4.2 Real Property
4.2.1 Applicability Revised 1/2008
4.2.2 Guiding Principles Revised 1/2012
4.2.2.1 Contracting Authority Revised 10/2014
4.2.2.2 Real Property Definition Added 10/2008
4.2.3 Policy Revised 1/2008
4.2.3.1 Legal Coordination of Real Property Actions Revised 7/2016
4.2.3.2 Request Revised 1/2008
4.2.3.3 Requirements Revised 1/2012
4.2.3.3.1 Succeeding Leases/Renewal Leases Revised 7/2012
4.2.3.3.1.1 Timing of renewal/succeeding lease efforts Added 1/2008
4.2.3.3.1.2 Emergency Reservation of Expiring Funds for Continued FAA Occupancy Added 1/2008
4.2.3.3.2 Other Requirements to consider Added 1/2008
4.2.3.3.2.1 Administrative Space Order 4665.4 and GSA-Controlled Space Request Revised 7/2016
4.2.3.3.2.1.1 General Services Administrative (GSA) Space Request Revised 7/2016
4.2.3.3.2.2 No-Cost Land on Airport Memorandum of Agreement Added 1/2008
4.2.3.3.2.3 Rural Development Act Requirements Added 1/2008
4.2.3.3.2.4 Security Added 1/2008
4.2.3.3.2.5 Seismic Safety Revised 10/2014
4.2.3.3.2.6 Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (49 CFR Part 24) Added 1/2008
4.2.3.3.2.7 Vehicle Policy Added 1/2008
4.2.3.3.2.8 Environmental / Sustainability /Energy Considerations Revised 7/2016
4.2.3.3.3 Budgetary Review Revised 4/2015
4.2.3.4 Procurement Method Revised 1/2012
4.2.3.5 Solicitation for Offers Revised 1/2012
4.2.3.5.1 Market Survey/Advertisement/Appraisal Added 1/2008
4.2.3.5.2 Use of Brokers/Agents Added 7/2016
4.2.3.6 Evaluation of Offer(s) Revised 1/2008
4.2.3.6.1 Negotiation Added 1/2008
4.2.3.6.2 Communication Added 1/2008
4.2.3.7 Utilities Revised 4/2012
4.2.3.8 Condemnation Revised 1/2008
4.2.3.9 Award Revised 4/2008
4.2.3.9.1 Terms of Leases Revised 4/2009
4.2.3.10 Alterations and Improvements Revised 10/2012
4.2.3.11 Inspection and Acceptance Revised 1/2008
4.2.3.12 Disposal of Real Property Revised 1/2008
4.2.3.13 Documentation Revised 1/2008
4.2.3.13.1 Accountability Added 1/2008

4.2.3.13.2 REMS Revised 1/2010
4.2.3.14 Miscellaneous Provisions Revised 1/2008
4.2.3.14.1 Disclosure of Information Added 1/2008
4.2.3.14.2 Procurement Integrity Act Revised 10/2014
4.2.3.14.3 Organizational Conflicts of Interest Added 1/2008
4.2.3.14.4 Conflict of Interest Added 1/2008
4.2.3.14.5 Electronic Commerce in Contracting Revised 1/2008
4.2.3.14.6 Disaster or Emergency Preparedness and Response Added 8/2009
4.2.3.15 Conveyance Added 1/2012
4.2.4 Housing Policy Added 10/2011
4.2.5 Real Estate Certification and Warrant Requirements Revised 7/2013

4.2 Real Property

4.2.1 Applicability Revised 1/2008

This policy applies to the acquisition, management, and disposal of real property interests by lease, purchase, condemnation, or otherwise, as well as services related to such acquisition, management, and disposal, other related services, and utilities. This policy codifies the authority for real property transactions by FAA; however, it must be read in conjunction with Procurement Policy 3.0. In the event of a conflict between these provisions and Procurement Policy 3.0, these provisions will govern. Roles and responsibilities in real property transactions, and definitions of real property terms are found in Appendix 1 of this Chapter. For clarification of real property terms and to obtain real property information not found in this Chapter, contact ALO-200.

4.2.2 Guiding Principles Revised 1/2012

The acquisition of real property interests differs from other procurement types in important ways. For example, FAA's need for a specific site, location, or other mission-driven requirement, may limit the alternatives available for consideration in the real property acquisition process. FAA's primary goal is to acquire necessary real property interests to meet mission requirements. FAA is committed to meet applicable sustainability acquisition and management requirements, to the extent practicable. To that end, FAA shall be a good steward of the real property interests/assets acquired for the mission throughout the asset lifecycle, including the acquisition process, in-service management of the asset, and disposal or other final disposition of the asset/interest. The acquisition process requires sound business judgment and a competent and professional staff having the highest integrity, with authority delegated to the lowest responsible level. In addition to the Guiding Principles provided in Acquisition Management System Policy Section 3.1.3, Fundamental Principles, the FAA real property guiding principles will:

- Enable the selection of the lessor with the best value to satisfy FAA's mission;
- Focus on timely, cost efficient, and quality contract performance;
- Promote discretion, sound business judgment, and flexibility at the lowest levels while maintaining fairness and integrity;
- Provide streamlined methods and initiate innovative processes to conduct timely and cost-effective procurements;
- Promote open communication and access to information throughout the procurement process and encourage use of electronic methods for information exchange;
- Encourage competition as the preferred method of contracting;
- Permit single-source contracting when necessary to fulfill the FAA's mission;
- Allow the use of a range of lease types and transactions best suited to a particular procurement;
- Provide an internal process for resolving protests and disputes in a timely, cost-effective and flexible manner;
- Promote high standards of conduct and professional ethics;
- Require appropriate file documentation to support business decisions;
- Assure adequate checks and balances;

- Ensure public trust; and
- Promote and increase sustainable real property acquisition, management and disposal practices throughout the asset lifecycle, to the extent feasible and practicable within the agency mission and budget constraints.

