanges called "discussions" leading to the establishment of the competitive range.

If the **CO** determines that the number of proposals that would otherwise be in the competitive range exceeds the number at which an efficient competition can be conducted, the **CO** may limit the number of proposals in the competitive range to the greatest number that will permit an efficient competition among the most highly rated proposals. The CO will evaluate the combined technical and price scores and determine which offers are most capable of being successful. A competitive range is set by determining the **maximum** position or most advantageous deal that the VA thinks it can obtain; the **minimum** or least advantageous deal the **CO** is willing to accept; and the **target,** which is the deal the **CO** expects to be able to obtain given several reasonable and predictable tradeoffs.

The **CO** will abstract and analyze the offers and then develop a Pre-Negotiation Plan. This plan includes the Competitive Range and an evaluation of those areas in each offer that should be targeted for negotiations. With this in hand, the **CO** provides a written notice to the Offerors who have been excluded based upon the Competitive Range or other factors. The **CO** will then negotiate on behalf of the Government with the Offerors within the competitive range.

At this time, the **CO** must perform a follow-up scoring analysis for a capital lease [see Capital Lease Checklist in Appendix A] in connection with each offer within the competitive range. The results of these analyses may be used as a negotiating tool in light of the fact that capital lease status would preclude award and would indefinitely delay the project due to need for extensive budget procedure.

The **CO** may invite technical assistance as deemed necessary, briefing these assistants on actions not allowed. These actions include **auctioning** (alerting the Offeror to a price which must be met to get the award), **leveling** (keeping negotiations open with one Offeror too long and thus giving an unfair advantage), and **transfusion** (disclosure to an Offeror of another Offeror's solution to a problem or disclosure of any information from another offer that would enable an Offeror to get an unfair advantage). Following the negotiations, the **CO** shall prepare a written record of the negotiations.

## FOLLOW-UP OFFERS

At the conclusion of negotiations, each Offeror still in the competitive range will be given an opportunity to submit a Final Proposal Revision (FPR) to clarify and document understandings reached during negotiations. For larger, more complicated projects, there are often more than one FPR to address the complexity of the requirements and various issues that may arise. Note that appraisals are no longer required to validate the costs provided in FPRs for build-to-suit leases. Once the FPRs are received, all discussions cease. The **CO** will review the FPRs and perform a Net Present Value for the FPRs to make a decision as to which offer represents the best value to VA. As part of this process, the **CO** will review and confirm the Offeror's capability to perform. This includes a check of the System for Award Management (SAM) and the Debarred Databases, FPDS (Offeror's GC & AE only), request EEO Clearance (if aggregate value is greater than $10 million), and request Experian or other reports which provide credit information. He/she will prepare a **CO** Determination and a Price Negotiation Memorandum (PNM) summarizing the process leading to the final decision.

## PREPARE FINAL DECISION PACKAGE

Prior to sending out the official notification of award, the **CO** must take a number of administrative steps. The **CO** will confirm that the Lease Package and supporting documentation have undergone a peer review process, that the Peer Review Checklist is completed and that the Lease Package and supporting documentation are ready to submit to various offices for approval. The completed **Lease Package** includes among other things:

- **US Government Lease for Real Property (GSA SF2) including Additional Provisions;**
- **SFO;**
- **Addenda to SFO;**
- **GSA Forms 3517B, 3518, 1217;**
- **Drawings;**
- **Unit Costs for Adjustments (Exhibit A, Schedule C);**

**Unit Prices for Alterations of $100,000 or Less (Exhibit B, Schedule C).**
[Refer to Part I, Section 1.7.1.]

The **CO** submits the completed Lease Package to General/Regional Counsel to obtain legal review. At the same time, the package is submitted to the **Office of Asset Enterprise Management (OAEM)** for their approval. The **CO** will then send out a Letter of Intent to Award and two originals of the unsigned lease to the successful Lessor. [See Sample Letter of **Intent** to Award in Appendix A.] In addition, if the lease meets the Prospectus threshold and was authorized by Congress, notification to Congress of the pending lease award is required no later than 30 days prior to award.

## PREPARE AWARD NOTIFICATION

With the approvals and Lessor's signed copies of the lease in hand, the **CO** will sign and issue the lease to the Lessor. The **CO** submits a copy of the fully executed lease to the Lessor and one copy is retained in 003C1E.

## UNSUCCESSFUL OFFERORS

The **CO** will issue a Notification Letter to each unsuccessful Offeror and will, upon written request, provide the Offeror with a debriefing. Debriefings shall be conducted in writing unless extenuating circumstances require verbal debriefings. The individual itemized costs as set forth in Schedule B and other proprietary information are considered procurement sensitive information, and **are not** subject to release. This debriefing is documented and placed in the file. The **CO** will also receive and address protests from unsuccessful Offerors.

# Checklist For Issuing of SFO through Award of Contract

**Legend:**
**CO**=Contracting Officer or designee; **COR**=Contracting Officer's Representative; **RS**=Requesting Svc; **ES**=Engineering Svc; **F**=Finance Officer or Fiscal Svc; **Dir**=VAMC Director or designee; **GC/RC** General Counsel; **OT**=Other Technical; **CS**=Contract Specialist; **RE**=Resident Engineer; **IDIQ**=IDIQ Contractor

## ISSUING SFO

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **COR** | Submit SFO for Approval | **SFO** | **Dir** |
| ☐ | **CO** | **COR** | Finalize and Distribute SFO | **SFO** | **Potential Offerors; File** |
| ☐ | **CO** | **Varies** | Receive and distribute Offeror Requests for Information to appropriate team members | **RFI's** | **File; ES; RS; IDIQ; OT; RE** |
| ☐ | **CO** | **ES; RS; IDIQ; OT; RE** | Brief Team on Appropriate Topics/Actions | **---** | **---** |
| ☐ | **CO** | **ES; IDIQ** | Conduct Pre-Offer Conference (if needed) | **Record** | **File** |
| ☐ | **CO** | **---** | Evaluate Suggested Changes to SFO | **Record** | **File** |
| ☐ | **CO** | **Varies** | Prepare and Issue Addenda to SFO (as required) Larger procurements often require additional time to work through many questions which are often generated by the size and complexity of the project. Adequate time should be planned. | **Addenda** | **Offerors; File** |

## EVALUATING OFFERS

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | | Receive Offers | **Offers** | **File** |
| ☐ | **CO** | **COR** | Perform Initial Evaluation of Offers to Determine Response to Requirements | **---** | **File** |
| ☐ | **CO** | **COR** | Establish **Technical Evaluation Board** (**TEB**) | **Memo** | **varies (ES; RS; CS; RE; OT;) File** |
| ☐ | **CO** | **COR** | Review Cost Proposals, Perform Net Present Value of all Initial Offers | **Price Components of Offers** | **---** |
| ☐ | **CO** | **COR** | Convene **TEB** and Provide Appropriate Technical Documents | **SFO; Addenda; Technical Components of Offers; Instructions on Scoring** | **Varies (ES; RE; RS; OT; IDIQ A/E)** |

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **TEB** | **varies (ES; RE; OT; RS; IDIQ A/E)** | Evaluate, Summarize Findings, and Assign Numerical Rating to Each Offer | **Rating Report** | **CO; File** |
| ☐ | **CO** | **COR** | Evaluate Combined Technical/Pricing Data | **---** | **File** |
| ☐ | **CO** | **COR** | Determine if Lease may be Awarded Based on Initial Offers (if so, Proceed to Final Completion Package) | **---** | **File** |
| ☐ | **CO** | **COR** | Abstract and Analyze Offers | **Abstract and Analysis** | **File** |
| ☐ | **CO** | **COR** | Develop Pre-Negotiation Plan | **Summary of Pre-Negotiation Record** | **File** |
| ☐ | **CO** | **COR** | Hold Exchanges with Offerors if Necessary to Establish Competitive Range | | **File** |
| ☐ | **CO** | **COR** | Determine Competitive Range | **Competitive Range Analysis** | **File** |
| ☐ | **CO** | **COR** | Provide Written Notice to Offerors Excluded from the Competitive Range or Otherwise Eliminated | **Notification Letters** | **Unsuccessful Offerors; File** |
| ☐ | **CO** | **varies (ES; RE; RS; RC)** | Conduct Detailed Negotiations with Each Offeror within the Competitive Range | **---** | **File** |
| ☐ | **CO** | **COR** | Prepare Negotiations Record | **Summary of Negotiations** | **File** |

**FOLLOW UP OFFERS**

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **COR** | Request in Writing from Each Offeror Final Proposal Revision (FPR) | **Requests for FPRs** | **Offerors; File** |
| ☐ | **CO** | **COR** | Receive FPRs | **FPRs** | **File** |
| ☐ | **CO** | **COR** | Perform NPV and Score FPRs | **Price Evaluation** | **File** |
| ☐ | **CO** | **COR** | Review Technical Portion of FPRs | **---** | |
| ☐ | **CO** | **COR** | Contract and Select Appraiser | **Letters** | **Appraisers: File** |
| ☐ | **CO** | **COR** | Summarize FPRs | **Summary of FPRs** | **File** |
| ☐ | **CO** | **COR** | Contracting Officer's Determination | **Determination** | **File** |
| ☐ | **CO** | **COR** | Request and Receive Appraisal | **Appraisal** | **File** |

