

INSTRUCTIONS AND PROCEDURES FOR SMALL LEASES

1. Applications. This process may only be used for the following Small Leases:
 - Leases of 3,000 ANSI/BOMA Office Area square feet or less not exceeding the Simplified Lease Acquisition Threshold (SLAT);
 - Disaster Leases of any square footage, with a lease term of 18 months or less*;
 - Temporary Leases of any square footage, with a lease term of 18 months or less, not exceeding the SLAT; or
 - Parking Leases of any size**.

***Notes for Disaster Leases Only:**

- a. Due to the emergency nature of Disaster Leases, there may not be sufficient time to allow for offerors/lessors to be registered in SAM until after award. To accommodate this, Disaster Leases must include the latest version of GSA Form 3518 (or GSA Form 3518A if at or below SLAT), to obtain the required representations and certifications, as well as the latest version of GSA Form 3517D, not 3517A.
- c. Leasing specialist should follow lease procedures identified in the [Leasing Desk Guide Chapter 12, entitled "Disaster Leasing."](#)
- d. Leasing Specialists may alter the Supplemental Lease Requirements only to the lease extent possible and may not make changes that impact ABAAS, health, fire or life safety standards.

****Notes for Parking Leases Only:**

- a. For parking leases in excess of SLAT, Leasing Specialists must use GSA Form 3517B instead of 3517A.
- b. Leasing Specialists may alter the Supplemental Lease Requirements to delete technical specifications which are not applicable to parking facilities.
- c. Leasing specialists should follow lease procedures identified in the [Leasing Desk Guide Appendix H, entitled "Parking Acquisition."](#)

2. Authorities of the Parties.

a. These procedures rely heavily upon the expertise of leasing specialists; leasing specialists assigned to these actions should have the work experience necessary to recognize high quality space and identify potential problems with buildings.

b. In order to expedite the process, the agency representatives designated to work with GSA on these leasing actions must have the authority to accept space on behalf of the client agency for consideration/award and to make changes to the client's requirements in the field.

3. Process. The process is intended to be less formal than the usual lease acquisition with much of the process handled by telephone or during on—site visits.

4. Request.

a. The space acquisition process may start with a telephone call from an authorized client agency representative.

b. Requirements must be provided by the client agency in support of the request, and the agency must sign an Occupancy Agreement (OA). The agency must also provide a GSA Form 2957, Reimbursable Work Authorization, to cover any Tenant Improvements (TI) that would exceed the agency's authorized TI tier.

c. All proposed acquisitions must use either the Simplified Lease Acquisition Threshold Project Management and Acquisition Plan template or the Project Management and Acquisition Plan generated through the G-REX system.

5. Requirements.

a. The client agency representative and the leasing specialist must discuss the agency space request to ensure consideration of special requirements and appropriate delineated area.

b. The Tenant Improvements to be delivered by the Lessor will be based upon information provided with this Lease, which includes Agency Specific Requirements (ASR) and general specifications outlined in the Supplemental Lease Requirements. The term "Agency Specific Requirements" refers to the agency's build-out requirements when GSA will use a turnkey process to obtain TI pricing, as opposed to the TI Allowance method. The goal is to enable offerors to submit a firm, fixed-price offer for the tenant improvements prior to lease award. The Lessor will be required to design and build the TIs and will be compensated for the TI costs through the rent. Alterations should be kept to a minimum. For more information on ASRs and turnkey TI pricing, refer to the Chapters 1 and 4 of the Leasing Desk Guide.

6. Procurement Method

a. It is recommended that the award decision for offers meeting the Government's requirements will be based on price, i.e., lowest price, technically acceptable procurement method. However, there may be instances for example,

where the presence of a particular characteristic of a location or building would significantly enhance the mission of the agency. These features or characteristics may be included as evaluation factors under a best value tradeoff approach to award. These evaluation factors shall be established by the lease contracting officer (LCO) and the agency representative and shall be listed under the RLP form. For evaluation purposes, these characteristics or selection factors should be easily identifiable. In addition, the factors should be items that cannot clearly be converted into a minimum requirement or price for the purpose of price evaluation. Examples of appropriate factors might include the following:

- (1) Travel time to airport;
- (2) Proximity to courthouse;
- (3) Hotel conference facilities within close proximity;
- (4) Past performance (must always be included as a factor where other factors are used)

b. The specialist shall develop a source selection plan using objective scoring, e.g., poor, fair, good, and excellent with a description for each when using the best value tradeoff approach.

FOR EXAMPLE: Factor — Travel time by car to airport, measured Monday through Friday, between the hours of 9:00 a.m. and 3:00 p.m., based on the average of three timed trips.

Excellent	within 15 minutes
Good	within 25 minutes
Fair	within 35 minutes
Poor	more than 35 minutes

The LCO shall determine the relative importance of price to the evaluation factors and, once the determination is made, the LCO documents the evaluation factors and their order of importance in the appropriate RLP section. See [Leasing Desk Guide Chapter 13, entitled "Source Selection."](#)

Note: Evaluation factors are to be used only when it is felt that such an approach will provide best value to carry out the mission of the agency. In most instances, the proposed factor can be stated as a minimum requirement, with the basis of award being the lowest price, technically acceptable offer.

