

**U.S. DEPARTMENT OF VETERANS AFFAIRS (VA)  
Construction and Facilities Management (CFM)  
Community Based Outpatient Clinic  
La Crosse, Wisconsin**

**JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION**

In support of the Department of Veterans Affairs ("VA"), this Standstill Agreement action is for a total of 5,037 net usable square feet (NUSF), of Outpatient clinic in La Crosse, WI. The current clinic facility is located in in the city of La Crosse, WI. One is located at 2600 State Street consisting of 5,037 net usable square feet.

**1. CONTRACTING ACTIVITY.**

The Department of Veterans Affairs proposes to negotiate a Standstill Agreement for a total of approximately 5,037 NUSF in La Crosse, Wisconsin. The existing lease numbers for the project are V69DR-93.

**2. DESCRIPTION OF THE ACTION BEING PROCESSED.**

Sole Source Justification for Other Than Full and Open Competition due to only one responsible source and no other supplies or services will satisfy Agency requirements (FAR 6.302-1), for a 5,037 NUSF Community Based Outpatient Clinic lease Space in La Crosse, WI.

**3. DESCRIPTION OF THE SUPPLIES OR SERVICES REQUIRED.**

**Space and Parking:**

VA seeks to lease 5,037 NUSF of clinical space on one story with the 22 parking spaces, including two (2) handicapped compliant spaces, one (1) of which must be van accessible. Parking must be paved, striped, and located on-site.

**Delineated Area:**

To receive consideration, proposed space must be within the city limits of La Crosse, Wisconsin and within the delineated area which is bound by the following roads or must front on any of the following roads in La Crosse, Wisconsin:

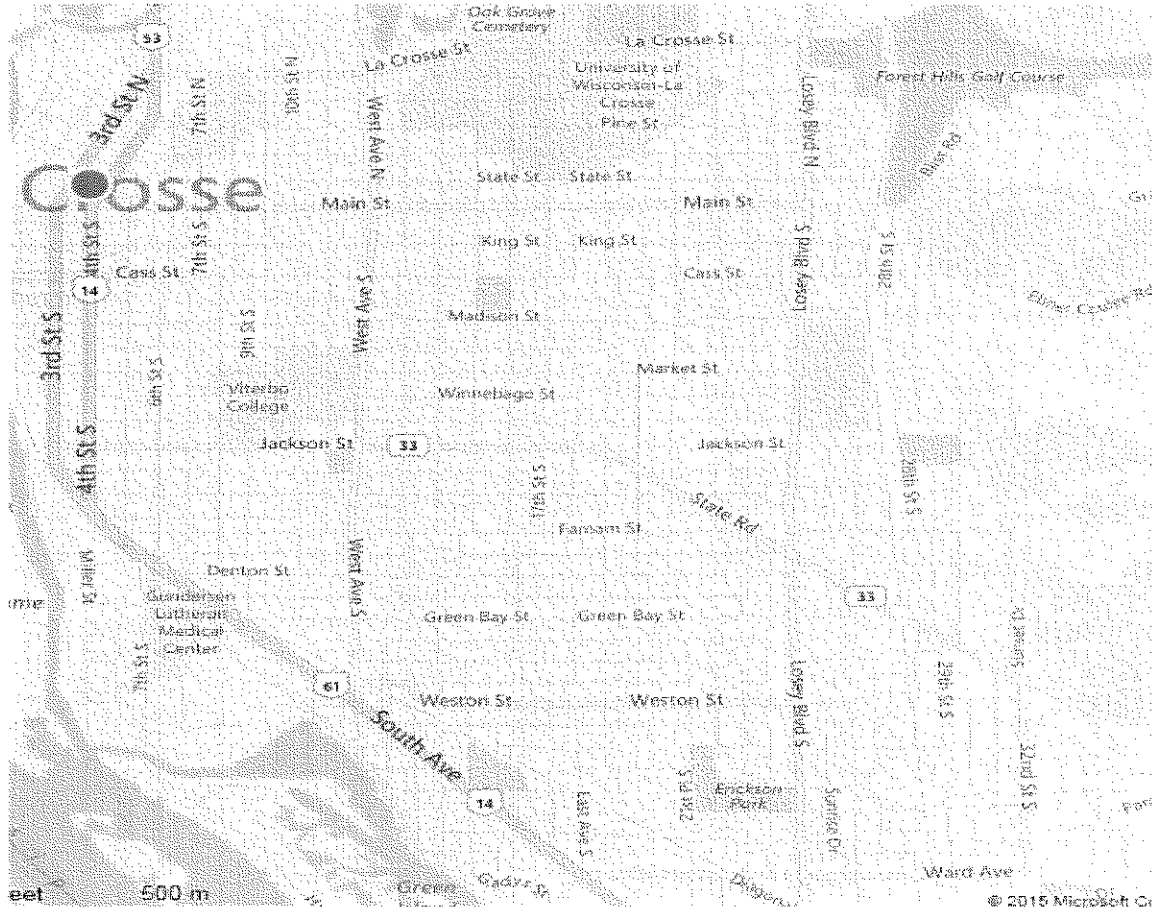
North boundary – La Crosse Street Downtown

South boundary – Ward Avenue Downtown

East boundary – 28 Street South Downtown

West boundary – 3 Street South Downtown

This delineated area was chosen based on central location, and accessibility for the local Veteran population, including access to public transportation.



