

CHANGE REQUEST COVER SHEET

Change Request Number: 10-62A

Date Received: 5/24/2010

Title: Real Estate Guidance Updates

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Policy OR Guidance: Guidance

Section/Text Location Affected: Sections 1.1.5.2 and 2.2.4 , Succeeding Leases/Lease Renewals and Section 2.2.5, Advertising/Market Survey and Appraisal

Summary of Change: Updating real estate guidance section to clarify definitions of succeeding and superceding leases and to clarify RECO's authority to sign a lease in advance of appropriations.

Reason for Change: Ensuring the guidance is clear for the Real Estate Contracting Officers

Development, Review, and/or Concurrence: ALO-200, Logistics Service Area Offices

Target Audience: Real Estate Contracting Officer (RECO)

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) [null](#)

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

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

SECTIONS EDITED:

Real Estate Guidance :

Section 2.2.5 : Advertising/Market Survey and Appraisal [\[Old Content\]](#)[\[New Content\]](#)
[\[RedLine Content\]](#)

Real Estate Guidance :

Section 2.2.4 : Succeeding Leases/Lease Renewals [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Real Estate Guidance :

Section 1.1.5.2 : Succeeding Leases/Lease Renewals [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

SECTIONS EDITED:

Section 2.2.5 : Advertising/Market Survey and Appraisal

Old Content: Real Estate Guidance :

Section 2.2.5 : Advertising/Market Survey and Appraisal

Advertising: If advertising is to be accomplished, the Real Estate Contracting Officer (RECO) shall utilize the publicizing method most likely to result in receipt of offers appropriate to satisfy the specific requirement. The content of the advertisement is at the discretion of the RECO. In most cases, advertisements will be in local newspapers. Also, advertisements may include commercial trade journals, electronic bulletin boards, and the Commerce Business Daily. Multiple advertising may be utilized, if necessary. If the RECO chooses to advertise, the RECO shall place the largest circulation in the geographic delineated area and include placement on the days when the “Real Estate” Section is published.

Advertising is not required when the RECO determines that it is not warranted, or reasonable competition can be achieved. Data from an advertisement or market survey may be used to determine the competitive range.

Market Survey: A market survey is a tool used to help the RECO determine the following when leasing a space:

- the FAA’s needs and requirements,
- determines the fair market rental value and the rental price, and
- allows for the determination of the competitive range.

A market survey must be conducted in both competitive and single source space acquisitions for all new, succeeding, renewal or small space lease.

Market Information for a Business Case

Under the Space Council Administrative Space Standard Operating Procedures, all lines of business are required to submit a copy of an approved business case to the RECO for all new administrative space requirements. The ATO will submit a copy of an approved business case to the RECO for all technical space. The RECO will assist the LOB with the business case by providing limited market information.

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A limited market survey is used for assisting the customer in the development of a business case. A limited market survey is basic fact finding, and includes gathering data that answers the following questions:

- Is space available in the delineated area?
- What is the cost per square foot?
- What are the general terms in the surveyed area?

In addition, the customer must provide initial information on their space requirements to the RECO to conduct a limited market survey.

The RECO has the authority to proceed with a full market survey only after receiving a copy of the approved business case for all new space acquisition, either technical or administrative. The RECO must place a copy of the approved business case in the lease documentation file.

There is one exception to this requirement for an approved business case. In the case of an emergency, which creates an immediate threat to the life or safety of FAA employees, such as a fire or an earthquake, the requesting servicing organization can contact the RECO to proceed immediately with a full market survey.

The business case must not identify a pre-selected location when the intent is to procure the requirements using competitive method. If a business case identifies a specific site location when competition is available within the geographically delineated area, the RECO must notify the customer that the AMS policy requires a RECO to use competition when available.

Full Market Survey

Once a copy of an approved business case is received by the RECO, a “full” market survey is conducted by the RECO with their customer. Prior to initiating a full market survey for a new space requirement, the RECO and the customer must determine space requirements such as square footage, security, parking, electrical, data/telephone and any special build-out requirements. Time frames must be established for the acquisition of the space and a delineated geographic area must be identified. The RECO will conduct a full market survey based upon the requirements received from the customer including receiving a zero dollar purchase request.