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **COR** | Request and Review Experian, EEO Clearance if required, and check of System for Award Management (SAM) and Debarred Databases on Offerors, | **Credit Report; EEO Clearance, SAM & Debarred Databases** | **File** |
| ☐ | **CO** | **COR** | Prepare Price Negotiation Memorandum (PNM) | **PNM** | **File** |

## PREPARE FINAL DECISION PACKAGE

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **COR** | Prepare Final Decision Package | **Decision Documents** | **File** |
| ☐ | **CO** | **COR** | Prepare Completed Lease Package | **GSA SF2; Additional Provisions; SFO; Amendments to SFO; GSA Forms 3517B, 3518, 1217; Drawings; Unit Costs for Adjustments Exhibit A, Schedule C; Unit Prices for Alterations of $100,000 or Less (Exhibit B, Schedule C)** | **File** |
| ☐ | **CO** | **COR** | Obtain Legal Review | **Completed Lease Package** | **GC/RC** |
| ☐ | **CO** | **COR** | Obtain Office of Asset Enterprise Management, VAMC Director, and Finance Officer Concurrence | **Completed Lease Package** | **OAEM; Dir; F** |
| ☐ | **CO** | **COR** | Obtain CRT/CRB Review | **Completed Lease Package** | **CO** |
| ☐ | **CO** | **COR** | Obtain Lessor's Signature on Lease Contracts | **Unsigned Lease (2 originals); Letter of Intent to Award** | **Lessor; File** |

## PREPARE AWARD NOTIFICATION

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **COR** | Request In Writing Time Extension of the Acceptance Period from Each Offeror if award cannot be made in specified timeframe | **Requests for Time Extension** | **Offerors; File** |

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **---** | Distribute Original Documents of Lease | **Lease Contract** | **Dir; Lessor; 003C1E** |
| ☐ | **CO** | **COR** | Notify Unsuccessful Offerors | **Notification Ltr of Unsuccessful Offer** | **Unsuccessful Offeror; File** |
| ☐ | **CO** | **COR** | Provide Debriefing Upon Written Request from Unsuccessful Offeror | **---** | **Unsuccessful Offeror** |
| ☐ | **CO** | **COR** | Document Debriefing | **Record of Debriefing** | **File; Unsuccessful Offeror** |
| ☐ | **CO** | **COR; GC/RC** | Receive and Address Protests | **Documents** | **File; Protestor (if requested)** |

Section 7

# Construction Issues

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# Construction Issues

## Narrative

This section addresses issues which occur during the construction period. Defects or omissions that occur during the preparation of the premises, if not corrected, may create long term and/or severe problems for the Lessor and VA. Regular and thorough inspections can avert potential problems.

### APPOINT COR

If a **Resident Engineer** (**RE**) has not already been appointed as the **Contracting Officer Representative** (**COR**) the **CO** does so now. If the RE has a warrant, they are designated as the ACO, which gives them authority to make changes. CORs are designated when the RE doesn't have a warrant. The **COR** will acknowledge the appointment. [Refer to Appendix A for sample Memo to Assign Resident Engineer as **COR** and also Letter to Lessor Regarding Designation of **COR**.]

**Resident Engineers** (**RE**) and other **Contracting Officer Representatives** (**COR**) new to the leasing process should be aware that the procedures used to deal with the Lessor and contractor will be different than those to which they are accustomed. In design-bid-build or design-build projects, VA will own the completed building. In a build-to–suit *lease* project, VA is in the role of Lessee. As the Lessee, VA has no direct contractual relationship with the contractor building the new CBOC; and VA **does not make progress payments** to the contractor or Lessor during the construction period.

### RELOCATE COR/RE TO CONSTRUCTION SITE

The **COR/RE** will be relocated to the construction site with a field office at a VA facility, or the Lessor provides a field office as set forth in the SFO.

### DEVELOP CHECKLIST

The **CO** develops and provides to the Lessor and **COR/RE** a list showing the time constraints for significant actions required by the SFO. For large projects, it is critically important for the RE and PM to monitor post award dates (such as providing evidence of a construction loan/performance bond, closing on the land, etc.) This list may be used as a tool for monitoring the timely activities of the Lessor. In addition, the **CO** shall require the Lessor to provide a schedule that shows design and construction activities to meet the established delivery date shown in the lease. The list developed by the **CO** can be used to ensure that all actions are covered by the Lessor's schedule. The purpose of the list is to ensure that all actions required by the SFO are performed.

After receiving the Lessor's schedule, the **COR/RE** should examine it for completeness and reasonableness. The **COR/RE** may reject the schedule outright or may ask for modifications and resubmittal of the schedule. If the **COR/RE** requires additional guidance or assistance to evaluate the schedule, contact CPM Office within the Office of Construction & Facilities Management.

### POST-AWARD MEETING

As soon as possible after award, the **CO** should convene a post-award meeting to bring together the **CO**, **COR/RE**, representatives of the **Requesting Service**, the Lessor, and others as deemed necessary by the **CO**. The **CO or his designee** will chair the meeting. If an **IDIQ Contractor** is providing support during the construction period, he/she may need to attend the meeting. The purpose of the meeting is to explain the roles of all participants in establishing procedures to be used for communications, submittals, record drawings, interpretation of construction documents, interpretation of lease documents, project meetings, inspections, testing, commissioning, etc. Of significance, it is important to cover who on behalf of VA has the ability to execute changes to the lease contract. The outline of the agenda for a preconstruction conference in VA *Handbook for Resident Engineers* may be used.

The SFO proposes partnering by the Government and Lessor as a means to create a relationship between the parties that promotes mutual and beneficial goals. The partnering may occur at the Post-Award Meeting and result in a written agreement signed by all parties.

### REVIEW OF SUBMITTALS

The **COR/RE** will review required submittals, including shop drawings, samples product data, etc., for compliance with the requirements of the

SFO. For technical portions of the submittals, the **COR/RE** may be assisted by **Engineering Service, IDIQ Contractor,** and **Other Technical** members of the team as necessary. Any deviations from the requirements of the Lease documents shall be noted and communicated to the **CO** with recommendations for corrections or substitutions. The **CO** will notify the Lessor of any deviations and request the appropriate corrective action.

The **CO** should designate the members of the project team responsible for the final review and approval of interiors, including finishes, colors, patterns, and wayfinding. For continuity of the interior design concept, the **Interiors Committee** should include representatives from the **Requesting Service** and/or **VAMC Director** who participated in the design development process.

## CONSTRUCTION-IN-PROGRESS SITE VISITS

After the Lessor has been notified of the contract award, he/she will proceed to prepare the premises for occupancy by VA. During this phase, the **COR/RE** will be VA's primary contact with the Lessor and contractor. The **COR/RE** will monitor every aspect of the construction to ensure conformance with the Government's requirements as set forth in the lease. During each site visit, the **COR/RE** will compare the progress of the work with the requirements of the SFO, approved construction drawings and specifications, and project schedule. The **COR/RE** will record comments for each branch of the work as appropriate for that stage of construction.

The **COR/RE** must submit to the **CO** a monthly written report on construction progress. The report includes, at a minimum, date and time of visit, work status, work progress (percent complete), work force (manpower status), adequacy of materials and equipment, schedule status, and itemized observations or comments for each branch of the work. Items in the report should be consecutively numbered. GSA Forms 184, *Construction Progress Report;* 220, *Inspection Report on Work Under Contract,* or VA **RE** forms or software may be adapted for use. The **COR/RE** should monitor the estimated work progress or percent completion to ensure the Lessor's timely progress toward the contractually required completion date. [See sample in Appendix A.]

The **COR/RE** must keep current a list of items (**Deficiencies List**) that are at variance with contract requirements, including defects and omissions observed during the progress of the work. Things to look for include missing items, damaged areas, and incorrectly located items. Format of the list should be similar to the "Punch List" described in VA *Handbook for Resident Engineers,* H-08-2. Deficiencies shall be listed as they are observed and reported to the Lessor/Contractor for immediate correction.

## PHOTOGRAPHS

The **COR/RE** will take in-progress photographs at regular intervals during construction. Refer to Chapter 4 in VA *Handbook for Resident Engineers* for categories and frequency of photographs.

## CORRECTION OF DEFICIENCIES

In line with the Default in Delivery clause of the General Clauses, Full Text, GSA Form 3517B [Refer to Part VIII of the Template SFO in Appendix B for document], the **CO** must issue a **Cure Notice** if the project is behind schedule or other performance deficiencies arise.

Throughout the preparation of the premises, the **COR/RE** monitors construction to ensure the Lessor's timely completion of the project. If the **COR/RE** determines that the space will not be substantially ready for occupancy on the date stated in the lease, the **COR/RE** will notify the **CO** who in turn notifies the Lessor of discrepancies that must be corrected before VA will accept space and rent will begin. Then, if the Lessor appears to be operating in good faith and the delay is beyond his control, the **CO** and Lessor may agree to a revised date by which the space will be ready for occupancy in accordance with the terms of the lease. A determination should be made and documented as to whether circumstances warrant a no-cost time extension or one at a justifiable cost to either party.

