

JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION
Administrative Office
Phoenix, Arizona
IN ACCORDANCE WITH FAR 6.302.1, PURSUANT TO THE
AUTHORITY OF 41 U.S.C. 253(c)(1), FAR 6.302-1; and GSAR 570.402

1. **AGENCY NAME:** Department of Veterans Affairs, Office of Construction and Facilities Management, Phoenix VA Health Care System is requesting Justification for Other Than Full and Open Competition for a succeeding lease in accordance with General Services Administration Manual (GSAM) 570.402-4 41 USC §253(c)(1).
2. **PROPOSED ACTION:** Phoenix VA Health Care System, currently leases 25,922, net usable square feet (NUSF) of office space at 4001 North Third Street, Phoenix, AZ 85012, under leases numbered V644R-006 and V644R-008. The original lease expired September 30, 2013 and went into standstill and has been ever since. Approval is requested to negotiate a firm fixed price succeeding lease with the incumbent Lessor, without full and open competition for continued occupancy at this leased location.
3. **DESCRIPTION OF REQUIREMENTS (INCLUDING ESTIMATED VALUE):** Phoenix VA Health Care System has a requirement for 3 years firm with two 2 year renewal options. The space must be for 25,922 net usable square feet (nusf) class "A" office space. The anticipated fully-serviced annual rent for this space will be approximately \$544,362.00 (\$21.00/nusf), to commence on or about December 2015. Should all options be exercised, the total contract value would be approximately \$2,721,810.00(fully serviced).
4. **STATUTORY AUTHORITY:** Federal Acquisition Regulation (FAR), Subpart 6.302-1 Only One Responsible Source, 41 U.S.C. 3304(a)(1).
5. **UNIQUE QUALIFICATIONS OF PROPOSED OR NATURE OF ACQUISITION REQUIRING AUTHORITY CITED:** GSAR 570.402-5 allows for negotiation with the incumbent lessor. Real Property placed an advertisement conforming to GSAR 570.402-2 on the Federal Business Opportunities Web site (FedBizopps.gov) on 01-27-2015 under announcement VA101-14-R-0244 for the 5 year lease and received zero responses.
6. **DESCRIPTION OF EFFORTS TO ENSURE SOLICITATION FROM MAXIMUM SOURCES PRACTICAL:** Real Property Service placed an advertisement conforming to GSAM 570.402-2 on the Federal Business Opportunities Web site (fedbizopps.gov) and received one response. The expression of interest was from the incumbent Lessor.

7. **DESCRIPTION OF MARKET SURVEY AND RESULTS:** VA surveyed the market in order to determine if alternative sources were available that could meet its requirements. In this case, the Project Manager searched Loopnet for all available sources and noted that there were no available blocks of space that could meet VA's space needs.

8. **DETERMINATION THAT ANTICIPATED COST WILL BE FAIR AND REASONABLE:** The rental rates for the proposed lease term are as follows:

| | Rate of Annual Increase | Base Rent | Operating Costs** | Fully Serviced Rent | Price per nusi/Year |
|-----------|-------------------------|--------------|-------------------|---------------------|---------------------|
| Years 1-3 | None | \$388,830.00 | \$155,532.00 | \$544,362.00 | \$21.00 |
| Option 1 | None | \$388,830.00 | \$155,532.00 | \$544,362.00 | \$21.00 |
| Option 2 | None | \$388,830.00 | \$155,532.00 | \$544,362.00 | \$21.00 |

In accordance with Federal Acquisition Regulation (FAR) 6.303-2(a)(7), the Contracting Officer determines, by certifying this document, that the anticipated cost to the Government of \$21.00/NUSF fully serviced, at \$388,830.00 annual average rate is fair and reasonable as it is similar to the rental rate established when the lease originated in March of 2004.

9. **LISTING SOURCES EXPRESSING INTEREST IN SOLICITATION:** The incumbent Lessor was the only offer received in response to the advertisement.

10. **FUTURE ACTIONS TO OVERCOME BARRIERS TO FULL AND OPEN COMPETITION:** Real Property is notifying the VAMC to put together a lease procurement package expanding the delineated area to promote CICA and find a long-term lease that better fits the VAMC needs to avoid another Succeeding lease or standstill.

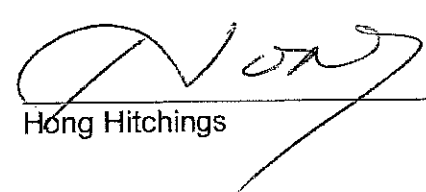
Technical Requirements Certification: I certify that the supporting data used to form the basis of this justification is complete and accurate.


Paul L. Rau
Project Manager, Real Property Service (003C1E)

Date

6/22/15

CONCUR:


Hong Hitchings

Date

6/22/15

JUSTIFICATION FOR OTHER THAN FULL AND OPEN
COMPETITION - ADMINISTRATIVE OFFICE - PHOENIX, ARIZONA

APPROVED:



Date 7/15/15

Stella S. Fiotes
Head of Contracting Activity
Executive Director
Office of Construction & Facilities Management (003C)