

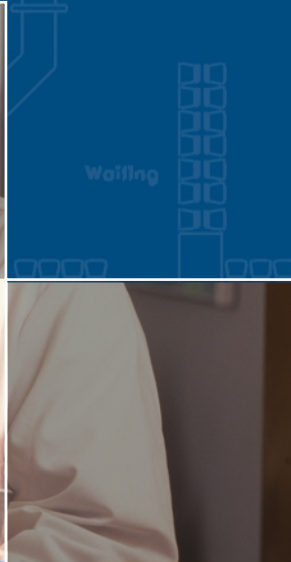


Department of  
Veterans Affairs  
*Office of Facilities Management*

# designguide

JULY 2005

## LEASE BASED OUTPATIENT CLINIC



## DESIGN GUIDE

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## 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 GSA's 1996 delegation of leasing authority to VA, the need for guides specific to the intensely technical requirements of VA space was apparent. This design guide for a lease-based facility focuses on Outpatient Clinics in line with the current emphasis on healthcare outpatient services.

The material contained in this Design Guide for Lease-Based Outpatient Clinics is the culmination of an intense effort on the part of the Strategic Management Office and the Service Delivery Office in the Department of Veterans Affairs Office of 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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*Officer*

**Section 1**

**Purpose &  
Acknowledgements**

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## Purpose

The purpose of this publication is to guide all VA participants through the lease process for a freestanding Outpatient Clinic with the following characteristics: net usable area greater than 20,000 sf, average annual rent greater than \$100,000, and location outside the grounds of a VA Medical Center.

The document is intended to be used as a guide throughout the leasing process from its initiation through the closeout of the lease. It is intended for use by VA personnel with responsibility for acquisition of the leased space, including those in administrative, contracting, legal, fiscal, engineering, and requesting services, as well as independent consultants to the VA. It does not replace the exercise of judgment on the part of VA personnel in matters of fiscal, leasing, or legal matters or in matters of architectural and engineering design, construction, and facilities operational practices.

## Acknowledgements

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**Section 2**

**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 Outpatient Clinic (OPC) of greater than 20,000 usable square feet, average annual rent greater than \$100,000 and not located at a Medical Center.

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 all new OPCs. The template was developed as a comprehensive document whose purpose was to reduce omissions and resulting addenda to the Solicitation for Offers (SFO) or Supplemental Leasing Agreements (SLA). The template is not project or site specific. It does not replace the exercise of judgment on the part of VA personnel 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 nine sections with supplemental material (including a template SFO) in three appendices.

Section 1 contains a statement of purpose as well as acknowledgements of the participants who contributed to developing this Guide.

Section 2 contains general information (how to use this Guide), abbreviations, and definitions.

Section 3 provides an overview of the lease process.

Section 4 details development of pre-SFO administrative, legal, fiscal, real estate, space planning, and design actions.

Section 5 focuses on special technical pre-SFO issues including layout and spatial requirements and selection of technical requirements from VA Standards and Guides.

Section 6 focuses on the preparation of the SFO package based on decisions reached from the activities in Sections 4 and 5.

Section 7 addresses the issuance and award of the contract.

Section 8 identifies issues that arise during construction and includes procedures to ensure quality of the completed facility.

Section 9 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 Design Guide Plates; these Design Guide Plates have been selected as pertinent to a leased OPC. While updating the plates was not part of the current effort, they have been cursorily updated. **Appendix C** contains the Template SFO. These materials have been consolidated from existing VA Standards, Guides, Manuals, and criteria applicable to the planning, design, and construction of an OPC.

Starting in Section 4, 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 an OPC. The contractual side of the process involves leasing, administrative, real estate, fiscal, and legal staff; and the architecture-engineering side may involve 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 Draft Lease Handbook 7815 for an understanding of the VA leasing authority. Those already familiar with the process can proceed to the overview provided in Section 3 of this Design Guide.



## Abbreviations & Definitions

**ACO.** Administrative Contracting Officer. A duly designated appointee of the CO 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.** An MAI professional who estimates quantity, quality, and value based on facts gathered during an investigation of the market place.

**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, 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 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 intermediate 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.** "Usable Area" or "ANSI/BOMA 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.

**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.

**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.

**CCR.** Central Contractor Registration. The primary Government repository for Contractor information required for the conduct of business with the Government. See FAR 52.204-7.

**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.

**CIP.** Capital Investment Process. Means by which a project is approved by the agency for inclusion into the annual Congressional budget.

**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. (See Part I, Section 6.4.4, LBOC Template SFO, [Appendix C](#).)

**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. For procedure set forth in this Guide, the CO authority will reside within VACO, Real Property Service (183C).

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

**COTR.** Contracting Officer's Technical 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.

**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.

**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 after construction showing actual placement of partitions and other architectural, structural, mechanical features, and final site plan layout.

**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.

**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.

**FedBiz.** Formerly known as the *Commerce Business Daily*. Advertisements for goods and services desired by the Federal government can be placed in this on-line publication.

**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.

**GSA.** General Services Administration.

**GSAR.** General Services Acquisition Regulation. GSAR applies to all contracts for the procure-

ment 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.

**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.

**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.

**MCS.** Master Construction Specifications.

**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.

**NSF.** Net Square Feet.

**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 Paragraph 3.14, Appendix C.)

**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.

**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.

**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.

**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.

**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-funded Projects).** 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-funded Projects).** Legislation applicable to VA (Title 38, Section 8104, U.S.C.) sets the prospectus approval level at \$600,000 per annum.

**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 Facilities Management (FM) engineer assigned as on-site construction observer. The **RE** may function as the **COTR** if designated by the **CO**.

**SBA.** Small Business Administration.

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

**SLA.** Supplemental Lease Agreement.

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

**SLAT** Simplified Lease Acquisition Threshold. \$100,000 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.

**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".

**VA.** 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 3**

**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.

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 (unserved) annual rent is greater than \$100,000 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, the pertinent GSA Regional or local official has been contacted, and 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 (CICA) of 1984 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 the VA's needs within the delineated area. In either case, the process continues with the **Solicitation For Offers (SFO)**. 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 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 Lessor.

Monitoring the preparation and acceptance of the premises is technically intense. Since design/construction period decisions impact the lease agreement, the **Resident Engineer (RE)** or **Contracting Officer's Technical Representative (COTR)** are 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 the 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 Technical Representative (**COTR**)
- Resident Engineer (**RE**)
- Administrative Contracting Officer (**ACO**)
- Others as needed

### APPOINT THE COTR

The **CO** should designate, in writing, a Contracting Officer's Technical Representative (**COTR**). The **COTR** can be a qualified member of **Engineering Service** or a **Resident Engineer**. The **COTR** is the technical representative of the **CO** at the construction site. The **COTR** will regularly visit the premises to inspect construction in progress. For the purposes of this guide, we will use **COTR/RE** as Resident Engineers are most commonly appointed as the **COTR**.

## 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. **CO** authority for procedures set forth in this document will reside within VACO, Real Property Service (183C).

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 responsible for appropriate technical aspects of the acquisition process. Should an IDIQ contractor be on board to develop the technical sections of the SFO and/or provide review of design packages, the Engineering Service Representative provides support.

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** will 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 local VA Medical Center 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 4**

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

	Page
<b>Narrative</b> .....	4-1
Phase I .....	4-1
Phase II .....	4-2
<b>Checklist</b> .....	4-4

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

### Narrative

The request for space is the first activity to be considered and may be divided into the following phases.

- Establish the Requirement and Obtain Approval
- Create Competition and Survey the Market
- Develop the Solicitation For Offers
- Prepare Contract, Obtain Clearance and Award
- Monitor Preparation of and Accept Premises
- 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

Once the Project File is established, 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. See Section 3 for composition of the team.

##### Benefit Cost Analysis

The **CO** 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 **CO** compares the total net cost per Usable Square Foot (USF) 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 Real Property Service (183C) with 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 depending in line with the outcome of this scoring.

##### The Space Requirement Package

**Requesting Service** submits the **Space Requirement Package (SRP)** to the **CO** for certification. 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 is required. [Refer to Section 5 of this report for a discussion of Space Criteria.] Quantities and types of space must be identified.

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. For support, reference may be made to the project in the Capital Investment Process or in the Capital Asset Realignment for Enhanced Services (CARES) Report.

##### 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.

## Contact GSA

Having determined that Leasing is the appropriate acquisition method, the **CO** contacts GSA to determine if existing GSA-controlled space can readily meet VA's need within the time frame required. Again, this Guide presumes a negative response from GSA, thus leading to a VA Direct Lease Project.

## Determination of Lease Type and Assembly of Authorization Package

This Design Guide follows standard leasing procedures. A Prospectus lease (>\$600,000 annual rent) requires Congressional budget authorization. Prospectus Leases are submitted for approval through the CIP process.

Non-Prospectus Leases fall into two classes: 1.) Congressional Notification Leases (\$300,000, to \$600,000 annual rent) and 2.) Standard Leases (\$100,000 to \$300,000 annual rent). In all instances, the annual rent thresholds exclude cost of services and utilities.

Prospectus Leases and Notification Leases are usually procured by 183C. Standard leases are procured locally.

If the request is presented out of budget cycle, the **CO** would assemble the Notification Lease Package for Secretary Approval and Congressional Notification. This package includes much of what has been done to date: Funding Verification, Benefit Cost Analysis, and Certification of the SRP.

Following receipt of necessary authorization to procure the space, the **CO** refines the schedule for a Lease Acquisition.

## 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 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 Requesting Service and should be of adequate size to encourage competition.

### Advertise Space Requirement

With the delineated area defined, the **CO** has multiple methods of gathering information. These include knowledgeable individuals, advertising, and industry publications (databases and electronic bulletin boards). Advertising in newspapers is mandatory for leases with an anticipated base rent greater than \$100,000 annually. Therefore, advertising would be required for OPCs anticipated in this Design Guide. The **CO** will advertise in the 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.]

With larger OPC's VA generally chooses to find land and then advertise for construction of the new facility. In that case, skip to the Advertisement for Land and Construction section below.

### 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 the VA's minimal requirements within a reasonable time frame.

The **General/ Regional Counsel** should also be alerted to the lease acquisition project.

### 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**. 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. VA may advertise for land in the delineated area. [Refer to Advertisement For Land in Appendix A.] There is also the possibility that an appropriate parcel of land was discovered during the course of researching the real estate in the delineated area. The **Market Survey Team** examines the land, performs, or has performed, due diligence and approves the land. Due diligence would include Phase 1 Environmental Assessment, a title search, and an appraisal. 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 OPC. [Refer to Appendix A for Advertisement For Construction.]

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 performed again.

Following the successful completion of this phase, the Lease Acquisition Team moves on into the next phase: Development of the Solicitation for Offers (SFO). Tasks under that phase are described in Section 6. A number of activities both programming and technical must be undertaken before the SFO can be developed. These are described in Section 5.