The RECO will request funding from the customer to ensure that the RECO and customer are able to participate fully in the market survey process. However, if funding is not available, the RECO must send a copy of the space market survey form to the potential lessor(s) to fill in the required information and either by fax or e-mail a completed copy to the RECO within 5 business days from the date the RECO sent the request to the potential lessor(s).

New or Succeeding Lease Market Survey

With respect to the acquisition of new or succeeding space leases, a full market survey must be conducted. This ensures that the RECO leases space that meets the FAA’s requirements and is in the FAA’s best interest. As mentioned above, the RECO needs to receive a copy of an

approved business case with a zero dollar purchase request in order to proceed with a full market survey.

The following are guidelines for performing a full market survey for new or succeeding space:

- The RECO must check if other government space is available for occupancy prior to initiating a market survey. Your local General Services Administration (GSA) point of contact is one potential source for such information.
- The RECO must ask the customer/facility manager if he/she has developed information concerning space available in the geographic delineated area. If so, the RECO must request specific points of contact and follow up with the named individuals/companies. If possible, the RECO must physically canvas the geographic delineated area for space offerings, and listings of competing space by looking for vacancy signs, or reviewing the available real estate listings as published in the local paper serving the geographic delineated area. An on-site market survey visit is important in both a competitive and single source acquisition. However, if the RECO is unable to attend the on-site market survey, the RECO must fax or e-mail the market survey form to the potential lessor(s) to fill in and contact the customer to visit the site with the form, if possible.
- Communicate with other RECOs and review existing files to determine if there have been other recent surveys (e.g. within the last 6 months) completed with respect to the delineated area that may provide points of contact (brokers, property managers and property owners), leads for buildings with available space, or associated information on rent, operating costs, tenant improvements, etc.
- Contact and communicate with other federal agency real estate representatives (GSA, Corps of Engineers, etc.) to see if they have completed recent surveys or lease negotiations in the geographic delineated area.
- The RECO is recommended to use Loopnet or GSASales.gov or other market tools to gather data. These tools are extremely helpful when the RECO is gathering limited market information.

Renewal and Small Lease Market Survey

It should be noted that a copy of an approved business case is **not** required for lease renewals; however, the RECO should receive a continuing need statement before proceeding with a lease renewal and a small lease process including a zero dollar purchase request. This statement should include sufficient and verifiable justification that the requirement for the space is ongoing. The amount of work required to perform a full market survey relates directly to the complexity and size of the lease requirement. For a renewal lease or a small lease (3,000 square foot or less) a full market survey is not required. However, as mentioned above a limited market information gathering must be conducted by 3 or more telephone calls to owners of potential sites located within the delineated area to evaluate present market conditions. This would be sufficient information for the RECO's assessment. The RECO must document the lease file with the limited market information.

It should be noted that a RECO must conduct a full market survey when a lease has expired and a continuing need statement indicates requirements to remain at the existing location. This is considered a succeeding space lease.

Market Survey Form

For all new or succeeding space leases the RECO **must** use the 2.6.10 Space Market Survey Form when conducting a full market survey. For all lease renewals or small lease acquisition, the RECO is recommended to use the market survey form or provide a document to the lease file indicating the market data gathered. A completed Space Market Survey form(s) must be placed in the lease contract file for each location.

- The RECO must request a block plan from the potential lessor(s) (owner or owner representative) outlining the space being offered. This plan will assist the RECO and customer in determining if the potential lessor(s) can meet the requirements of the FAA.
- The space form will be completed by the RECO (part I-III) and the potential lessor(s) (part IV-V). When the RECO is conducting a market survey, part of the form can be given to the potential lessor(s) to fill in onsite, or it may be sent to a potential lessor(s) to fill in sections VI-VII. This information will assist the RECO and the customer to decide the acceptability of the space for further consideration.
- If the RECO is unable to attend the market survey, the potential lessor(s) must fill in the form. Then the potential lessor(s) must send back the completed form to the RECO either by fax or e-mail to the RECO within 5 business days from the date the RECO sent the form to the potential lessor(s).

Developing a List of Potential Lessors to whom FAA's Requirements will be provided

Once a full market survey is completed and the market information has been collected, the RECO must determine a reasonable range for rents, anticipated operating expenses and tenant improvement allowances for potential space that meets the customer's needs. This information forms the basis for discussions with potential lessors. The market survey is a vital tool for the RECO to use to determine the price reasonableness of offers that are otherwise likely to qualify for an award based upon the FAA's requirements. The market survey is essential for making a determination of the fair market value (FMV) of the rent and the FMV of asset under lease. Such a determination is necessary in both competitive and single source acquisitions.