4.2.2.1 Contracting Authority Revised 10/2014

The FAA Administrator has been given broad statutory acquisition authorities in Title 49 United States Code. Pursuant to the provisions of Title 49, the Administrator is the final authority for carrying out all functions, powers, and duties of the FAA Administration relating to the acquisition and maintenance of property and equipment. The Administrator has broad authority "to enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary to carry out the functions of the Administrator and the Administration . . .with any Federal agency, or any instrumentality of the United States, any territory, or possession, or political subdivision thereof, any other governmental entity, or any person, firm, association, corporation, or educational institution, on such terms and conditions as the Administrator may consider appropriate." (49 U.S.C. 106(l)(6).) In addition, the Administrator has the authority to enter into leases that require the use of appropriated funds for terms of up to 20 years. (49 U.S.C. 40110.)

The FAA Administrator may establish contracting activities and delegate to the Acquisition Executive broad authority to manage FAA contracting functions. The Acquisition Executive is authorized to appoint Chiefs of the Contracting Office (COCOs) and redelegate the contracting authority to them. The COCO may redelegate the contracting authority to individuals within their management area who have met the training requirements of the AMS and have demonstrated the appropriate knowledge and experience needed to execute this authority on behalf of the Government. Those who have been delegated contracting authority include procurement and real estate contracting officers (RECOs), logistics management specialists, and managers of the purchase card program.

The delegation of contracting authority to the RECOs, like that to COs and other qualified persons is by written warrant or other certificate of appointment. Contracts, leases, agreements, grants and other transactions may be entered into and signed on behalf of the FAA only by RECOs with a written certificate of appointment. The certificate of appointment or RECOs warrant must expressly state the types of transactions authorized by the delegation, and any limitation to the authority granted. If the authority is not specified in the warrant or certificate of appointment, that authority does not exist. The delegated authority of individual employees below the COCO is not transferable. For further information, please see “Warrant Levels for RECOs.” Information on the limits of the contracting officer's authority shall be readily available to the public and FAA personnel.

The RECO must have warrant authority commensurate with the total estimated potential value (see 6.0 Training, in Real Estate Guidance) of a transaction. Modifications after the original award are considered standalone actions when calculating the total estimated potential value; therefore, a Contracting Officer’s warrant needs to have a dollar limitation sufficient to award the total of a modification, but not the entire value of the contract, order, lease or agreement.

Key contracting duties and responsibilities for fund certification, are to be separated among individual people. For a particular requirement, the same person must not requisition, certify funds availability, approve, and obligate funds.

Acquiring real property interests and utilities is a time-consuming process, and involvement of the Real Estate Contracting Office (RECO) at the earliest opportunity will expedite the procurement. Such early involvement will allow for needed planning and coordination, and will ensure that all applicable statutory and regulatory requirements are met and the acquisition is completed in sufficient time to meet the FAA's needs.

4.2.2.2 Real Property Definition Added 10/2008

Real property is defined in Appendix C of AMS policy.

4.2.3 Policy Revised 1/2008

The procurement process is to be conducted following best commercial business practices, in a fair and equitable manner. Real property interests, related services, and utilities will be acquired by the competitive method whenever practical and reasonable. All real estate transactions (acquisition, management and disposal) will comply with all Federal statutes, Executive Orders, Federal regulations, FAA Orders and the Acquisition Management System (AMS). If there is a conflict between the AMS and FAA Orders, the AMS provisions will govern.

4.2.3.1 Legal Coordination of Real Property Actions Revised 7/2016

Certain real property actions will be reviewed in accordance with the legal coordination policy set forth in 1.2.14 of AMS policy and Real Property Guidance Section 7.0. Legal coordination is required for: 1) all non-competitive acquisitions of real property having a total value exceeding $10,000; or 2) all competitive real property acquisitions, including, but not limited to, new or succeeding leases, lease renewals, and lease modifications having a total value over $100,000; 3) all condemnations, purchases and disposals of interests in real property; and 4) all additions and revisions, other than those revisions to correct typographical errors, to the published real property document provisions/clauses.

4.2.3.2 Request Revised 1/2008

The acquisition process may start with an informal request; however, prior to issuance of a Solicitation For Offer or proposed Lease contract, a signed request from the using service/requiring office must be received. If rental or other costs are involved in the acquisition, a certification of funding must be received prior to any obligation of funds or award of a lease/contract. One document may serve as both the request and the funding certification.

4.2.3.3 Requirements Revised 1/2012

Real property requirements must be fulfilled by a competitive process whenever practicable and in the best interest of the FAA. The RECO and the program office requiring the asset will meet as early as possible to do the following: review, clarify and streamline acquisition requirements and determine the options available to 1) ensure that special requirements and alternative solutions, where appropriate, are considered; 2) define the appropriate area of geographic consideration (i.e., delineated area); and 3) ensure that FAA-mandated requirements are met, including incorporating sustainability/environmental/energy principles in the acquisition process, if practicable. The RECO may begin the initial acquisition process with a Purchase Request for any amount, including zero dollars from the using service/requiring office. However, the RECO must not issue any formal requests for information, quotes or Solicitation for Offers (SFO) until the requirements are finalized, any required business case approvals are received and it has been confirmed that certified funds for the current fiscal year are available for obligation. The RECO may provide preliminary market information for purposes of supporting business cases if requested by the requiring office.

4.2.3.3.1 Succeeding Leases/Renewal Leases Revised 7/2012

Prior to determining whether to enter into a succeeding lease (i.e., the lease expires at the end of the term and no renewal option(s) remain), or to renew an existing lease (i.e., the exercise of an option to stay in the existing location), the RECO must consult with the using service/requesting office and obtain a statement of continuing need. Additionally, in the case of space leases, the facility subject to the expiring lease must be in compliance with current life safety, seismic safety, and to the extent practicable high performance sustainable building (HPSB) requirements.