When deficiencies in the work are observed by the **COR/RE**, the **CO** forwards a copy of the Deficiencies List to the Lessor with a request that the items be corrected (Cure Notice). It should be made clear that lists distributed during the progress of the work do not represent a final inspection. The list should be precise, including the location of each deficiency and the required corrective action.

A master copy of the Deficiencies List should be maintained by the **COR/RE**. As items are addressed, the master list should be updated to record the corrections. A list of all outstanding items should be forwarded to the Lessor with a letter requesting that they be corrected before a final inspection is scheduled.

## CHANGES

Any changes must be approved in writing by the Medical Center Director and funds obligated in the amount of the change. Changes to the contract must be authorized in writing by the **CO**. RE should prepare, negotiate, obtain funds for, and execute change orders in a timely manner upon completion of 100% CDs. Usually an RE/ACO has authority for changes up to $100,000. Everything above that amount goes to the CO. Consult with the CO to determine if General Counsel/Regional Counsel review and concurrence is required, based on the dollar value of the proposed change.

## FINAL INSPECTION

Lessor shall provide written notice to the **CO** when construction and commissioning are sufficiently complete for Final Inspection. Notice shall be transmitted through the **COR/RE**. The **CO/COR** will assemble the **Inspection Team** and schedule the final inspections of the site and building. If the **COR/RE** has reason to believe that the work will not be ready for final inspection on the date designated by the Lessor, he/she shall notify the **CO** by telephone and the Lessor in writing, giving reasons for his/her opinion. The building and all major systems must be functional and ready for occupancy by the Government at the time of Final Inspection. If the Lessor fails to withdraw, in writing, the request for final inspection, the **COR/RE** will notify the **CO/COR.**

The final inspection is the responsibility of the **CO**. The supervision of such inspections will normally be by the **COR** or **COR/RE**, designated in writing by the **CO** as the captain of the Inspection Team. The Inspection Team will include the **COR, COR/RE,** and representatives from **Engineering Service**, the **IDIQ Contractor** and/or **Other Technical** personnel, as necessary. Representatives from the **Requesting Service** and/or the **Facility Director** may also attend. The Lessor, the Construction Contractor, ICCP, and/or their representatives may be present, but are not part of the Inspection Team.

Procedures for Final Inspection should follow the guidelines in VA *Handbook for Resident Engineers*, Chapter 4 Paragraph 4.26. The Lessor shall have obtained an Occupancy Permit based upon Final Inspection and approval of the space by Local Authority Having Jurisdiction (AHJ) over construction. The **Inspection Team** conducts the final inspection and develops the Punch List. At the time of assembling the punch list items, a dollar value should be assigned to each item. The amounts can be used in adjusting the lump-sum payment or initial rental payment due the Lessor. An example of a Final Inspection report and punch list are included in Appendix A.

## ACCEPTANCE OF SPACE

Upon determining that the project is ready for Substantial Completion Certification, and that the AHJ has issued an Occupancy Permit, the captain of the Inspection Team will execute the custody receipt in the form of an Acceptance of Premises [see sample in Appendix A] with the Lessor subject to the correction of the items of correction or completion explicitly stated on the punch list.

For each item identified on the punch list, the Lessor and **CO** negotiate a mutually acceptable date by which that item must be corrected.

Following the final inspection and execution of a custody receipt, the team captain will execute the transfer receipt [see sample in Appendix A] and transfer the project to the VA Facility Director.

Immediately following the final inspection, the **COR/RE** will prepare and submit a final progress report dated the same as the date of Substantial Completion Certification to show the work as complete. For outstanding punchlist items, VA may withhold 150% from the lump sum payment.

## SPACE NOT READY FOR OCCUPANCY

If, after beginning the inspection, the team captain concludes the project is not ready for Substantial Completion Certification or occupancy, he/she will so inform the **CO** and obtain his/her concurrence to abort the inspection. The captain will make a detailed written report to the **CO** listing major omissions and deficiencies upon which the recommendation was based. The captain will inform the Lessor or his/her representatives of

the **CO's** approval to abort the inspection and advise the Lessor of the specific reasons why the project is not acceptable for Substantial Completion Certification or occupancy.

In case the team captain and **CO** decide to proceed with the final inspection and the project is not ready for Substantial Completion Certification or occupancy, the Government will not accept custody. The **CO** shall transmit the final inspection report and punch list to the Lessor with a Cure Notice. When the items have been corrected by the Lessor and the Inspection Team has determined that the facility is ready for occupancy, acceptance of the space may proceed.

**CORRECTION OF PUNCH LIST ITEMS**

The **CO,** along with the **COR/RE** and **Other Technical** staff as needed, will monitor the Lessor's progress in completion or correction of the items on the punch list. Only the items on the punch list are reviewed during the follow-up inspection. If all punch list items are corrected, then the **CO** notifies the Lessor that the punch list contingency is waived from VA's acceptance of the premises.

If the Lessor fails or refuses to complete or correct significant punch list item(s), the **CO** may withhold a portion of the Lump Sum Payment due the Lessor.

# Checklist For Issuance of SFO through Award of Contract

**Legend:**
**CO**=Contracting Officer; **COR**=Contracting Officer's Representative; **RS**=Requesting Svc; **ES**=Engineering Svc; **Dir**=VAMC Director or designee; **OT**=Other Technical; **RE**=Resident Engineer; **IDIQ**=IDIQ Contractor

## APPOINT THE COR

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **---** | Appoint the **COR** | **Memo Appointing COR; Letter to Lessor Re Desig. COR** | **COR; Dir; Lessor; File** |
| ☐ | **COR** | **---** | Acknowledge Letter of Authorization | **Letter of Acknowledgement** | **CO; File** |

## RELOCATE COR/RE TO CONSTRUCTION SITE

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| | **COR/RE** | | Relocate to Site | **---** | **---** |

## DEVELOP CHECKLIST

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **COR** | Develop Checklist of Actions based on SFO | **Action Checklist** | **File** |
| ☐ | **CO** | **COR** | Require Submittal of Schedule from Lessor | **Letter** | **Lessor; File** |
| ☐ | **CO** | **COR; COR-Lessor** | Receive and Examine for Completeness Schedule from Lessor | **Schedule** | **File** |
| ☐ | **CO** | | Accept or Reject Schedule; or Require Modifications to Schedule | **Letter** | **Lessor; File** |

## POST-AWARD MEETING

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | | Identify/Contact VA Staff to attend Post Award Meeting | **e-mails** | **Participants; File** |
| ☐ | **CO** | **COR; RS ; OT** | Prepare Agenda for Post-Award Meeting; Discuss Appropriate Topics and Conduct with VA project team | **Agenda** | **Participants, File** |
| ☐ | **CO** | **COR; RS ; OT** | Convene Post Award Meeting | **Meeting Minutes** | **Participants; File** |

## REVIEW OF SUBMITTALS

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **COR** | **ES, OT, IDIQ** | Review Technical Submittals and Report Deviations to **CO** | **Submittal Review** | **CO** |
| ☐ | **CO** | | Notify Lessor of Deviations and Request Corrective Action | **Letter** | **Lessor** |
| ☐ | **CO** | **ES, RS, Dir** | Review and Approve Final Interiors Material and Color Submittals | **Submittal Review** | **Lessor** |

## CONSTRUCTION-IN-PROGRESS SITE VISITS

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **COR** | **ES, OT, IDIQ** | Periodic Site Visits to Monitor Progress and Quality of Construction. Frequency should be determined by size and complexity of project. | **Progress or Inspection Report** | **CO** |

## PHOTOGRAPHS

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **COR** | | Supervise Progress Photographs of Construction and Completed Facility | **Prints and Digital Files** | **CO** |

## CORRECTION OF DEFICIENCIES

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **COR** | **ES, OT, IDIQ** | Identify Defects or Omissions In Construction and/or Progress of Work | **Deficiencies List** | **CO** |
| ☐ | **CO** | **COR** | Notify Lessor of Deficiencies | **Cure Notice** | **Lessor; File** |
| ☐ | **CO** | **COR** | Maintain Master List of Deficiencies; Review and Update as Work Is Corrected or Completed | **Deficiencies List** | **File** |

## CHANGES

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **COR** | Request for Pricing for Change(s) | **Proposal Request** | **Lessor** |
| ☐ | **CO** | | Review and Negotiate Proposal | **Record** | **File** |

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **Dir** | Verify Local Obligation of ] Funds for Change(s) | **Record** | **File** |
| ☐ | **CO** | | Prepare Written Directive Authorizing Lessor to Proceed With Change | **Change Order** | **Lessor; File** |