## Checklist For Lease Process Phases One And Two

<b>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=Cntrct Specialist; VISN=Veterans Integrated Service Network; COR=Realty Specialist, CO's Representative; RE=Resident Engineer; MST=Market Survey Team; 182C=Capital Asset Mgmt &amp; Planning Service (FM); 183C=Real property Service (FM)</b>					
	Responsible	Involved	Task	Docs to be Completed/ Submitted	Submit to
<input type="checkbox"/>	CO	---	ESTABLISH THE PROJECT FILE	---	---
<input type="checkbox"/>	CO	---	ESTABLISH THE TEAM	Notification Letter or e-mail	CS; RS; ES; F; Dir; GC; OT
<b>PHASE I: ESTABLISH THE REQUIREMENT &amp; OBTAIN APPROVAL</b>					
<input type="checkbox"/>	RS	ES CO COR	Develop Space Requirement Package (SRP)	SRP	---
<input type="checkbox"/>	RS	COR	Submit SRP	SRP	CO
<input type="checkbox"/>	CO	ES RS 182C	Certify space request in accordance with VA criteria (Certify SRP)	Memo	File
<input type="checkbox"/>	CO	VISN	Request confirmation of funding approval	Memo	F
<input type="checkbox"/>	CO	COR	Perform Benefit Cost Analysis (BCA)	Wkrshts 1-4	File
<input type="checkbox"/>	CO	COR-	Write Report on Recommendation for Choice of Alternative	Wrkshts 1-4 + Written Recommend.	File
<input type="checkbox"/>	CO	COR	Check with GSA for Availability of Appropriate Space	Letter	GSA
<input type="checkbox"/>	CO	COR	Develop Lease Acquisition Schedule	Schedule	File
<input type="checkbox"/>	CO	COR	Complete Capital Lease Checklist for Record as necessary	Capital Lease Checklist Form	File
<input type="checkbox"/>	CO	COR	Assemble Authorization Package for Secretary Approval and Congressional Notification	Funding Verification; BCA; SRP Certification; Capital Lease Checklist	183C; File
<b>PHASE II: CREATE COMPETITION &amp; SURVEY THE MARKET</b>					
<input type="checkbox"/>	CO	COR	Establish & Notify Market Survey Team	Notification Letter or e-mail	RS; ES; OT; CS; RE
<input type="checkbox"/>	CO	COR	Gather current, accurate, detailed information about availability and price of space in market	---	File; MST

<b>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=Cntrct Specialist; VISN=Veterans Integrated Service Network; COR=Realty Specialist, CO's Representative; RE=Resident Engineer; MST=Market Survey Team; 182C=Capital Asset Mgmt &amp; Planning Service (FM); 183C=Real property Service (FM)</b>					
	Responsible	Involved	Task	Docs to be Completed/ Submitted	Submit to
<input type="checkbox"/>	CO	COR RS Dir	Identify the Delineated Area	Narrative of Delineated Area	File; MST
<input type="checkbox"/>	CO	COR	Advertise the Space Requirement	Ad For Space	File; MST
<input type="checkbox"/>	OR CO	COR	Advertise for Land in Delineated Area	Ad For Land	File; MST
<input type="checkbox"/>	CO	COR	Receive Responses from Ads	Expressions of Interest	Local Newspaper; File; MST
<input type="checkbox"/>	CO	COR	Maintain Records of Publications, etc.	List of Places of Publication	File
<input type="checkbox"/>	CO	Dir ES RS RE OT COR	Assemble/Meet with Market Survey Team (MST)	---	---
<input type="checkbox"/>	CO	Dir ES RS RE OT COR	Review Potential Site Offerings	---	---
<input type="checkbox"/>	CO	Dir ES RS RE OT COR	Conduct the Survey of Available Spaces or Land	GSA Form 3627	File
<input type="checkbox"/>	CO	Dir ES RS RE OT COR	Document Findings of Market Survey	Market Survey Report	Dir; VISN; File; 183C
<input type="checkbox"/>	CO	COR	Notify Potential Offerors of Findings	Notification of Findings Letter	Potential Offerors; File
<input type="checkbox"/>	CO	COR	Obtain Assignable Option on Land, if Applicable	Option	File
<input type="checkbox"/>	CO	COR	Perform Due Diligence activities.	Environmental Assessment; Title Search; Appraisal, etc.	File

<p><b>CO</b>=Contracting Officer or designee; <b>RS</b>=Requesting Svc; <b>ES</b>=Engineering Svc; <b>F</b>=Finance Officer or Fiscal Svc; <b>Dir</b>=VAMC Director or designee; <b>GC/RC</b>=General/Regional Counsel; <b>OT</b>=Other Technical; <b>CS</b>=Cntrct Specialist; <b>VISN</b>=Veterans Integrated Service Network; <b>COR</b>=Realty Specialist, CO's Representative; <b>RE</b>=Resident Engineer; <b>MST</b>=Market Survey Team; <b>182C</b>=Capital Asset Mgmt &amp; Planning Service (FM); <b>183C</b>=Real property Service (FM)</p>					
	<b>Responsible</b>	<b>Involved</b>	<b>Task</b>	<b>Docs to be Completed/ Submitted</b>	<b>Submit to</b>
<input type="checkbox"/>	<b>CO</b>	<b>COR</b>	Advertise For Construction of OPC, if Option on Land	<b>Ad For Construction</b>	<b>File; MST</b>



**Section 5**

**Pre-SFO Issues—  
Programming and Technical**

	Page
<b>Narrative</b> .....	5-1
<b>Programming Activities--Spatial Requirements and Layout</b> .....	5-1
Space Program .....	5-1
Layout.....	5-2
Design Guide Plates.....	5-3
Checklist.....	5-5
<b>Technical Activities</b>	
Narrative .....	5-7
Site Design Criteria .....	5-7
Building Design Criteria .....	5-7
Interior Construction and Finishes .....	5-8
Project Commissioning .....	5-8
Service and Maintenance .....	5-9
Checklist.....	5-10

## Pre-SFO Issues— Programming and Technical Narrative

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, project commissioning, staffing, and other special requirements which might be incorporated into the completed OPC.

### 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 OPC and ultimately for determining whether the building proposed by the Lessor meets VA's needs. The **Conceptual Plan** is developed by VA for inclusion with the SFO.

At this point in the project, the involvement of an architect (planning/design consultant) is recommended to assist with finalizing the Space Program and the design of the Conceptual Plans. 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. As noted before, this guide assumes that a specific site has been selected and the process for obtaining the Assignable Option underway, or

completed if necessary, before proceeding with conceptual design.

### 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 4] may have been based on a completed Space Program or on preliminary planning from Capital Investment Process (CIP), CARES or other sources. 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 V--Schedule C of the SFO and will be used to develop Part III, Schedule B.

This Design Guide is based on the Primary Care criteria provided in Current Space Planning Criteria for VA Facilities (VA Handbook 7610). <http://www.va.gov/facmgt/standard/> In the case of a freestanding OPC with specialty clinics and other functions, Chapter 265 *Satellite Outpatient Clinics*, or 262 *Ambulatory Care (Hospital Based)* may be used for general guidance. Chapters 265 and 262 also refer to other chapters in H-7610 for specialized spaces such as Radiology and Pharmacy covered under the individual services.

Information on the authorized medical programs, projected workloads, operating hours, and staffing is required to use the planning criteria in H-7610. Examples of "Global Information" required can be found in the VA TIL <http://www.va.gov/facmgt/standard/spacework/supplemental.asp>. Based on the global information, the criteria in H-7610 are applied to establish the net space required for each room and department. The values from H-7610 criteria are then adjusted to reflect special project requirements. Since many sections of H-7610 may not be current, use of a planning and design consultant is recommended to ensure

that current trends in the health care industry are addressed and that the completed Space Program addresses the needs of the VA. The addition of a planning and design consultant can aid in providing the justification for variance from the Handbook.

At this point in the programming process, it is customary [see PG-18-15 A/E Submittal Guide] to provide a tabular Space-Accounting Summary Table with columns entitled:

- Departmental Function
- H-7610 Requirements
- Approved Space Program [Net Square Feet (NSF)]
- Variance Between H-7610 and Approved Space Program
- Departmental Conversion Factor
- Planned Departmental Gross Square Feet
- Column Totals
- Total Project Net to Gross Factor

An example of this can be found in Appendix A.

Recommended conversion factors (grossing factors) as previously published in VA Space Planning Criteria and Program Guides are:

<b><u>Departments</u></b>	<b><u>Approved Factor</u></b>
Ambulatory Care	1.65
Audiology	1.55
Canteen	1.2
Cardiology Lab	1.5
Clinical Services Administration	1.3
Dental	1.55
Dermatology Clinic	1.65
Dialysis	1.5
Education Facilities	1.3
EEG	1.5
Engineering	1.3
ENT	1.65
Eye Clinic	1.6
GU Clinic	1.65
Information Resources Management (ADP)	1.3
Laboratory (Pathology)	1.4
Lockers, Lounges, Toilets (LLTS)	1.2
Lobby	1.2
Medical Administration Service	1.3
Mental Health Clinic	1.5
Orthopedic Clinic	1.65
Pharmacy	1.3
Prosthetics	1.25
Psychology	1.4

Radiology	1.6
Rehabilitation Medicine Service	1.35
Respiratory Care	1.4
Supply Processing & Distribution	1.3
Supply Warehouse (A&MM)	1.1
Surgical Service	1.7

The building grossing factor for an OPC should be within 1.10 to 1.30. The building factor is applied to the total of the department gross areas to arrive at an estimate of the total gross area for the building. The building gross area may be used in determining the site area required for the OPC.

<b>Total DGSF</b>	<b>Conversion Factor for Building Gross</b>
<12,500	1.1
12,500 to 80,000	1.2
>80,000	1.3

An initial approximation of the net usable area may be obtained from the total of the department net areas by applying a factor of 1.38. Establish the final range of net usable area from the Conceptual Plans.

Guidance on the functional relationships of the individual spaces and departments in the OPC is provided in the narratives and diagrams in Handbook 7610, the Design Guide Plates issued with this Guide, and other Design Guides available from the VA TIL [see Introduction to Design Guide Plates below].

**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.

The level of detail for the Conceptual Floor Plans should be similar to “developmental plans” or “schematic block plans (S-1)” as described in A/E Submission Instructions PG-18-15 Volume B. <http://www.va.gov/facmgt/ae/submission.asp> 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.

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 activity code number [see Handbook 7610]. 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. Design Guide Plates in the Appendix B to this Design Guide provide guidance on VA standards for typical spaces. The Guide Plates may be adapted to meet special requirements as needed.

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.

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

The gross and net areas from the Conceptual Plan will provide the information needed to compute a range of net usable areas to be included in the SFO.

**DESIGN GUIDE PLATES**

**Introduction**

Design Guide Plates offer typical layouts for specific kinds of rooms/spaces. The Guide Plates included in Appendix B focus on those rooms/spaces which are generally to be found in a VA OPC.

Each Guide Plate consists of at least 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 Guide Plates included with this document have been adapted from the following VA Design Guides:

- Clinical Series: Ambulatory Care (Hospital Based), Ambulatory Care Invasive Procedures Suite
- Primary Care Series: Community Based OPC
- Imaging Series: Radiology Service.