If the agency is considering remaining at the current location, then the current Lessor must be contacted regarding potential upgrades to the real property, to ensure that the space will comply with all requirements contained in the proposed new lease, and that the Lessor is willing to execute the proposed lease. If the Lessor is unable or unwilling to support the necessary improvements, or other changes necessary to meet the FAA's current requirements, then the FAA must either:

1. Relocate to another location, or
2. The Spaceholder's Council may consider mission-related reasons to stay. In this case, the justification to stay must be documented in the project's business case and approved by the appropriate Spaceholder's Council. Alterations, upgrading, and expansion/reduction of requirements must also be considered and included, as appropriate, in the subsequent acquisition and final documentation.

When fulfilling the using service/requesting office requirements, the RECO **must** use the standard land lease, space lease, utilities and outgrant templates and associated forms for all new, succeeding and renewal lease acquisitions.

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 lease term have been obligated. Thus, the RECO is authorized to award a lease without having any funds on the date the lease is signed (i.e., the RECO can sign a lease in the current fiscal year, even though rent commencement does not occur until the next fiscal year).

The RECO must ensure that all clauses incorporated in the succeeding lease agreement are current and applicable. In addition, if the term of a cost lease is less than 20 years, including all renewal 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 current clauses. However, if the lease has been effective for over 20 years, the RECO must negotiate a new or succeeding lease.

In addition, all proposed permanent changes to the standard lease clauses must be approved by ALO-200 and AGC-500. The RECO must maintain signed approvals in the lease file.

Note: Any changes to lease clauses that are to be applied to a single case must be approved by Regional Counsel each time they are proposed.

4.2.3.3.1.1 Timing of renewal/succeeding lease efforts Added 1/2008

In order to complete a renewal or succeeding lease transaction prior to the lease expiration date 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 FAA direct land and space leases. For all GSA controlled space, the RECO must commence the renewal process at least 24 months prior to the lease expiration date. This 18-month period is a suggested minimum. Each lease transaction should be considered individually by the RECO and the RECO may determine to afford the transaction additional time if the RECO is aware of issues that could jeopardize timely completion of the lease transaction.

4.2.3.3.1.2 Emergency Reservation of Expiring Funds for Continued FAA Occupancy

Added 1/2008

If a continuing need has been determined and it appears the lease will expire without a Supplemental Lease Agreement for a short term extension, or succeeding lease has not been awarded, then

- The RECO must notify his manager, regional counsel, and the LOB Budget office of issue.
- The RECO must continue negotiating an extension via an SLA for continuing payments at the current lease rental rate.
- If the lessor still refuses to sign a temporary agreement, then the RECO must take steps to ensure that sufficient funds are either reserved, or set aside for settlement of the holdover period. A holdover period should not exceed 6 months.
    - If extensions go on longer than 6 months or if the lessor wants the FAA to leave the premises, the RECO may be in a condemnation posture. The RECO needs to prepare the affected LOB and discuss setting aside funds for a potential condemnation. See Real Estate Guidance 1.1.19: Condemnation
- During the 6 months of continued occupancy past the expiration date, the RECO will continue to negotiate an extension or new lease agreement.
- However, prior to the end of the current fiscal year, the RECO will notify the affected LOB of the potential need to reserve the minimal funds necessary to pay for the FAA's

occupancy during the continued occupancy period, and provide an estimate. If the LOB wishes to reserve funds from the soon to be expiring budget year, they shall provide a requisition to the RECO, and the RECO will reserve the estimated rent as an emergency contract. The RECO will send a formal memo to the Accounting office of the emergency reservation of funds, and to await further instructions from the RECO on when to make any payments. Note: The RECO must document in the file a justification for the emergency reservation of funds.

- If the LOB validates, it can pay the back rent from current year funds, it is not necessary to perform the emergency reservation of funds.
- Once a final lease agreement is negotiated, the RECO must perform a modification to the emergency lease to document the conversion to a fully executed lease contract. Any difference in lease rental payment should be settled and paid at that time.
- For additional information please see guidance on hold over tenancy. See Real Estate Guidance 1.1.5.2: Succeeding Leases/Lease Renewals

4.2.3.3.2 Other Requirements to consider Added 1/2008

4.2.3.3.2.1 Administrative Space Order 4665.4 and GSA-Controlled Space Request Revised 7/2016

The RECO and the LOB must use the guidelines from the FAA Order 4665.4A Federal Aviation Administration (FAA) Administrative and Technical Space Standards. This order provides standards for the construction, reconfiguration and consolidation of administrative and technical spaces; promotes workforce mobility and workplace flexibility; and improves the Agency's space utilization rate.

This order applies to those responsible for planning, procuring, implementing, maintaining, or occupying administrative and technical spaces in the FAA. It also applies to any other person or entity who has a formal written agreement with the FAA to plan, implement, or maintain FAA space.

4.2.3.3.2.1.1 General Services Administrative (GSA) Space Request Revised 7/2016

Requesting Line of Business (LOB) office must obtain prior approval for space requests from the ALO-200 Strategic Planning by submitting a documentation for the space which contains the following: a completed SF-81/SF- 81A or a written document with space request, justification/reason for request, complete staffing (workstation patterns, floor plans if available), office space per person, support space, special space by type, number of parking spaces required for government owned vehicles.

For all new, renewal, and lease expiration for General Services Administration (GSA) controlled space, the RECO must notify ALO-200 for prospectus projects at a minimum of 36 months and non-prospectus projects at a minimum of 18 to 24 months, prior to execution of a GSA Occupancy Agreement (OA). Prior to making any commitment to the Regional GSA regarding prospectus level projects, the point of contact (POC) for the National GSA Rent Program must notify ALO-200. Notification must take place at a minimum of 36 to 60 months prior to execution of a GSA OA.

The LOB servicing office must ensure the use of available Government-owned space before leasing or otherwise acquiring space. The LOB office must follow the guidance for "Chief Financial Officer Review of GSA Space Request over $10 Million" for all GSA-controlled space.

