

U.S. General Services Administration

NATIONAL CAPITAL REGION

OFFICE OF PORTFOLIO MANAGEMENT AND REAL ESTATE

JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

PROJECT NUMBER: 0MD2296

Agency Name: Department of Commerce (DOC) – Office of Financial Management Systems (OFMS)

1. NATURE AND/OR DESCRIPTION OF ACTION BEING APPROVED.

The General Services Administration currently leases 18,494 ABOA/21,268 rentable square feet (RSF) of office space at 209 Perry Parkway in Gaithersburg, MD under lease number GS-11P-LMD12599 for the Department of Commerce (DOC) – Office of Financial Management Systems (OFMS). The current lease expires April 29, 2023 and OFMS has a continuing need for the same amount of space for a fifteen (15) year term. Approval is requested to negotiate a succeeding lease with the incumbent Lessor without full and open competition for continued occupancy at this leased location. The procedures for pursuing a succeeding lease are detailed in GSAR 570.402: Succeeding Leases.

2. DESCRIPTION OF THE SUPPLIES OR SERVICES REQUIRED TO MEET THE AGENCY'S NEEDS (INCLUDING ESTIMATED VALUE).

OFMS submitted a continuing need letter on December 11, 2019 for 18,494 ABOASF of office and related space.

This requirement is for 18,494 ABOA/21,268 RSF of space for a 15-year term to commence April 30, 2023. The estimated maximum cost of this lease is [REDACTED] for an annual cost of [REDACTED]

The delineated area is as follows: Montgomery County, MD within the following delineated area: South on Montgomery Village Ave from the intersection of North Frederick Ave (Route 355). South on Route 270 to Rockville Pike (Route 355). South on Route 355 to Montgomery Ave. East on Montgomery Ave to East West Highway (Route 410). East on Route 410 to Georgia Ave (Route 97). North on Route 97 to the Intercounty Connector (Route 200). West on Route 200 to Route 355. North on Route 355 to the intersection of Montgomery Village Ave.

3. IDENTIFICATION OF STATUTORY AUTHORITY PERMITTING OTHER THAN FULL AND OPEN COMPETITION.

41 U.S.C. 3304(a)(1): Only one responsible source and no other supplies or services will satisfy agency requirements. This statutory authority is implemented through GSAR 570.402. In accordance with GSAR 570.402, use of the sole source authority is appropriate where it is determined that award to any other offeror would result in substantial duplication of costs to the Government that are not expected to be recovered through competition.

4. DEMONSTRATION THAT THE PROPOSED CONTRACTOR'S UNIQUE QUALIFICATIONS OR NATURE OF THE ACQUISITION REQUIRES THE USE OF THE AUTHORITY CITED.

It is in the best interest of the Government to remain at the current location. Award to other than the current Lessor would require relocation of the entire requirement and would cause DOC-OFMS to incur move and replication costs that would not be recovered through competition. Relocation costs are estimated to be [REDACTED]. Additionally, this allows the Government to make use of existing tenant improvements, avoiding replication costs of [REDACTED]. OFMS's buildout includes several specialized conference rooms and numerous private offices, some of which housing more than one employee. While

the incumbent location was the only respondent to the SAM advertisement posted on November 30, 2021 a cost-benefit analysis would have shown that a competing location would have to overcome move and replication of [REDACTED] which equates to [REDACTED] per year on the rental rate over a 15-year term. The total savings to the Government by remaining at 209 Perry Parkway is [REDACTED]

5. DESCRIPTION OF EFFORTS MADE TO ENSURE THAT OFFERS ARE SOLICITED FROM AS MANY POTENTIAL SOURCES AS IS PRACTICABLE.

Per the requirements of GSAR 570.402, the GSA Lease Contracting Officer placed an advertisement on the Contracting Opportunities domain of SAM.gov on November 30, 2021 for 15 days. In addition, Savills, Inc. conducted market research using CoStar to locate interested parties.

