

DEPARTMENT OF VETERANS AFFAIRS

**Justification and Approval (J&A)
For
Other Than Full and Open Competition (>\$150K)**

Acquisition Plan Action ID: VA249-17-AP-1274

1. Contracting Activity:

Department of Veterans Affairs, VISN 09, Network Contracting Office (NCO) 09, 1639 Medical Center Parkway, Murfreesboro, Tennessee, 37129 and Tennessee Valley Healthcare System, 1310 24th Avenue South, Nashville, TN 37212 is submitting this justification for Other than Full and Open Competition for the Patient Support Lease in accordance with 41 U.S.C. § 3304(a) (1). This requirement is for the Lessor to provide space to the VA Tennessee Valley Healthcare System (TVHS), located in Chattanooga, Tennessee, to operate an administrative lease for a term not to exceed ten (10) years. Currently TVHS occupies 40,094 NUSF of space located 6098 Debra Rd Suite 5200, Building 6200 Chattanooga, Tennessee 37411, under leases GS08K0386, V249R5, V626R40 ,VA249-R-0563 of which all have expired as of October 1, 2013 and are currently in Standstill Agreements until October 1, 2017. The new lease shall contain a firm two (2) year period with three (3) years non-firm. The current facility is in the ideal location, and due to the existing services already being offered, it would be significantly cheaper and faster to award a Succeeding Lease to Osborne Building Corporation, rather than relocate service to another location.

2. Nature and/or Description of the Action Being Processed:

This is a sole source action to enter in a new lease with Osborne Building Corporation for a total of ten (10) years which includes the previous five (5) years in which these lease have been in Standstill. The remaining five (5) years two (2) years firm and three (3) non-firm will cover the period of October 1, 2017 to September 30, 2022

The space that is being requested in this submission is currently being leased by the Tennessee Valley Healthcare System (TVHS) (Contracts: GS08K0386, V249R5, V626R40 and VA249-R-0563) and houses several patient support services. This new lease allows the existing services to remain in place without interrupting their service for relocation.

In accordance with the delegation of authority from GSA, the propose acquisition shall be conducted in accordance with Title 40 of the United States Code. Additionally, the lease will comply with OMB Circular A-11 and related appendices and will be scored accordingly.

The proposed acquisition is for a Firm Fixed Price Lease using acquisition procedures for a leasehold interest in real property to be utilized for a Community Based Outpatient Clinics (CBOC) for the provision of Community Based Medical Care.

The Chattanooga clinic is located in one of the most populous counties in Tennessee in terms of veteran population and growth. The current space is over 100,000 square feet less than VHA guidelines and space calculator recommended square footage. Due to the expanded growth that is occurring in Hamilton County, this space is woefully under-sized and is no longer sufficient to allow for the exponential growth in demand for services. A Chattanooga Major Lease is currently being worked on by CFM and the estimated construction completion date is August 2019; the standstill agreement will expire September 30, 2017 and therefore a new lease is required until new space is acquired and ready for occupancy. Additionally the current facility is not and cannot become compliant with current Physical Security Requirements for Life Safety Facilities.

Until the new clinic is activated, the current clinic must remain operational. The current facility is centrally located and functions sufficiently for its purpose. Until the new lease activates, it would be significantly less expensive to remain in place in the short interim period, rather than relocating for 2 years to an alternative site, and then relocating again to the new VA Major Lease. Most importantly, remaining in place provides continuity of clinic services to our patients.

3. Description of Supplies/Services Required to Meet the Agency's Needs:

Due to the critical support nature of the home based primary care program and other associated patient support services, leased space is needed as additional space is not available on the Murfreesboro campus. The potential location is centrally located to accommodate a broad area of Veteran population and is accessible to public transportation. The location is in a very familiar area, has excellent visibility, and has easy access and ample parking. Additionally, VISN 9 and TVHS have other leased space in this complex which ensures that support is readily available to both staff and Veterans. The proposed location is ideal for ease of operations and the activation period will be minimized, if awarded as a sole source lease. The requirement is to provide a fully serviced lease for 40,094 square feet of medical space as approved by the Congressional Business Plan, at a total estimated value of \$807,006.71 in annual rent.

Average annual un-serviced rent at a different location is estimated at \$1,172,749.50 (\$29.25 per NUSF) with an estimated average annual fully serviced rent of \$1,373,219.50 (\$34.25 per NUSF).

