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Justification for Other Than Full and Open Competition, Succeeding Lease

U.S. General Services Administration

GSA Region 9

Public Building Services (PBS)

JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

PROJECT NUMBER: 3AZ0291

Agency Name: DRUG ENFORCEMENT ADMINISTRATION (DEA)

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

The General Services Administration currently leases 14,218 ABOA/14,218 rentable square feet (RSF) of office space at 7101 E. 29th St., Yuma, AZ under lease number GS-09B-02662 for the DEA. The current lease has a rental rate of [redacted] and expires 8/14/2026. 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)**.

DEA submitted a continuing need letter on 07/19/2023 for 14,218 rentable square feet of office and related space. To satisfy the DEA's mission requirements, the following additional requirements are included that limit competition within the area:

- Agency may not be located within 1000 feet, line of sight or vicinity, of schools, parks, day care centers, shopping centers, hotels or areas where drug activities are prevalent.
- Agency may consider first floor space in a multi-tenant building if the other tenants are not retail, TV stations, Radio Stations, or Print Media offices. Also, neighboring tenants shall not cater to heavy public use or heavy foot/vehicle traffic.
- Occupancy must be located on the second floor or higher within a multi-tenant office building; alternatively, if Agency is the sole tenant of the building, a minimum 20-foot setback is required.
- Agency may not be collocated with local, state or federal law enforcement agencies.

This requirement is for 14,218 ABOA/14,218 RSF of space for a 15-year initial term plus one 2 year renewal option to commence on 8/15/2026. The estimated cost of this lease is [redacted] per rentable square feet per year for an annual cost of [redacted] and a total contract value, including the 2-year renewal option, of $[redacted].

The delineated area is:
North: Highway 95;
East: South Fortuna Rd.;
South: E. 32nd St.;
West: S. Avenue B

There is no vacant Federal Space available.

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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 DEA 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]. This calculation was arrived at by subtracting the estimated cost of required Tenant Improvements (TI) of $[redacted] at the current location from the cost of building out new space, which is estimated to be $[redacted] based on GSA's independent government estimate (IGE). The estimated cost of TIs at the incumbent location, $[redacted] was derived through the IGE for the cost of additional TIs and estimates established with the succeeding lease analysis tool reflecting carpet and paint refresh for the space.

Special use items at this location include Facility Security Level II measures, a firearms cleaning and storage area, high secure storage, holding rooms, locker/shower room, and interview rooms. All of which would have to be replicated if the agency were to relocate.

No potential alternatives were identified so a cost benefit analysis was not completed.

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 12/19/2023 for 24 days. In addition, PBS conducted market research using CoStar, LoopNet, and by reviewing GSA procurement data.

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

Yuma is a small market with a 0.2% vacancy rate. The CoStar market report indicates a Year 1 fully serviced rate of $[redacted] for office space. Using a 3% escalation factor results in an estimated 17 year market rent of $[redacted] per RSF. Additionally, GSA completed a 20 year lease for another law enforcement agency effective 9/2021 at a rate of $[redacted] for comparison purposes.

Therefore, the proposed rental rates for this succeeding lease of $[redacted] RSF, are 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.**

On 2/1/2024, GSA conducted market research using CoStar and LoopNet, and identified 1 potentially acceptable location (the incumbent) that might meet the agency's needs within the delineated area. Due to the lack of market availability within the city of Yuma, AZ, no potential alternative locations were identified. In addition, PBS posted an advertisement conforming to GSAR 570.402-2 on the Contract Opportunities domain of SAM.gov website on 12/19/2023. The incumbent Lessor's expression of interest indicated that the rate would be $[redacted] per RSF.

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

Address	Source [EOI/CoStar, etc.]	Asking Full Service Rental Rate
7101 EAST 29TH STREET, Yuma, AZ [incumbent]	EOI	$[redacted]/RSF
7102 E 30TH ST, YUMA, AZ	GSA Lease LAZ00855	$[redacted]/RSF*
CoStar Office Market Report	CoStar	$[redacted]RSF**

*Fully serviced rate for 20 year lease, shell and operating costs only
**CoStar year 1 office market average rate escalated 3% per year over 17 year term

Figure 1: Market Research Comparables

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

The current Lessor's performance under the existing Lease has been positive. The Lessor responds to requests in a timely manner and there are no outstanding concerns that need to be addressed during negotiations of the long-term action.

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

7101 EAST 29TH STREET, Yuma, AZ [incumbent]

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

There are no systemic barriers to competition. If the agency has a continuing need for space upon lease expiration, GSA will follow all authorities, regulations and policies applicable to lease acquisition. Should there be remaining useful life in the Government's tenant improvements, the Government will consider the cost of moving from the existing location, and the cost to build out new space when deciding whether to undergo a competitive action.

Additionally, objective scrutiny will be given to the customer agency's mission and security requirements (if applicable) to eliminate unnecessary agency space requirements that may be deemed unduly restrictive.

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 succeeding lease of 14,218 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:
[redacted] _____ Date [redacted]
Lease Contracting Officer/ Area Manager

12. **PREPARER'S TECHNICAL CERTIFICATION**.

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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.

[redacted] _____ Date [redacted]
[redacted] Leasing Specialist

CONCUR:

[redacted] _____ Date [redacted]
[redacted] Branch Chief

[redacted] _____ Date [redacted]
[redacted]
R9 Leasing Advocate for Competition

[redacted] _____ Date [redacted]
[redacted] Director
Real Estate Acquisition Division

DocuSigned by:
[redacted] _____ Date [redacted]
[redacted]
R9 Assistant Regional Counsel

DocuSigned by:
[redacted] _____ Date [redacted]
[redacted]
Deputy Regional Commissioner
Public Buildings Service
Pacific Rim Region

APPROVED:

DocuSigned by:
[redacted] _____ Date [redacted]
[redacted] HCA
Regional Commissioner
Public Buildings Service
Pacific Rim Region