The RECO must send the customer a written notification of the selected potential lessor(s) within the competitive range. This will give the customer notice of the potential lessor receiving a Solicitation For Offer (SFO).

New Content: Real Estate Guidance :

Section 2.2.5 : Advertising/Market Survey and Appraisal

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Advertising: If advertising is to be accomplished, the Real Estate Contracting Officer (RECO) shall utilize the publicizing method most likely to result in receipt of offers appropriate to satisfy the specific requirement. The content of the advertisement is at the discretion of the RECO. In most cases, advertisements will be in local newspapers. Also, advertisements may include commercial trade journals, electronic bulletin boards, and the Commerce Business Daily. Multiple advertising may be utilized, if necessary. If the RECO chooses to advertise, the RECO shall place the largest circulation in the geographic delineated area and include placement on the days when the “Real Estate” Section is published.

Advertising is not required when the RECO determines that it is not warranted, or reasonable competition can be achieved. Data from an advertisement or market survey may be used to determine the competitive range.

Market Survey: A market survey is a tool used to help the RECO determine the following when leasing a space:

- the FAA’s needs and requirements,
- determines the fair market rental value and the rental price, and
- allows for the determination of the competitive range.

A market survey must be conducted in both competitive and single source space acquisitions for all new, succeeding, renewal or small space lease.

Market Information for a Business Case

Under the Space Council Administrative Space Standard Operating Procedures, all lines of business are required to submit a copy of an approved business case to the RECO for all new administrative space requirements. The ATO will submit a copy of an approved business case to the RECO for all technical space. The RECO will assist the LOB with the business case by providing limited market information.

A limited market survey is used for assisting the customer in the development of a business case. A limited market survey is basic fact finding, and includes gathering data that answers the following questions:

- Is space available in the delineated area?
- What is the cost per square foot?
- What are the general terms in the surveyed area?

In addition, the customer must provide initial information on their space requirements to the RECO to conduct a limited market survey.

The RECO has the authority to proceed with a full market survey only after receiving a copy of the approved business case for all new space acquisition, either technical or administrative. The RECO must place a copy of the approved business case in the lease documentation file.

There is one exception to this requirement for an approved business case. In the case of an emergency, which creates an immediate threat to the life or safety of FAA employees, such as a fire or an earthquake, the requesting servicing organization can contact the RECO to proceed immediately with a full market survey.

The business case must not identify a pre-selected location when the intent is to procure the requirements using competitive method. If a business case identifies a specific site location when competition is available within the geographically delineated area, the RECO must notify the customer that the AMS policy requires a RECO to use competition when available.

Full Market Survey

Once a copy of an approved business case is received by the RECO, a “full” market survey is conducted by the RECO with their customer. Prior to initiating a full market survey for a new space requirement, the RECO and the customer must determine space requirements such as square footage, security, parking, electrical, data/telephone and any special build-out requirements. Time frames must be established for the acquisition of the space and a delineated geographic area must be identified. The RECO will conduct a full market survey based upon the requirements received from the customer including receiving a zero dollar purchase request.

The RECO will request funding from the customer to ensure that the RECO and customer are able to participate fully in the market survey process. However, if funding is not available, the RECO must send a copy of the space market survey form to the potential lessor(s) to fill in the required information and either by fax or e-mail a completed copy to the RECO within 5 business days from the date the RECO sent the request to the potential lessor(s).

New Lease Market Survey

With respect to the acquisition of new space leases, a full market survey must be conducted. This ensures that the RECO leases space that meets the FAA’s requirements and is in the FAA’s best interest. As mentioned above, the RECO needs to receive a copy of an approved business case with a zero dollar purchase request in order to proceed with a full market survey.

The following are guidelines for performing a full market survey for new space:

- The RECO must check if other government space is available for occupancy prior to initiating a market survey. Your local General Services Administration (GSA) point of contact is one potential source for such information.
- The RECO must ask the customer/facility manager if he/she has developed information concerning space available in the geographic delineated area. If so, the RECO must request specific points of contact and follow up with the named individuals/companies. If possible, the RECO must physically canvas the geographic delineated area for space offerings, and listings of competing space by looking for vacancy signs, or reviewing the available real estate listings as published in the local paper serving the geographic delineated area. An on-site market survey visit is important

in both a competitive and single source acquisition. However, if the RECO is unable to attend the on-site market survey, the RECO must fax or e-mail the market survey form to the potential lessor(s) to fill in and contact the customer to visit the site with the form, if possible.