4.2.3.3.2.2 No-Cost Land on Airport Memorandum of Agreement Added 1/2008

The RECO must use the No-Cost Land on Airport Memorandum of Agreement for transactions with airport sponsors who receive Airport Improvement Funds. Land for NAVIDS on airports without Airport Grant Assurances (including military airports) will be leased using the standard on airport land lease template. When an airport has received an Airport Grant Assurance requiring it to provide rent free space to the FAA, the RECO must follow Rent-Free Guidance (2.4.5: Appendix E: Rent-Free Guidance) until otherwise notified.

4.2.3.3.2.3 Rural Development Act Requirements Added 1/2008

The FAA requesting office/using service must give first consideration to rural areas when searching for locations for new space, other facilities (i.e. research and development facilities, warehouses, labs, clinics, etc.), and land acquisitions, unless mission or program requirements call for urban areas. A rural area is defined as a city, town, or unincorporated area that has population of 50,000 inhabitants or less, other than an urbanized area immediately adjacent to a city, town, or unincorporated area that has a population in excess of 50,000 inhabitants.

4.2.3.3.2.4 Security Added 1/2008

In developing & finalizing lease requirements, the RECO must coordinate with both the LOB and the Servicing Security Element (SSE) to comply with the personnel requirements of FAA Order 1600.72A, Contractor and Industrial Security Program and the facility security requirements of FAA Order 1600.69B, Facility Security Management Program. It is the responsibility of the SSE to classify the users, the risk and the accessibility levels of the tasks to be performed and determine whether an FAA badges should be issued to the contractor employees.
Prior to executing any lease or lease renewal requiring access to programs or resources located in the leased space, the RECO must have a FAA Form 1600-77 Contractor Position Risk/Sensitivity Level Designation Record signed off by the SSE (see FAA Order 1600.72A). If the SSE makes changes to the 1600-77 submitted for their signature, the RECO will accept changes.

4.2.3.3.2.5 Seismic Safety Revised 10/2014

It is FAA policy to provide/acquire space that complies with current federal standards for seismic safety. This policy is applicable to all space, whether such space is newly leased space, leased space subject to renewal, the purchase or construction of new buildings, or space undergoing major, renovations, where cost exceeds 50% of replacement value, in existing buildings. This

policy is in accordance with the requirements of Executive Order (E.O.) 12699, E.O. 12941 and P.L. 101-614. In existing buildings, FAA follows National Institute of Standards and Technology (NIST) RP-8, Standards for Seismic Safety for Existing Federally Owned or Leased Buildings, December 2011. RP-8 requires a "Seismic Safety Certification" that complies with the requirements of the American Society of Civil Engineers (ASCE) Standard 31-03, *Seismic Evaluation of Existing Buildings,* to be performed by a qualified structural engineer, prior to signing a new lease, renewing an existing lease, or granting rights to locate a privately owned structure on federal property. For new construction, the minimum standard for seismic compliance is the current edition of the International Building Code (IBC). In addition, the construction must be certified by a licensed structural engineer as meeting the requirements of the IBC.

RP-8 Section 1.3 lists exemptions from the seismic compliance requirements, and an exception that may relieve an Agency of the seismic safety certification requirement. However, these exemptions must be applied on a case-by-case basis. Further details on Seismic Safety procedures are found in Real Property Guidance section (2.4.8 Appendix H: Seismic).

4.2.3.3.2.6 Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (49 CFR Part 24) Added 1/2008

To the extent that it is applicable to FAA real property transactions, FAA RECOs shall comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (promulgated in 49 CFR Part 24). See http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title49/49cfr24_main_02.tpl and http://www.fhwa.dot.gov/real_estate/archives/uafnl99.cfm. Provisions of the Uniform Act are mandatory and are applicable to each Federal agency that administers programs or provides financial assistance for projects, which involve land acquisition or relocation assistance.

4.2.3.3.2.7 Vehicle Policy Added 1/2008

To the extent that parking space is available and affordable, it is the policy of the FAA to provide adequate parking for official Government vehicles and adequate free parking for employee vehicles at all FAA-owned and leased facilities. In order to promote fuel conservation, reduce traffic congestion, reduce demand for parking spaces and reduce air pollution, the FAA will make available as many parking spaces as possible for the use of vanpools/carpools. For more information please see vehicle guidance (2.4.2 Appendix B Vehicle Parking Guidance).

4.2.3.3.2.8 Environmental / Sustainability / Energy Considerations Revised 7/2016

The FAA supports, to the extent financially feasible and allowable by its mission, all environmental, energy savings and sustainability laws, regulations, and orders applicable to environmental/energy/sustainable areas. The RECO must follow the requirements as outlined below and in the corresponding provisions in the Real Estate Guidance. FAA SOs/LOBs must use an ISO 14001 Environmental Management System (EMS) to manage their environmental aspects, including Environmental Requirements, Energy and Sustainability aspects described in Sections A, B and C, below. For further information, please review the real estate guidance for

land and space.

A. Environmental Requirements.

1. Environmental Due Diligence: FAA real property transactions are subject to the requirements of FAA Order 1050.19B, Environmental Due Diligence Audits in the Conduct of FAA Real Property Transactions, in order to identify and minimize potential environmental liabilities associated with the condition of the property and past activities at the site. Environmental due diligence requirements must be completed prior to executing contracts for the initial acquisition or disposal of real property, including the conveyance, sale or transfer of any FAA land, buildings, and structures.
2. National Environmental Policy Act (NEPA): Before acquiring (by lease, purchase, or otherwise) any additional land (new sites or to expand existing sites), the FAA must comply with all applicable requirements of the National Environmental Policy Act (NEPA) in accordance with the latest version of FAA Order 1050.1, *Environmental Impacts: Policy and Procedures.* The appropriate level of environmental review must be determined by the program office Environmental Specialist or the project designated Environmental Specialist. The RECO must obtain written notification from the program office that all applicable NEPA requirements have been met prior to proceeding with the land acquisition. The written notification must be placed in the real estate file.