In all cases the Guide Plates 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. A planning/design consultant may be helpful in confirming the validity of project specific data. The Office of Facilities Management, Facilities Quality Service, 202-565-4663, may be contacted for assistance.

The plates in the Basic Clinic List were selected based on the functions listed in VA Space Planning Criteria, *Primary Care*.

**Index of Guide Plates- Basic Clinic**

<b>Room/Functional Area</b>	<b>Guide Plate</b>
Blood Specimen Collection	2-1
Examination Room	2-2
Intake/Exit Interview	2-3
Interview	2-4
Laboratory, General	2-5
Medical Records / X-Ray Sto.	2-6
Medication Room	2-7
Nurse Station	2-8
Nurse Triage	2-9
Office / Exam	2-10
Pharmacy – Basic Service	2-11
Pharmacy – Expanded Service	2-12
Procedure Room, General	2-13
Proctoscopy / Sigmoidoscopy	2-14
Radiology, General Purpose	2-15
Radiology, Dressing Room	2-16
Radiology, Film Records	2-17
Reception	2-18
Reception/Control Unit	2-19
Scope Cleaning / Clean Sto.	2-20
Toilet, W/C Accessible	2-21
Utility, Clean	2-22
Utility, Soiled	2-23

Some OPCs may include program requirements for departments or space types not included in

the Basic Clinic. Examples of typical Guide Plates that could apply are included in the Expanded Clinic List below. Additional guidance may be found in other sections of the Design Guides listed above or in the following (available from the VA Technical Information Library at [http://www.va.gov/facmgt/standard/dg\\_idx.asp](http://www.va.gov/facmgt/standard/dg_idx.asp)):

Clinical Series:

- Eye Clinic
- Pharmacy Service
- Pulmonary Medicine Service

Surgical Series:

- Ambulatory Surgery

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

**Index to Design Guide Plates- Expanded Clinic**

<u>Room/Functional Area</u>	<u>Guide Plate</u>
Aerosolized Pentamidine	
Procedure Rm	3-1
Chemotherapy Treatment Rm	3-2
Chemotherapy Agent Prep Rm	3-3
Dermatology, Procedure/Trtmt Rm	3-4
Dermatology, Med Prep & Sto. Rm	3-5
Dermatology, Phototherapy Room	3-6
ENT Exam Room	3-7
Gastroenterology (GI),	
Procedure/Treatment Rm	3-8
GI, Gastric Motility Procedure Rm	3-9
Orthopedic Clinic Cast Rm.	3-10
Radiology, Film Processing Room	3-11
Radiology, Storage Room,	3-12
Unexposed Film & Chemicals	
Women's Health/GYN Exam Rm	3-13

Identify items to be included in the SFO's Schedule B (the special requirements for which VA will pay lump sum) and any other special requirements.

## Checklist For Pre-SFO Programming Activities

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					
	Responsible	Involved	Task	Docs to be Completed/ Submitted	Submit to
<b>ANALYSIS OF PROGRAMMING ACTIVITIES TO BE PERFORMED</b>					
<input type="checkbox"/>	CO	COR	Establish team for programming activities	Notification Letter or e-mail	RS; ES; Dir--
<input type="checkbox"/>	CO	RS; ES; Dir	Evaluate initial Request for Space/Space Requirement Package to determine need to develop Space Program	---	---
<input type="checkbox"/>	CO	RS; ES; Dir	Evaluate Programming Activities to be performed and need for IDIQ contractor to perform pre- or other SFO programming activities	---	---
<input type="checkbox"/>	CO	COR	Based on determination of need for IDIQ contractor, write scope for IDIQ contractor	Scope of Work for IDIQ Contractor	---
<input type="checkbox"/>	CO	COR	Submit Scope to obtain IDIQ Contractor	Scope of Work for IDIQ Contractor	IDIQ-CO
<b>DEVELOP SPACE PROGRAM</b>					
<b>Establish Parameters</b>					
<input type="checkbox"/>	CO	RS; ES; Dir	Establish Planning Horizon Year	Parameter Summary	File
<input type="checkbox"/>	CO	RS; ES; Dir	Establish Projected Number of Outpatient Visits and Clinic Stops for Horizon Year	Parameter Summary	File
<input type="checkbox"/>	CO	RS;	Establish Projected Number of FTEE for Horizon Year	Parameter Summary	File
<input type="checkbox"/>	CO	RS; ES; Dir; IDIQ	Establish Services to be included and Extent of Services	Parameter Summary	File
<input type="checkbox"/>	CO	RS; ES; Dir; IDIQ	Agree upon Grossing Factors	Parameter Summary	File
<b>Develop Space Program</b>					
<input type="checkbox"/>	CO	RS; ES; Dir; IDIQ	Applying Space Criteria of VA Handbook 7610, Chapters 265 and 262 and chapters for specialized spaces, develop space program	Space-Accounting Summary	File

<b>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</b>					
	<b>Responsible</b>	<b>Involved</b>	<b>Task</b>	<b>Docs to be Completed/ Submitted</b>	<b>Submit to</b>
<b>DEVELOP LAYOUT</b>					
<b>Develop Conceptual Floor Plan</b>					
<input type="checkbox"/>	CO	RS; ES; Dir; IDIQ	Based on above List of Services to be included, select Design Guide Plates to facilitate development of Conceptual Floor Plan and for subsequent inclusion in SFO	List of Relevant Design Guide Plates	File
<input type="checkbox"/>	CO	RS; ES; Dir; IDIQ	Develop Conceptual Floor Plan	Conceptual Floor Plan	File

## Technical Activities

### Narrative

The technical criteria Template SFO Documents included in Appendix C of this Design Guide have been adapted from VA Design and Construction Standards for Government-owned facilities. The documents anticipate the use of VA Standard Details and Master Construction Specifications as a guideline to establish the level of quality for the design and construction of the OPC. Most of the technical criteria 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 will need to be edited to the specific requirements of the project and geographic location. In some portions of the documents, there are options or selections that require a decision by the **CO**. The **CO** should meet with the technical members of the project team such as representatives from **Engineering Service, Other Technical** entities, or the **IDIQ con-sultant** to review VA Standards and local conditions in order to establish the technical criteria specific to the OPC. Local factors to be considered include:

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

### SITE DESIGN CRITERIA

#### Factors Affecting Site Selection and Design

The Template SFO Documents have incorporated site (landscape) design criteria from VA *Site Development Design Manual* (dmsite.doc) and *Natural Disasters Non-Structural Resistive Design* document (formerly CD-54).

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
- Size
- Topography
- Stormwater Retention Requirments
- 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.

Initiate a Parking Survey with Parking Specialist in VACO Real Property Service to determine minimum number of parking spaces required using VA Parking Guide criteria.

The gross building area resulting from the programmed net criteria square footage and VA required parking and circulation, 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. Single story designs are preferred for OPCs in the size contemplated by this Guide. If two story designs are to be considered, lot coverage may be adjusted accordingly.

#### Conceptual Site Plan

If a site has been pre-selected, a conceptual site plan should be prepared for the SFO. The conceptual site plan should indicate:

- Canopies
- Sidewalks
- Property dimensions
- Setbacks and easements
- Gazebo (if included)
- Other known restrictions on use
- Screened enclosures
- Preferred building orientation
- Smoking Shelter
- 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.



**BUILDING DESIGN CRITERIA**

Structural, architectural, mechanical, plumbing, electrical, and transport design criteria from VA *Design and Construction Procedures* (PG-18-3), *Design Manuals* (dmsthosp.doc, dmarhosp.doc, dmmehosp.doc, dmplhosp.doc, dmelhosp.doc, and dmathosp.doc), *Fire Protection Manual*, and *Natural Disasters Non-Structural Resistive Design* document (formerly CD-54) have been incorporated into the Template SFO Documents. Other nationally recognized criteria (e.g., Uniform Federal Accessibility Standards (UFAS) and NFPA) are referenced as appropriate. The template documents have been edited to delete criteria applicable to only hospital projects and to retain criteria applicable to freestanding OPCs.

Design and Construction Documents (PG-18-3) <a href="http://www.va.gov/facmgt/standard/proc_idx.asp">http://www.va.gov/facmgt/standard/proc_idx.asp</a>
Design Manuals <a href="http://www.va.gov/facmgt/standard/manuals.asp">http://www.va.gov/facmgt/standard/manuals.asp</a>
Natural Disasters Non-Structural Resistive Design Document (formerly CD-54) <a href="http://www.va.gov/facmgt/standard/seismic.asp">http://www.va.gov/facmgt/standard/seismic.asp</a>

Since the size and program for each new OPC may 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
- Potential for Natural Disasters
- Use or Occupancy Following a Disaster
- Physical Security
- Special Programs of Functions
- Special Equipment
- Unusual Loads
- Special Utilities:
  - HVAC
  - Exhaust
  - Lighting
  - Power
  - Communications
  - Portable MRI

**INTERIOR CONSTRUCTION AND FINISHES**

Architectural and Interior Design criteria from VA *Design and Construction Procedures* (PG-18-3), *Room Finishes, Door and Hardware Schedule* (PG-18-14), *Design Manuals* (dmarhosp.doc and dmidhosp.doc), and *Natural Disasters Non-Structural Resistive Design* document (formerly CD-54) have been incorporated into the Template SFO Documents. References to VA Master Construction Specifications (MCS) and Standard Details are included where appropriate in the documents. 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:

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

**PROJECT COMMISSIONING**

Commissioning is an interdisciplinary process involving the Lessor, the Design Professionals and Contractor(s) retained by the Lessor, and the VA as Lessee. Building commissioning is defined as a systematic quality assurance process for achieving, verifying, and documenting the interactive performance of the building systems in meeting the design intent and the needs of the occupants.

The primary goal of building commissioning is to ensure that the building will operate at maximum efficiency in compliance with the SFO and will maintain occupant comfort and safety over the life of the lease. This process ideally begins during pre-design and extends through occupancy.

Building commissioning refers to the building as a total system. The major building systems that may be involved in commissioning are:

- HVAC
- Plumbing
- Electrical
- Life Safety
- Lighting
- Building Envelope
- Structural Systems.

To develop an optimum Commissioning Plan, the unique needs of the proposed OPC must be identified. The level of commissioning required will depend on the size and complexity of the building and the desired level of quality assurance. Commissioning can be provided for all the systems in the building (full commissioning) or to selected systems. The **CO** should consult with the **Office of Facilities Management**, Real Property Service (202) 565-5398, to establish the scope of commissioning to be required by 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.