6. DEMONSTRATION BY THE CONTRACTING OFFICER THAT THE ANTICIPATED COST TO THE GOVERNMENT WILL BE FAIR AND REASONABLE.

Market research conducted by Savills, Inc. on February 1, 2022 within the delineated area showed the first year rental rate within the delineated area ranges from [REDACTED] RSF per RSF according to CoStar. However, asking rates in CoStar are expressed as first year rates and include a 2.5%-3% annual escalation in this market, and typically contain a TI allowance of approximately [REDACTED] SF.

Therefore, the proposed rental rate for this succeeding lease of \$27.00/ is within the current market range for this submarket and are deemed fair and reasonable by the GSA Lease Contracting Officer.

7. DESCRIPTION OF MARKET RESEARCH CONDUCTED AND THE RESULTS.

GSAR 570.402-5 allows for negotiation with the incumbent Lessor when a cost-benefit analysis shows that the Government cannot expect to recover relocation and duplication costs through competition.

On January 18, 2022, Savills, Inc. conducted market research using CoStar and identified 44 potentially acceptable locations plus the incumbent that might meet the agency's needs within the delineated area. In addition, PBS posted an advertisement conforming to GSAR 570.402-2 on the Contract Opportunities domain of SAM.gov website on November 30, 2021. The incumbent Lessor's expression of interest indicated that the rate would be approximately \$ [REDACTED] per RSF bumps in years 6 and 11, which was the only party expressing interest.

See Figure 1 below for the results of the SAM.gov advertisement, including the incumbent.

Address Source [EOI/CoStar, etc.] Asking Full Service Rental Rate	
209 Perry Parkway (Incumbent) EOI \$ [REDACTED]	in years 6 and 11

Figure 1: Market Research Comparables

8. OTHER FACTS SUPPORTING USE OF OTHER THAN FULL AND OPEN COMPETITION.

The lessor at DOC-OFMS's current location (209 Perry Parkway) has performed satisfactorily throughout the term of the current lease.

9. LIST OF SOURCES, IF ANY, THAT EXPRESSED, IN WRITING, AN INTEREST IN THE

ACQUISITION.

209 Perry Parkway (Incumbent)*

*No other parties expressed interest.

10. STATEMENT OF ACTIONS, IF ANY, THE AGENCY MAY TAKE TO REMOVE OR OVERCOME ANY BARRIERS TO COMPETITION BEFORE ANY SUBSEQUENT ACQUISITION.

In advance of an existing lease contract's expiration, considerations will be given to allow for sufficient time to conduct a full and open procurement. The Government will consider the time and cost of moving from the existing location, and the time and cost to build out new space when deciding whether it is economically advantageous to stay at the existing building or undergo a competitive action.

Additionally, consideration will be given to the customer agency's mission and security requirements (if applicable) to include limiting any agency space requirements that may be deemed unduly restrictive and thus favor the incumbent. The Government will remain conscious of the effort to continuously encourage competition when practicable.

11. CONTRACTING OFFICER CERTIFICATION.

By signature on this Justification for Other than Full and Open Competition, the GSA Lease Contracting Officer certifies that the award of a superseding lease of 18,494 ABOA/21,268 RSF is in the Government's best interest and that this Justification is accurate and complete to the best of the GSA Lease Contracting Officer's knowledge and belief.

DocuSigned by:

Glenita (Nina) Jones

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2/3/2022

Date

Glenita (Nina) Jones, Lease Contracting Officer

12. PREPARER'S TECHNICAL CERTIFICATION.

I certify that the supporting data used to form the basis of this Justification is complete and accurate to the best of my knowledge and belief.

DocuSigned by:

Hanna Lillvis

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2/2/2022

Date

Hanna Lillvis, Leasing Specialist

Concurred by:

DocuSigned by:

Glenita (Nina) Jones


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2/3/2022


Date

Glenita (Nina) Jones Date Lease Contracting Officer (WPXJC)


Concurred by:

DocuSigned by:

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Aaron Gill Date CDD Director (WPXJ) 2/5/2022
Date

Concurred by:

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Michael Klein Date Office of Regional Counsel (LDW) 2/7/2022
Date

Approved by:

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Miranda Webster Date Competition Advocate 2/7/2022
Date