The leased space is clinical space located in a building of sound and substantial construction, and located within the city limits of Chattanooga, TN. The delineated is defined below:

South of Brainerd Rd
West of East Brainerd RD (also known as 320)
North of I-75
East of spring Creek Rd

This space is required to provide Community Based Outpatient Care in furtherance of VHA, VISN 9 and TVHS mission objectives by providing accessible, quality, and timely outpatient medical service to the Veterans in the Chattanooga area. The space must be class "A" or class "B" space located in a building of sound and substantive construction, The leased space, located at 6098 Debra Rd Suite

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5200, Building 6200 Chattanooga, Tennessee 37411, meets these mission objectives. The space requirements include 264 rooms as noted below:

QTY	Room Type
1	Equipment Storage
1	Prosthetic Lab
1	X-Ray
1	Clinical Lab
1	Phlebotomy
1	Med Room
1	Armory
2	Data Closet
3	Break Room
3	Supply
3	Equipment
4	Lobby
4	Conference
4	Housekeeping
6	Operatory
6	Mechanical
11	Storage
12	Reception
21	Consult Room
21	Restrooms
26	Office
40	Workroom Cubical
44	Workroom
47	Exam Room

The anticipated acceptance date is June 1, 2017.

Firm Term: June 1, 2017- May 31, 2019

i) Firm Term

Year 1-4: \$9.97 rate/rsf x 54,127 rsf = \$539,646.19 (Annual Rent) x 4 years = \$2,158,584.76
 Year 5 : \$14.90 rate/rsf x 54,127 rsf = \$806,492.30 (Annual Rent) x 1 years = \$806,492.30
 Year 6 : \$15.20 rate/rsf x 54,127 rsf = \$822,730.40 (Annual Rent) x 1 years = \$822,730.40
 Total: \$3,787,807.46

Non Firm-Term: June 1, 2019- September 30, 2022

ii) Soft Term:

Year 7: \$15.50 rate/rsf x 54,127 rsf = \$838,968.50 (Annual Rent) x 1 years = \$838,968.50
 Year 8: \$15.81 rate/rsf x 54,127 rsf = \$855,747.57 (Annual Rent) x 1 years = \$855,747.57
 Year 9: \$16.12 rate/rsf x 54,127 rsf = \$872,527.54 (Annual Rent) x 1 years = \$2,502,291.21
 Total: \$2,567,243.61

Firm Term Total \$3,787,807.46 + Soft Term Total \$2,567,243.61 = \$6,355,051.07

4. Statutory Authority Permitting Other than Full and Open Competition:

- (1) Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements per FAR 6.302-1;
- (2) Unusual and Compelling Urgency per FAR 6.302-2;
- (3) Industrial Mobilization, Engineering, Developmental or Research Capability or Expert Services per FAR 6.302-3;
- (4) International Agreement per FAR 6.302-4
- (5) Authorized or Required by Statute FAR 6.302-5;
- (6) National Security per FAR 6.302-6;
- (7) Public Interest per FAR 6.302-7;

5. Demonstration that the Contractor's Unique Qualifications or Nature of the Acquisition Requires the Use of the Authority Cited Above (applicability of authority):

GSAR 570.402-5 allows for negotiation with the incumbent lessor when a cost-benefit analysis shows the Government cannot expect to recover relocation and duplication costs through competition. NCO 9 placed an advertisement conforming to GSAR 570.402-2 on the Federal Business Opportunities Web site (fedbizopps.gov) on November 22, 2016 and received no responses.

ALTERNATE LEASE SPACE	
1. Cost of Alternate Space for 5 years	\$807,006.14
2. Moving Costs for Telecommunications	\$8,000
3. Moving Costs for Furniture	\$10,500
4. Tenant Improvements (amortized over 5 years)	\$489,494.76
5. Other (Reprocurement, Intangible cost's)	+\$20,000
6. Total Costs Expected for Alternate Location (1+2+3+4+5)	=\$1,335,000.90
EXPANDED LEASE SPACE	
7. Cost of Existing Space for 5 years	\$807,006.14
8. Moving Costs for Telecommunications	\$0.00
9. Moving Costs for Furniture	\$0.00
10. Alteration Costs for the Computer Room	\$0.00
11. Other (Appraisal)	+\$2,400
12. Total Costs Expected for Existing Location (7+11)	=\$809,406.14
Minimum Savings to the Government to Remain in Current Facility (block 6 – 12)	=\$525,594.76

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In November 2016 TVHS conducted market surveys of this region for a lease of similar sizes and there were no source located in the delineated area that expressed an interest in participating in this request for leased space. Due to the existing lease being on a six month standstill agreement this is the most expedient and cost effective lease that TVHS can enter into that will also meet TVHS requirements. There is more than adequate parking available for this expanding service.