The VA should also review types and quantities of wastes to be generated at the clinic, develop information necessary for the 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

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; FM=Office of Facilities Mgmt					
	Responsible	Involved	Task	Docs to be Completed/ Submitted	Submit to
<b>ANALYSIS OF TECHNICAL ACTIVITIES TO BE PERFORMED</b>					
<input type="checkbox"/>	CO	---	Establish VA technical team	Notification Letter or e-mail	ES, OT
<input type="checkbox"/>	CO	ES, OT, Dir	Evaluate scope of Technical Activities to be performed and need for IDIQ contractor to perform pre- or other SFO activities	---	
<input type="checkbox"/>	CO	---	Based on determination of need for IDIQ contractor, write scope for IDIQ contractor	Scope of Work for IDIQ Contractor	---
<input type="checkbox"/>	CO		Submit scope to obtain IDIQ Contractor	Scope of Work for IDIQ Contractor	IDIQ-CO
<b>ANALYSIS OF SITE CRITERIA</b>					
<input type="checkbox"/>	CO	ES, OT, IDIQ, Dir, RS	Identify factors affecting site selection and design criteria	Summary	File
<input type="checkbox"/>	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 OPC staff following a disaster	Summary	File
<b>DEVELOP LAYOUT</b>					
<b>Develop Conceptual Site Plan</b>					
<input type="checkbox"/>	CO	RS; ES; Dir; PS; IDIQ	Establish parking requirements per VA Parking Specialist	VA Facility Parking Analysis	File
<input type="checkbox"/>	CO	RS; ES; Dir; IDIQ	Compare with parking requirements dictated by Code of Jurisdiction Having Authority	Summary	File
<input type="checkbox"/>	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

<b>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; FM=Office of Facilities Mgmt</b>					
	Responsible	Involved	Task	Docs to be Completed/ Submitted	Submit to
<input type="checkbox"/>	CO	RS; ES; Dir	Define physical security requirements for site and grounds—fencing, lighting, setbacks, etc.	Summary	File
<input type="checkbox"/>	CO	RS; ES; Dir	Define equipment and space, special features and amenities required for site planning--MRI pad, Smoking Shelters, Gazebos, chillers, emergency generator, fuel tanks, transformer, etc.	Summary	File
<input type="checkbox"/>	CO	RS; ES; Dir; IDIQ	Develop Conceptual Site Plan	Conceptual Site Plan	File
<input type="checkbox"/>	CO	RS, ES, Dir	Determine requirements for utility systems under disaster or emergency conditions	Summary	File
<b>ANALYSIS OF BUILDING DESIGN CRITERIA</b>					
<input type="checkbox"/>	CO	ES, IT, IDIQ	Determine Building Classification	Note	File
<input type="checkbox"/>	CO	ES, OT, IDIQ	Identify special requirements affecting the criteria for building foundations and structural systems	Summary	File
<input type="checkbox"/>	CO	ES, OT, IDIQ	Identify special requirements affecting criteria for building enclosure systems, windows, roofs, and skylights	Summary	File
<input type="checkbox"/>	CO	ES, RS, Dir	Determine type of entrance doors/vestibule to be used	Summary	File
<input type="checkbox"/>	CO	RS, ES, Dir	Determine requirements for use or occupancy after a disaster (structural and non-structural)	Summary	File
<input type="checkbox"/>	CO	RS, ES, Dir	Determine requirements for physical security	Summary	File
<input type="checkbox"/>	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
<b>ANALYSIS OF CRITERIA FOR INTERIOR CONSTRUCTION AND FINISHES</b>					
<input type="checkbox"/>	CO	ES,RS, Dir	Identify requirements unique to project for: interior finishes, interior design, signage and wayfinding, room numbering, and window treatments	Summary	File

<b>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; FM=Office of Facilities Mgmt</b>					
	Responsible	Involved	Task	Docs to be Completed/ Submitted	Submit to
<input type="checkbox"/>	CO	ES,RS, Dir	Identify requirements for special construction--sound isolation, acoustics, X-ray shielding, etc.	Summary	File
<input type="checkbox"/>	CO	ES,RS, Dir	Identify requirements for built-in work, toilets, showers, and accessories—identify items to be included in Special Pricing Schedule B	Summary	File
<b>COMMISSIONING</b>					
<input type="checkbox"/>	CO	OT	Review project scope and complexity with Central Office FM to determine need for commissioning	Correspondence	FM
<input type="checkbox"/>	CO	OT	Define building systems to be commissioned and scope of commissioning process to be included in the SFO	Scope Summary	File
<b>SERVICE AND MAINTENANCE CRITERIA</b>					
<input type="checkbox"/>	CO	RS, Dir	Confirm whether interior cleaning will be by the Government or Lessor	Summary	File
<input type="checkbox"/>	CO	RS, Dir	Verify normal working hours	Summary	File
<input type="checkbox"/>	CO	ES, RS, Dir, OT	Determine requirements for waste disposal: Identify types and quantities of wastes generated; determine responsibilities for disposal	Summary	File

**Section 6**

**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 4 and 5 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 C] The **Template Documents** are based on SFO documents issued by the GSA. Because the space and equipment requirements for OPCs are significantly different from typical GSA leased space (office or warehouse), the basic GSA documents have been edited to include the special requirements and features usually found in VA OPCs.

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** should use the current version of the Template Documents as the starting point for the preparation of the SFO. The **CO** should consider requesting the assignment of an **RE** to monitor the project during construction. The **CO** benefits most from involving the **RE** early in the process.

### Format

The Template SFO Documents are adapted for a build-to-suit project for a freestanding, single-tenant OPC of at least 20,000 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 will 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.

Delete Editing Notes from the final version of the documents prior to issuing to Offerors. This is easily done in Part I by turning on Styles. [Choose Format then Styles and Formatting; place your cursor in an Editing Note, choose Select All in the Styles box to the right of your screen, and press the delete key.]

Conventions for the Editing Notes in the Template are:

Text between //---// marks indicate that 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.

**Retain the paragraph number(s) and do not renumber the remaining paragraphs.** When paragraphs are deleted, change the heading(s) to “Reserved.”

### Electronic Documents

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

Instructions for **Excel spreadsheets** with formulas: These documents have been designed 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. 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 ten sections:

- (1) Summary;
- (2) Communications and Award;
- (3) Miscellaneous;
- (4) General Design Criteria;
- (5) Site Design Criteria;
- (6) Building Design Criteria;
- (7) Interior Construction, Finishes, and Interior Design;
- (8) Services, Utilities, and Maintenance;
- (9) Safety, Fire Protection, and Environmental Management; and
- (10) Instructions and Preparation.

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

#### Part I—Section 1: Summary

Insert range of square feet and edit text 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.

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 offers are due and required occupancy date in appropriate locations in Paragraphs 1.5 and 1.6.

Insert **CO** name and addresses in Paragraph 1.7.



Include Paragraph 1.10 if site has not been selected. Otherwise, delete text and leave paragraph designation as “Reserved.”

Insert required parking spaces in Paragraph 1.11. Contact person in (183C) in charge of performing parking analyses for guidance. (The number of spaces required by VA is a minimum; if local jurisdictions require more spaces, it is the Lessor’s responsibility to determine this and to provide them.) Edit amenities to suit project requirements.

Paragraph 1.12 should be edited only if existing buildings are to be considered for lease.

Include special requirements in Paragraph 1.13. Coordinate with Paragraphs 4.2.1 and 4.2.8.

Insert information for General Wage Decision in Paragraph 1.18.

Include Paragraph 1.19 if suitable space for the Resident Engineer’s office is not available in reasonably close VA facility. Select office size and edit furnishings and equipment based on size of **RE** staff assigned to the project.

**Part I—Section 2: Offer Requirements, Evaluation, Communications, and Award.**

Section 2 defines the procedures and requirements used during evaluation of offers and communications with the Offerors. Usually this section will not require editing. Paragraph 2.1 is optional. Paragraphs 2.2.2.3.5 and 2.2.2.3.6 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. 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 Building and Design Concept and Offeror’s Qualifications. In the Building and Design Concept, significant criteria are: ability to accommodate facility layout; building design for VA program needs and goals, efficiency, energy conservation, and functionality; quality of construction materials, especially their suitability and durability; energy efficiency; and provision for natural lighting. Offeror’s qualifications should include evaluation of financial resources of the offeror; experience of the construction team, especially with projects of similar scope; and the capacity to undertake this project, i.e., existing outstanding commitments which would

take attention away from this project. The criteria must be clear as these will be used in the evaluation.

**Part I—Section 3: Miscellaneous.**

Section 3 covers a variety of topics. Editing or input will be necessary in only a few locations.

Review and adjust Liquidated Damages in Paragraph 3.10 if necessary.

Building gross area and circulation should be computed as the conceptual plans are developed. Paragraph 3.14 provides for a deduction for circulation. Adjust the percentage used for circulation if the conceptual design shows a significant variance. The percentage should not exceed 15%.

Edit Paragraphs 3.15 and 3.16 as appropriate for single-or multiple-tenant facilities.

In Paragraph 3.22.1.2, coordinate services (departments) that require equipment plans with the Space Program in Part V, Schedule C.

Paragraph 3.23.3 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. 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 rule. Insert the appropriate information in the spaces provided.

**Part I—Section 4: General Design Criteria.**

Section 4 contains “cross-disciplinary” criteria and standards that generally apply to the facility as a whole.

The Requesting Service or Director shall verify requirements for TB patients. Edit Paragraph 4.2.1 accordingly.

Edit Paragraph 4.2.3 for number of HAC's in "public" areas. Coordinate with Part V, Schedule C.

Consider number and distribution of public phones desired for lobby, pharmacy waiting, canteen, or other major waiting areas. Wide-spread use of cellular phones has reduced the need for public telephones and the number of vendors willing to offer service in most areas. Edit Paragraph 4.2.6 accordingly.

Edit Paragraph 4.2.7 to provide physical security per VA criteria and to meet requirements of Requesting Service. Coordinate physical security features with Part V, Schedule C, Space Program.

VA is responsible for defining the role of the OPC and level of service to be provided under emergency or disaster conditions. Edit detailed requirements in Paragraph 4.2.8.

**Part I—Section 5: Site Design Criteria.**

Using VA Parking Guide, determine the minimum number of parking spaces required and insert in Paragraph 5.2.9. (The number of spaces required by VA is a minimum; if local jurisdictions require more spaces, it is the Lessor's responsibility to determine this and to provide them.)

Review and edit Paragraph 5.4 to include desired site amenities.

Using VA Site Design Manual, determine if landscape irrigation is necessary. Edit Paragraph 5.5.3 accordingly.

**Part I—Section 6: Building Design Criteria.**

Section 6 defines the criteria for the building "shell." Topics addressed are: Structural systems, foundations, enclosure systems, building entrances, and overall design concept (aesthetics). The template document provides criteria for all but the most unusual conditions without extensive editing.

Special Inspections in accordance with Chapter 17 of the International Building Code are required by Paragraph 6.1.3.3. These are important to verify that the construction in place will meet the design and performance criteria specified in the SFO.

Paragraph 6.2.2 allows for most foundation conditions and should be modified only if soil conditions are known. Pipe Basements are rarely encountered but may be suitable if specialty clinics require extensive utilities from below.

Decide on types of entrances and whether automatic or revolving doors are to be provided for the clinic. Edit Paragraphs 6.2.3 and 6.2.5.3 to reflect the selections.

