

DEPARTMENT OF VETERANS AFFAIRS

Justification and Approval (J&A)
For
Other Than Full and Open Competition (>SAT)

Acquisition Plan Action ID: TO BE GENERATED BY GREX. SUBMITTED VIA ECMS AS "JOFOC REVIEW: LEASE EXT."

1. **Contracting Activity:** Department of Veterans Affairs, Network Contracting Office 21 on behalf of San Francisco Veterans Affairs Care System (SFVAHCS) located at 4150 Clement Street; San Francisco, CA 94121.
2. **Nature and/or Description of the Action Being Processed:** SFVAHCS currently leases 9980 Net Usable Square Feet (NUSF) of clinical space at 620 & 630 Kings Court; Ukiah, CA 95482 under lease number VA261-R-0406 for use as a community based outpatient clinic (CBOC). The original ten (10) year lease expires on 9/30/2018. Approval is requested to negotiate a lease extension with the incumbent Lessor without full and open competition for continued occupancy of this leased location.

SFVAHCS is in the process of studying the feasibility of a major service realignment and delivery of services in northern California which may result in the closing of some CBOCs and consolidation into larger clinics. This extension is being requested to minimize disruptions to Ukiah CBOC operations, and to avoid the risks associated with holdover and the costs of temporarily moving to another location.

According to SFVAHCS, staying in place will save the Government approximately \$2,275,660.00.

3. **Description of Supplies/Services Required to Meet the Agency's Needs:** SFVAHCS submitted a memorandum requesting an extension of the existing lease for a period of three (3) years. The purpose of the lease extension is to allow the facility sufficient time to make an accurate determination of need for the Ukiah CBOC and in the greater northern California region serviced by SFVAHCS.

In accordance with Draft VA Handbook 7815 and GSAM Part 570:

- A. SFVAHCS states that the existing space is needed to continue providing healthcare services as described in greater detail in paragraph 5 below
- B. Approximately 9980 NUSF of office space
- C. Required lease term of three (3) years
- D. Estimated lease value for this period of \$688,620.00

Based on the Government's market research (please see Paragraphs 6 and 7 below), the estimated annual cost of this lease is \$23.00 per square foot per year which is \$229,540.00 per year for a total estimated contract value of \$688,620.00 for the three (3) year extension.

4. **Statutory Authority Permitting Other than Full and Open Competition:** 41 U.S.C. 3304(a)(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 location and amount of space offered by the incumbent Lessor is well suited to the facility's needs. This space houses personnel engaged in delivery of healthcare to veteran patients.

Moving to an interim location would likely result in an unnecessary disruption to veteran care, moving costs, and additional tenant improvement costs.

6. **Description of Efforts Made to ensure that offers are solicited from as many potential sources as deemed practicable:** The CO conducted market research via LoopNet and ordered a Member, Appraisal Institute (MAI) appraisal to supplement LoopNet findings. Because temporarily moving VA operations and personnel out of the current location for a maximum of only three (3) years would be unnecessarily disruptive and costly, no solicitations were issued.
7. **Determination by the CO that the Anticipated Cost to the Government will be Fair and Reasonable:** The Contracting Officer ordered an MAI appraisal to supplement market research conducted via LoopNet. The appraisal report determined current fair market rates for the subject space to be \$23.00 per square foot per year.

Based on this appraisal, and 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 for this requirement is fair and reasonable.

8. **Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:** The Contracting Officer conducted Market Research using LoopNet. The parameters of the search were:
 - A. Type of Space: Office, retail, flex, and medical
 - B. Location: Within a radius of five (5) miles of Ukiah, CA
 - C. Time Period: Listings within the past one (1) year
 - D. Square Footage: Not specified
 - E. Rate Range: Not specified

The Contracting Officer identified numerous spaces meeting the broadly defined space type and size described above. The advertised rates ranged from \$12.00/RSF/YR to \$45.00/RSF/YR, but provided little other information such as building class and type of lease (NNN, gross, full service, etc.) needed to accurately evaluate the listings.

The Contracting Officer subsequently ordered the MAI appraisal as discussed above in Paragraphs 3 and 7 above. Fair market value, as determined by the appraisal, is \$23.00/NUSF/YR.

9. **Any Other Facts Supporting the Use of Other than Full and Open Competition:** Other than as stated in Paragraphs 2, 4, and 5 above, not proceeding with a lease extension is likely to trigger holdover which may subject the Government to significantly higher costs and a less secure tenancy at the subject site.

10. **Listing of Sources that Expressed, in Writing, an Interest in the Acquisition:** The incumbent Lessor, Lee Kraemer Real Estate, has expressed an interest in leasing the requisite amount of space to SFVAHCS.

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:** Consistent with the Competition in Contracting Act, full and open competition will be undertaken in future requirements as opportunities are available.

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.



Bonnie Graham, MBA
Director
San Francisco Veterans Affairs Health Care System



Date

13. **Approvals in accordance with the VHAPM Part 806.3 OFOC SOP:**

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

Jerzy Brozyna
Lease Contracting Officer
Network Contracting Office 21

Date

- b. **One Level Above the Contracting Officer (Required over SAT but not exceeding \$700K):** I certify the justification meets requirements for other than full and open competition.

Brooke C. Robison
Director of Contracting
Network Contracting Office 21

Date