7. Competition. Follow the Simplified Lease Acquisition Procedures in [GSAM 570.2](#) (available at <http://www.acquisition.gov>) which include the following:

a. To the maximum extent practicable, the LCO must solicit at least three sources to promote competition. If there are repeated requirements for space in the same market, invite two sources, if practicable, that were not included in the most recent solicitation to submit offers.

b. If the LCO solicits only one source, document the file to explain the lack of competition.

c. Advertisements are not required if the square footage is 10,000 ABOA square feet or less. However, the LCO may publicize proposed lease acquisitions of any dollar value or square footage in FedBizOpps or local newspapers if, in the opinion of the contracting officer, doing so is necessary to promote competition.

8. Market Survey.

a. The market survey, including an on—site visit, is the key activity to determine the quality of space offered, general market conditions, comparable prices, neighborhood environment, and what will best serve the needs and mission of the client agency.

b. The LCO or specialist and the agency representative shall inspect the properties. It is preferable to inspect the property with the owners or individuals with the authority to sign leases on behalf of the owners. The specialist shall discuss the Government's requirements with the prospective offerors.

c. The LCO or specialist shall complete GSA Form 2991, Lease Market Survey for Existing Building, for each building visited on the market survey. Following the building tours, the leasing specialist and the agency representative shall confer and discuss whether the building appears to meet or can be made to meet the requirements by the specified occupancy date. In any case, if the building owner requests an RLP package, GSA must provide one to the building owner.

d. Security. Use of the Small Lease is limited to Facility Security Level (FSL) I or II. The LCO or specialist must follow guidance provided in [Leasing Desk Guide Chapter 19, "Security."](#)

e. GSA Form 3628, Lease Action Summary, can be used to summarize the survey, in lieu of a market survey report. This document will also serve as the Price Negotiation Memorandum.

9. Request for Offer. Offerors will be instructed to complete the appropriate sections of the GSA Form 3626 and any other required submittals in accordance with the Request for Lease Proposals. The leasing specialist shall advise offerors of the closing date and time for receipt of offers.

a. Offerors should also provide a set of scaled (1/8" or 1/4" preferred) floor plans for the offered space which clearly identify the specific area being offered. In addition, major building features such as corridors, stairwells, bathrooms, elevators, demising walls, columns, windows, and convectors should be clearly identified in sufficient detail for the specialist to properly evaluate the space. If scaled plans are

not available, at a minimum, the offerors must provide straight-line diagrams complete with dimensions of the offered space and the major building features. A floor plan must be attached to the lease.

10. Items for Negotiation. At a minimum, the following items should be negotiated or discussed with owners or owners' authorized representatives:

- a. Measurement of space and verification of square footage offered.
- b. Results of building inspection from Market Survey form.
- c. Alterations or building modifications to be made by offeror as part of the rent, such as painting walls, repair or replacement of carpet, electrical and telephone outlets, energy efficiency and conservation improvements, and/or seismic upgrades.
- d. Overtime rates (if needed).
- e. Adjustment for vacant premises rate
- f. Hours of operation of the building, if different from those specified.
- g. Rental rates including the services, utilities, alterations, and any other requirements identified in the lease form. Offerors will be required to break down annual rent into rental components: shell, operating, tenant improvements, and building specific amortized capital (if applicable). **However, there are no provisions for operating cost and tax adjustments in the Small Lease.**

(1) Since the price evaluation will be based on the annual ABOA square foot rate, it will be necessary for the leasing specialist to calculate this rate if not already specified.

(2) Block 5 of the lease form states the rental in terms of an annual amount payable at a specified rate per month. Even if the term is for less than a full 12—month period, Block 5 should state an annual rent. Of course, payment shall be made only for the term of the lease as stated in Block 3, "Term," of the GSA Form 3626.

h. Unit priced items such as electrical and telephone outlets, partitions, doors, as specified in the Supplemental Lease Requirements document.

Note that the LCO may award the lease based on initial offers, without conducting negotiations, as outlined under Section 2 of the Small RLP, Solicitation Provisions, GSAR clause 552.270-1 - INSTRUCTIONS TO OFFERORS – ACQUISITION OF LEASEHOLD INTERESTS IN REAL PROPERTY (JUN 2011) – ALTERNATE II (MAR 1998) (incorporated by reference). It is important to convey to offerors that they must submit their best offer in the beginning, since there may be no negotiations and it could be their final offer.

11. Evaluation of Offers.

- a. The LCO shall review the offers and determine the lowest priced technically acceptable offer or the best value trade-off offer based on price and evaluation factors.
- b. Price evaluation will be in actual (undiscounted) dollars. See example below. All calculations must be included in the file and attached to the Lease Action Summary form.

