

DEPARTMENT OF VETERANS AFFAIRS

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

Acquisition Plan Action ID: DNV04122-001

1. **Contracting Activity:** Department of Veterans Affairs, Network Contracting Office (NCO 21) on behalf of VISN 21, Veterans Affairs Southern Nevada Healthcare System (VASNHS) located at 6900 North Pecos Road, North Las Vegas, Nevada 89086.
2. **Nature and/or Description of the Action Being Processed:** VASNHS currently leases 60,610 Rentable Square Feet (RSF) of warehouse space located at 5406 (Bldg. B) El Campo Grande Ave, North Las Vegas, Nevada 89115 under lease number V101-08-RP-0045. The El Campo warehouse lease was never intended to continue past ten (10) years, as its purpose was to provide warehouse space for the activation of the new medical facility in North Las Vegas, until the warehouse at the new facility is fully operational. In 2017, VASNHS contracted for a study to ensure that adequate warehouse space at the medical facility is available onsite, prior to the expiration of this lease. In early 2018, the report concluded that additional warehouse space would be necessary to support current and future expansions at the VASNHS campus. The VA has indicated that construction funding for the new expansion would not be available until 2021, and the original ten (10) year lease expires on 31 July 2019. Approval is requested to negotiate a two (2) year lease extension with the incumbent Lessor without full and open competition for continued occupancy of this leased location while a new five (5) year succeeding lease is established.
3. **Description of Supplies/Services Required to Meet the Agency's Needs:** Originally, VASNHS submitted a memorandum requesting an extension of the existing lease for a period of three (3) years. The purpose of the lease extension, was to allow sufficient time to design and execute the construction to add to the current warehouse at the VASNHS hospital and for the relocation of materials from the leased space. Recently, VASNHS informed NCO 21 that a three (3) year lease extension is insufficient and additional time is necessary, to allow the construction process to complete. Now, VASNHS is requesting a two (2) year lease extension to allow for sufficient time to establish a succeeding lease. The succeeding lease is anticipated to include a five (5) year term, two (2) years firm with termination rights. This will provide four (4) to seven (7) years necessary to ensure completion of the new warehouse construction project.

Based on the Government's market research (please see paragraphs 6 and 7 below), the estimated annual cost of this lease is \$9.91 per RSF per year or \$600,840.72 per year for a total estimated contract value of \$1,201,681.44 for the two (2) year extension. This rate includes services totaling \$1.19 Per RSF, for an unserviced rate of \$8.72 per RSF.

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 warehouse location and amount of space offered by the incumbent Lessor is well suited to the facility's needs and is near the VASNHS hospital. This space provides critical clean room space to allow for the unpackaging of sensitive electronic equipment, and includes office space for approximately thirty (30) Veterans

Affairs (VA) employees. The acquisition of new space for this two (2) year extension, would require additional time and funding for tenant improvements (TI's), including a clean room and office spaces, in addition to moving and relocation costs.

6. **Description of Efforts Made to ensure that offers are solicited from as many potential sources as deemed practicable:** Due to the overwhelming cost benefits of remaining at the present location, as provided under paragraph 7, the Contracting Officer did not advertise or seek alternative space. A notice of intent to sole source will be posted, and the Government will review any information received in response by other potential sources.
7. **Determination by the CO that the Anticipated Cost to the Government will be Fair and Reasonable:** The Contracting Officer will ensure that the rate for the two (2) year extension will be at a fair and reasonable price before the lease amendment is executed. This will be based on market research of similar leases in the same area using CoStar, a website that provides detailed information on commercial real-estate.

The anticipated cost of obtaining 60,610 RSF of similar warehouse space, meeting the Government's minimum requirements by 1 August 2019, has been deemed unreasonable. In addition to similar rental costs, the medical facility estimates TI's at \$1,123,831.00 and move of staff/materials at \$64,456.35. Issuance of a two (2) year lease extension, is estimated to save the Government approximately \$1,188,287.35.

8. **Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:** During market research, the Government was unable to locate a suitable space near the VASNHS medical center that could provide the 60,610 RSF currently required, so the size requirement was lowered to a size that multiple like spaces could be found in a reasonably close proximity to the medical center. The market survey concluded that the Government would likely expend approximately \$0.77 more per RSF under a new lease.

The following search parameters were used:

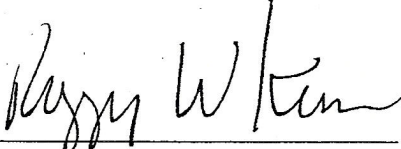
1. Type of Space: Warehouse/Industrial
2. Amount of Space: Over 5,000 rentable square feet
3. Search Area: Restricted to an eight (8) mile radius area of the VASNHS medical facility.

The Contracting Officer identified numerous spaces meeting the broadly defined space type and size described above. Although other sources were identified, the market research indicated it would not be cost-effective to utilize them, due to the additional costs associated with moving and build-out, as described above in paragraph 7.

9. **Any Other Facts Supporting the Use of Other than Full and Open Competition:** In addition to paragraph 4 above, not proceeding with a lease extension may 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:** 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 VA will continue to make progress on the construction of the warehouse as funding is available and will maximize competition for the subsequent lease action. In the interim, this lease extension will provide VASNHCS the warehouse space it requires. Consistent with the Competition in Contracting

Act (CICA), full and open competition will be undertaken in future requirements, as opportunities become 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.


Peggy W. Kearns, MS, FACHE
Medical Center Director

1/29/2019
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

29 JAN 2019
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.

Acting for:

Brooke C. Robison
Director of Contracting
Network Contracting Office 21

1/29/2019
Date

- c. **VHA 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 \$68 million) or approve (\$700K to \$68 million) for other than full and open competition.

Curtis M. Jordan
Acting Executive Director, SAO West
Head of Contracting Activity (HCA)

Date