- Communicate with other RECOs and review existing files to determine if there have been other recent surveys (e.g. within the last 6 months) completed with respect to the delineated area that may provide points of contact (brokers, property managers and property owners), leads for buildings with available space, or associated information on rent, operating costs, tenant improvements, etc.
- Contact and communicate with other federal agency real estate representatives (GSA, Corps of Engineers, etc.) to see if they have completed recent surveys or lease negotiations in the geographic delineated area.
- The RECO is recommended to use Loop net or GSASales.gov or other market tools to gather data. These tools are extremely helpful when the RECO is gathering limited market information.

Succeeding, Renewal and Small Lease Market Survey

It should be noted that a copy of an approved business case is **not** required for succeeding lease (a new lease succeeds the lease expired) or lease renewals (exercising an option to stay in the same location) for standard or small space requirements; however, the RECO should receive a continuing need statement before proceeding with the process of a succeeding lease or a renewal lease including a zero dollar purchase request. This statement should include sufficient and verifiable justification that the requirement for the space is ongoing.

With the above information, i.e. approved business case or continuing need statement, the RECO can proceed with a full or limited market survey. For most succeeding leases, when a lease has expired and a continuing need statement indicates requirements to remain at the existing location, the RECO **must** conduct a full market survey (see above information on full market survey). For a renewal lease or a small lease (3,000 square foot or less) a full market survey is not required. However, at a minimum, the RECO is required to gather limited market information. As mentioned above a limited market information gathering must be conducted by 3 or more telephone calls to owners of potential sites located within the delineated area to evaluate present market conditions. This would be sufficient information for the RECO's assessment. The RECO must document the lease file with the limited market information.

Market Survey Form

For all new or succeeding space leases the RECO **must** use the 2.6.10 Space Market Survey Form when conducting a full market survey. For all lease renewals or small lease acquisition, the RECO **must** have the lessor complete the market survey form to ensure that the Safety and Environmental information is captured in the file. The RECO may also provide a document to the lease file indicating the market data gathered. A completed Space Market Survey form(s) must be placed in the lease contract file for each location.

The RECO must request a block plan from the potential lessor(s) (owner or owner representative) outlining the space being offered. This plan will assist the RECO and customer in determining if the potential lessor(s) can meet the requirements of the FAA.

- The space form will be completed by the RECO (part I-III) and the potential lessor(s) (part IV-V). When the RECO is conducting a market survey, part of the form can be given to the potential lessor(s) to fill in onsite, or it may be sent to a potential lessor(s) to fill in sections VI-VII. This information will assist the RECO and the customer to decide the acceptability of the space for further consideration.
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Developing a List of Potential Lessors to whom FAA's Requirements will be provided

Once a full market survey is completed and the market information has been collected, the RECO must determine a reasonable range for rents, anticipated operating expenses and tenant improvement allowances for potential space that meets the customer's needs. This information forms the basis for discussions with potential lessors. The market survey is a vital tool for the RECO to use to determine the price reasonableness of offers that are otherwise likely to qualify for an award based upon the FAA's requirements. The market survey is essential for making a determination of the fair market value (FMV) of the rent and the FMV of asset under lease. Such a determination is necessary in both competitive and single source acquisitions.

The RECO must send the customer a written notification of the selected potential lessor(s) within the competitive range. This will give the customer notice of the potential lessor receiving a Solicitation For Offer (SFO).

Red Line Content: Real Estate Guidance :

Section 2.2.5 : Advertising/Market Survey and Appraisal

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In addition, the customer must provide initial information on their space requirements to the RECO to conduct a limited market survey.

The RECO has the authority to proceed with a full market survey only after receiving a copy of the approved business case for all new space acquisition, either technical or administrative. The RECO must place a copy of the approved business case in the lease documentation file.

There is one exception to this requirement for an approved business case. In the case of an emergency, which creates an immediate threat to the life or safety of FAA employees, such as a fire or an earthquake, the requesting servicing organization can contact the RECO to proceed immediately with a full market survey.

