

DEPARTMENT OF VETERANS AFFAIRS
Justification and Approval
For
Other Than Full and Open Competition

1. **Contracting Activity:** Department of Veterans Affairs, VISN 8, VA Caribbean Healthcare System (VACHS), 10 Casia Street, San Juan, Puerto Rico.
2. **Nature and/or Description of the Action Being Processed:** The Department of Veterans Affairs, VA Caribbean Healthcare System currently leases a total of 10,769.84 net usable square feet (NUSF) of office space along with 66 secured on-site parking spaces at 27 Avenue Gonzalez Giusti, Guaynabo, PR under lease number V672R-0038. Approval is requested to negotiate a temporary extension of an existing lease with the incumbent landlord without full and open competition for continued occupancy at this leased location for a term of two years (24 months), with government termination rights, effective January 23, 2014.
3. **Description of Supplies/Services Required to Meet the Agency's Needs:** The VA has been occupying current space since January 23, 2004 under existing lease. The lease is a modified gross for two administrative offices (Fiscal Service and San Juan Network Contract Office 8 East). The relocation at VA premises for Fiscal Service is estimated by April 2014. With regards to the SJ NCO 8 East space, the VA is still assessing if there is adequate space available at VA building that could meet SJ NCO 8 East space requirements for a possible relocation of these functions at the VA campus.

The terms and conditions for the lease extension will remain unchanged including the rental rate with the exception of the termination rights term that will specify government's rights to terminate in whole or part leased space effective at any time on or after March 31, 2014 by giving at least 60 days notice to the Lessor.
4. **Statutory Authority Permitting Other than Full and Open Competition:** The statutory authority permitting other than full and open competition is 41 USC §253(c)(1), FAR 6.302-1— Only one responsible source and no other supplies or services will satisfy agency requirements.
5. **Demonstration that the Contractor's Unique Qualifications or Nature of the Acquisition Requires the Use of the Authority Cited Above (applicability of authority):**

The existing space is the only responsible source available that could meet government space need for a short-term period while final determination for a full relocation or a partial relocation at VA premises with the completion of a new lease is completed. The risk of holdover at the incumbent location and disruption of mission activities are unacceptable. No substantive tenant improvements, IT or moving costs would be necessary if the VA were to remain at its existing location rather than relocate to another leased space. The VA and the Network Contracting Office are working closely with the facility managers for the completion of the analysis for a full relocation at VA building and to determine a long term requirement in the event of a partial relocation.

Staying at current location enable to continue operations without impacting the office functions which are integral to the agency's mission and cannot be housed in a timely fashion without a full set of requirements for a new procurement that will determine the long term requirement for the subject leased premises. (FAR 6.302-1)

GSAR 570.405 permits contracting without providing full and open competition due to the Government encountering unexpected delays due to documented organizational and other uncertainties. The schedule to move part of these leased functions at VA premises has been impacted in this case, furniture delays outside of agency's control and the completion of the analysis for a potential full relocation at VA and to determine a long term requirement in the event of a partial relocation.

6. **Description of Efforts Made to ensure that offers are solicited from as many potential sources as deemed practicable:** The proposed contract action is made under the terms of an existing contract that was previously synopsisized in sufficient detail to comply with the requirements of FAR 5.207 with respect to the current proposed contract action. In addition, given the conditions described in item 5 above, if other space is leased for the extension period through a competitive process, the Government would in addition to adversely impact operations, would incur duplication of costs, first for the temporary space and then to the long-term that are not expected to be recovered through competition for a short-term requirement. In the event the need arise for a new lease, new requirement to address the replacement of the leased space will be submitted and acquired through a full an open competition process.
7. **Determination by the Contracting Officer that the Anticipated Cost to the Government will be Fair and Reasonable:** It is the Government's objective to ensure that negotiations with current Lessor will result in a fair and reasonable rental rate based on current rental of per NUSF and on current market data. Recent market analysis revealed rental rates for a modified gross lease ranging from \$32.32 to \$40.66 per square foot per year. Therefore, the contracting officer determines that the anticipated cost to the Government to this short-term lease extension will be fair and reasonable. There is no anticipated increase expected to the annual rent.

The Incumbent Lessor has expressed his interest in extending the lease at the current rate and terms with termination rights. The estimated value of this action is \$501,337.64*

**This value includes the rental of additional parking spaces and the adjustment in rent applicable to the reduction of space for 4,049.84.*

8. **Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:** Market analysis conducted by Leasing Contract Specialist to determine market average rental rates in space similar to current occupied space identified rental rates from \$32.32 to \$40.66 per square F. Details below:

1.	\$32.32/RSF fully serviced
2.	\$33.48/RSF fully serviced
3.	\$33.32/RSF fully serviced
4.	\$37.07/RSF fully serviced
5.	\$33.82/RSF fully serviced
6.	\$32.57/RSF fully serviced
7.	\$40.66/RSF fully serviced

All lease rates listed above are Fully Serviced but exclusive of Tenant Improvement costs.

While the process for a final determination for: (a) full relocation at VA premises; or (b) a partial relocation at VA premises with new requirement to address the replacement of the leased space, is completed the best alternative is to extend existing occupancy at the current leased space for a short-term no to exceed two years.

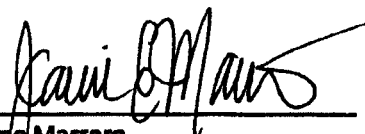
The rental rate presented by the Incumbent lessor of _____ for a fully serviced lease is reasonable. Relocation to another facility for a short-term period would cause to the Government to fund unnecessary and redundant T.I. costs as well duplicate relocation costs for furniture, telephones, and computer systems. Based on rental rates derived from conducting a market analysis, it is in the best interest of the Government to extend its occupancy at the current leased space for a term not to exceed two years (24 months), with government termination rights, effective January 23, 2014.

9. Any Other Facts Supporting the Use of Other than Full and Open Competition: None.

10. Listing of Sources that Expressed, in Writing, an Interest in the Acquisition: None.

11. A Statement of the Actions, if any, the Agency May Take to Remove or Overcome any Barriers to Competition before Making subsequent acquisitions for the supplies or services required: The lease extension described herein does not commit the VA to a long-term lease at the current building. The Government is actively assessing if there is adequate space available at VA building that could meet space requirements for a possible relocation of these functions at the VA campus. In the event the need arise for a new lease appropriate competitive procurement action will be pursued. Expectation is to have a final determination by May 1, 2014.

12. Requirements Certification: I certify that the requirement outlined in this justification is a Bona Fide Need of the Department of Veterans Affairs and that the supporting data under my cognizance, which are included in the justification, are accurate and complete to the best of my knowledge and belief.



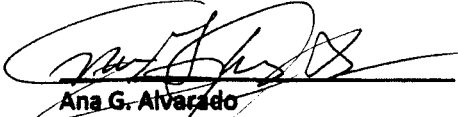
Jaime Marrero
Chief Facility Management Service
VA Caribbean Healthcare System

1/21/14

Date

13. Approvals in accordance with FAR 6.304


- a. **Contracting Officer's Certification (required):** I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.



Ana G. Alvarado
Contracting Officer
Network Contracting Office 8 - East

Jan. 21, 2014
Date

- b. **NCM/ DNCM (Required \$3K and above):** I certify the justification meets requirements for other than full and open competition.



Raymond McCain
Deputy Network Contract Manager
Network Contracting Office - 8
Service Area Office - East

17 Jan 14
Date