## FINAL INSPECTION

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **COR** | When Lessor has Requested Final Inspection, Review Progress Reports and Deficiencies List; If Work is not Sufficiently Complete for Inspection, Send Notice to Lessor | **Cure Notice** | **Lessor** |
| ☐ | **CO** | **COR, COR/RE** | When Work is Ready for Final Inspection, Identify and Assemble Inspection Team | **Ltr or e-mail** | **COR; Team Members** |
| ☐ | **CO** | **COR** | Schedule Final Inspection with Lessor, Contractor, and ICCP | **Ltr or e-mail** | **Lessor; Team Members** |
| ☐ | **COR, COR/RE** | **ES, OT, IDIQ, RS, Dir** | Conduct Final Inspection of the Facility and Site; Record List of Items for Correction or Completion | **Inspection report and Punch List** | **CO; Dir; Lessor** |

## ACCEPTANCE OF SPACE

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **COR, COR/RE** | **Lessor** | Verify Project Is Ready for Substantial Completion Certification; Execute Custody Receipt | **Custody Receipt** | **Lessor; CO** |
| ☐ | **COR, COR/RE** | **Dir** | Following Execution of Custody Receipt, Transfer the Project to Medical Center Director | **Transfer Receipt** | **Dir; CO** |
| ☐ | **COR/RE** | | Prepare Final Progress Report | **Progress report** | **CO** |

## SPACE NOT READY FOR OCCUPANCY/CORRECTION OF PUNCH LIST ITEMS

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **COR, COR/RE** | Transmit Punch List with Request for Corrective Action to Lessor | **Punch List** | **Lessor** |

| | Responsible | Involved | Task | Docs to be Completed/ Submitted | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **COR** | Verify Work Has Been Corrected or Completed; Proceed to Finalization of Lease | **---** | **---** |

Section 8

# Finalization of Lease, Administration and Closeout of Lease

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# Finalization, Administration, and Closeout of Lease

## Narrative

This section addresses the finalization of the lease for the new CBOC from Conditional Acceptance to Closeout of the Lease. Because most leases of the type addressed by this Design Guide include the appointment of an **Administrative Contracting Officer** (**ACO**), responsibility for these activities is shown here as that of the **ACO**. Although this does not relieve the **Contracting Officer** of the ultimate responsibility, there are a number of reasons to designate an **ACO**. [Refer to Designating an **Administrative Contracting Officer** (**ACO**) below.]

### CONDITION SURVEY REPORT

The **COR/RE** and **ACO** should conduct joint condition surveys with the Lessor's representative at both the start of the lease and the end of the lease.

The **COR/RE** and **ACO** prepare a GSA Public Buildings Service Condition Survey Report, GSA Form 1204, to document the condition of facilities at the date of occupancy [See Appendix A]. Because this may be used for comparison purposes when VA vacates the facilities, particular care should be taken in recording conditions. When required, the following factors may be taken into consideration:

- The inclusion in the lease contract of a specific clause requiring the Government to restore, or not to restore, the premises;
- The type and nature of the operation within the space which could result in damage considered to be other than normal wear and tear;
- Alterations and improvements to the premises to be made by VA prior to initial occupancy;
- Alterations and improvements to the premises made after initial occupancy, if known; and
- Lessor's refusal to waive restoration or objection to alterations and/or improvements required by VA.

The **CO** notes information regarding the leased space on the Condition Survey Report including:

- The age of the building;
- Its general condition and appearance;
- Type of construction;
- Condition of ceilings, walls, floors, lighting;
- Condition of paint or other finishes; and
- Other items necessary to describe the premises accurately.

### GOVERNMENT FURNISHED PROPERTY

Space alterations may include equipment that is furnished by VA but installed by the Lessor. The **CO** is responsible for providing materials in a timely manner to coordinate with the construction schedule.

The **CO** requests a schedule of desired equipment delivery dates from the Lessor.

The **CO** arranges to have equipment delivered before the required dates to prevent delays in the alteration of the space.

The **CO** and Lessor jointly inspect the equipment upon delivery to check for damage and confirm quantities. If shortage or damage is found, the instructions on the Government's bill-of-lading for reporting to the carrier should be followed.

The **CO** should include equipment delivery and installation requirements in the contract documents, including requirements to:

- Accept delivery of equipment on established dates;
- Take steps to correct shortages or damage in transit;
- Be responsible for proper storage and protection;
- Provide any additional transportation; and
- Uncrate, assemble, and install equipment.

### DESIGNATING AN ADMINISTRATIVE CONTRACTING OFFICER (ACO)

The **CO** acting within the scope of his/her delegation may enter into leases. Each delegation to procure a lease carries with it exclusive authority to administer that lease. In

certain circumstances, the **CO** who negotiated and executed the lease may elect to delegate the authority to administer that lease. The person to whom lease administration is delegated is referred to as the **ACO**. The reasons for delegating lease administration authority vary in each circumstance but may include the following:

The **CO** recognizes that by centralizing lease administration under one staff member, the using service is more effectively served;

Due to the necessity for the **CO** to travel frequently, another member of the staff with fewer travel obligations but appropriate knowledge, experience, and judgment may be the better person to administer the lease on a daily basis and;

The **CO** who negotiated and executed the lease may be located in an office which is a substantial distance from the leased premises and may infrequently visit the leased premises, thereby becoming detached from the day-to-day issues leases frequently involve.

The **CO** should evaluate the need to delegate lease administration on a case-by-case basis. If lease administration is delegated, the **CO** shall provide written notice to the **ACO** and the Lessor clearly defining the roles, duties, and responsibilities of the **ACO**. [Refer to Appendix A for a sample Letter Delegating Authority as Administrative Contracting Officer.]

## CREATING A LEASE FILE

At or prior to the lease award, acceptance, administration, or close-out milestones, the appropriate Lease Procurement eCMS (Electronic Contract Management System) Compliance Checklist and Briefcase Index should be completed.

Immediately after the lease is executed and a copy returned to the Lessor, the **ACO** must create a lease file. Many of the documents in the file will come from the **CO**. The exact configuration of the lease file is discretionary; however, the following recommendations should be followed:

**Location.** The lease file should be conveniently located in a place that provides the **ACO** with almost instant access. Frequently, during the course of administering a lease, the **ACO** will receive a call from the Lessor or the VAMC personnel that requires the **ACO** to review the lease.

**Capacity.** The size of most lease files may increase significantly over the life of the lease, which includes the firm term plus all renewal terms. The **ACO** must plan for file expansion by choosing a file location which can accommodate file growth.

**Organization and Order.** Create separate file tabs for each major category of document that is likely to be received over the life of the lease. Listed below are some of these categories. This file division will represent those documents generated during occupancy of the premises:

The original lease;

Lease Amendments;

Evidence of lease recordation;

Evidence of Lessor's insurance;

Non-disturbance, subordination, and attornment agreements (See Regional/ General Counsel for details);

Operating expense escalations;

Real property tax bills and correspondence;

Notices of Lessor's default or failure to perform, cure notices; and

Legal notices from the Lessor, such as sale of property, change of ownership, address changes, bankruptcy filings, assignments of rent, and condemnations.

**The Closeout and Settlement Documents.** This file section contains those documents that demonstrate that VA's on-going contractual liabilities have ceased and that the terms and conditions of the lease contract have been fully satisfied:

Notice of intent to vacate premises;

Preliminary Premises Inspection Report;

Liquidated damages findings and agreements to restore premises;

Final inspection report; and

Lessor's acceptance of return of premises.

**Space Requirements Package.** This file section contains those documents that describe exactly what the Using Service requested. Items in this section may be instrumental in documenting that the **CO** acted within the scope of his or her delegated authority.

**Creating a Space Acceptance/Inspection File.** This file contains all of the documents that indicate that the Lessor has prepared and delivered the space to VA in a condition that is in full compliance with the terms and conditions of the lease:

Approved construction documents (these may be bulky documents and may be physically stored in another location with other drawing documents);

A summary of all substantial changes to the approved construction documents which reference the corresponding Lease Amendments;

Notes and correspondence;

Preliminary and final inspection reports;

Equipment and materials warranties, operating manuals, and product specifications (these items may be stored in another location, perhaps in the local Engineering Service office); and

Notice of Acceptance of Premises.

## OWNERSHIP OF ALTERATIONS AND IMPROVEMENTS

VA may make alterations, attach fixtures, and erect additions or signs in or on the premises as provided in the U. S. Government Lease of Real Property, Standard Form 2, and in the General Clauses, GSA Form 3517B [See Part VIII of the Template SFO in Appendix B of this Guide]. The clause notes that any fixture, alteration, or structure placed on the premises by VA remains the property of VA.

There should be a provision in the lease giving the Government the right to either remove equipment, material, or fixtures or to abandon-in-place without restoration payment. The **ACO** should verify this.

## RECORDING THE LEASE

Per the SFO, the Lessor shall provide evidence of the recordation of the lease in the County or political subdivision in which the building is located. This is to be done within 30 days after award.

Any direct VA lease must be recorded in the land records of the jurisdiction in which the premises are located to protect VA's leasehold interests. By recording the lease, VA's leasehold interests will forever be established "first in time" relative to any other legal documents or agreements, which are created after the lease is recorded and that affect the real property which VA occupies. Typically it is not the entire lease that is recorded, but usually the SF2 which summarizes the pertinent details of the agreement.