The business case must not identify a pre-selected location when the intent is to procure the requirements using competitive method. If a business case identifies a specific site location when competition is available within the geographically delineated area, the RECO must notify the customer that the AMS policy requires a RECO to use competition when available.

Full Market Survey

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The RECO will request funding from the customer to ensure that the RECO and customer are able to participate fully in the market survey process. However, if funding is not available, the RECO must send a copy of the space market survey form to the potential lessor(s) to fill in the required information and either by fax or e-mail a completed copy to the RECO within 5 business days from the date the RECO sent the request to the potential lessor(s).

New-~~or Succeeding~~-Lease Market Survey

With respect to the acquisition of new-~~or succeeding~~-space leases, a full market survey must be conducted. This ensures that the RECO leases space that meets the FAA’s requirements and is in the FAA’s best interest. As mentioned above, the RECO needs to receive a copy of an approved business case with a zero dollar purchase request in order to proceed with a full market survey.

The following are guidelines for performing a full market survey for new-~~or succeeding~~-space:

- The RECO must check if other government space is available for occupancy prior to initiating a market survey. Your local General Services Administration (GSA) point of contact is one potential source for such information.
- The RECO must ask the customer/facility manager if he/she has developed information concerning space available in the geographic delineated area. If so, the RECO must request specific points of contact and follow up with the named individuals/companies. If possible, the RECO must physically canvas the geographic delineated area for space offerings, and listings of competing space by looking for vacancy signs, or reviewing the available real estate listings as published in the local paper serving the geographic delineated area. An on-site market survey visit is important in both a competitive and single source acquisition. However, if the RECO is unable to attend the on-site market survey, the RECO must fax or e-mail the market survey form to the potential lessor(s) to fill in and contact the customer to visit the site with the form, if possible.
- Communicate with other RECOs and review ~~existing~~existing files to determine if there have been other recent surveys (e.g. within the last 6 months) completed with respect to the delineated area that may provide points of contact (brokers, property managers and property owners), leads for buildings with available space, or associated information on rent, operating costs, tenant improvements, etc.
- Contact and communicate with other federal agency real estate representatives (GSA, Corps of Engineers, etc.) to see if they have completed recent surveys or lease negotiations in the geographic delineated area.

- The RECO is recommended to use ~~Loopnet~~Loop net or GSASales.gov or other market tools to gather data. These tools are extremely helpful when the RECO is gathering limited market information.

Succeeding, Renewal and Small Lease Market Survey

It should be noted that a copy of an approved business case is **not** required for succeeding lease (a new lease succeeds the lease expired) or lease renewals (exercising an option to stay in the same location) for standard or small space requirements; however, the RECO should receive a continuing need statement before proceeding with ~~a lease~~the renewal and ~~process of a small~~succeeding lease process or a renewal lease including a zero dollar purchase request. This statement should include sufficient and verifiable justification that the requirement for the space is ongoing.

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Market Survey Form

For all new or succeeding space leases the RECO **must** use the 2.6.10 Space Market Survey Form when conducting a full market survey. For all lease renewals or small lease acquisition, the RECO ~~is recommended to~~must use have the lessor complete the market survey form to ~~or ensure that the Safety and Environmental information is captured in the file.~~ The RECO may also provide a document to the lease file indicating the market data gathered. A completed Space Market Survey form(s) must be placed in the lease contract file for each location.

The RECO must request a block plan from the potential lessor(s) (owner or owner representative) outlining the space being offered. This plan will assist the RECO and customer in determining if the potential lessor(s) can meet the requirements of the FAA.

- The space form will be completed by the RECO (part I-III) and the potential lessor(s) (part IV-V). When the RECO is conducting a market survey, part of the form can be given to the potential lessor(s) to fill in onsite, or it may be sent to a potential lessor(s) to

fill in sections VI-VII. This information will assist the RECO and the customer to decide the acceptability of the space for further consideration.

- If the RECO is unable to attend the market survey, the potential lessor(s) must fill in the form. Then the potential lessor(s) must send back the completed form to the RECO either by fax or e-mail to the RECO within 5 business days from the date the RECO sent the form to the potential lessor(s).

