

**To:** VA LCOs and Staff

**Subject:** CFM ORP's VA-Wide Leasing Policy Alert 2023-04: Class Deviation from GSAM for Lease Amendment and Total Lease Contract Value Definitions

**Date:** Monday, April 10, 2023 12:28:32 PM

**Attachments:** [Class Deviation from GSAM 501.603-1\(a\) 04.04.2023.pdf](#)  
[Attachment 1 - Class Deviation from GSAM 501.603-1 04.04.2023.pdf](#)

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# Office of Construction and Facilities Management's Office of Real Property's VA-Wide Leasing Policy Alert 2023-04: Class Deviation from GSAM for Lease Amendment and Total Lease Contract Value Definitions

Good morning/afternoon,

General Services Administration (GSA) updated GSA's Acquisition Manual (GSAM) Part 501 to clarify lease terminology and to incorporate a dollar ceiling limit related to simplified lease warrant thresholds. Changes are reflected in [Part 501 - General Services Administration Acquisition Regulation System | Acquisition.GOV](#).

As a delegated agency and per GSA Bulletin FMR C-2, GSAM is applicable to Department of Veterans Affairs (VA) lease procurements. Due to agency operational and pricing policy differences, VA is deviating from GSAM 501.603-1, specifically the definitions of "Lease Amendment" and "Total Lease Contract Value" in GSAM 501.603-1(a), as follows:

For VA leases executed under a delegation of authority from GSA:

*"Lease amendment"* includes the dollar value of the lease amendment and is based on the absolute value of the changes.

*"Total lease contract value"* means the entire lease award amount at initial award, including the dollar value of option periods plus any lump-sum and/or amortized tenant improvement costs reflected in the rent schedule. Lump-sum tenant improvement costs based on allowances and definitized post-award/post-design are computed based on the lease ABOA SF and allowance value.

For VA executed lease procurements, the tenant improvements should be part of the total lease contract value calculation, whether amortized or paid lump-sum because the VA Lease Contracting Officer's (LCO) signature on the lease obligates the VA to the total dollar value outlined in the lease, the award of which would be the "individual transaction" per GSAM 501.603-1.

GSA's updated definitions did not adequately address the obligations resulting from VA's lease contracts and amendments. Therefore, in accordance with GSAM 501.404(d), the attached memorandum approves a class deviation from GSAM for VA's definitions outlined above. To assist VA leasing officials with applying these definitions to VA's lease program, including how to apply warrant values, Attachment 1 of the memorandum includes several examples.

VA's definitions will be incorporated into the VA Supplement to GSA's Leasing Desk Guide (LDG) and VA Directive 7815, both anticipated for release this year. Question or concerns may be submitted to Office of Construction and Facilities Management Office of Real Property's (CFM ORP) Policy and Programs, [VACO003C7APolicyandProgramsTeam@va.gov](mailto:VACO003C7APolicyandProgramsTeam@va.gov).