Upon recordation of the lease, the local office of land records in the jurisdiction in which the lease was recorded will generally provide a printed receipt indicating the date on which the lease was recorded as well as the exact location of the lease recordation. In many jurisdictions, this location reference is stated as a unique *liber* and *folio* designation. The words "*liber*" and "*folio*" are Latin words which mean "book" and "page," respectively. The **CO** needs to make sure that VA receives a copy of this receipt for the file.

## ABSTRACTING THE LEASE

The **ACO** abstracts the lease using a form [Refer to Appendix A for sample Abstract of Offer] similar to the Abstract of Offer which was part of the offerer's evaluation process. The difference between the lease abstract and the Abstract of Offer is that the lease abstract includes a synopsis of non-economic, as well as economic, provisions of the lease. Economic provisions are the financial terms and conditions of the lease. The non-economic provisions are non-financial in nature, such as critical dates, quantity of space leased, hours of building operation, and the levels of cleaning service.

A lease abstract is a beneficial tool which can be used by the **ACO** to help administer a portfolio of leases. The benefits of such a lease database include:

Helping to keep track of critical dates as stated in the lease, such as notice dates and expiration dates;

Providing a quick way to produce reports that assist in the preparation of an annual report of real property owned or leased by the Government in compliance with Federal

Property Management Regulation (FPMR) Part 101-3, Annual Real Property Inventories; and Assisting with the calculation of annual rent projections.

# Checklist for Finalization of Lease

**Legend:**
**CO**=Contracting Officer or designee; **COR**=Contracting Officer's Representative; **RS**=Requesting Svc; **ES**=Engineering Svc; **OT**=Other Technical; **Dir**=VAMC Director or designee; **ACO**=Administrative Contracting Officer; **RE**=Resident Engineer

## CONDITION SURVEY REPORT

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | **COR Lessor ES OT RE** | Conduct Joint Condition Surveys | **---** | **---** |
| ☐ | **CO** | **COR** | Prepare Condition Survey Report | **Public Buildings Service Condition Survey Report GSA Form 1204** | **Lessor File** |

## GOVERNMENT FURNISHED PROPERTY

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | | Request Schedule of Desired Equipment Delivery Dates from Lessor | **Request** | **Lessor File** |
| ☐ | **CO** | **ES COR** | Arrange for Delivery of Gov't Furnished Equipment Before Required Dates | **Order Documents** | **File** |
| ☐ | **CO** | **Lessor COR** | Jointly Inspect Equipment upon Delivery for Damage and Quantities; Report to the Carrier as Necessary | **Necessary Notice to Carrier** | **Carrier Supplier File** |

## DESIGNATE AN ADMINISTRATIVE CO

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | | Notify **ACO** of Delegation of Lease | **Letter of Notice** | **ACO; Dir; Lessor; File** |

## CREATE A LEASE FILE

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **CO** | | Create the Lease File | **Lease File** | **---** |

## ALTERATIONS AND IMPROVEMENTS

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | CO | | Verify Provision in Lease on Ownership of Alterations and Improvements | --- | --- |

## RECORDING THE LEASE

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | ACO | App. VA Staff | Verify recording of Lease or Arrange for Recordation of Lease | Lease | Local Office of Land Records |
| ☐ | ACO | | Follow Up on Recordation | --- | App. VA Staff |
| ☐ | ACO | Local Office of Land Records | File Printed Receipt Documenting Recordation | Receipt | File |

## ABSTRACTING THE LEASE

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | ACO | | Abstract the Lease | Lease Abstract | File |

## LEASE ADMINISTRATION

Lease administration commences with VA's execution of the lease and encompasses all activities and actions that are required of VA as lessee due to the contractual terms of the lease, the on-going needs of VA, and the judgment of the **ACO**.

Such actions include:

- Timely payment of rent;
- Monitoring of the Lessor's actions in providing services as required by the lease;
- Amending the lease as required to reflect rent changes and exercise of rights;
- Timely exercise of renewal, expansion, contraction, and/or other right;
- Settling charges related to vacating of the premises; and
- Review and administration of claims filed pursuant to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613).

Two **ACO** activities will make the administration of the lease both convenient and successful. First is familiarity with the terms of the lease. Second is identifying milestones and establishing a schedule of activities for the life of the firm-term lease. Annual events in the schedule might include Analysis of Rental Rate Due to Operating Expense Escalations and the annual Analysis of Real Estate Taxes to determine if a lump sum payment will be due. Monthly Activities might include monitoring the Lessor's performance on environmental and safety issues and responsiveness to requests for maintenance. Quarterly Activities might include an analysis of vacancy or upcoming vacancy of leased space. Farther into the term of the lease would be activities concerning the lease extension and finally vacating of the premises.

Allowing adequate lead time for events both puts VA into a good position for negotiations of any changes to the lease and makes the process of expanding, relocating, or moving out run far more smoothly, efficiently, and cost- effectively.

## EXERCISING LEASEHOLD RIGHTS

Leases procured by VA frequently contain provisions that, when properly exercised, grant VA certain rights to modify various provisions of the lease. Such rights may include the following:

**Renewal Rights.** The right to renew the lease for a specified term and at the negotiated rental rate specified in the lease. The **ACO** prepares and distributes a Lease Renewal Notice following receipt of delegation of authority from GSA.

**Alteration Rights.** The right of VA to utilize its own employees or enter into a contract with the Lessor or a third party to alter the premises within a specified scope and/or contract value.

**Surrender Rights.** The right to surrender certain portions of the leased premises, including any storage space or parking spaces, at certain specified dates upon appropriate notice to the Lessor.

Note: The long lead time for this right involves the ability of VA to completely vacate and release that portion of the leased premises covered by the "Assignment" clause. The **ACO** will have to consider the time required to find and prepare new space, or conclude the mission of the VA unit presently using the space, as well as considering the rights of the Lessor.

**Termination Rights.** The right to terminate the lease for all or a portion of the premises under certain stated conditions, such as changes in agency mission.

**Assignment Rights.** The right of VA to assign the lease, in whole or in part, to another entity, usually another Federal Agency, but in certain instances to a non-Federal third party. The degree to which VA remains liable under the lease may be negotiable if the "Assignments" clause is not deemed to be mandatory by Regional or General Counsel.

The **ACO** must carefully consult with the VAMC or Using Service well in advance of the notice date as stated in the lease so that the decision regarding whether or not to exercise an option is made in the best interest of VA. The amount of time required in advance of the notice date will vary depending upon, among other things, the size of the leased premises and the needs of VA. Also, consideration should be given to negotiating rights of cancellation, rather than renewal options, to allow greater flexibility in determining when VA might choose to terminate

the lease. A renewal option allows only a limited amount of time for notice that the lease will not be renewed, whereas a right of cancellation allows for notice any time after the date stated for it to take effect.

## MODIFYING THE LEASE / LEASE AMENDMENTS (LA)

Throughout the firm term and renewal terms of the lease, VA and the Lessor may find it necessary to modify the lease for any number of reasons, including:

- Lump sum payments for adjustments in real estate taxes from those established for the initial year of the lease;
- Changes in the rental rate due to operating expense escalations;
- The addition or surrender of premises;
- The addition of alterations; and
- The termination of the lease.

Whenever the **ACO** determines that the lease must be amended, he/she must prepare a GSA Public Buildings Service Lease Amendment [See Appendix A] to reflect each modification. The Lessor executes the LA first; then it is executed by the **ACO**. Each LA must also be abstracted, with the changes entered into the lease database as appropriate. Modifications to the lease that alter VA's use of the space within the scope of the lease should be communicated to employees to avert violations of the lease. Actions set forth within all LAs must be for adequate consideration.

## MONITORING LESSOR'S PERFORMANCE

Throughout the life of the lease, the **ACO** has the obligation of monitoring the performance of the Lessor under the provisions of the lease. The following is a list of basic performance monitoring areas:

- Heating, air conditioning, and ventilation provided during the hours and at the temperatures specified in the lease;
- Utilities provided in adequate amounts during hours of operation specified in the lease;
- Lessor-janitored area free of obstacles and cleaned on a regular basis;
- Lessor-janitored lavatories fully functional and cleaned on a regular schedule;
- Maintenance of site, grounds, and parking areas;
- Trash removed on a regular basis;
- If applicable, snow/ice removed within specified time frame;
- Fire and life safety equipment fully functional and regularly tested;
- Elevators and conveyances available and functioning properly during the hours of building operation; and
- Responsiveness of Lessor to requests for routine maintenance.

## VACANT LEASED SPACE

### Temporary Vacancy

When a facility leased by VA becomes vacant but VA fully anticipates utilizing the vacant space in the future, then the **ACO** should review the lease contract for a provision which grants VA the right to reduce the total rent by that amount attributable to the vacant premises for the duration of the vacancy. If that provision exists, then the **ACO** should exercise that right in accordance with the provision and execute a SLA to reflect the change.

### Partial Vacancy

Whenever VA's space requirements change such that a portion of the leased premises becomes vacant and VA does not anticipate having a use for the vacant premises before the expiration date of the lease, the **ACO** should search the lease for a provision that permits VA to modify the lease with respect to the vacant premises. If such a provision does not exist, then there are several possible alternatives:

- Negotiate with the Lessor to modify the lease with respect to the vacant space without cost to VA;
- Sublease the space to a third party, if the space being retained by VA can be configured in such a way to permit the vacant space to be demised as separate premises in line with the Subletting and Assignment Clause of the General Clauses; or Negotiate a "lease buy-out" at an equitable price with respect to the vacant premises.