The incumbent lessor has extensive experience dealing with VA requirements and processes due to their past experiences. They have a strong support organization that can quickly respond to this request and construct a space necessary to support this critical clinic service.

Osborne Building Corporation is qualified and eligible to receive an award under the applicable laws and regulations. Osborne Building Corporation NAICS Code 531190 is a Small Business. Based on the finding located within Osborne Building Corporation is able to comply with the required performance schedule taking into consideration all existing commercial and Government business commitments. Based on the Experian report, Osborne Building Corporation has a satisfactory record of integrity and business ethics and has the necessary organization, experience, accounting, and operational contracts applicable to services to be performed as evidenced by past experience in handling Veteran Health Administration (VHA) contracts.

Osborne Building Corporation has maintained the property to Government standards, and has shown outstanding responsiveness to situations beyond their control. No adverse report regarding Osborne Building Corporation has been reported to PPIRS. A review of EPLS provides neither exclusions nor adverse reports

6. Description of Efforts Made to ensure that offers are solicited from as many potential sources as deemed practicable:

A Sources Sought Notice was posted on the Government-Wide Point of Entry (GPE) FedBizOpps (FBO) on November 22, 2016 requesting sources capable of providing lease space for the support of the Chattanooga CBOC (solicitation number VA249-17-R-0124). The Sources Sought Notice provided instructions to all firms that could possibly meet the Governments' requirements to notify the contracting office by electronic means of such intent, and evidence to demonstrate its ability to meet the requirements of the acquisition. There was evidence and interest received from one firm.

NAI Charter
414 Vine Street
Chattanooga, TN 37403

NAI Charter did express interest; however, will not receive a solicitation due to the need for uninterrupted service for our Veterans. The most expedient and fiscally responsible method to achieve the TVHS and VHA's goals for increased Veteran patient access to care is to remain in the current location. The table shown under #5 provides a cost breakdown to relocate compared to remaining in the current location.

The space that is being requested in this submission is currently being leased by the Tennessee Valley Healthcare System (TVHS) (Contracts: GS08K0386, V249R5, V626R40 and VA249-R-0563) and houses several patient support services. This new lease allows the existing services to remain in place without interrupting their service for relocation. The CBA also provides the cost saving to the Department of Veterans Affairs for remaining in the spaces that are currently occupied.

Market research was conducted and there was one properties found inside the delineated area. Market research was conducted to locate GSA available space, United States Postal Service (USPS) available space, and National Historic space but no properties were found to meet the minimum requirements in the delineated area.

In the effort of applying the Rule of Two before making the decision to sole source the succeeding lease to the same lessor further market research was conducted via Veteran 100 (VIP) on February 09, 2019 using NAICS code 531190. There were four (4) companies recognized with only one (1) company located in the state of Tennessee but none in, Chattanooga TN.

7. Determination by the Contracting Officer that the Anticipated Cost to the Government will be Fair and Reasonable:

Based on the recent Fair Market Appraisal performed by Jill Hunt of Neiman-Ross Associated, the Market Rent for the area is \$21.00 RSF for a fully serviced lease. Osborne Building Corporation proposal is for the current rate of with 40,094 NUSF has a full service Fair Annual Rent of \$807,006.14 (\$20.12/NUSF) of which \$11.80 is shell cost and \$8.32 is Operating Cost, which is considered Fair and Reasonable.

In conclusion, the anticipated cost is consistent with the current lease rent and operating cost, therefore the Contracting Officer determines that the anticipated cost to the Government will be fair and reasonable.

8. Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:

A search of excess United States Postal Service property produced no currently available real property in Chattanooga, TN. A search of the General Service Administration (GSA) Inventory of Owned and Leased Properties did not produce any available. A search of the National Historic Building Register failed to produce any available property that could meet the Government's needs.

Additional market research was completed using loopnet.com, which located several potential locations; however, none of these locations will meet the delineated area requirement.

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Market research was conducted via FedBizOpps (FBO) on November 22, 2016 and closed on December 2, 2016 through a sources sought notification which resulted in one (1) response.

In the effort of applying the Rule of Two before making the decision to sole source the succeeding lease to the same lessor further market research was conducted via Veteran 100 (VIP) on February 09, 2019 using NAICS code 531190. There were four (4) companies recognized with only one (1) company located in the state of Tennessee but none in, Chattanooga TN.