B. Energy Requirements

Energy Star certified spaces: Section 435 of the Energy Independence and Security Act of 2007 (EISA) prohibits Federal agencies from leasing buildings that have not earned an Energy Star label after December 19, 2010 unless the space requirement comes within the specific exemptions provided in the EISA statute. For the list of exemptions, see Real Estate Guidance 2.4.1 Appendix A: Space Administrative Guidance. In order to ensure compliance with EISA Section 435, when a RECO leases space greater than or equal to 10,000 gross square feet, the building must have earned an Energy Star label in the most recent year, or the ownership must commit to earn the Energy Star label within one year following the lease execution. The RECO can determine the acquisition is financially feasible if the rental offered for a conforming building is no more than 10% over the market rate. If the RECO determines the cost of a conforming building is not financially feasible, documentation shall be maintained in the real estate file.

C. Sustainability Requirements

Executive Order (EO) 13693, *Planning for Federal Sustainability in the Next Decade*, sets goals for federal agencies to make their building inventories compliant with the February 2016, *Guiding Principles for High Performance and Sustainable Buildings* (Guiding Principles). The Guiding Principles establish building standards for: integrated design, energy performance, water conservation, indoor environmental quality, environmental impact of materials, and climate resilience.

Leases are no longer included in calculating compliance with the Guiding Principles (only owned buildings are included). However, the RECO should strive to incorporate as many of the Guiding

Principles as possible in new lease actions when financially feasible. This may include leasing in buildings that have received Leadership in Energy and Environmental Design (LEED) certification. The space acquisition shall be considered financially feasible if the rental offer for space in a conforming building is no more than 10% greater than the market rate for a comparable conventional building in the same rental market.

4.2.3.3.3 Budgetary Review Revised 4/2015

Funding requirements for all real property transactions must be submitted to Real Property Division, ALO-200, the appropriate budget office and the service area budget lead for review prior to the RECO committing the Government (signing the contract) to ensure compliance with 4.2.3.3.1 Succeeding Leases/Renewal Lease which states "In accordance with the provisions of 49 USC 40110(c)(1) , which references 1341(a)(1), a RECO may not make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation". For further information see 3.1.4 Budget Review and Approval.

4.2.3.4 Procurement Method Revised 1/2012

The RECO makes the determination of whether the requirement will be satisfied through competition or single-source acquisition. A preliminary assessment, such as an informal market survey via phone calls of potential available sources within the geographic area of consideration (i.e., delineated area), may be needed to assist in the determination of the procurement method. When developing a lease procurement strategy, the RECO must first consider acquiring buildings that have earned the current year Energy Star label, and buildings conforming to the Guiding Principles (LEED Silver and above certified buildings may be used to identify buildings that potentially conform to the Guiding Principles) as well as buildings that meet appropriate life safety and seismic certification requirements.

Competition is the preferred method of procurement and should be used whenever practicable and reasonable. Competition is obtained by providing two or more sources an opportunity to express an interest in satisfying FAA's requirements. Competition is appropriate when the requirement is not site or location specific and reasonable possibility exists that there is more than one provider that can meet the FAA's needs. Interest from potential sources may be expressed either orally or in writing.

The single-source method of procurement is appropriate when technical requirements, business practices, or programmatic needs have determined that a specific location, site, or unique need is required to meet the FAA's mission, or when it has been determined that only one source is reasonably available that can meet the requirement. Advertising is not required if the resultant acquisition is for a site-specific location and deemed a single-source procurement.

4.2.3.5 Solicitation for Offers Revised 1/2012

The RECO works with the program office to determine and define the delineated area required to acquire space that will fulfill the mission of the FAA and will consider buildings which meet

Guiding Principles and EISA requirements when establishing the delineated area. For space leases, the delineated area must be of sufficient size to ensure competition between buildings that meet HPSB Guiding Principles and EISA requirements for Energy Star buildings, unless it has been demonstrated in the market survey, that there is no space available that meets the above criteria and that leased construction is not economically feasible. The SFO has been revised to include appropriate provisions ensuring compliance with sustainability requirements. Refer to the Solicitation for Offerors (SFO) template for further information.

The RECO is not required to solicit offers from all sources within the geographic area of consideration. It is only necessary that offers be solicited from a sufficient number of sources (at least two sources are sought, if possible) to promote competition to the extent practicable and reasonable.

Data obtained during the market survey, advertisement, and/or appraisal can also be used to determine a range of reasonable rents charged by Lessors within the area of consideration for space or land similar to that being acquired by FAA. (See below for more information.)

For single-source procurements, a market survey and/or appraisal should be conducted to determine or verify the reasonableness of the offer. At least three sources of data should be queried to ensure the validity of the data. If single-source procurement is selected, which is often the case for most FAA land acquisitions, the RECO must document the justification/determination for a single-source acquisition, and shall maintain the documentation in the lease file, under the Negotiator Report.

The RECO will send the Solicitation for Offerors (SFO) or proposed lease contract to those offerors who meet the requirements of the FAA, as described above.

4.2.3.5.1 Market Survey/Advertisement/Appraisal Added 1/2008

When utilizing the competitive method of procurement, the FAA must conduct a market survey to obtain market information and identify potential sources within the geographic area of consideration or market once the lease requirements have been finalized. Market survey data can be used to: determine the availability of properties within the area of consideration; eliminate unsatisfactory properties from consideration; determine the willingness of landowners to provide property for the FAA's use; determine fair market rents; determine suitability of responses to advertisements; and, determine the estimated cost for the leasehold. When possible, the survey should include on-site visits with the requesting office to determine if suitable properties are available, or if properties offered in response to an advertisement meet requirements. Prior to conducting the market survey, the FAA should have developed a draft Solicitation for Offer or a draft lease contract defining specific requirements. The draft SFO or draft lease contract should be reviewed with the offer or offeror’s representative to ensure a full understanding of FAA's requirements.