#### **Stand Still Agreement Lease Term:**

The standstill agreement lease requirements includes a three month firm term with no option. The space must be available for occupancy on or before July 1, 2016. All utilities will be paid directly by VA (electricity, gas, water, and sewage). Building equipment and maintenance requirements shall be included in the rental rate. VA will be responsible for the maintenance of medical tenant improvements and interior cleaning.

The anticipated full service annual rental rate for this procurement action is \$40.76 per NUSF or approximately \$51,328.96 for the three months at the facility located at 2600 State Street.

#### **4. IDENTIFICATION OF STATUTORY AUTHORITY.**

41 U.S.C. 3304(a) (1): Only one responsible source and no other supplies or services will satisfy VA requirements. (FAR 6.302-1).

#### **5. DEMONSTRATION THAT THE ACQUISITION REQUIRES THE USE OF THE AUTHORITY CITED.**

Based upon 41 U.S.C. § 3304 (a) (1) and FAR 6.302-1(a), the location of this La Crosse Outpatient Clinic space is critical to supporting the Veteran services in and around the surrounding areas.

#### Market Research Conducted:

Market research determined there was only one responsible source available and no other supplies or services will satisfy the Agency's requirement through:

- a posting a Sources Sought notice to FBO.gov,
- review the results of recent market research undertaken to meet similar requirements, including the market survey report for the replacement lease
- reviewing industry real estate market websites, including Costar, LoopNet, and etc., for available spaces that would meet, and
- contacting knowledgeable individuals in industry regarding market capabilities through VA's contracted Real Estate Broker Services

#### Cost Benefit Analysis:

In accordance with GSAM 570.402-5 and FAR 6.302-1(a)(2)(i1)(A), an award to other than the current Lessor would require relocation which would cause the Government to incur move and replication costs, estimated \$52,136.99, that would not be recovered through competition. Therefore, negotiations with the incumbent Lessor are appropriate based upon the following cost-benefit analysis as required by GSAM 570.402-6:

Cost	Current Source 2600 State Street	Independent Government Estimate of Relocation to another Facility
Full Service Annual Rental Rate per NUSF	\$40.76	\$40.00
3 month Total Rent	\$51,328.96 3 month term	\$50,370.00 3 month term
Amortized Tenant Improvements over 3 month firm term	\$0.00	\$43,095. (\$52.00 per NUSF)
Relocation Costs	\$0.00	\$10,000.00

<b>Total Cost for 3month term of lease</b>	<b>\$ 51,328.96</b>	<b>\$103,465.95</b>
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#### Occupancy Timeline:

In order to VA to meet its mission requirements and continue medical services to veterans in the La Crosse, WI area, it requires uninterrupted access to Community Based Outpatient Clinic space. The required occupancy of the CBOC lease space is July 1, 2016. The nearest VA Medical Center is over 90 miles round trip away from the current CBOC lease location, which provides mission essential health services to the veteran population in La Crosse, WI. Additionally, interruption to medical services to the veteran population currently served by the CBOC lease in La Crosse, WI would significantly increase the burden on both the veteran's need to travel and seek medical services, and VA Medical Center to support the additional workload with limited resources.

The current Lessor at 2600 State Street is the only responsible source that was found through market research and FBO ads that can meet VA's mission requirements for the CBOC's leased health space, and ensure uninterrupted medical services to La Crosse, WI's veteran population.

#### 6. DESCRIPTION OF EFFORTS TO SOLICIT AS MANY OFFERS AS PRACTICAL.

The Contracting Officer posted advertisement notices on FedBizOpps on February 9, 2016, February 23, 2016, and May 4, 2016, concluding on May 18, 2016, indicating that the La Crosse, Wisconsin VA Community Based Outpatient Health Clinic lease was expiring and that the Government had a continuing need for space. The requirement was revised twice in order to better define VA requirements for the lease space, which reduced restrictive requirements, and intended to promote market competition.

The posting described the requirements in terms of type and quantity of space, and indicated that the Government will consider relocation if alternative space can satisfy the Government's requirements and costs including, but not limited to, rent, tenant improvements, physical move, above-standard/specialized alterations/equipment, furniture relocation, telecommunications, and other related costs will be considered. The costs for improvements are at the expense of the offeror.

VA received 4 proposed locations from the FedBizOpps advertisement, including:

- 1 location from the incumbent, which meets the requirements
- 1 location for alternative space from another offer, which was not in the delineated area, and did not meet medical space minimum requirements as it was an industrial building the offeror withdrew their submission for this location
- 2 locations for alternative space, which were not medical space that the offer admitted could not meet the requirements in the required time, the offeror withdrew their submission on both locations

Based on the Sources Sought on FBO.gov, only 1 responsible offer is able to satisfy VA's requirement, and ensure the clinic services to the local Veterans population would not be interrupted.