Coordinate Paragraph 6.2.5.5 with type(s) and quantity of skylights, if any, indicated on conceptual plan.

Subparagraphs under 6.4.4, "Building Systems Commissioning," define the scope and responsible parties for project commissioning. If VA has determined that commissioning is to be included, edit as necessary to suit project requirements and scope.

Subparagraphs under 6.5, "Mechanical," include a number of options and detailed requirements for specialty clinics and specific functions. Review carefully and coordinate with project requirements, Space Program, Design Guide Plates, and local climatic conditions.

Paragraph 6.5.3.2 requires Direct Digital Control of the Heating, Ventilation, and Air-Conditioning (HVAC) system and specifies that a workstation be provided. Include Control Center in Space Program, or identify location for workstation on conceptual plan.

Subparagraphs under 6.6, "Plumbing," include a number of options and detailed requirements for specialty clinics and other specific functions. Review carefully and coordinate with project requirements, Space Program, and Design Guide Plates. Coordinate special systems with Part III, Schedule B.

Subparagraphs under 6.7, "Electrical," include a number of options and detailed requirements for specialty clinics and specific functions. Review carefully and coordinate with project requirements, Space Program, and Design Guide Plates. Coordinate special systems with Part III, Schedule B. Identify locations for alarms and monitoring.

Include Paragraph 6.8 if a multi-story building is considered and elevators would be necessary.

**Part I—Section 7: Interior Construction, Finishes, and Interior Design.**

Section 7 defines criteria for the “fit up” of the building shell defined in Sections 5 and 6 above. Coordinate floor, wall, and ceiling finishes with spaces listed in Part V, Schedule C and conceptual plan. List quantities and types of finishes in Part IV, Schedule B-1.

**Part I—Section 8: Services, Utilities, and Maintenance.**

Section 8 defines the responsibilities of the Lessor and VA for building services, utilities, and maintenance during the term of the lease.

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.

Edit Paragraph 8.2.2 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 8.2.3.

Insert normal working hours for the clinic in spaces provided in Paragraphs 8.3.

**Part I—Section 9: Safety, Fire Protection, and Environmental Management.**

Section 9 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.

**Part I—Section 10: Instructions and Preparation.**

Section 10 provides instructions to the Lessor for the completion of the forms in Part IX of the Solicitation.

**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 Exhibit I, Maintenance Cost Worksheet. Exhibit I 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 IX forms of the Template SFO in Appendix C of this Guide.]

If the CO has determined that a Funded Maintenance Account (FMA) is required, include Paragraphs 6 through 10 in Schedule A and the sample Property Management Agreement, Exhibit II.

**PART III SCHEDULE B**

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. Schedule B documents can be found in the Excel workbook titled: “Pt III Sch B”. There are six worksheets (tabs) in the workbook: “Index,” “I Instructions,” “II General,” “III Special Items for the Entire Clinic,” “IV Functional List Primary Care,” and “V Summary Price Sheet.”

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

“**I Instructions.**” These are the instructions to the Offerors for pricing the Schedule B items and preparing the documents to be submitted with their offers. The instructions have been inserted as an editable object (Word document) in the spreadsheet. Follow editing notes in the document.

“**II General.**” More general instructions to Offerors. The instructions have been inserted as an editable object (Word document) in the spreadsheet. Follow editing notes in the document.

“**III Special Items for the Entire Clinic.**” This worksheet lists telecommunications and miscellaneous items that are to be priced for the entire clinic (not by room or department). Review and edit to suit the requirements of the clinic.

Text has been placed in merged cells in the worksheet. If text is edited, expand or collapse the size of the merged cells as necessary to

show all text for printing. Formulas for computing extended costs are in hidden Column "O." Extended costs and subtotals from Column "A" are linked to the summary worksheet (Tab V).

Insert estimated quantity for each item in cells provided in Column "D." Lessor can insert unit costs in the unlocked cells provided in Column "I." The formulas and links in the workbook will compute extended costs and subtotals and carry over to the summary page.

**"IV Functional List-Primary Care."** This worksheet lists each type of functional space in the clinic that has special equipment items. The template worksheet lists all of the functional areas included in the template Space Program, Schedule C, for a basic clinic. "Placeholders" have been included for some typical functions for an expanded clinic. Edit the worksheet as necessary to include all functions from the approved space program that will have special equipment.

The worksheet is laid out as follows:

Column "A"	identifies the department within the clinic
Column "B"	identifies the area or sub-grouping within a department
Column "C"	is a hidden column with the Room Code from the <i>Primary Care</i> Space Planning Criteria document
Column "D"	is the Design Guide Plate applicable to the room or function
Column "E"	is the area of the room or function required in the clinic
Column "F"	is the list of special equipment items organized by function or room name
Column "G"	is the unit cost for each item (to be completed by the Offeror)
Column "H"	contains the subtotals of the extended costs. The subtotals in this column are linked to the summary worksheet (Tab V).
Column "H"	

**"V Summary Price Sheet."** Subtotals from previous sheets are carried forward and totaled. The only additional inputs normally necessary are overhead and profit rates in Column "D".

**PART IV SCHEDULE B-1**

Schedule B-1 consists of two exhibits (forms) used to establish unit prices for adjustments and alterations. Both exhibits can be found in the Excel workbook titled: Pt IV-Schedule B-1. The lists of items in Exhibits A and B are identical. 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 Lessor shall base his initial bid on these quantities.

Review and coordinate the lists of items in the exhibits with finishes, doors, and hardware specified in Part V, Schedule C, and equipment lists in Design Guide Plates (electrical and telecommunications outlets).

**PART V SCHEDULE C**

Part V is the Space Program, Finish, Door, and Hardware Schedule for the clinic. Two template documents are provided for Part V. The Word document ("Pt V Schedule C Room Finish and Hardware Narrative") contains the instructions and abbreviations for Schedule C. The Excel document ("Pt V Schedule C Example") is an example of a schedule for a basic clinic. "Placeholders" have been included for some typical functions for an expanded clinic. Edit the worksheet as necessary to include all functions from the approved space program. Modify finishes and doors if necessary to meet special project requirements.

The worksheet is laid out as follows:

Column "A"	identifies the department within the clinic
Column "B"	identifies the area or sub-grouping within a department
Column "C"	is a hidden column with the Room Code from the <i>Primary Care</i> Space Planning Criteria document
Column "D"	is the Design Guide Plate applicable to the room or function
Column "E"	is the name of the room or functional area
Column "F"	is the area of the room or function required in the clinic

Column "G"	is program net area in square feet per room
Column "H"	is the extended net area
Columns "I" and "J"	are hidden columns with the net area in square meters
Column "K"	is for area in square feet to be excluded from the Net Usable Area
Column "L"	is a hidden column for net area as designed [Column "L" is intended for use by VA to verify compliance by the Offeror with the space program. VA does a room-by-room take-off from the Offeror's plan.]
Column "M"	is a hidden column for room number [Column "M" may be used if the worksheet is used as the basis for a room-by-room finish schedule.]
Columns "N" thru "R"	are for finish materials
Column "S"	is a hidden column for ceiling height (ceiling heights are specified in Part I of the Basic SFO) [Column "S" would be used in a room-by-room finish schedule, or if deviations from the typical heights specified in Paragraph 7.7 of Part I are necessary and could not be addressed by notes in Column "W".]
Column "T"	is a hidden column which may be used for material and finish color codes created during design development
Column "U"	is the door symbol
Column "V"	is the door hardware set
Column "W"	is for notes (typical notes have been inserted as a Word object following the schedule data).

Subtotals have been provided by area and department for net and excluded areas.

**PART VI STANDARD DETAILS AND SPECIFICATIONS**

Part VI contains the internet address to VA reference library to be used by the Offerors to obtain VA Standard Details and Master Construction Specifications. If any special conditions or modifications to the standard documents are necessary, a notation should be added here to alert the Offerors.

**PART VII ACCESSIBILITY STANDARDS**

Part VII provides links to UFAS and VA Barrier Free Design Guide documents for reference and use by the Offerors. Modifications to the template documents are not necessary.

**PART VIII LABOR STANDARDS PROVISIONS**

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

**PART IX FORMS**

Part IX 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 X CONCEPTUAL PLANS**

Part X consists of the conceptual plans for the OPC, both layout and site. Refer to Section 5 in this Design Guide for information that should be included in the conceptual plans.

**PART XI 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.

## Checklist for Development of SFO Package

CO=Contracting Officer or designee; RS=Requesting Svc; ES=Engineering Svc; Dir=VAMC Director or designee; GC=General Counsel; OT=Other Technical; CS=Cntrct Specialist; ACO=Administrative Contracting Officer; RE=Resident Engineer; IDIQ=IDIQ Contractor					
	Responsible	Involved	Task	Docs to be Completed/ Submitted	Submit to
<b>DRAFT SFO</b>					
<input type="checkbox"/>	CO	RS, ES, Dir, RE	Review status of Pre-SFO activities. If any items are not complete or are pending decision, prepare action plan to resolve remaining items.	Checklists from Sections 4 and 5	---
<input type="checkbox"/>	CO	GC, CS, ACO	Review and edit SFO Template Documents for Procedural and Contract issues.	SFO Part I, Sections 2, 3, 8 & 9	---
<input type="checkbox"/>	CO	ES, OT, RE, IDIQ	Review and Edit SFO Template Documents for Technical Criteria	SFO Part I, Sections 4, 5, & 6; Part II, Sch. A; Part VI Std. Details & Specs.	---
<input type="checkbox"/>	CO	RS, ES, Dir, OT, RE, IDIQ	Review and Edit SFO Template Documents for Space Program	SFO Part V, Sch. C	---
<input type="checkbox"/>	CO	RS, ES, Dir, OT, RE, IDIQ	Review and Edit SFO Template Documents for Interiors and Finishes	SFO Part I, Section 7; Part IV, Sch. B-1; Part V, Sch. C	---
<input type="checkbox"/>	CO	RS, ES, OT, RE, IDIQ	Review and Edit SFO Template Documents for Special Equipment	SFO Part II, Sch. B; Part VI, Guide Plates	---
<input type="checkbox"/>	CO	RS, ES, Dir, OT, RE, IDIQ	Review and Update Conceptual Plan	SFO Part X	---
<input type="checkbox"/>	CO	ES, CS, ACO, RE, IDIQ	Complete and Assemble Forms and Reference Materials	SFO Part VII, UFAS; Part VIII Labor Standards & Wage Rate; Part IX, Forms; Part XI, Site Specific Information	---
<input type="checkbox"/>	CO	CS, ACO	Check all documents and complete summaries and submittal requirements	SFO Part I, Sections 1 and 10	---
<b>REVIEW DRAFT SFO</b>					
<input type="checkbox"/>	CO	CS, ACO	Reproduce and Distribute draft package for review.	Draft SFO	RS, ES, Dir, RC, CS, ACO, OT, RE

<b>CO=Contracting Officer or designee; RS=Requesting Svc; ES=Engineering Svc; Dir=VAMC Director or designee; GC=General Counsel; OT=Other Technical; CS=Cntrct Specialist; ACO=Administrative Contracting Officer; RE=Resident Engineer; IDIQ=IDIQ Contractor</b>					
	Responsible	Involved	Task	Docs to be Completed/ Submitted	Submit to
<input type="checkbox"/>	---	RS, ES, Dir, GC, OT, RE, IDIQ	Review Draft package and provide written comments	Written Comments	CO; File
<input type="checkbox"/>	CO	CS, ACO	Receive and Evaluate comments.	Evaluation of Comments	File
<input type="checkbox"/>	CO	CS, ACO	Revise and Finalize SFO	SFO	File
<input type="checkbox"/>	CO	CS, ACO	Prepare documents for hard copy distribution	SFO	---
<input type="checkbox"/>	CO	CS, ACO	Prepare documents for electronic media distribution	SFO	---

**Section 7**

**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 Draft VA Handbook 7815, Paragraphs 5 and 6.

#### ISSUING SFO

Having tailored the Template SFO to the particular needs of the OPC, the **CO** submits the SFO for approval to **182C, Capital Asset Management and Planning 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 4 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**.