As mentioned above, advertising is not required for the acquisitions of site-specific locations or those determined to be appropriate for single source procurement. Also the requirement need not be publicly advertised when the FAA determines that it is not warranted, or reasonable competition has been achieved without advertising. If the RECO determines that advertising is

required, the publicizing method that should be used is that which is most likely to result in the receipt of offers appropriate to satisfy the specific requirement. Acceptable methods of advertisement include, but are not limited to, publication of the requirement in a newspaper in the jurisdiction where the requirement is located, and publicizing the requirement on a real estate or other website.

In addition to the market survey information, an appraisal may/should be obtained by the RECO to assist in the determination of the fair market rent, and of the value or just compensation for the purchase of a specific property. An appraisal is a formal written statement that a qualified appraiser prepares independently and impartially, giving an opinion, as of a specified date, of the defined value of a described parcel of real property, supported by the presentation and analysis of relevant market information.

4.2.3.5.2 Use of Brokers/Agents Added 7/2016

RECOs are prohibited from entering into any type of contract or agreement, including a letter contract, that acknowledges, authorizes, or any way states or implies that a real estate broker or a real estate agent represents the FAA or Government in a real property transaction. This prohibition does not restrict the RECO from contacting Listing or Cooperative Brokers or real estate agents to gather information concerning properties available for sale or lease within a particular geographic delineated area and/or from requesting or receiving market information and rental rates/sale prices with respect to that area. Neither does this section prohibit the RECO from acknowledging, if asked, that a Cooperative Broker was instrumental in bringing a particular property to the RECO's attention.

4.2.3.6 Evaluation of Offer(s) Revised 1/2008

If the competitive method is used, once offers are received, selection for final award may be made. Selection from the competitive method may be made based upon that proposed offer that best meets the FAA's requirements as defined in the SFO or proposed contract lease document. If the acquisition is being conducted using the single-source method, the RECO can begin negotiations with the single offeror immediately upon receipt of an offer.

4.2.3.6.1 Negotiation Added 1/2008

Based on the results of market surveys or appraisals, the RECO must negotiate with property owners to obtain the necessary land/space interests at a fair and reasonable cost. The RECO should remember that the value of the Government's enhancements to the property, or the intended use of the property by the Government, should not be considered in determining the procurement or lease cost of the real property. The offer(s) should be reviewed to determine which offer(s) best meets the requirements as indicated in the SFO and/or proposed lease contract. Any reasonable offer received up to the point of award may be accepted and considered at the discretion of the RECO. If the evaluations indicate that the offerors have different interpretations of the FAA's requirements, the RECO is encouraged to implement a process to clarify the ambiguities and allow offerors to revise their proposals in accordance with the

clarifications provided.

The evaluation should include a full analysis of the total payment of rent and other costs to the FAA and the total cost of any alternatives considered. The reasonableness of specific costs should be evaluated against data from sources such as market surveys, appraisals, or Government estimates. The cost to the FAA should be based on the fair market value of the procurement, and not include any value created by the FAA's enhancements or intended use. This can be done by appraisal or use of market data. This is true for competitive or non-competitive space. The final selection should result in the best value to the FAA.

The RECO must use the Negotiator Report to document negotiations for all types of leases – space and land, cost and no cost. This document must be used for the entire process, i.e. before offers received, during evaluation and award recommendation and after award.

4.2.3.6.2 Communication Added 1/2008

All items may be communicated and discussed with offerors with the goal of clarifying the FAA's needs and providing a basis for the final contract to assure that all costs involved are fair and reasonable. Communications may continue up to the point of award and may be terminated at any time by the FAA.

During final communications, an offeror can be asked to lower the proposed price/rental to a stated rate.

At any time during the real property procurement process, if the parameters of a competitive offer have been determined, any offer falling within these parameters may be selected at the discretion of the RECO for direct communication.

Communications with all potential offerors should take place throughout the competitive process. Communications may start in the planning phase and continue through contract award. All SFOs and/or proposed lease contracts should clearly inform offerors how communications will be handled during the initial screening phase.

The purpose of communications is to ensure there are mutual understandings between the FAA and the offerors about all aspects of the procurement, including the offerors' submittals. Information disclosed as a result of oral or written communication with an offeror may be considered in the evaluation of an offeror's submittal.

To ensure that offerors fully understand the intent of the SFO and/or proposed lease contract, the FAA may conduct one-on-one meetings with individual offerors. One-on-one communications may continue throughout the process, as required. Communications with one offeror do not necessitate communications with other offerors, since communications will be offeror-specific. Regardless of the varying level of communications with individual offerors, the RECO must ensure that such communications do not afford any offeror an unfair competitive advantage.

Communications may necessitate changes in the FAA's requirements. If, after release of a SFO and/or proposed lease contract, it is determined that there has been a change in the FAA's

requirement(s), all offerors competing at that stage should be advised of the change(s) and afforded an opportunity to update their submittals accordingly. The RECO should be aware that depending on the scope of the change, the acquisition may have to start from square one again.

All determinations relating to changes in requirements, including waivers, will be documented in the negotiator report.

Where communications do not result in any changes in the FAA's requirements, the FAA is not required to request or accept offeror revisions. Technical leveling and auctioning techniques are prohibited.