Developing a List of Potential Lessors to whom FAA's Requirements will be provided

Once a full market survey is completed and the market information has been collected, the RECO must determine a reasonable range for rents, anticipated operating expenses and tenant improvement allowances for potential space that meets the customer's needs. This information forms the basis for discussions with potential lessors. The market survey is a vital tool for the RECO to use to determine the price reasonableness of offers that are otherwise likely to qualify for an award based upon the FAA's requirements. The market survey is essential for making a determination of the fair market value (FMV) of the rent and the FMV of asset under lease. Such a determination is necessary in both competitive and single source acquisitions.

The RECO must send the customer a written notification of the selected potential lessor(s) within the competitive range. This will give the customer notice of the potential lessor receiving a Solicitation For Offer (SFO).

Section 2.2.4 : Succeeding Leases/Lease Renewals

Old Content: Real Estate Guidance :

Section 2.2.4 : Succeeding Leases/Lease Renewals

General Requirements: Prior to determining whether to enter into a succeeding lease (if the lease will expire at the end of the current term), or renew an existing lease, the RECO must consult with the tenant organization and obtain a statement of continuing need. The RECO must ensure that all new and revised clauses are incorporated in the succeeding lease agreement. In addition, if the term of a lease is less than 20 years, including options, and if the RECO determines that the best method to fulfill a short term continuing need is by extending the current lease, the Supplemental Lease Agreement must contain all new and revised clauses. However is the lease has met its 20 year authority, the RECO must negotiate a new lease.

Note: In accordance with the provisions of 49 USC 40110(c)(1), the RECO may enter into a lease with a term of up to 20 years, regardless of whether appropriations sufficient to pay the rent for the entirety of the lease term have been obligated.

Timing of renewal efforts: In order to allow sufficient time for completion, and prevent FAA from becoming a holdover tenant, the RECO must commence the renewal process, or the process of entering into a succeeding lease, at least 18 months prior to the lease expiration date. For all GSA controlled space, the RECO must commence the renewal process at least 24 months prior to the lease expiration date. Further this time period should be extended if the RECO is aware of issues that could jeopardize timely completion of the lease transaction.

NOTE: If a lease or utility contract is terminated and not renewed, the RECO must notify accounting to ensure lease payments have stopped.

New Content: Real Estate Guidance :

Section 2.2.4 : Succeeding Leases/Lease Renewals

General Requirements: Prior to determining whether to enter into a succeeding lease (this is a new lease because the lease expires at the end of the term and succeeds the prior lease), or renew an existing lease (this is the exercise of an option to stay in the existing location for the amount of time stated in the option(s) to renew), the RECO must consult with the tenant organization and obtain a statement of continuing need. The RECO must ensure that all new and revised clauses are incorporated in the succeeding lease agreement. In addition, if the term of a lease is less than 20 years, including options, and if the RECO determines that the best method to fulfill a short term continuing need is by extending the current lease, the Supplemental Lease Agreement must contain all new and revised clauses. However, if the lease has met its 20 year authority, the RECO must negotiate a new lease.

When to sign a succeeding lease: In accordance with the provisions of 49 USC 40110(c)(1), the RECO may enter into a lease with a term of up to 20 years, regardless of whether appropriations sufficient to pay the rent for the entirety of the lease term have been obligated. This means that the RECO can sign a lease now, even when rent commences in the next fiscal year.

Example: The RECO diligently negotiates for a succeeding lease for an off airport nevoid and obtains the lease signed by the lessor in the month of July 2010. The rent does not commence until October 1, 2010 (the start of FY-2011). In order to consummate the lease, the RECO must sign the lease AND award it in the PRISM system in July 2010. The RECO can obtain either a zero dollar PR or a subject to availability of funds PR for the award of the lease.

Timing of renewal efforts: In order to allow sufficient time for completion, and prevent FAA from becoming a holdover tenant, the RECO must commence the renewal process, or the process of entering into a succeeding lease, at least 18 months prior to the lease expiration date. For all GSA controlled space, the RECO must commence the renewal process at least 24 months prior to the lease expiration date. Further, this time period should be extended if the RECO is aware of issues that could jeopardize timely completion of the lease transaction.

NOTE: If a lease is to be terminated and not renewed, the RECO must ensure that the lease and any associated utility or other associated contracts are appropriately terminated and that accounting is notified to ensure that lease and associated utility payments are terminated at the appropriate time.

