

Management System: Real Property Management

Subject Area: Acquisition of Real Property

Procedure: Acquiring Real Property By a Contractor with Lease Options or Modifications

Issue Date and Revision Number: 3/5/2015 0	Lead Subject Matter Expert: Matthew Reardon	Management System Owner: Bud Sokolovich
-----------------------------------------------------------------	-------------------------------------------------------	---------------------------------------------------

1.0 Applicability

This procedure applies to any U.S. Department of Energy (DOE) contractor that has identified a need to acquire real property by lease under the purview of the Department of Energy, Office of Environmental Management Consolidated Business Center (EMCBC). DOE may authorize its contractors to acquire leased space to house contractor personnel; however, DOE is responsible for overseeing the lease procurement of its contractor when the rental is directly reimbursed under the DOE contract. The acquisition of the leasehold interest will follow the same procedures and be subject to the same requirements as though DOE were signing the lease. The contractor may not lease general purpose office space to house DOE or other Governmental personnel.

Leases may be used to acquire needed special purpose facilities and land. When leasing building space, all leased space must be acquired, designed, and occupied in a manner which meets all legal and regulatory requirements. For detailed reference material, refer to the DOE *Real Property Desk Guide*.

All Federal agencies must follow the budget scoring rules for leases, capital leases, and lease-purchases identified in Appendices A and B of OMB Circular A-11, "*Preparation, Submission and Execution of the Budget*."

2.0 Required Procedure

Step 1	Prior to the beginning of the option period , the contractor must submit an email stating their continued need for the space and their current utilization rate of the leased space to Site Office or the EMCBC Certified Realty Specialist
---------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	<p>(CRS).</p> <p>NOTE: Any modification to the terms and conditions of the lease must be submitted and supported by adequate justification by the contractor if the amount of space, length of lease term and/or the rental rate is modified, to the EMCBC Certified Realty Specialist prior to exercising the option period.</p>
Step 2	The contractor provides to the CRS current information on market rental rates and the availability of space in the surrounding area.
Step 3	In the instance of exercising an option period, the Site Office or the CRS verifies the continued need of the space, determines if the modification and supporting documentation are justified and adequate and if in agreement with the request, the Site Office forwards the request to the CRS.
Step 4	The renegotiation or extension of existing leases are to include lease provisions that support the guiding principles of Executive Order [E.O.] 13423, <i>Strengthening Federal Environmental, Energy, and Transportation Management</i> ; for example, enhanced energy and water conservation, environmentally preferable product purchasing and post-consumer material recycling practices.
Step 5	<p>The CRS distributes the lease agreement and supporting documentation to the Real Estate Committee or appropriate personnel for review and comment. The CRS works to resolve any comments.</p> <p>NOTE: Additional subject matter experts may be consulted during the review process as necessary to ensure that all other areas are adequately covered.</p>
Step 6	<p>If comments and concerns can be readily addressed, the CRS forwards approval of the lease to the Site Office or contractor.</p> <p>NOTE: The CRS “approval” in this context means that the proposed lease meets the Government requirements and does not direct or authorize the Management and Operating (M&O) contractor to commit Federal monies for the lease. Only the Contracting Officer (CO) has the authority to direct the M&O contractor to expend monies for procurement actions including those covered by lease acquisitions.</p>
Step 7	In those instances where further negotiations with the Prospective Lessor will be required and/or additional documentation is required, the CRS returns the lease to the contractor without approval.
Step 8	The contractor is required to adequately address the comments and resubmit the revised lease and supporting documentation for the Committee’s or appropriate personnel’s review and approval.
Step 9	The CRS forwards approval letter to the Site Office or contractor as described in Step 6 above.
Step 10	The contractor forwards a signed copy of the lease modification to the CRS or the Site Office.

Step 11	The Facilities Information Management System (FIMS) Administrator will enter the information in the FIMS database.
----------------	--------------------------------------------------------------------------------------------------------------------

3.0 References – Forms/Attachments/Exhibits

3.1 References:

- DOE *Real Property Desk Guide*, dated June 2014
- E.O. 13423, *Strengthening Federal Environmental, Energy, and Transportation Management*
- E.O. 13514, *Federal Leadership in Environmental, Energy, and Economic Performance*
- Procedure 8, *Acquiring Real Property by a Contractor Lease*
- OMB Circular A-11, Appendices A and B, "*Preparation, Submission and Execution of the Budget*"

4.0 Records Generated

Records generated through implementation of this procedure are identified as follows and are maintained by the Office of Technical Support and Asset Management in accordance with the EMCBC Organizational File Plan:

Records Category Code	Records Title	Responsible Organization	QA Classification (Lifetime, Non-Permanent, or Not Applicable)
ADM 03-01-A	Real Property Files – Copy of Executed Lease Addendum and Supporting Documentation	Office of Technical Support and Asset Management	N/A

EMCBC RECORD OF REVISION**DOCUMENT TITLE: Acquiring Real Property by a Contractor with Lease Options of Modifications**

If there are changes to the controlled document before the two-year review cycle, the revision number stays the same; one of the following will indicate the change:

I Placing a vertical black line in the left margin adjacent to sentence or paragraph that was revised; or

I Placing the words GENERAL REVISION at the beginning of the text. This statement is used when entire sections of the document are revised.

If changes and updates occur at the two-year review cycle, the revision number increases by one.

Rev. No.	Description of Changes	Revision on Pages	Date
0	Initial Document		3/5/2015