4.2.3.7 Utilities Revised 4/2012

Like the acquisition of leasehold interests, the utility acquisition process must be conducted following the best commercial business practices in a fair and equitable manner, while complying with all applicable regulations. The utility guidance (4.1) addresses the acquisition, management and termination of utility services, i.e., electric, gas, water, refuse, and sewer in support of facilities constructed, operated, and maintained by the Federal Aviation Administration. The RECO/CO must follow the guidance. All new construction and major renovation projects at FAA facilities will include installation of advanced meters for electricity in accordance with the Energy Policy Act of 2005 (EPAct 2005), and gas and steam advanced meters in accordance with the Energy Independence and Security Act (EISA) 2007, Section 434(b). Advanced meters should also be considered to collect water use data for each water supply source (e.g., domestic potable water and non-potable water, including reclaimed water and rainwater). For existing FAA facilities where no major renovations are anticipated, advanced meters must be implemented where cost-effective and practicable. Cost-effectiveness must be determined on a 10-year simple payback, assuming annual savings of at least 2% or higher depending on the use of the metered data to implement energy savings and other cost savings measures.

4.2.3.8 Condemnation Revised 1/2008

Eminent domain proceedings, in accordance with established procedures, should be initiated when negotiations have reached an impasse and a satisfactory conclusion to the procurement cannot be reached. Generally, protracted negotiations are not in the best interests of either party. Legal participation is required on all condemnations. The Department of Justice rules on condemnation and requirements for title must be followed when real property is acquired through purchase or condemnation proceedings. (1.1.19 Condemnation Guidance)

4.2.3.9 Award Revised 4/2008

Competitive awards must be made to the offeror whose offer best met FAA's requirements/needs as defined in the SFO and/or proposed lease contract. The offer selected should provide the best value to the United States, cost and other factors considered. The RECO shall document the objective criteria supporting the rational basis, i.e. the Negotiator Report and placed in the real estate lease contract file.

If award is made non-competitively, the reason(s) for a RECO's determination to make a single-source award must be documented in the negotiator report.

Any changes or additions, such as the addition of a requirement from the using service/requiring office, resulting from communications with the proposed awardees, or that are stated in the selected offer, should be made to the proposed contract prior to award. If such change is deemed outside the original requirements of the SFO and/or proposed lease contract, the RECO must start the procurement again. (Put that in above, too.)

Legal review of leases is required where there is deviation from the standard lease clauses. Legal review is required on all purchases of real property. The RECO is required to send three original copies of the proposed contract(s) to the property owner or provider for signature and returned for final execution by the FAA. The RECO should follow the guidance on recording leases and titles as mentioned in the land guidance 1.0.

After execution of the lease, the RECO must ensure that all information is entered into the real property database, i.e. REMS. RETS.

4.2.3.9.1 Terms of Leases Revised 4/2009

The RECO is authorized to enter into firm-term leases within established restrictions (2.4.4 Lease Terms). The RECO may award firm term leases not to exceed 20 years under the authority of 49 U.S.C. 40110(c)(1) without violating the Antideficiency Act. If a lease requires the payment of rent above a nominal amount—e.g., $1.00 per year--a new lease must be procured when the existing lease contract has been in effect for 20 years.

The RECO must complete the Lease Evaluation Form as early as possible in order to determine whether the lease will be a Capital Lease in accordance with OMB Circular A-11, Appendix B. If determined to be a capital lease (3.1.5 Capitalization Guidance), the RECO will notify the Logistics Service Area Manager and must ensure with the program office that FAA has the adequate funding for the requirement.

4.2.3.10 Alterations and Improvements Revised 10/2012

All alterations and/or improvements, including Tenant Improvements (TIs), are required by FAA to make the leased premises acceptable for FAA occupancy, and post occupancy alterations and improvements must be based upon technical requirements, business practices, or programmatic needs. TIs are the finishes and fixtures that typically take space from the "shell" condition to a finished, usable condition.

Initial alterations, improvements, related items, and services associated with real property will be considered awarded through competition when included within the scope/requirements of the original procurement.

Alterations and improvements to an existing facility may be considered within the scope of a

lease, if they are necessary to the operation of the facility as contemplated by the original procurement. In a leased facility, to minimize potential liabilities and restoration costs as well as other claims, the lessor should be considered the first choice for the provision of alterations. In making the determination of whether a lessor's proposed costs to make alterations and improvements to a leased facility are reasonable, the RECO should use a 1.) formal appraisal, 2.) construction data, 3.) cost to build publications, and/or 4.) an independent government cost estimate. If FAA makes the alterations, the lessor should be requested to waive any claims for restoration of the premises.

Any construction to leased or owned facilities must comply with the requirements of the Davis-Bacon Act. The Davis Bacon Act (40 U.S.C. 276a-278a-7) provides that contracts of $2,000 or more to which the U.S. or the District of Columbia are a party for construction, alteration, or repair (including painting and decorating) of public buildings or public works within the U.S. must include provisions that no laborer or mechanic employed directly upon the site of the work will receive less than the prevailing wage rates as determined by Department of Labor.

If the lessor is unwilling or unable to provide the means to complete the improvements, and the property is leased for no or nominal consideration, then the FAA may exercise its authority under 49 USC Section 44502(a)(5) to make the required improvements.

A discussion of issues applicable to TIs, including the TI allowance often offered in the commercial market to encourage long term leases, is set forth in Real Estate Guidance 2.3.3, Tenant Improvements for Space Acquisition.

4.2.3.11 Inspection and Acceptance Revised 1/2008

The RECO, or designated representative, should arrange to inspect the real property sufficiently in advance of the occupancy date to ensure it is acceptable and ready for use. Substantial, non-punch list deficiencies that would impact FAA use and/or occupancy of the real property in support of its mission must be corrected before acceptance of the real property, related service, or utility service.

4.2.3.12 Disposal of Real Property Revised 1/2008

There are two sources of authority under which the FAA may dispose of real property:

1. Pursuant to 49 USC 40110, the FAA has the authority to dispose of airport and airway property and technical equipment used for the special purposes of the FAA for adequate compensation.

2. The second source of authority is through the General Services Administration (GSA) and is governed by the Federal Property Administrative Services Act of 1949, as amended. This Act authorizes the Administrator of GSA to dispose of real property.

Also the RECO must include an explanation of how the acquisition or disposal action complies with FAA established policy and guidance in the negotiator report.