Red Line Content: Real Estate Guidance :
Section 2.2.4 : Succeeding Leases/Lease Renewals

General Requirements: Prior to determining whether to enter into a succeeding lease (~~if this~~ the is a new lease ~~will~~ because the ~~expire~~ lease expires at the end of the term and succeeds the ~~current term~~ prior lease), or renew an existing lease (this is the exercise of an option to stay in the existing location for the amount of time stated in the option(s) to renew), the RECO must consult with the tenant organization and obtain a statement of continuing need. The RECO must ensure that all new and revised clauses are incorporated in the succeeding lease agreement. In addition, if the term of a lease is less than 20 years, including options, and if the RECO determines that the best method to fulfill a short term continuing need is by extending the current lease, the Supplemental Lease Agreement must contain all new and revised clauses. However, ~~is if~~ the lease has met its 20 year authority, the RECO must negotiate a new lease.

Note When to sign a succeeding lease: *In accordance with the provisions of 49 USC 40110(c)(1), the RECO may enter into a lease with a term of up to 20 years, regardless of whether appropriations sufficient to pay the rent for the entirety of the lease term have been obligated. This means that the RECO can sign a lease now, even when rent commences in the next fiscal year.*

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NOTE: ~~If a lease or utility is contract is to be terminated and not renewed, the RECO must notify accounting ensure to ensure that the lease payments and have any stopped. associated utility or other associated contracts are appropriately terminated and that accounting is notified to ensure that lease and associated utility payments are terminated at the appropriate time.~~

Section 1.1.5.2 : Succeeding Leases/Lease Renewals

Old Content: Real Estate Guidance :
Section 1.1.5.2 : Succeeding Leases/Lease Renewals

General Requirements: In general, when a lease for land for an off-airport NAS facility is expiring, the requirements are not re-competed, unless a compelling reason to relocate is established. This is due to the long service life of facilities installed on the leased land, as well as the cost of installation. Prior to determining whether to enter into a succeeding lease (if the lease will expire at the end of the current term), or to exercise an option to renew an existing lease, the RECO must consult with the tenant organization and obtain a statement of continuing need. The RECO must ensure that all new and revised clauses are incorporated in the succeeding lease agreement. In addition, if the term of a lease is less than 20 years, including options, and if the RECO determines that the best method to fulfill a short term continuing need is by extending the current lease, the Supplemental Lease Agreement must contain all new and revised clauses.

Note: In accordance with the provisions of 49 USC 40110(c)(1), the RECO may enter into a lease with a term of up to 20 years, regardless of whether appropriations sufficient to pay the rent for the entirety of the lease term have been obligated.

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NOTE: If a lease or utility contract is terminated and not renewed, the RECO must notify accounting to ensure lease payments stop.

New Content: Real Estate Guidance :

Section 1.1.5.2 : Succeeding Leases/Lease Renewals

General Requirements: In general, when a lease for land for an off-airport NAS facility is expiring, the requirements are not re-competed, unless a compelling reason to relocate is established. This is due to the long service life of facilities installed on the leased land, as well as the cost of installation. Prior to determining whether to enter into a succeeding lease (this is a new lease because the lease expires at the end of the term and succeeds the prior lease), or renew an existing lease (this is the exercise of an option to stay in the existing location for the amount of time stated in the option(s) to renew), the RECO must consult with the tenant organization and obtain a statement of continuing need. The RECO must ensure that all new and revised clauses are incorporated in the succeeding lease agreement. In addition, if the term of a lease is less than 20 years, including options, and if the RECO determines that the best method to fulfill a short term continuing need is by extending the current lease, the Supplemental Lease Agreement must contain all new and revised clauses.

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Example: The RECO diligently negotiates for a succeeding lease for an off airport navaid and obtains the lease signed by the lessor in the month of July 2010. The rent does not commence until October 1, 2010 (the start of FY-2011). In order to consummate the lease, the RECO must sign the lease AND award it in the PRISM system in July 2010. The RECO can obtain either a zero dollar PR or a subject to availability of funds PR for the award of the lease.

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NOTE: If a lease is to be terminated and not renewed, the RECO must ensure that the lease and any associated utility or other associated contracts are appropriately terminated and that accounting is notified to ensure that lease and associated utility payments are terminated at the appropriate time.

Red Line Content: Real Estate Guidance :

Section 1.1.5.2 : Succeeding Leases/Lease Renewals

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