The **CO** will evaluate the need for a Pre-Offer Conference and conduct one, if deemed necessary. 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.

#### 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** will establish a **Technical Evaluation Board (TEB)**, and will assemble and transmit necessary data to the **TEB**. 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** perform a Net Present Value (NPV) 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 "communications" 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. 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, check Central Contractor Registration (CCR) and Debarred Contractors List databases, request EEO Clearance (if aggregate value is greater than \$10 million), and request Dunn & Bradstreet or other reports which provide credit information on the Offerors.

#### **FOLLOW-UP OFFERS**

At the conclusion of negotiations, all discussions cease. 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. At this time, the **CO** should make arrangements to obtain an appraisal of the potentially successful offer. 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 the EEO Clearance and the Dunn & Bradstreet Report, and confirm the Offeror's capability to perform. This includes a check of the Central Contractor Registration and the Debarred Databases. He/she will prepare a **CO** Determination and a Price Negotiation Memo-randum (PNM) summarizing the process leading to the final decision.

After the conclusion of negotiations and a final review of FPRs, the **CO** may award the lease.

#### **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 are complete and ready to submit to various offices for approval. The completed **Lease Package** includes:

**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 Schedule;**

**Unit Prices for Alterations of \$100,000 or Less.**

The **CO** submits the completed Lease Package to General/Regional Counsel to obtain legal review. At the same time, the package is submitted to **Acquisitions and Materiel Management (A&MM)** and the **Office of Asset Enterprise Management (OAEM)** for their approvals. When leases will be in excess of \$300,000, the **CO** will also alert the VA Office handling Congressional Affairs in order to allow a courtesy 48-hour Congressional Notification to the appropriate Congressperson before notifying the successful Offeror. The **CO** will then send out a Letter of Intent to Award and three originals of the unsigned lease to the successful Lessor.

#### **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. Should it appear that either receipt of the approvals or preparation of the lease will cause issuing the lease to be later than the acceptance period specified in the SFO, the **CO** requests in writing a **Time Extension of the Acceptance Period** from each Offeror. The **CO** submits a copy of the fully executed lease to the Lessor; one copy is sent to the Medical Center; one copy is retained in 183C.

#### **UNSUCCESSFUL OFFERORS**

The **CO** will issue a Notification Letter to each unsuccessful Offeror and will, upon written request, provide the Offeror with a debriefing. 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. Upon request, the unsuccessful Offeror may receive a written record of the debriefing session.

## Checklist For Issuing of SFO through Award of Contract

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=Cntrct Specialist; RE=Resident Engineer; IDIQ=IDIQ Contractor					
	Resp.	Involv.	Task	Docs to be Cmpltd/ Submtd	Submit to
<b>ISSUING SFO</b>					
<input type="checkbox"/>	CO	COR	Submit SFO for Approval	SFO	182C
<input type="checkbox"/>	CO	COR	Finalize and Distribute SFO	SFO	Potential Offerors; File
<input type="checkbox"/>	CO	Varies	Receive and distribute Offeror Requests for Information to appropriate team members	RFI's	File; ES; RS; IDIQ; OT; RE
<input type="checkbox"/>	CO	ES; RS; IDIQ; OT; RE	Brief Team on Appropriate Topics/Actions	---	---
<input type="checkbox"/>	CO	ES	Conduct Pre-Offer Conference (if needed)	Record	File
<input type="checkbox"/>	CO	---	Evaluate Suggested Changes to SFO	Record	File
<input type="checkbox"/>	CO	Varies	Prepare and Issue Addenda to SFO (as required)	Addenda	Offerors; File
<b>EVALUATING OFFERS</b>					
<input type="checkbox"/>	CO		Receive Offers	Offers	File
<input type="checkbox"/>	CO	COR	Perform Initial Evaluation of Offers to Determine Response to Requirements	---	File
<input type="checkbox"/>	CO	COR	Establish <b>Technical Evaluation Board (TEB)</b>	Memo	varies (ES; RS; CS; RE; OT;) File
<input type="checkbox"/>	CO	COR	Review Cost Proposals, Perform Net Present Value of all Initial Offers	Price Components of Offers	---
<input type="checkbox"/>	CO	COR	Convene <b>TEB</b> and Provide Appropriate Technical Documents	SFO; Addenda; Technical Components of Offers; Instructions on Scoring	varies (ES; RE; RS; OT)
<input type="checkbox"/>	TEB	varies (ES; RE; OT; RS)	Evaluate, Summarize Findings, and Assign Numerical Rating to Each Offer	Rating Report	CO; File
<input type="checkbox"/>	CO	COR	Evaluate Combined Technical/Pricing Data	---	File

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	Resp.	Involv.	Task	Docs to be Cmpltd/ Submtd	Submit to
<input type="checkbox"/>	CO	COR	Determine if Lease may be Awarded Based on Initial Offers (if so, Proceed to Final Completion Package)	---	File
<input type="checkbox"/>	CO	COR	Abstract and Analyze Offers	Abstract and Analysis	File
<input type="checkbox"/>	CO	COR	Develop Pre-Negotiation Plan	Summary of Pre-Negotiation Record	File
<input type="checkbox"/>	CO	COR	Hold Exchanges with Offerors if Necessary to Establish Competitive Range		File
<input type="checkbox"/>	CO	COR	Determine Competitive Range	Competitive Range Analysis	File
<input type="checkbox"/>	CO	COR	Provide Written Notice to Offerors Excluded from the Competitive Range or Otherwise Eliminated	Notification Letters	Unsuccessful Offerors; File
<input type="checkbox"/>	CO	varies (ES; RE; RS; RC)	Conduct Detailed Negotiations with Each Offeror within the Competitive Range	---	File
<input type="checkbox"/>	CO	COR	Prepare Negotiations Record	Summary of Negotiations	File
<b>FOLLOW UP OFFERS</b>					
<input type="checkbox"/>	CO	COR	Request in Writing from Each Offeror Final Proposal Revision (FPR)	Requests for FPRs	Offerors; File
<input type="checkbox"/>	CO	COR	Receive FPRs	FPRs	File
<input type="checkbox"/>	CO	COR	Perform NPV and Score FPRs	Price Evaluation	File
<input type="checkbox"/>	CO	COR	Review Technical Portion of FPRs	---	
<input type="checkbox"/>	CO	COR	Contract and Select Appraiser	Letters	Appraisers; File
<input type="checkbox"/>	CO	COR	Summarize FPRs	Summary of FPRs	File
<input type="checkbox"/>	CO	COR	Contracting Officer's Determination	Determination	File
<input type="checkbox"/>	CO	COR	Request and Receive Appraisal	Appraisal	File
<input type="checkbox"/>	CO	COR	Request and Review Dunn & Bradstreet Reports, EEO Clearance if required, and check of Central Contractor Registration (CCR) and Debarred Databases on Offerors,	Credit Report; EEO Clearance, CCR & Debarred Databases	File
<input type="checkbox"/>	CO	COR	Prepare Price Negotiation Memorandum (PNM)	PNM	File

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	Resp.	Involv.	Task	Docs to be Cmpltd/ Submtd	Submit to
<b>PREPARE FINAL DECISION PACKAGE</b>					
<input type="checkbox"/>	CO	COR	Prepare Final Decision Package	Decision Documents	File
<input type="checkbox"/>	CO	COR	Prepare Completed Lease Package	GSA SF2; Additional Provisions; SFO; Amendments to SFO; GSA Forms 3517B, 3518, 1217; Drawings; Unit Costs for Adjustments Schedule; Unit Prices for Alterations of \$100,000 or Less	File
<input type="checkbox"/>	CO	COR	Obtain Legal Review	Completed Lease Package	GC/RC
<input type="checkbox"/>	CO	COR	Obtain A&MM, Office of Asset Enterprise Management, VAMC Director, and Finance Officer Concurrence	Completed Lease Package	A&MM; OAEM; Dir; F
<input type="checkbox"/>	CO	COR	Obtain Lessor's Signature on Lease Contracts	Unsigned Lease (3 originals); Letter of Intent to Award	Lessor; File
<input type="checkbox"/>	CO	COR	Notify Appropriate VA Office to Alert Congress within for 48 hours of Award (if necessary)	Fact Sheet e-mail	A&MM; Congressional Affairs
<b>PREPARE AWARD NOTIFICATION</b>					
<input type="checkbox"/>	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
<input type="checkbox"/>	CO	---	Distribute Original Documents of Lease	Lease Contract	Dir; Lessor; 183C
<input type="checkbox"/>	CO	COR	Notify Unsuccessful Offerors	Notification Ltr of Unsuccessful Offer	Unsuccessful Offeror; File
<input type="checkbox"/>	CO	COR	Provide Debriefing Upon Written Request from Unsuccessful Offeror	---	Unsuccessful Offeror

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	<b>Resp.</b>	<b>Involv.</b>	<b>Task</b>	<b>Docs to be Cmpltd/ Submtd</b>	<b>Submit to</b>
<input type="checkbox"/>	<b>CO</b>	<b>COR</b>	Document Debriefing	<b>Record of Debriefing</b>	<b>File; Unsuccessful Offeror</b>
<input type="checkbox"/>	<b>CO</b>	<b>COR; GC/RC</b>	Receive and Address Protests	<b>Documents</b>	<b>File; Protestor (if requested)</b>

**Section 8**

**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 COTR

If a **Resident Engineer (RE)** has not already been appointed as the **Contracting Officer Technical Representative (COTR)** the **CO** does so now. The **COTR** will acknowledge the appointment. [Refer to Appendix A for sample Memo to Assign Resident Engineer as **COTR** and Letter to Lessor Regarding Designation of **COTR**.]

**Resident Engineers (RE)** and other **Contracting Officer Technical Representatives (COTR)** 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 OPC; and VA does not make progress payments to the contractor or Lessor during the construction period.