**Permanent Vacancy**

When all of a leased facility becomes vacant and there is no prospect for further use by VA or any other Government agency, then the lease for the vacant facility should be terminated. If the lease does not contain termination or cancellation provisions, there are several possible alternatives:

Negotiate with the Lessor to cancel the lease on the vacant space without cost to VA;

Sublease the space to a third party;

Negotiate a "lease buy-out" with the Lessor at an equitable price; or

If the Lessor refuses to negotiate on any basis and the lease will expire in less than a year, it may be kept in the VA inventory until the lease expires. When the remaining firm term is for more than one year, it should be reported as Excess Real Property to GSA for disposal in accordance with FPMR 101-47.

**Property Inspection**

In all cases, the vacant space should be properly secured and regularly inspected until the space is occupied or the lease is terminated. Regular inspections are recommended so that potential problems can be identified before they become a liability to VA.

**SUPERSEDING LEASES**

When the changes or modifications contemplated under an existing lease are so numerous or detailed as to cause complications or substantially change the lease, the **ACO** should consider executing a superseding lease rather than an LA. The superseding lease would replace the present one. This would entail competition, prior to award of such lease, or formal justification as set forth in FAR Part 6.3 for failure to do so.

If space under separate leases in the same building is consolidated into a superseding lease, care should be taken to ensure that favorable provisions, such as termination rights on behalf of VA, are protected to the maximum extent possible. When the cost of the lease for the firm term is $25,000 or less, the **ACO** is required only to prepare a Justification for Other Than Full and Open Competition (JOTFOC), for inclusion in the lease contract file. If the cost will exceed $25,000, the next higher contracting authority must approve such a JOTFOC before it is placed in the lease contract file.

When the necessary approvals have been obtained, a space requirements package containing the total space needs and current lease provisions will be furnished to the Lessor; and lease procurement procedures described earlier will be followed.

**EXPANSION REQUIREMENTS**

LAs for expansion space cannot exceed the term of the original lease. When occupying the space under an existing lease that has expansion requirements within the scope of the lease, an increase in space of less than ten percent (10%), the **ACO** does a JOTFOC. Accordingly, negotiations can be conducted with the present Lessor on a sole-source basis to lease the required space. If the additional requirement exceeds the scope of the present lease, action must be taken to determine the availability of alternate space. When the proposed expansion space is outside the scope of the lease, the following conditions apply:

If no suitable alternate space is available and the cost of the space exceeds $150,000, a JOTFOC approved by the next higher contracting authority than the **ACO** is required before the **ACO** can initiate negotiations with the Lessor for expansion space. If the estimated cost is $150,000 or less, an approved JOTFOC is not required; however, the **ACO** must prepare a JOTFOC for inclusion in the lease contract file.

If a market survey reveals suitable alternate locations which can satisfy the total space requirement, a cost comparison will be performed to determine whether it is in VA's best interest to relocate. This should include a comparison in which the cost of alternate space is burdened with the cost of relocating and duplicating existing improvement and the cost of the un-expired portion of the firm term or cost to terminate the lease . If the **ACO** determines that it will be cost effective to lease expansion space at the existing location and the necessary approvals have been received, a SRP for the additional space will be furnished to the Lessor; and negotiations will be conducted in accor-dance with procedures described above in Section 7, Issuance of SFO Through Award of Contract. If it is concluded that it would be cost

effective to lease alternate space, SFOs will be issued to all parties, including the present Lessor if this Lessor is interested, requesting lease proposals on the total requirements. Thereafter, the lease contracting process described in Section 7 will be followed.

For leases procured by VACO, the **ACO** must work with the procuring **CO** in order to accomplish lease expansions.

## LEASE EXTENSIONS

The term of an existing lease may be extended, usually for not more than one year, upon receipt by the **ACO** of internal approvals and GSA delegation. However, the total lease term with such extensions may not exceed 20 years.

## RENEWAL OPTIONS

### Validation

Validate continuing need for space by obtaining necessary staffing and workload data from the Using Service.

### Notification

It is the **ACO**'s responsibility to ensure that notification to renew the lease is given in accordance with the terms of the lease. Failure to do so may result in VA paying a higher rental for a succeeding lease or having to vacate the leased premises. Lease contracts having a renewal provision specify the number of days' advance notice that must be given to the Lessor. It is the **ACO**'s responsibility to establish sufficient lead time that will allow the necessary steps required prior to exercising the renewal option or to leasing alternate space. During the evaluation process, the **ACO** should not hesitate to attempt to negotiate with the Lessor for a more reasonable rental rate for the renewal period if the rate stipulated within the lease is considered unreasonable. Likewise, the **ACO** should be sure there are no deficiencies in the space or in the Lessor's performance.

### Market Survey

A market survey must be performed to determine the availability and cost of potential locations. The survey should focus on the prevailing rental rates for comparable space. Advertising is required only when the estimated average annual rent exceeds $150,000.The market survey should be documented and the report placed in the lease contract file. Informational quotations in response to advertising may be oral or written and should be documented with the name, title, and address of the person giving the quote and a description of the space, including the services to be provided. The cost of moving and special requirements must be estimated and added to the quoted rentals. The **ACO** should not let the landlord believe that VA has no other alternative but to exercise the renewal right, even though that may be the case. In exercising a renewal option, the **ACO** must follow procedures in GSAR (Subpart 570.401).

### Re-Appraisal

If lease renewal is the alternative selected, an appraisal must be obtained to confirm the current market rate.

### Exercise of Options

When the above steps have been taken, the notice to renew the lease must be sent to the Lessor within the time frame specified in the lease.

### Alternate Actions

The **ACO** may conclude it is in VA's best interest to acquire alternate space if one of the following instances applies:

> Alternate space is available at a more reasonable cost, considering all factors such as rent, moving costs, and changing telephone service. If alternate space is to be leased, the procedures in Sections 5 through 7 will be followed.
>
> The Lessor's present performance under the lease is unsatisfactory, and the Lessor refuses to comply with the terms of the lease. If the present Lessor is not performing in accordance with the requirements of the lease and such failure to perform is during the firm term of the lease, then VA has the right to demand that he cure. The **CO** may take action to terminate the lease for default if no cure is forthcoming in accordance with the terms of the cure notice.

## STANDSTILLS

In instances where lease extensions cannot be processed, either due to agency restrictions on the lease term, or simply agreement cannot be reached with the Lessor on terms of extension

before a lease expires, an option to remain under contract with the Lessor is a Standstill Agreement. This short-term vehicle, which should be used for a duration no longer than 1-year, essentially 'freezes' the terms of the lease and avoids VA going into holdover situations. A Standstill Agreement is preferred by VA over holdover status because it outlines basic rights and responsibilities of both parties, and ensures that VA will not be forced to vacate the space. Consult with General or Regional Counsel prior to executing Standstill Agreements. Standstill Agreements do not require delegation of authority from GSA.

## SUCCEEDING LEASES

A succeeding lease is a lease contract entered into to provide continued occupancy at a location where VA does not have a renewal option and where no significant changes in space or alterations are required. Succeeding leases for the continued occupancy of space in a building may be entered into when a cost comparison analysis has been conducted and the results indicate that an award to an Offeror other than the present lessor for the current space would result in substantial relocation and duplication costs to VA that are not expected to be recovered through competition. Succeeding leases may not be used to replace temporary leases awarded using expedited procedures. The **ACO** should review earlier sections in this Design Guide, in which the procedures for acquiring a new lease are described. When advertising, indicate that VA's current lease is expiring.

The procedures for procuring a succeeding lease are generally those utilized to procure a new lease. The following is a summary of the modified procedures that must be followed when procuring a succeeding lease:

### Establish the Requirements

**Authority.** The beginning of every lease acquisition is the receipt by the **ACO** of a delegation of ] authority from GSA, as well as the internal approvals required for acquisition. The **ACO** must request and receive a delegation of leasing authority for the succeeding lease.

**Lead Time.** Creating full and open competition is the biggest challenge facing an **ACO** who is procuring a succeeding lease. VA must communicate clearly to prospective lessors and the present Lessor that it is ready, willing, and able to relocate to satisfy the space requirement. **The most convincing evidence VA can offer is the commencement of the lease acquisition process sufficiently in advance of the lease expiration date to realistically permit relocating, if necessary.** An important point to remember is that successful negotiations with the present Lessor are not guaranteed. Negotiations may reach an impasse, or the present Lessor may choose not to offer the space to VA because doing so would not be in the Lessor's best interest. The need for adequate time to prepare for these contingencies cannot be overly emphasized.

