




JUN 6 2005

MEMORANDUM FOR ALL GSA CONTRACTING ACTIVITIES

FROM: DAVID A. DRABKIN 
SENIOR PROCUREMENT EXECUTIVE

SUBJECT: Exclusion of Leases or Leasehold Interest in Real Property from
the Use of Performance-Based Contracting

1. Purpose. This Acquisition Letter adds leases or leasehold interests in real property to the list of services excluded from the use of performance based contracting (PBC) methods.
2. Background. PBC is the preferred method for acquiring services and agencies must use PBC to the maximum extent practicable when acquiring services other than architect-engineer services acquired under 40 U.S.C. 541-544; Construction (see Part 36); utility services; or services that are incidental to supply purchases (see FAR 37.102. In his September 7, 2004 memorandum, "Increasing the Use of Performance-Based Service Acquisition," the Associate Administrator, Office of Federal Procurement Policy, added other types of service that should be excluded from the requirement to use PBC. Those additional services are: research and development; professional medical services; and tuition, registration and membership fees.

The GSA has determined that leases and leasehold interests in real property also do not lend themselves to outcome oriented requirements. Consequently, GSA is adding leases and leasehold interests in real property to the list of excluded services.
3. Cancellation. Acquisition Letter V-05-03 is superceded.
4. Effective Date: October 1, 2004.
5. Termination Date: This Acquisition Letter will expire one year from the effective date unless cancelled or extended.
6. Applicability. This Acquisition Letter applies to all GSA contracting offices and to all leases or leasehold interests in real property issued by GSA.

7. References. FAR 37.102; and General Services Administration Acquisition Manual 537.1.

8. Instructions/Procedures. When reporting awards to FPDS-NG or for other purposes, GSA contracting activities shall not report leases and leasehold interests in real property as having been awarded using performance-based acquisition methods. However, contracting activities are not precluded from using PBC methods when contracting for leases or leasehold interests in real property if using PBC best meets the GSA's needs.