FOR EXAMPLE:

Offer 1:

Rentable SF (RSF): 800 RSF

Common Area Factor (CAF): 10%

Annual rent:

Years 1 – 5: \$22,400.00, includes TI rent of \$6,400.00/yr

Years 6 – 10: \$16,000 .00 (TI drops off; no step rents allowed)

Blended average annual rent: \$19,200.00

Blended RSF rate: \$19,200 / 800 RSF = \$24.00 RSF

Blended ABOA rate: \$24.00 X 1.10 (CAF) = 26.40/ABOA SF

Offer 2:

Rentable SF (RSF): 810 RSF

Common Area Factor (CAF): 15%

Annual rent:

Years 1 – 5: \$21,870.00, includes TI rent of \$5,670.00/yr

Years 6 – 10: \$16,200.00 (TI rent drops off; no step rents allowed)

Blended average annual rent: \$19,035.00

Blended RSF rate: \$19,035.00 / 810 RSF = \$23.50 RSF

Blended ABOA rate: \$23.50 X 1.15 (CAF) = 27.03/ABOA SF

Comparison:

Offer 1: \$26.40/ABOA SF

Offer 2: \$27.03/ABOA SF

Offer 1 is lower offer.

- c. The Historic preference paragraph applies to Small Lease acquisitions.
- d. The HUBZone price preference paragraph applies to Small Lease acquisitions.
- e. The Energy Independence and Security Act (EISA) paragraph applies to Small Lease Actions.

f. The agency should be advised as soon as possible of the recommendation for award. A signed OA is required prior to award.

g. The specialist must review the System for Award Management (SAM) to confirm the following:

- The proposed successful offeror is registered;
- The proposed successful offeror is not listed as an excluded party;
- The online representations and certifications are completed. Specialists must review the representations and certifications made by the offeror (for example, the small business certifications may warrant a need for a small business subcontracting plan) and document this review in the lease file. Specialist must also include a copy of the SAM-generated representations and certifications in the lease file.
- Note, if this is a disaster lease, please use the GSA Form 3517D, which has an alternate provision and allows the Government to award a disaster lease prior to the lessor registration in SAM.

h. The LCO must verify that the offeror has provided all required submittals.

i. Safety and Environmental Acceptability. The LCO or specialist must follow guidance provided under [Leasing Desk Guide Appendix D, "Fire Protection and Life Safety."](#)

12. Pre—Award Documentation.

a. Leasing specialist must obtain scoring in accordance with [Leasing Desk Guide Appendix F, "Determination of Operating or Capital Lease Classification for Budget Scoring."](#)

b. The leasing specialist must have written final certification of funding availability before lease award.

c. The leasing specialist will obtain an acceptable Small Business Subcontracting Plan if the offeror is not a small business and the aggregate value of the contract will exceed \$700,000. The plan must be included as part of the final lease contract.

d. The leasing specialist must verify offeror's proof of ownership or control of building.

e. The leasing specialist shall complete the Lease Action Summary form, including the reason for award, and have the LCO approve the summary.

f. The LCO is responsible for price analysis using market research data used to set negotiation objectives, market survey reports, available appraisal information, or other relevant market research data. LCOs are responsible for the award decision and must evaluate the rental rate to determine that the final agreed upon price is fair and reasonable.

13. Award.

a. The LCO or specialist shall make any necessary corrections or additions to the lease based on the negotiations and offer, then insert the assigned lease number on the lease form in Block 1 of the GSA Form 3626.

b. The LCO or specialist shall return two original copies of the lease to the apparent successful offeror. The offeror must sign both originals, initial each page of both, and return them for signature by the lease contracting officer. The LCO shall sign and initial both originals, which now becomes the lease. After the lease is signed by the LCO, one executed lease must be delivered or mailed to the lessor, and the second original lease placed in the GSA file.

Note: The RLP is not to be included as part of the Lease.

14. Inspection and Acceptance.

a. The LCO or specialist shall arrange to inspect the space sufficiently in advance of the required occupancy date to ensure that it is ready for the tenant. The lessor must provide evidence of a valid certificate of occupancy, issued by the controlling jurisdiction. If the local jurisdiction does not issue C of O's or if the C of O is not available, the Lessor may satisfy this condition by providing a report prepared by a licensed fire protection engineer that indicates the space and building are compliant with all applicable local codes and ordinances and all fire protection and life safety-related requirements of this lease. The GSA lease administration manager (LAM) or the agency representative may be asked to inspect the space and advise the LCO when the space is acceptable for occupancy.

b. GSA must document its acceptance decision with the completed GSA Form 1204, entitled "Condition Survey Report," or similar form signed by the Lessor, client agency, and GSA.

c. A lease amendment must be executed to reflect the actual lease term commencement and expiration dates.

d. If there are variances between TI pricing based upon the Agency Specific Requirements package and approved Design Intent Drawings, the leasing specialist shall use the Unit Costs in the lease to make adjustments.