4.2.3.13 Documentation Revised 1/2008

Sufficient documentation must be developed that explains and justifies the procurement action taken. These documents should be retained in the applicable real estate acquisition file. The RECOs must use a 6 part folder system for all their acquisition files. The RECO must use the land, space and/or utility checklist when putting together the documentation for the lease file.

4.2.3.13.1 Accountability Added 1/2008

Real Estate Managers and/or their designees are to ensure that adequate records are maintained for all FAA owned, leased, and utilized real property. Managers and team leads are responsible for the accuracy and quality of the work of the RECO and should review the lease document files to ensure compliance with AMS. Further the real estate managers should ensure the real estate employees are trained in accordance with the real estate competencies and curriculum.

4.2.3.13.2 REMS Revised 1/2010

All real property assets must be recorded in Real Estate Management System (REMS) in accordance with the REMS User Guide (FAA only). Land and space ownership must be recorded in REMS after the title passes to the Federal Government. Land, structure and space leases must be recorded in REMS after the lease is fully executed. Other real estate assets (i.e. structures) purchased by procurement contracting officers must be recorded in REMS after completion of the Joint Acceptance and Inspection (JAI), as part of the regular close out process.

The program office with management responsibility that authorizes a change of location of a structure must notify the Real Estate Contracting Officer (RECO) with the changed location information. The RECO will make the change in REMS following notification by the program office. Logistics personnel must ensure accurate and complete real property asset data entry into REMS. All lines of business must assist logistics personnel in the annual inventory to validate required data elements in accordance with Federal Real Property Council (FRPC) and the DOT Asset Management Plan (AMP).

Lease Scanning in REMS:
As of July 1, 2007, all new and renewal lease documents must be scanned at the point of origin (i.e., region-level, etc.) once the lease has been activated. The lease must be uploaded to the REMS server, and attached to the respective lease number. The lease document will be available for viewing from REMS screens. See Real Estate Guidance 3.1.7.1 for scanning instructions.

4.2.3.14 Miscellaneous Provisions Revised 1/2008

4.2.3.14.1 Disclosure of Information Added 1/2008

Source selection information and proceedings shall not be discussed outside the service organization. The Source Selection Officer (SSO) shall determine the extent to which source selection information is disclosed and shall execute a Certificate of Nondisclosure as appropriate.

4.2.3.14.2 Procurement Integrity Act Revised 10/2014

FAA is subject, with modifications as described in the Procurement Toolbox, to the Procurement Integrity Act (41 U.S.C. §§ 2101-2107).

4.2.3.14.3 Organizational Conflicts of Interest Added 1/2008

The policy of the FAA is to avoid awarding contracts to contractors who have unacceptable organizational conflicts of interest.

The FAA will resolve organizational conflict of interest issues on a case-by-case basis; and when necessary to further the interests of the agency, will waive or mitigate the conflict at its discretion.

4.2.3.14.4 Conflict of Interest Added 1/2008

Any service organization or Office of Dispute Resolution (ODRA) member who is a Federal employee that has a real or apparent conflict of interest must withdraw from participation in the procurement process when required by law (18 U.S.C. 208) or regulation (5 CFR Part 2635). Non-Federal service organization or ODRA members are held to the same standards in order to sustain the integrity of the procurement process.

4.2.3.14.5 Electronic Commerce in Contracting Revised 1/2008

FAA may, to the extent practicable and cost effective, use electronic commerce procedures and processes, including acceptance of electronic signatures, to conduct and administer procurement actions. The Electronic Signatures in Global and National Commerce Act (E-SIGN) provides an equivalency between legally-required written records and the same information in electronic form.

4.2.3.14.6 Disaster or Emergency Preparedness and Response Added 8/2009

When an health-related emergency occurs and is declared by the United States Department of Health and Human Services Centers for Disease Control and Prevention (CDC) or other authorized Federal, state or local government official, the FAA Real Estate Contracting Officer (RECO) is authorized to acquire additional cleaning supplies or services in our leased facilities. For further information, please see Section 2.4.14, Appendix O: Disaster or Emergency Janitorial Services.

4.2.3.15 Conveyance Added 1/2012

Conveyance by transfer agreement of FAA real property may be practical in situations where

transfer of ownership is in the best interests of the government, such as to facilitate airport improvements or to satisfy contract obligations. Conveyance is a real estate transaction subject to the requirements of FAA Order 1050.19B, Environmental Due Diligence Audits in the Conduct of FAA Real Property Transactions. Buildings and structures being considered for conveyance must be also screened by the appropriate FAA environmental and safety professionals for any environmental or safety issues that may require mitigation prior to transfer.

4.2.4 Housing Policy Added 10/2011

The purpose of the FAA Housing program is to provide housing for FAA employees supporting the National Airspace System (NAS) who are working in remotely located areas where commercial housing is not available. The guidance follows the mandate in OMB Circular A-45 and must be followed for the acquisition, management and disposal of FAA owned or leased housing facilities. These provisions are applicable to all Lines of Businesses (LOB) and organizational elements having a requirement for and using FAA housing quarters.

4.2.5 Real Estate Certification and Warrant Requirements Revised 7/2013

FAA requirements specify using a competency-based model to provide structure and logic for learning development for acquisitions professions to make reasonable, justified decisions to accomplish agency goals. FAA's mission-critical real property transactions are highly complex and challenging and require a skilled and knowledgeable workforce. Consequently, the FAA developed an acquisition career development program for many series, including the Real Estate Contracting Officers/Specialists (RECO/S).

Therefore, unless otherwise prohibited by existing law or regulation, or an existing collective bargaining agreement, all RECO/S must meet the training and experience requirements set forth in AMS Policy Section 5, Acquisition Career Program, to qualify for certification. Warrant level qualifications and designations are related directly to RECO/S certification. For more information, please see Section 6.1, Real Estate Career Development. Attaining a given level of certification or warrant does not, in and of itself, qualify an employee for promotion or selection to a position.