Additionally, VA will publish the Solicitation to FBO.gov, in order to continue to promote competition, as well as this justification and approval.

7. DEMONSTRATION THAT THE ANTICIPATED COST WILL BE FAIR AND REASONABLE.

In accordance with Federal Acquisition Regulation (FAR) 6.303-2(a) (7), the Contracting Officer determines by certifying this document that the anticipated three month full service rent of approximately \$51,328.96 Standstill Agreement at 2600 State Street is fair and reasonable. The Contracting Officer also determined the anticipated moving and retrofitting cost to be fair and reasonable based on FAR 15.404-1(c)(2)(iii) comparison of proposed cost elements with independent Government cost estimates. In comparison to the independent Government cost estimate, \$103,465.95, the only responsible source's anticipated total cost is \$51, 328.96, which is \$52,136.99 less than the IGCE. The IGCE includes relocation and tenant improvement cost elements, which VA would pay if relocating to an alternative space, as required by GSAM 570.402-6. The only responsible source is not anticipated to include these cost elements in their proposal for the lease space.

8. DESCRIPTION OF MARKET SURVEY CONDUCTED.

Market research conducted in accordance with FAR Part 10, resulted identification of only one responsible source available and no other supplies or services will satisfy the Agency's requirement through:

- a posting a Sources Sought notice to FBO.gov,
- review the results of recent market research undertaken to meet similar requirements, including the market survey report for the replacement lease
- reviewing industry real estate market websites, including Costar, LoopNet, and etc., for available spaces that would meet, and
- contacting knowledgeable individuals in industry regarding market capabilities through VA's contracted Real Estate Broker Services

As indicated in paragraph 6 of this document, the Sources Sought notice published to FBO.gov provided only one responsible source able to meet VA's requirement.

A thorough market survey for a similar requirement for medical lease space in La Crosse, WI was conducted by VA on February 19, 2015 to identify buildings within the delineated area that met the minimum requirements of that procurement and expressed interest. The market survey produced no additional spaces that would meet the requirement in the required timeframe.

Market research through CoStar, the industry leader in commercial real estate listings, LoopNet, Xcelligent, CityFeet, as well as communication with local real estate firms assisted in determining the both lack availability of medical clinic lease space in the market, and cost estimate for alternative space.

All market research indicated there is only one responsible source that can satisfy VA's requirement.

9. OTHER FACTORS SUPPORTING JUSTIFICATION:

(i) VA did not further change technical requirements, nor the term of the lease for this lease procurement action, because VA is seeking a replacement lease for these medical facilities through full and open competition. The replacement lease is expected to consolidate the VA's requirement from this 5,037 NUSF lease space procurement with other lease space requirements in the local area for a longer lease term. VA will use this Standstill Agreement as a bridge from the current lease space to the replacement facility, in order to avoid interruption to VA mission to provide medical services to the veteran population of La Crosse, WI.

(ii). IAW FAR 6.302-1(a)(2)(ii), The cost elements for relocation, and tenant improvement would result in both:

(A) Substantial duplication of cost to the Government that is not expected to be recovered through competition, and

(B) Unacceptable delays in fulfilling the agency's requirements, as the time to build out the lease space, and relocate to an alternative space would cause significant interruptions to VA's mission to provide medical services to the veteran population in La Crosse, WI.

10. LIST OF SOURCES THAT EXPRESSED INTEREST IN PROCUREMENT:

Locations offered in response to the VA's requirements in the Sources Sought notices published to FBO.gov, includes:

1525 Losey Boulevard (current lease space)

2615 East Avenue (alternative lease space (withdrawn))

1231 12<sup>th</sup> Avenue (alternative lease space (withdrawn))

11. STATEMENT OF FUTURE ACTION TO OVERCOME BARRIERS OF COMPETITION.

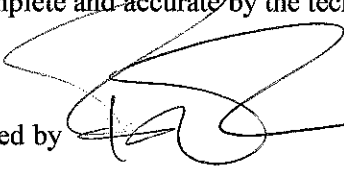
VA will take the following actions to remove or overcome any barriers to competition:

- The Contracting Officer will post the Solicitation to FBO.gov in order to continue to seek competition
- The Contracting Officer will post this Justification and Approval to FBO.gov for at least 30 days IAW FAR 6.305 to inform any interested parties.

## 12. CERTIFICATIONS

### Program Office Certification:

IAW FAR 6.303-2(c) this justification for other than full and open competition includes evidence that any supporting data that is the responsibility of technical or requirements personnel, including verifying the Government's minimum needs, schedule requirements, and other rationale for other than full and open competition. This rationale forms a basis for the justification and is certified as complete and accurate by the technical personnel.

Certified by 

Date: 6/17/2016

Patrick Tivnan, Project Manager (003C1E)

### Contracting Officer Certification:

The Contracting officer certifies that the justification is accurate and complete to the best of the contracting officer's knowledge and belief.

Approval by: \_\_\_\_\_ Date: \_\_\_\_\_

Zebulon Fox, Contracting Officer (003C4A)