

CHANGE REQUEST COVER SHEET

Change Request Number: 09-90

Date Received: 9/5/2009

Title: Real Estate Guidance Update

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Policy OR Guidance: Guidance

Section/Text Location Affected: AMS Real Estate Guidance Sections 1.1.11, 2.4.1.1, and 2.4.1.2

Summary of Change: Quarterly updates of the AMS Real Property sections.

Reason for Change: Information has been updated due to changes in laws, regulations and executive orders.

Development, Review, and/or Concurrence: ALO-200, AGC-520, and Logistics Service Area Real Estate Offices

Target Audience: Real Estate Contracting Officers

Potential Links within FAST for the Change: N/A

Briefing Planned: No

ASAG Responsibilities: None

Potential Links within FAST for the Change: N/A

Links for New/Modified Forms (or) Documents (LINK 1) [Attached SOP \(PDF\) to section 2.4.1.1 - SOP Administrative Space](#)

Links for New/Modified Forms (or) Documents (LINK 2) [null](#)

Links for New/Modified Forms (or) Documents (LINK 3) [null](#)

SECTIONS ADDED:

Real Estate Guidance :

Section 2.4.1.1 : Standard Operating Procedure (SOP) for Administrative Space Guidance [\[New Content\]](#)

Real Estate Guidance :

Section 2.4.1.2 : Chief Financial Officer Review of GSA Space Request over \$10 Million [\[New Content\]](#)

SECTIONS EDITED:

Real Estate Guidance :

Section 1.1.11 : Lease versus Purchase Analysis [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

SECTIONS ADDED:

Real Estate Guidance :

Section 2.4.1.1 : Standard Operating Procedure (SOP) for Administrative Space Guidance

The FAA currently occupies approximately 5 million square feet of administrative space including GSA controlled, FAA owned and leased space. Managing this amount of space caused the development of the Standard Operating Procedure (SOP) by the Administrative Space Management Council (ASMC). The SOP provides the management of administrative space by determining if projects are major or minor, reviewing the feasibility and affordability of new space related projects, and ensuring that building infrastructure issues were analyzed.

The RECO and requesting office must use the [SOP for administrative space](#). The SOP applies to all new construction, newly leased space (GSA controlled or FAA direct), space renovations, and space reconfigurations.

Real Estate Guidance :

Section 2.4.1.2 : Chief Financial Officer Review of GSA Space Request over \$10 Million

The Administrator, in a memorandum dated August 11, 2005, directed the Chief Financial Officer (CFO) to exercise greater control and fiscal oversight over FAA contracting, specifically by giving the CFO approval authority over all proposed procurement actions of \$10 million or more. To accomplish this greater control and fiscal oversight, FAA program offices must submit their proposed procurement actions for CFO review to the Office of Financial Controls early enough in the acquisition process so that the CFO can effectively participate. Reviews of potential commitments are required before negotiation and finalization. The CFO requires an effective contribution; therefore, the Office of the Assistant Administrator for Regions and Centers (ARC) requests that all proposed procurement actions requiring the CFO review to be submitted to ARC prior to commitment with the General Services Administration.

The CFO's approval is required on all original actions of \$10 million or more that would result in the following: other procurement actions or any other binding commitment, such as a lease.

The Assistant Administrator for Regions and Centers (ARC) internal approval process is outlined below to assist in planning a new GSA lease, renewal, continuing need, renovation or expansion.

- The business case package is presented to the Real Estate Contracting Officer (RECO) from the Line of Business (LOB).
- The RECO reviews the business case package and provides comments that include one-time cost, i.e. alterations, furniture, etc., related to the project that must be approved by the RECO and concurred by Logistics Service Area Managers. If another LOB is paying for part of the procurement, a memorandum of agreement will be part of the business case package to be forwarded to the Headquarters Facility Management Division (ALO-100).
- The RECO will forward the business case package to ALO-100 for final review and approval.

- The business case package must include at a minimum, with the Regional Administrator's concurrence on, the following information:
 - o Chief Financial Officer Acquisitions Form
 - o Business Case & Executive Summary
 - o GSA Market Survey Price Methodology document
 - o Occupancy Agreement from GSA
 - o Memorandum of Agreement from LOB, if required

- ALO-100 will forward the business case package to the ARC Resource Management Staff (ARC-10) for review and approval of other cost outside of the GSA Rental cost
- ARC-10 will provide comments and concurrence and forward to ALO-1
- ALO-1 approves and signs the Request for Approval form for submittal to the Chief Financial Officer (CFO)
- Once the CFO approval process occurs, the CFO's office forwards the approval to ARC-1
- ARC-1 notifies ALO-1 of the approval, who forwards the package to ALO-100
- ALO-100 provides the RECO the authorization to sign the Occupancy Agreement (OA). A copy of the OA is forwarded to ALO-100 to be made part of the real estate lease file.

SECTIONS EDITED:

Section 1.1.11 : Lease versus Purchase Analysis

Old Content: Real Estate Guidance :

Section 1.1.11 : Lease versus Purchase Analysis

Except as noted below, a lease versus purchase analysis must be made for all new land interests to be acquired and existing land leases to be renewed, taking into consideration the expected term the property will be needed. The analysis is used to determine the most cost-effective method of procurement - purchase or lease. Data from a market survey or appraisal must be used for input into the analysis. If the analysis shows purchase to be the most effective method of procurement, the Real Estate Contracting Officer must initiate land purchase action in accordance with established procedures.

If cost is not a determining factor, such as when a landowner is unwilling to allow FAA use of the property or demands unreasonable lease terms, and eminent domain proceedings are needed, a lease versus purchase analysis is not required.

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If cost is not a determining factor, such as when a landowner is unwilling to allow FAA use of the property or demands unreasonable lease terms, and eminent domain proceedings are needed, a lease versus purchase analysis is not required.

The RECO should note that the FAA does not routinely accept ATCT towers from nonfederal entities due to the maintenance and repair and final disposition costs. It is not fiscally sound to undertake ownership even if it is offered at no-cost. All purchases of ATCT should be reviewed by legal counsel and ATO corporate real estate office.

Red Line Content: Real Estate Guidance :
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