#### RELOCATE COTR/RE TO CONSTRUCTION SITE

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

#### DEVELOP CHECKLIST

The **CO** develops and provides to the Lessor and **COTR/RE** a list showing the time constraints for significant actions required by the SFO. 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 **COTR/RE** should examine it for completeness and reasonableness. The **COTR/RE** may reject the schedule outright or may ask for modifications and resubmittal of the schedule. If the **COTR/RE** requires additional guidance or assistance to evaluate the schedule, contact CPM Office within Central Office.

#### POST-AWARD MEETING

As soon as possible after award, the **CO** should convene a post-award meeting to bring together the **CO**, **COTR/RE**, representatives of the **Requesting Service**, the Lessor, and others as deemed necessary by the **CO**. The **CO** 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. 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 **COTR/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 **COTR/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 **COTR/RE** will be VA's primary contact with the Lessor and contractor. The **COTR/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 **COTR/RE** will compare the progress of the work with the requirements of the SFO, approved construction drawings and specifications, and project schedule. The **COTR/RE** will record comments for each branch of the work as appropriate for that stage of construction.

The **COTR/RE** must submit to the **CO** a weekly 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 **COTR/RE** should monitor the estimated work progress or percent completion to ensure the Lessor's timely progress toward the contractually required completion date.

The **COTR/RE** must keep current a list of items (**Deficiencies List**) that are in 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 **COTR/RE** will take in-progress photographs at regular intervals during construction. Refer to Paragraph 32 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 IX of the Template SFO in Appendix C for documents], 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 **COTR/RE** monitors construction to ensure the Lessor's timely completion of the project. If the **COTR/RE** determines that the space will not be substantially ready for occupancy on the date stated in the lease, the **COTR/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 **COTR/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 **COTR/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 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**.

## COMMISSIONING

Commissioning is a systematic process of quality control and assurance [see Section 2] and is recommended, as qualified, for all VA leasing projects involving construction. In general, the heating, ventilating, and air conditioning systems and controls, lighting controls, and life safety systems should be commissioned.

If commissioning is included in the SFO, the Independent Certified Commissioning Provider (ICCP) will be responsible for the coordination and direction of the commissioning activities including establishing the protocols and forms, maintaining centralized documentation, communicating with all necessary parties, and updating timelines and schedules for the commissioning effort. The **COTR/RE** will attend commissioning meetings and communicate with the ICCP to determine the compliance with the requirements of the SFO. The **COTR/RE** will regularly apprise the **CO** of the progress of the commissioning and provide notice of any deficiencies in performance.

## 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 **COTR/RE**. The **CO/COR** will assemble the **Inspection Team** and schedule the final inspections of the site and building. If the **COTR/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 **COTR/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 **COTR/RE**, designated in writing by the **CO** as the captain of the Inspection Team. The Inspection Team will include the **COR**, **COTR/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*, Paragraph 52. 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 substantially complete, ready for beneficial occupancy, and that the AHJ has issued an Occupancy Permit, the captain of the Inspection Team will execute the custody receipt [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 **COTR/RE** will prepare and submit a final progress report dated the same as the date of substantial completion to show the work as complete.

## SPACE NOT READY FOR OCCUPANCY

If, after beginning the inspection, the team captain concludes the project is not ready for beneficial use 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 beneficial use or occupancy.

In case the team captain and **CO** decide to proceed with the final inspection and the project is not ready for beneficial 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 **COTR/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

<b>CO=Contracting Officer; COTR=Contracting Officer's Technical Representative; 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;</b>					
	Responsible	Involved	Task	Docs to be Completed/ Submitted	Submit to
<b>APPOINT THE COTR</b>					
<input type="checkbox"/>	CO	---	Appoint the COTR	Memo Appointing COTR; Letter to Lessor Re Desig. COTR	COTR; Lessor; File
<input type="checkbox"/>	COTR	---	Acknowledge Letter of Authorization	Letter of Acknowledgement	CO; File
<b>RELOCATE COTR/RE TO CONSTRUCTION SITE</b>					
	COTR/RE		Relocate to Site	---	---
<b>DEVELOP CHECKLIST</b>					
<input type="checkbox"/>	CO	COR	Develop Checklist of Actions based on SFO	Action Checklist	File
<input type="checkbox"/>	CO	COR	Require Submittal of Schedule from Lessor	Letter	Lessor; File
<input type="checkbox"/>	CO	COR; COTR- Lessor	Receive and Examine for Completeness Schedule from Lessor	Schedule	File
<input type="checkbox"/>	CO		Accept or Reject Schedule; or Require Modifications to Schedule	Letter	Lessor; File
<b>POST-AWARD MEETING</b>					
<input type="checkbox"/>	CO		Identify/Contact VA Staff to attend Post Award Meeting	e-mails	Participants; File
<input type="checkbox"/>	CO	COTR; RS ; OT	Prepare Agenda for Post-Award Meeting; Discuss Appropriate Topics and Conduct with VA project team	Agenda	Participants, File
<input type="checkbox"/>	CO	COTR; RS ; OT	Convene Post Award Meeting	Meeting Minutes	Participants; File
<b>REVIEW OF SUBMITTALS</b>					
<input type="checkbox"/>	COTR	ES, OT , IDIQ	Review technical submittals and report deviations to CO	Submittal Review	CO
<input type="checkbox"/>	CO		Notify Lessor of deviations and request corrective action	Letter	Lessor
<input type="checkbox"/>	CO	ES, RS, Dir	Review and approve final interiors material and color submittals	Submittal Review	Lessor

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	Responsible	Involved	Task	Docs to be Completed/ Submitted	Submit to
<b>CONSTRUCTION-IN-PROGRESS SITE VISITS</b>					
<input type="checkbox"/>	COTR	ES, OT, IDIQ	Periodic Site Visits to Monitor Progress and Quality of Construction	Progress or Inspection Report	CO
<b>PHOTOGRAPHS</b>					
<input type="checkbox"/>	COTR		Supervise Progress Photographs of Construction and Completed Facility	Prints and Digital Files	CO
<b>CORRECTION OF DEFICIENCIES</b>					
<input type="checkbox"/>	COTR	ES, OT, IDIQ	Identify Defects or Omissions In Construction and/or Progress of Work	Deficiencies List	CO
<input type="checkbox"/>	CO	COTR	Notify Lessor of Deficiencies	Cure Notice	Lessor; File
<input type="checkbox"/>	CO	COTR	Maintain Master List of Deficiencies; Review and Update as Work Is Corrected or Completed	Deficiencies List	File
<b>CHANGES</b>					
<input type="checkbox"/>	CO	COTR	Request for Pricing for Change(s)	Proposal Request	Lessor
<input type="checkbox"/>	CO		Review and Negotiate Proposal	Record	File
<input type="checkbox"/>	CO	Dir	Verify Availability of Funds Obligate Funds for Change(s)	Record	File
<input type="checkbox"/>	CO		Prepare Written Directive Authorizing Lessor to Proceed With Change	Change Order	Lessor; File
<b>COMMISSIONING</b>					
<input type="checkbox"/>	COTR		Attend Commissioning Meetings and Monitor Activities of ICCP	Report	CO
<b>FINAL INSPECTION</b>					
<input type="checkbox"/>	CO	COTR	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

<b>CO=Contracting Officer; COTR=Contracting Officer's Technical Representative; 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;</b>					
	Responsible	Involved	Task	Docs to be Completed/ Submitted	Submit to
<input type="checkbox"/>	CO	COR, COTR/RE	When Work is Ready for Final Inspection, Identify and Assemble Inspection Team	Ltr or e-mail	COTR; Team Members
<input type="checkbox"/>	CO	COR	Schedule Final Inspection with Lessor, Contractor, and ICCP	Ltr or e-mail	Lessor; Team Members
<input type="checkbox"/>	COR, COTR/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
<b>ACCEPTANCE OF SPACE</b>					
<input type="checkbox"/>	COR, COTR/RE	Lessor	Verify project is ready for beneficial occupancy; execute custody receipt	Custody Receipt	Lessor; CO
<input type="checkbox"/>	COR, COTR/RE	Dir	Following execution of custody receipt, transfer the project to medical center director	Transfer Receipt	Dir; CO
	COTR/RE		Prepare final progress report	Progress report	CO
<b>SPACE NOT READY FOR OCCUPANCY/CORRECTION OF PUNCH LIST ITEMS</b>					
<input type="checkbox"/>	CO	COR, COTR/RE	Transmit Punch List with Request for Corrective Action to Lessor	Punch List	Lessor
<input type="checkbox"/>	CO	COTR	Verify Work has Been Corrected or Completed; Proceed to Finalization of Lease	---	---

**Section 9**

**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 OPC 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 **COTR/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 **COTR/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:

For major leasing actions negotiated and executed in VACO, administrative contracting authority will be delegated to the local **CO** shortly after occupancy.

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

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;
- Supplemental Lease Agreements;
- 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 Supplemental Lease Agreements;

- 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 IX of the Template SFO in Appendix C 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 Paragraph 3.11 in Part I of 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, the 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. Such documents include financing agreements and contracts of sale.

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 the VA receives a copy of this receipt for the file.

**ABSTRACTING THE LEASE**

The **CO** 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 **CO** 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

<b>CO=Contracting Officer or designee; COTR=Contracting Officer's Technical Representative;                      RS=Requesting Svc; ES=Engineering Svc; OT=Other Technical; Dir=VAMC Director or designee;                      ACO=Administrative Contracting Officer; RE=Resident Engineer</b>					
	Resp.	Involv.	Task	Docs to be Cmpltd/ Submtd	Submit to
<b>CONDITION SURVEY REPORT</b>					
<input type="checkbox"/>	CO	COTR Lessor ES OT RE	Conduct Joint Condition Surveys	---	---
<input type="checkbox"/>	CO	COTR	Prepare Condition Survey Report	Public Buildings Service Condition Survey Report GSA Form 1204	Lessor File
<b>GOVERNMENT FURNISHED PROPERTY</b>					
<input type="checkbox"/>	CO		Request Schedule of Desired Equipment Delivery Dates from Lessor	Request	Lessor File
<input type="checkbox"/>	CO	ES COTR	Arrange for Delivery of Gov't Furnished Equipment Before Required Dates	Order Documents	File
<input type="checkbox"/>	CO	Lessor COTR	Jointly Inspect Equipment upon Delivery for Damage and Quantities; Report to the Carrier as Necessary	Necessary Notice to Carrier	Carrier Supplier File
<b>DESIGNATE AN ADMINISTRATIVE CO</b>					
<input type="checkbox"/>	CO		Notify ACO of Delegation of Lease	Letter of Notice	ACO File
<b>CREATE A LEASE FILE</b>					
<input type="checkbox"/>	CO		Create the Lease File	Lease File	---
<b>ALTERATIONS AND IMPROVEMENTS</b>					
<input type="checkbox"/>	CO		Verify Provision in Lease on ownership of Alterations and Improvements	---	---
<b>RECORDING THE LEASE</b>					
<input type="checkbox"/>	ACO	App. VA Staff	Verify recording of lease or Arrange for Recordation of Lease	Lease	Local Office of Land Records
<input type="checkbox"/>	ACO		Follow Up on Recordation	---	App. VA Staff
<input type="checkbox"/>	ACO	Local Office of Land Records	File Printed Receipt Documenting Recordation	Receipt	File

<b>CO</b> =Contracting Officer or designee; <b>COTR</b> =Contracting Officer's Technical Representative; <b>RS</b> =Requesting Svc; <b>ES</b> =Engineering Svc; <b>OT</b> =Other Technical; <b>Dir</b> =VAMC Director or designee; <b>ACO</b> =Administrative Contracting Officer; <b>RE</b> =Resident Engineer					
	<b>Resp.</b>	<b>Involv.</b>	<b>Task</b>	<b>Docs to be Cmpltd/ Submtd</b>	<b>Submit to</b>
<b>ABSTRACTING THE LEASE</b>					
<input type="checkbox"/>	<b>CO</b>		Abstract the Lease	<b>Lease Abstract</b>	<b>File</b>

## Finalization of Lease Checklist

### LEASE ADMINISTRATION

Lease administration commences with the VA's execution of the lease and encompasses all activities and actions that are required of the 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 the 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 the Lease Renewal Notice, GSA Form 2353 [See Appendix A].