9. Any Other Facts Supporting the Use of Other than Full and Open Competition:

TVHS has had these leases for over (20) years and it has served as an optimal location for these services. Based on the required time to create a new lease, activate the facility and move staff, as well as the fact that no additional buildout is required, this lease should be renewed.

Patient satisfaction is paramount to the mission of the VA and Tennessee Valley Healthcare System. Many Veterans receive Primary Care and Mental Healthcare services at the current location. The Veterans are able to make multiple appointments which are convenient for the Veteran and more cost effective for the VA as these results in fewer travel reimbursements. Failure to enter in a lease agreement with the existing lessor, in a timely manner, will result in adversely delaying the VA's ability to provide quality medical care to Veterans, increased wait times, and decreased access to care.

Remaining in this lease is the most expedient and fiscally responsible method to achieve the TVHS and VHA's goals for increased Veteran patient access to care. It is prudent to complete the new lease agreement with the current lessor until the acquisition of larger space is complete in 2019/2020. The replacement Clinic is planned to begin operations in FY 2020 and is currently in the design phase.

The Chattanooga VA Clinic standstill lease agreement represents the lowest risk option for Veterans, staff, and the VHA and eases the space constraints faced by the Tennessee Valley Healthcare System.

10. Listing of Sources that Expressed, in Writing, an Interest in the Acquisition:

NAI Charter
414 Vine Street
Chattanooga, TN 37403

OFOC SOP Revision 05
Original Date: 03/22/11
Revision 05 Date: 05/02/2016

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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:

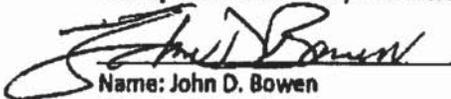
For future acquisitions, prior to the expiration of the lease, if it is determined that the cost of construction is not a viable costs alternative and there is a continuing need for lease space, Contracting will work with the using service and market research will be conducted to determine the market availability and fair market value of space within the delineated area.

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.



Name: Katina Norris
Title: Space Planner/ Management and Program Analyst
Facility: Tennessee Valley Healthcare System

10 MAR 2017
Date

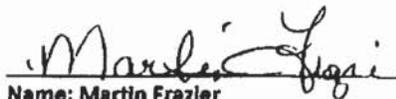


Name: John D. Bowen
Title: Facility Assistant
Facility: Tennessee Valley Healthcare System

6 MAR 2017
Date

13. Approvals in accordance with the VHAPM, Volume 6, Chapter VI: OFOC SOP.

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



Name: Martin Frazier
Title: Contracting Specialist
Facility: Network Contracting Office (NCO) 09

3/6/17
Date



Name: Hollie Dickey
Title: Supervisor Contracting Officer
Facility: Network Contracting Office (NCO) 09

3/6/17
Date

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Kenneth N.
Hooks 498714

Digitally signed by Kenneth N. Hooks
DN: cn=kenneth.hooks, o=DC:gov, ou=Internal_OurPeople,
c=US, email=kenneth.hooks@dc.gov,
Date: 2017.03.20 11:20:11 -0500

3/20/2017

Date

Name: Kenneth N. Hooks
Title: Division Chief
Facility: Network Contracting Office (NCO) 09

- b. Director of Contracting /Dealmaker (Required over \$150K but not exceeding \$700K): I certify the justification meets requirements for other than full and open competition.

Susan F.
Nagel 234493

Digitally signed by Susan F. Nagel
DN: cn=susan.f.nagel, o=DC:gov, ou=Internal_OurPeople,
c=US, email=susan.f.nagel@dc.gov,
Date: 2017.04.03 13:02:11 -0500

4/3/2017

Date

Name: Sue Nagel
Title: Acting Director of Contracting
Facility: Network Contracting Office (NCO) 09

- c. YHA SAO HCA Review and Approval: I have reviewed the foregoing justification and find it to be complete and accurate to the best of my knowledge and belief and recommend approval (if over \$13.5 million) or approve (\$700K to 13.5 million) for other than full and open competition.

Linda S. Greaves
404790

Digitally signed by Linda S. Greaves
DN: cn=Linda S. Greaves, o=DC:gov, ou=Internal_OurPeople,
c=US, email=linda.greaves@va.gov,
Date: 2017.04.12 19:12:02 -0500

4/12/2017

Date

Name: Linda Greaves
Title: Acting Director, SAO Central Region
Facility: SAO Central Head of Contracting Activity (HCA)