**The Planning Process.** The need to consider acquiring a succeeding lease provides VA with the opportunity to re-evaluate the adequacy, suitability, and efficiency of its current premises. Questions that should be answered by the Using Service include:

> Are the current adjacent activities and amenities appropriate and adequate given the current mission of the agency?
>
> Is there vacant or under-utilized space within the leased premises?
>
> Do certain features of the building decrease the efficiency of the space utilization, especially when compared to similar, available space in the marketplace?
>
> Is the location of the premises within the building conducive to the projected expansion requirements of the Using Service?
>
> Has the percentage of open space and closed offices within the revised space plan significantly changed?
>
> Has the use of technology significantly changed the need for space utilization within the leased premises?
>
> Is the present geographical location satisfactory for continued service to area veterans?

The Using Service and the **ACO** should consult with Engineering Service or its comparable element when determining the adequacy, suitability, and efficiency of the leased premises. If the **ACO** determines that acquiring new space best satisfies the space requirements, then the **ACO** must follow the procedures for acquiring a new lease. If the **ACO** determines that the

current premises can accommodate the space requirement with only minor changes or alterations, then the Using Service should prepare a complete set of specifications which can become part of the succeeding lease.

**Creating Competition and Surveying the Market**

Recall that time is the most precious resource available to the **ACO** when he or she is procuring a succeeding lease since expedient use of it convinces the present Lessor and prospective lessors that relocating is a valid alternative. With adequate time, the **ACO** can promote competition. The method for accomplishing this is essentially the same as for the procurement of a new lease.

**Sources of Market Information.** The **ACO** should devote extra care to this step so that the marketplace understands that VA is ready, willing, and able to relocate. Please refer to Section 3 of this Design Guide for a list of valuable sources of information.

**Identify the Delineated Area.** Depending on the age of the original lease, the market service area may have changed since the original lease was executed. Use this opportunity to re-evaluate the delineated area which the Using Service finds acceptable. Ensure that new developments and projects that have been completed since the original lease was procured are included in the delineated area, if appropriate.

**Advertise the Requirement.** Placing an advertisement remains a very good way of increasing market awareness of VA's space requirements and letting all potential Offerors have an opportunity to compete. Unlike an advertisement for a new requirement, the succeeding lease advertisement should set forth the expiration date of the present lease, as well as a statement advising prospective lessors that the total cost of relocating will be considered by VA when selecting the best offer. For leases in excess of $150,000 in annual rent, advertising the requirement is mandatory pursuant to GSAR Section 570.106 and 505.101(c). Please refer to Section 4 of this Design Guide for additional information.

**Conduct Market Survey.** A succeeding lease is a new lease. Consequently, GSAR Section 570.402-3 requires a market survey. The procedures for conducting a market survey are detailed in Section 4.

**Competitive Determination.** After completing the market survey, the **ACO** determines whether any suitable alternative locations are available. If none is available, then the **ACO** prepares a JOTFOC to negotiate directly with the present Lessor in accordance with FAR Subpart 6.3 and GSAR Section 570.402-4. The efforts to identify suitable alternative locations must be documented and retained in the succeeding lease file.

**Cost Benefit Analysis (CBA).** If suitable alternate locations are available, the **ACO** must determine whether an award for space at an alternate location would result in substantial relocation and duplication costs that VA could not expect to recover through competition. The **ACO** should determine this by completing a CBA, not to be confused with the BCA used to determine the method of acquisition described in Section 4. A CBA is required for all succeeding leases. [See GSAR 570.402-5]. To complete one, the **ACO** should take the following steps:

**Relocation Cost Estimates.** The **ACO** obtains an estimate of the costs that will be incurred by the Government if it relocates to an alternate location. Such relocation costs include moving, reconnecting computers and communications systems, reinstalling or duplicating special fixtures that are owned by VA, and purchasing new stationery and business cards. Engineering Service or a comparable service should be consulted when preparing this cost estimate

**Calculate Total Occupancy Costs.** For each alternate location, as well as the presently leased location, the **ACO** calculates the total estimated occupancy cost. These calculated costs are based upon prices gathered during the market survey and prices obtained from informational quotations of prospective lessors. Ideally, each informational quote is obtained in writing. Whether an informational quote is obtained verbally or in writing, the following information, as a minimum, must be obtained:

The name and address of the prospective Lessor,

The name of the prospective Lessor's representative who issued the quote,

The address of the location cited,

The price quote and the services included in the quoted price,

The name of the VA employee soliciting the quote, and

The date on which the quote was solicited.

**Determine Viability of Relocating.** Compare the total occupancy cost for a succeeding lease at the current location with the sum of the relocation cost and the total occupancy costs for each respective relocation alternative. If such a comparison indicates that relocation costs may be recovered through competition, the **ACO** should proceed to prepare an SFO and follow the procedures described in this Design Guide. If the **ACO** determines that VA's relocation costs cannot be recovered through competition, he or she should prepare a JOTFOC to negotiate directly with the present lessor in accordance with FAR Subpart 6 and GSAR Section 570.402-4. The results of the CBA, which should include updated scoring to ensure no capital lease status, must be documented and retained in the succeeding lease file.

### Solicitation for Offers

The procedures for preparing and distributing the SFO or Request for Lease Proposal (RLP) are the same as for a new lease. Remember that the SFO will be incorporated into the lease document. Precisely follow the procedures for acquiring a new lease detailed in this Design Guide.

### Contract Preparation, Clearance, and Award

Since a succeeding lease is a new lease, competitive negotiation procedures are to be followed and all actions are to be conducted as with any other new lease.

## FAILURE TO PERFORM

VA has certain rights if the Lessor fails to perform in accordance with the terms and conditions of the lease. GSA Form 3517B, Clause 15 (GSAR 552.270-10 - Failure in Performance) describes VA's rights if the Lessor fails to provide any service, utility, maintenance, repair, or replacement required under the lease. These rights are in addition to any other remedies available under the law.

## VACATING PREMISES

### Determining Need to Vacate

At some point during occupancy, VA determines that its mission no longer requires the leased premises. Ideally, this determination is made sufficiently in advance of the lease expiration date to permit VA to undertake the orderly vacating and surrendering of the leased premises. Several steps must be accomplished to vacate the space. The Initial Condition Survey Report shall be referred to when vacating premises.

**Notice of Intent to Vacate Premises.** The first step in vacating leased space is notice from the Using Service to the **ACO** of VA's intent to vacate the premises. The **ACO** promptly notifies the Lessor of VA's intent to vacate in accordance with the notice provisions of the lease.

**Preliminary Inspection.** The next step is to schedule a preliminary inspection of the leased premises sufficiently in advance of the lease expiration date to allow VA adequate time to make any necessary repairs to the premises of items that cannot be classified as normal wear and tear.

**Move-out Planning.** During this step, the Using Service and **ACO** make plans to move all personal property from the leased premises, disconnect and forward all telephone lines, notify customers and vendors of a change of address, remove data and telephone equipment, and remove any bulk trash from the premises during the last week of occupancy.

**Liquidated Damages.** Liquidated damages are a remedy under the law that one party to a contract may seek against the other party for failure to perform. Liquidated damages are typically first encountered in the lease acquisition process immediately after the lease is executed. At that point in the process, the Lessor is expected to perform its obligations by constructing the premises to the specifications stated in the lease and delivering the premises ready for occupancy on the agreed date.

At the end of the lease, the Lessor may invoke the liquidated damages provision relative to VA's failure to perform. The performance agreed to by VA in the lease is that of refraining from damage of the premises over and above what may be considered reasonable wear and tear. If the leased premises have been damaged over the life of the lease beyond that extent, then VA agrees to pay the lessor for the excess damage. The amount of the payment will be based upon the actual damage, which can be calculated as the difference in the appraised value between that of the premises with only ordinary wear and tear and that with the existing degree of damage.

During lease negotiations, VA's preferred strategy is to eliminate any liquidated damages clause from the lease relative to the condition of the premises upon move-out. For a sufficiently long lease term, the alterations installed by the Lessor on behalf of VA will have no determinable economic value and will, in all probability, require demolition or removal by the subsequent tenant.

For leases with a liquidated damages clause relative to the condition of the premises upon surrender, the **ACO** may either negotiate a damages amount based upon the cost to restore the premises or order an appraisal, which will determine the magnitude of the loss. Upon payment to the Lessor and the Lessor's executing an acceptance of space, VA has no further obligation to the Lessor.

The **ACO** should seek the advice of Regional Counsel or General Counsel (025) when a determination has been made to vacate and liquidated damages are involved.

### Restoration of Premises

If the lease requires restoration of the leased premises for damages beyond normal wear and tear and such damage is identified during the preliminary inspection, then a list of items to be repaired or replaced is prepared. The preferred strategy is to avoid restoring the premises by agreeing to a lump sum payment, which the Lessor will accept in lieu of VA's restoring the premises.

The Lessor and VA will negotiate a payment that will represent the difference in the economic value of the premises given the then existing condition versus the condition of the premises if subject only to ordinary wear and tear. This estimate will be certified as reasonable by a representative of VA Engineering Service, or comparable service, or by a qualified consultant acting on VA's behalf. The **ACO** approves the certified amount and then makes a payment to the landlord after vacating the premises. The **ACO** requires a letter accepting the return of the premises "as is," plus the negotiated payment and stating that VA is not subject to any additional obligations to restore or repair the premises. The **ACO** is obligated to verify that all payments due the Lessor for any reason are paid in a timely fashion.