**Alteration Rights.** The right of the 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 the 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 the 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 / SUPPLEMENTAL LEASE AGREEMENTS (SLA)**

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 Form 276, Supplemental Lease Agreement (SLA) [See Appendix A] to reflect each modification. The Lessor executes the SLA first; then it is executed by the **ACO**. Each SLA 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 SLAs 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 the 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 SLA. 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**

SLAs 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 \$100,000, 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 \$100,000 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 accordance 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.

### LEASE EXTENSIONS

The term of an existing lease may be extended, usually for not more than one year, upon receipt by the **ACO** of official authorization. However, the total lease term with such extensions may not exceed 20 years. The authorizing office is that which issued the original authorization to procure the lease.

### 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 size of the space requirements exceeds 10,000 USF. 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, the original appraisal must be updated to a current date or a new appraisal performed.

#### 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 **ACO** may take action to terminate the lease for default if no cure is forthcoming in accordance with the terms of the cure notice.

## 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 the 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 the 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 leasing authority. The **ACO** must request and receive from that office which originally gave leasing authority 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 the 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 SLA or 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 the VA is ready, willing, and able to relocate. Please refer to Section 4 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 space requirements greater than 10,000 USF 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 relocations costs may be recovered through, 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 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, the 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 moneys owed the Lessor or the 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

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					
	Resp.	Involv.	Task	Docs to be Cmpltd/ Submtd	Submit to
<b>INITIAL ACTIVITIES FOR ADMINISTRATION OF LEASE</b>					
<input type="checkbox"/>	ACO		Review Lease Terms	---	---
<input type="checkbox"/>	ACO		Establish Milestones and Schedule of Actions to be Performed During Term of Lease	Schedule of Events	File
<b>EXERCISING LEASEHOLD RIGHTS</b>					
<input type="checkbox"/>	ACO		Review Leasehold Rights		
<input type="checkbox"/>	ACO		Notify of Any Deficiencies	Letter(s)	Lessor
<b>MODIFYING THE LEASE</b>					
<input type="checkbox"/>	ACO	US	Determine Need for Modification to Lease	Notes of Analysis of Need	File
<input type="checkbox"/>	ACO		Prepare GSA Form 276, Supplemental Lease Agreement (SLA)	SLA	File
<input type="checkbox"/>	ACO		Issue SLA to Lessor	SLA	Lessor
<input type="checkbox"/>	ACO	Lessor	Receive Executed SLA from Lessor	SLA	
<input type="checkbox"/>	ACO		Execute SLA for VA	SLA	
<input type="checkbox"/>	ACO		Issue VA Executed SLA to Lessor	SLA	Lessor; File
<input type="checkbox"/>	ACO		Abstract SLA; Enter Changes into Lease Database	Record of Changes	File
<input type="checkbox"/>	ACO	VA Emps	Alert VA Personnel to Lease Changes Affecting Use of Space	e-mails	File
<b>MONITORING LESSOR'S PERFORMANCE</b>					
<input type="checkbox"/>	ACO	US	Monitor Lessor's Performance	Evaluations; Complaints from Using Personnel	File
<b>VACANT LEASED SPACE</b>					
<input type="checkbox"/>	ACO	US	Periodically Evaluate Vacancy or Upcoming Vacancy of Leased Space	Notes	File

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	Resp.	Involv.	Task	Docs to be Cmpltd/ Submtd	Submit to
<input type="checkbox"/>	ACO	US	Determine Nature of Vacancy: Temporary, Partial, Permanent	Notes	File
<input type="checkbox"/>	ACO		Determine Desired Course of Action	Analysis	File
<input type="checkbox"/>	ACO	Lessor	Negotiate with Lessor to Obtain Desired Result	Notes on Negotiations	File
<input type="checkbox"/>	ACO		Appropriately Complete Required Paperwork	Documentation	File
<b>SUPERSEDING LEASES</b>					
<input type="checkbox"/>	ACO	US	Determine Need for Superseding Lease	Notes	File
<input type="checkbox"/>	ACO	AUTH OFF	Obtain Approval for Superseding Lease	Authorizing Document	File
<input type="checkbox"/>	ACO	US ES	Furnish Space Requirements Package to Lessor	SRP	Lessor File
<input type="checkbox"/>	ACO	US ES OT	Follow Lease Procurement Procedures	Notes	File
<b>EXPANSION REQUIREMENTS</b>					
<input type="checkbox"/>	ACO	US	Determine the Need for Expansion	Notes	File
<input type="checkbox"/>	ACO		Review Clauses in Lease on Expansion Requirements	---	---
<input type="checkbox"/>	ACO	US RE ES	Determine Availability of Alternate Space	Market Survey	File
<input type="checkbox"/>	ACO	CO	If Required, Obtain JOTFOC from CO; otherwise Prepare a JOTFOC	JOTFOC	File
<input type="checkbox"/>	ACO		Perform Cost Benefit Analysis	Analysis	File
<input type="checkbox"/>	ACO		If Leasing Expansion Space from Lessor is Cost Effective, Furnish SRP for the Additional Space	SRP	Lessor; File
<input type="checkbox"/>	ACO	Lessor	Conduct Negotiations with Lessor		
<input type="checkbox"/>	ACO	Lessor	Prepare SLA and Oversee Execution	SLA	Lessor; File
<b>LEASE EXTENSIONS</b>					
<input type="checkbox"/>	ACO	US	Determine Need for Lease Extension	Notes	File
<input type="checkbox"/>	ACO	AUTH OFF	Obtain Authorization for Lease Extension	Authorizing Document	File
<input type="checkbox"/>	ACO	Lessor	Prepare and Oversee Execution of SLA	SLA	Lessor; File

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	Resp.	Involv.	Task	Docs to be Cmpltd/ Submtd	Submit to
<b>RENEWAL OPTIONS</b>					
<input type="checkbox"/>	ACO	US	Validate Continuing Need for Space	Staffing & Workload Data	File
<input type="checkbox"/>	ACO	US ES	Perform Market Survey to Determine Availability and Cost of Potential Locations	Market Survey	File
<input type="checkbox"/>	ACO	US	Review Existing Space for Deficiencies; Review Lessor's Performance	Review	File
<input type="checkbox"/>	ACO	Appraiser	Update Appraisal of Existing Space	Appraisal	File
<input type="checkbox"/>	ACO	ES JS	Determine if Acquiring Alternate Space is in Best Interests of the VA	Notes	File
<input type="checkbox"/>	ACO		Notify Lessor of Desire to Renew Lease	Notification Letter	Lessor File
<b>SUCCEEDING LEASES</b>					
<input type="checkbox"/>	ACO	US	Determine Continuing Need for Space	Notes	File
<input type="checkbox"/>	ACO		Conduct Cost Benefit Analysis to Determine Best Interest of VA	CBA	File
<input type="checkbox"/>	ACO	US ES	Establish the Requirements	SRP	File
<input type="checkbox"/>	ACO	US ES	Evaluate Adequacy, Suitability, Efficiency of Current Premises	Notes	File
<input type="checkbox"/>	ACO	US ES	Create Competition and Survey the Market	Notes	File
<input type="checkbox"/>	ACO	US	Identify the Delineated Area	Description of Delineated Area	File
<input type="checkbox"/>	ACO	Local Newspaper	Advertise the Requirement	Advertisement	File
<input type="checkbox"/>	ACO	US ES OT	Conduct Market Survey	Market Survey Report	File
<input type="checkbox"/>	ACO	US ES OT	Determine Suitability of Alternative Locations	Notes	File
<input type="checkbox"/>	ACO		Perform CBA/Capital Lease Scoring	CBA/Scoring	File
<input type="checkbox"/>	ACO	ES	Issue SFO	SFO	File
<input type="checkbox"/>	ACO	US ES OT	Follow Procedures for Competitive Negotiation, Contract Preparation, Clearance and Award	Documents	Pert Parties; File



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	Resp.	Involv.	Task	Docs to be Cmpltd/ Submtd	Submit to
<b>FAILURE TO PERFORM</b>					
<input type="checkbox"/>	ACO	US	Periodically Evaluate Lessor's Performance for Failure to Perform	Notes	File
<input type="checkbox"/>	ACO	CO GC	Exercise VA's Rights per GSA Form 3517B, Clause 15 if Lessor Fails to Perform	Correspondence	Lessor; File
<b>VACATING PREMISES</b>					
<input type="checkbox"/>	ACO	US	Determine Need to Vacate	Notes	File
<input type="checkbox"/>	U S		Indicate Intent to Vacate		ACO; File
<input type="checkbox"/>	ACO		Notify Lessor of VA's Intent To Vacate	Notification of Intent to Vacate	Lessor; File
<input type="checkbox"/>	ACO		Schedule Preliminary Inspection	Date	US; Lessor; File
<input type="checkbox"/>	ACO	US ES	Have Necessary Repairs Made	Notes	File
<input type="checkbox"/>	ACO	US ES	Plan Move-Out	Notification, Notes	Lessor; File
<input type="checkbox"/>	ACO	US ES OT	Compare Initial Condition Survey Report with Current Condition of Premises	Notes	File
<input type="checkbox"/>	ACO		Evaluate Potential for Liquidated Damages; Make Payment as Appropriate	Payment Notes	Lessor; File
<input type="checkbox"/>	ACO	US ES	Move Out	Notes	File
<input type="checkbox"/>	ACO	US	Verify Removal of All Bulk Trash	Notes	File
<input type="checkbox"/>	ACO	US	Arrange for Broom Sweeping of Premises	Notes	File
<input type="checkbox"/>	ACO	US Lessor	Arrange for Lessor Inspection of Vacated Premises	Notes	File
<input type="checkbox"/>	ACO		Prepare a Release Letter and send to Lessor Certifying Acceptance of Premises and No Remaining Claims	Release Letter	Lessor
<input type="checkbox"/>	ACO	Lessor	Accept Letter from Lessor	Release Letter	File