

August 18, 1995

MEMORANDUM FOR ALL REAL PROPERTY LEASING ACTIVITIES
(PER DISTRIBUTION LIST)

FROM: HILARY PEOPLES (s) Robert E. Ward for
ACTING ASSISTANT COMMISSIONER FOR
COMMERCIAL BROKER

SUBJECT: Simplified Procedures for Acquisition of Leasehold Interests in Real
Property

1. Purpose. This acquisition letter provides streamlined procedures for leasing actions to implement the Federal Acquisition Streamlining Act of 1994 and General Services Administration Acquisition Regulation (GSAR) Change 65.
2. Background. On October 13, 1994, the President signed the Federal Acquisition Streamlining Act of 1994. With regard to leasing, the Act has a number of beneficial provisions, including --
 - a. Raising the small purchase threshold for leasing from \$25,000 total contract value to a simplified lease acquisition threshold (SLAT) of \$100,000 annual rental. The SLAT procedures replace our expedited lease procedures, but with broader application and greater flexibility.
 - b. Eliminating the requirement for the *Officials Not to Benefit* clause and raising the threshold for 11 clauses and provisions to \$100,000 annual rental. (Use of over 30 additional GSAR clauses and provisions were made more flexible by Change 65.)
 - c. Raising the threshold for Cost or Pricing Data from \$100,000 to \$500,000 with an adjustment every 5 years.
 - d. Redefining competition for leases which do not exceed the SLAT.
 - e. Authorizing the contracting officer to approve acquisitions which do not promote competition to the maximum extent practicable when they do not exceed the SLAT.
3. Effective Date/Expiration Date. The GSAR change is effective August 17, 1995, and simplified procedures may be used for acquisitions beginning on that date. These instructions are effective upon signature and will expire 12 months from the date of issuance, unless extended.

4. Cancellation. Acquisition letter PQRP-91-04, *Expedited Procedures for Acquisition of Leasehold Interests in Real Property*, dated August 26, 1991, and GSA Form 3517B, *General Clauses*, are canceled.
5. Applicability. All real property leasing activities.
6. Instructions/Procedures. Business practices are attached. The following is a summary of attachments:
 - a. Attachment 1 - Business Practices for Simplified Lease Acquisition.
 - b. Attachment 3 - GSA Form 3626, U. S. Government Lease for Real Property (Short Form).
 - c. Attachment 4, GSA Form 3517A, General Clauses (Short Form).
 - d. Attachment 5, GSA Form 3518A, Representations and Certifications (Short Form).

Attachments

BUSINESS PRACTICES FOR SIMPLIFIED LEASE ACQUISITION

1. Applications. This process may be used for actions which do not exceed the simplified lease acquisition threshold (SLAT). The SLAT is defined as an average net annual rent which does not exceed \$100,000. The process may be used for all acquisitions which fall within the SLAT. The type of specifications the realty specialist must use in the process will depend upon the complexity of the acquisition, ranging from minimum specifications for small amounts of generic office space to detailed specifications for special purpose facilities such as laboratories or for lease construction.
2. Process. The process is intended to be less formal than the usual lease acquisition with much of it handled by telephone or during on-site visits.
3. Provisions and Clauses. GSA Form 3626, *U. S. Government Lease for Real Property (Short Form)*, GSA Form 3517A, *General Clauses (Short Form)*, and GSA Form 3518A, *Representations and Certifications (Short Form)* should be used for simplified lease acquisitions. These contain the required statutory provisions and clauses.
4. Lease Form Revisions.
 - a. GSA Form 3626, *U. S. Government Lease for Real Property (Short Form)*, has been modified to include revised Federal Acquisition Streamlining Act language on award factors in paragraph 4, "term" requirements in subpart IA, and updated asbestos terminology in subpart IB.
 - b. GSA Form 3517A, *General Clauses (Short Form)*, has been modified to (1) delete three clauses and add four clauses incorporated by reference as a result of new thresholds, (2) edit paragraph 1 for clarity, and (3) show that the threshold for cost and pricing data has been raised from \$100,000 to \$500,000.
 - c. GSA Form 3518A, *Representations and Certifications (Short Form)*, has been modified to delete *Certification Regarding a Drug-Free Workplace*, to replace the *Offeror's Contractors Establishment Code* with *Offeror's DUNS Number* and to reflect an editorial change on the small business size standard.
 - d. GSA Form 3517B, *General Clauses*, has been canceled because it is no longer needed.
5. Competition - Leases Not Exceeding the SLAT. When a lease is not expected to exceed the SLAT the following conditions apply.

- a. The solicitation of at least three sources is considered to promote competition to the maximum extent practicable. When circumstances exist that support other than competition to the maximum extent practicable, the contracting officer shall document the file with the reasons for the determination. No justification or approvals are required above the contracting officer.
 - b. If sources which were not solicited learn of the requirement and express an interest, their space must be considered if they meet, or can be made to meet, the requirements.
 - c. When there are repeated leasing actions in the same market, realty specialists must be careful to seek competition each time. Realty specialists are cautioned to avoid only contacting the same offerors if other high quality space capable of meeting the requirements exists.
6. Newspaper Advertisements. Newspaper advertisements are required if the square footage exceeds 10,000 square feet. Other circumstances when publicizing is not required are described in FAR 5.202 and GSAR 505.202.
 7. Current Market Information. Current market information must be obtained and documented for all lease actions. The contracting officer may use information available within GSA or from other available sources to identify locations that will meet the Government's minimum requirements. (Also see PER-95-01.) The GSA Form 3627, Market Survey, may be used to document leases under 10,000 square feet if a form is needed.
 8. Safety and Environmental Acceptability. Safety and environmental procedures are undergoing major revisions and will be addressed in a separate acquisition letter. In the interim, PQR-94-08, *Safety and Environmental Procedures in Lease Acquisition*, shall be followed.
 9. Security Surveys. Preaward security surveys are not required for leases under 10,000 square feet, except for those cases which have been identified by the contracting officer or the Director, Commercial Broker Division, as needing security surveys.
 10. Pre-Award Documentation.
 - a. The GSA Form 3628, Lease Action Summary, may be documented and serve as the Price Negotiation Memorandum.
 - b. Appraisals are not required for leases which use the simplified process. However, the fact that an appraisal is not required does not alter the requirement that the

contracting officer use market data (cost or price analysis) to evaluate the price and document the lease file to demonstrate that the proposed contract rental represents a fair market price. In addition, in cases with a total contract value over \$500,000, where there is no competition or market data to support an exemption to the requirement to obtain cost or pricing data, the contracting officer may decide to obtain an appraisal in order to support an exemption instead of obtaining cost or pricing data.

11. Continuing Space Requirements.

- a. Succeeding and Superseding Leases and Lease Extensions. When the cost of a succeeding lease for the continued occupancy of space in a building, superseding lease, or extension does not exceed the simplified lease acquisition threshold, the contracting officer may use simplified acquisition procedures and document the reasons for the absence of competition in the file. No justification or approvals are required above the contracting officer.
- b. Expansion. When an expansion requirement is determined to be within the general scope of the lease, the space may be acquired through a modification to the lease without further justification.