### Surrender of Premises

**Move-out.** The **ACO** should ensure that all of VA's personal property and fixtures are removed completely from the premises prior to requesting that the Lessor execute an acceptance letter for return of premises. Further, VA should remove all bulk trash from the premises, adjacent hallways, and storage facilities. Finally, VA should arrange for the leased premises to be broom swept immediately prior to surrender to the Lessor.

**Final Inspection.** The **ACO** should make an appointment for the Lessor to inspect the premises after VA has completed all repairs and completely vacated and cleaned the premises. The purpose of the inspection is to ensure that all repairs have been made, that no new repairs are needed, and that the premises are clean.

**Acceptance for Return of Premises.** After the final inspection and payment of all monies owed the Lessor or VA, the Lessor executes a release letter prepared by VA which certifies that the Lessor has accepted the return of the premises and that no remaining obligations or claims exist relative to the lease.

# Checklist for Administration and Closeout of Lease

**Legend:**
**CO**=Contracting Officer or designee; **US**=Using Svc; **ES**=Engineering Svc; **Dir**=VAMC Director or designee; **OT**=Other Technical; **RE**=Resident Engineer; **CS**=Cntrct Specialist; **ACO**=Administrative Contracting Officer

## INITIAL ACTIVITIES FOR ADMINISTRATION OF LEASE

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **ACO** | | Review Lease Terms | **---** | **---** |
| ☐ | **ACO** | | Establish Milestones and Schedule of Actions to be Performed During Term of Lease | **Schedule of Events** | **File** |

## EXERCISING LEASEHOLD RIGHTS

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **ACO** | | Review Leasehold Rights | | |
| ☐ | **ACO** | | Notify of Any Deficiencies | **Letter(s)** | **Lessor** |

## MODIFYING THE LEASE

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **ACO** | **US** | Determine Need for Modification to Lease | **Notes of Analysis of Need** | **File** |
| ☐ | **ACO** | | Prepare Lease Amendment | **LA** | **File** |
| ☐ | **ACO** | | Issue LA to Lessor | **LA** | **Lessor** |
| ☐ | **ACO** | **Lessor** | Receive Executed LA from Lessor | **LA** | |
| ☐ | **ACO** | | Execute LA for VA | **LA** | |
| ☐ | **ACO** | | Issue VA Executed LA to Lessor | **LA** | **Lessor; File** |
| ☐ | **ACO** | | Abstract LA; Enter Changes into Lease Database | **Record of Changes** | **File** |
| ☐ | **ACO** | **VA Emps** | Alert VA Personnel to Lease Changes Affecting Use of Space | **e-mails** | **File** |

## MONITORING LESSOR'S PERFORMANCE

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **ACO** | **US** | Monitor Lessor's Performance | **Evaluations; Complaints from Using Personnel** | **File** |

## VACANT LEASED SPACE

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **ACO** | **US** | Periodically Evaluate Vacancy or Upcoming Vacancy of Leased Space | **Notes** | **File** |
| ☐ | **ACO** | **US** | Determine Nature of Vacancy: Temporary, Partial, Permanent | **Notes** | **File** |
| ☐ | **ACO** | | Determine Desired Course of Action | **Analysis** | **File** |
| ☐ | **ACO** | **Lessor** | Negotiate with Lessor to Obtain Desired Result | **Notes on Negotiations** | **File** |
| ☐ | **ACO** | | Appropriately Complete Required Paperwork | **Documentation** | **File** |

## SUPERSEDING LEASES

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **ACO** | **US** | Determine Need for Superseding Lease | **Notes** | **File** |
| ☐ | **ACO** | **AUTH OFF; CO** | Obtain Approval for Superseding Lease | **Authorizing Document** | **File** |
| ☐ | **ACO** | **US ES** | Furnish Space Requirements Package to Lessor | **SRP** | **Lessor File** |
| ☐ | **ACO** | **US ES OT CO** | Follow Lease Procurement Procedures | **Notes** | **File** |

## EXPANSION REQUIREMENTS

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **ACO** | **US** | Determine the Need for Expansion | **Notes** | **File** |
| ☐ | **ACO** | | Review Clauses in Lease on Expansion Requirements | **---** | --- |
| ☐ | **ACO** | **US RE ES** | Determine Availability of Alternate Space | **Market Survey** | **File** |
| ☐ | **ACO** | **CO** | If Required, Obtain JOTFOC from **CO**; otherwise Prepare a JOTFOC | **JOTFOC** | **File** |
| ☐ | **ACO** | | Perform Cost Benefit Analysis | **Analysis** | **File** |
| ☐ | **ACO** | | If Leasing Expansion Space from Lessor is Cost Effective, Furnish SRP for the Additional Space | **SRP** | **Lessor; File** |
| ☐ | **ACO** | **Lessor** | Conduct Negotiations with Lessor | | |
| ☐ | **ACO** | **Lessor; CO** | Prepare LA and Oversee Execution | **LA** | **Lessor; File** |

## LEASE EXTENSIONS

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | ACO | US | Determine Need for Lease Extension | Notes | File |
| ☐ | ACO | AUTH OFF; CO | Obtain Authorization for Lease Extension | Authorizing Document | File |
| ☐ | ACO | Lessor; CO | Prepare and Oversee Execution of LA | LA | Lessor; File |

## RENEWAL OPTIONS

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | ACO | US | Validate Continuing Need for Space | Staffing & Workload Data | File |
| ☐ | ACO | US ES | Perform Market Survey to Determine Availability and Cost of Potential Locations | Market Survey | File |
| ☐ | ACO | US | Review Existing Space for Deficiencies; Review Lessor's Performance | Review | File |
| ☐ | ACO | Appraiser | Update Appraisal of Existing Space | Appraisal | File |
| ☐ | ACO | ES JS | Determine if Acquiring Alternate Space is in VA's Best Interest | Notes | File |
| ☐ | ACO | | Notify Lessor of Desire to Renew Lease | Notification Letter | Lessor File |

## SUCCEEDING LEASES

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | ACO | US | Determine Continuing Need for Space | Notes | File |
| ☐ | ACO | | Conduct Cost Benefit Analysis to Determine Best Interest of VA | CBA | File |
| ☐ | ACO | US ES | Establish the Requirements | SRP | File |
| ☐ | ACO | US ES | Evaluate Adequacy, Suitability, Efficiency of Current Premises | Notes | File |
| ☐ | ACO | US ES | Create Competition and Survey the Market | Notes | File |
| ☐ | ACO | US | Identify the Delineated Area | Description of Delineated Area | File |
| ☐ | ACO | Local Newspaper | Advertise the Requirement | Advertisement | File |
| ☐ | ACO | US ES OT | Conduct Market Survey | Market Survey Report | File |
| ☐ | ACO | US ES OT | Determine Suitability of Alternative Locations | Notes | File |

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | ACO | | Perform CBA/Capital Lease Scoring | CBA/Scoring | File |
| ☐ | ACO | ES | Issue SFO or RLP | SFO | File |
| ☐ | ACO | US<br>ES<br>OT<br>CO | Follow Procedures for Competitive Negotiation, Contract Preparation, Clearance and Award | Documents | Pert Parties; File |

## FAILURE TO PERFORM

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | ACO | US | Periodically Evaluate Lessor's Performance for Failure to Perform | Notes | File |
| ☐ | ACO | CO<br>GC | Exercise VA's Rights per GSA Form 3517B, Clause 15 if Lessor Fails to Perform | Correspondence | Lessor; File |

## VACATING PREMISES

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | ACO | US | Determine Need to Vacate | Notes | File |
| ☐ | U S | | Indicate Intent to Vacate | | ACO; File |
| ☐ | ACO | | Notify Lessor of VA's Intent To Vacate | Notification of Intent to Vacate | Lessor; File |
| ☐ | ACO | | Schedule Preliminary Inspection | Date | US; Lessor; File |
| ☐ | ACO | US<br>ES | Have Necessary Repairs Made | Notes | File |
| ☐ | ACO | US<br>ES | Plan Move-Out | Notification, Notes | Lessor; File |
| ☐ | ACO | US<br>ES<br>OT | Compare Initial Condition Survey Report with Current Condition of Premises | Notes | File |
| ☐ | ACO | | Evaluate Potential for Liquidated Damages; Make Payment as Appropriate | Payment Notes | Lessor; File |
| ☐ | ACO | US<br>ES | Move Out | Notes | File |
| ☐ | ACO | US | Verify Removal of All Bulk Trash | Notes | File |
| ☐ | ACO | US | Arrange for Broom Sweeping of Premises | Notes | File |
| ☐ | ACO | US<br>Lessor | Arrange for Lessor Inspection of Vacated Premises | Notes | File |

| | Resp. | Involv. | Task | Docs to be Cmpltd/ Submtd | Submit to |
|---|---|---|---|---|---|
| ☐ | **ACO** | | Prepare a Release Letter and send to Lessor Certifying Acceptance of Premises and No Remaining Claims | **Release Letter** | **Lessor** |
| ☐ | **ACO** | **Lessor** | Accept Letter from Lessor | **Release Letter** | **File** |