

CHAPTER 13

Lease of Real Property for Use by the Department of the Navy

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CHAPTER 13

LEASE OF REAL PROPERTY FOR USE BY THE DEPARTMENT OF THE NAVY

Section I

General

1. PURPOSE AND SCOPE.

This Chapter prescribes the authority and limitations thereon, definitions and regulations involved and the operating procedures for the acquisition of real property for temporary use by the Department of the Navy including the following:

- a. Assignment of general purpose space in urban centers from the General Services Administration except in the National Capital Region;
- b. Direct leasing of general purpose space in urban centers in certain prescribed instances, direct leasing of general purpose space outside of urban centers and direct leasing of special purpose space under the authority delegated to the Navy by the Administrator of General Services;
- c. Direct leasing of land authorized by Title 10 U.S.C. 2672;
- d. Direct leasing of family housing authorized by 10 U.S.C. 2828;
- e. Direct leasing of facilities authorized by 10 U.S.C. 2809; and,
- f. Direct leasing in foreign countries authorized by 10 U.S.C. 2675.

2. AUTHORITIES.

- (a) 63 Stat. 203 Reorganization Act of 20 June 1949
- (b) Reorganization Plan Number 18 of 1950
- (c) Federal Property Management Regulations (41 CFR Chapter 101)
- (d) Secretary of Defense Memorandum of 29 November 1950
- (e) SECNAVINST 11011.47 of 20 June 1983
- (f) Title 10 U.S.C. 2662
- (g) Title 10 U.S.C. 2675
- (h) Title 10 U.S.C. 2828
- (i) NAVSUPSYSCOMINST 4450.21A of 15 June 1978
- (j) Title 10 U.S.C. 7572
- (k) DOD Directive 4165.6
- (l) Title 10 U.S.C. 2304(a)
- (m) Title 10 U.S.C. 2303(a)
- (n) Uniform Federal Accessibility Standard
- (o) Title 10 U.S.C. 2852
- (p) OMB Circular No. A-104
- (q) DOD Instruction 7041.3
- (r) OPNAVINST 11101.28B of 20 July 1978
- (s) General Services Administration Acquisition Regulation (48 CFR Chapter 5)
- (t) Federal Acquisition Regulations (41 CFR 5.202)
- (u) Title 10 U.S.C. 2672
- (v) Title 10 U.S.C. 2809
- (w) Title 10 U.S.C. 2239

3. DEFINITIONS.

The following definitions apply to provisions of this Chapter:

a. Lease. - An agreement by which the Department of the Navy obtains possession of real property not owned by the United States of America for a stated period of time and for a stated consideration.

b. Space Assignment. - As defined by the Federal Property Management Regulations (FPMR), means an administrative action which authorizes the occupancy and use by a Federal agency or other eligible entity of building space and land areas incidental thereto.

c. General Purpose Space. - As defined by the FPMR, means space in buildings under the assignment responsibility of the General Services Administration (GSA), including land incidental to such use, which may be suitable for the use of agencies generally, as determined by GSA. General purpose space is categorized as office, storage and special types, representative listings of which are contained in Subpart 101-17.003-2a of the FPMR.

d. Special Purpose Space. - As defined by the FPMR, means space in buildings, including land incidental to such use, which is wholly or predominantly used for the special purposes of an agency and not generally suitable for the use of other agencies, as determined by GSA.

e. Competitive Lease. - "Competitive lease" is a lease which is entered into using full and open competition as required under the provisions of Title 10 U.S.C. 2304(a).

f. Small Lease. - An acquisition of leasehold interest in real property involving blocks of leased space less than 10,000 square feet using the small lease procedures set forth in paragraph 19.

4. DELEGATIONS OF AUTHORITY.

a. Reorganization Plan Number 18. Pursuant to the provisions of the Reorganization Act of 1949, Reorganization Plan Number 18 of 1950 was promulgated effective 1 July 1950. Section 1 of this plan provides as follows: "All functions with respect to acquiring space in buildings by lease, and all functions with respect to assigning and reassigning space in buildings for use by agencies (including both space acquired by lease and space in Government-owned buildings) are hereby transferred from the respective agencies in which such functions are now vested to the Administrator of General Services, exclusive however, of all such functions with respect to:

(1) Space in buildings located in any foreign country;
(2) Space in buildings which are located on any grounds of any fort, camp, post, arsenal, Navy yard, naval training station, airfield, proving ground, military supply depot, school, or any similar facility, of the Department of Defense, unless and to such extent as a permit for its use shall have been issued by the Secretary of Defense or his duly authorized representative;

(3) Space in other Government-owned buildings which the Administrator of General Services finds are wholly or predominantly utilized for the special purposes of the agency having the custody thereof, and are not generally suitable for the use of other agencies (including but not limited to hospitals, housing, laboratories, mints, manufacturing plants, and penal institutions) and space acquired by lease for such purposes."

The Administrator may delegate to the heads of other departments or agencies of the Government the authority to perform any of the functions transferred to him by the plan.

b. Delegation of Authority by General Services Administration. As provided by Subpart 101-18.104 of the FPWR, agencies are authorized to perform for themselves all functions with respect to acquisition of space by lease in buildings and land incidental thereto when the following conditions are met:

(1) The space may be leased for no rental, or a nominal consideration of \$1.00 per annum; or
(2) When authority has been requested by an executive agency and a specific delegation has been granted by the Administrator of General Services; or

(3) The space has been found by the Administrator of General Services to be wholly or predominantly utilized for the special purposes of the agency to have custody thereof and is not generally suitable for the use of other agencies; including but not limited to hospitals, housing, laboratories, mints, manufacturing plants and penal institutions. The types of space listed in Subpart 101-18.104-1(c) have been found to be wholly or predominantly utilized for the special purposes of the Department of Defense and not generally suitable for the uses of other agencies, or

(4) Prior approval of GSA has been obtained before an agency initiates a leasing action which involves 2,500 or more square feet of special purpose space. The request for approval and a Standard Form 81 shall be filed with the GSA regional office having jurisdiction in the area of the proposed leasing action.

In addition, the Department of Defense, under the provisions of Subpart 101-18.102 of the FPWR may lease its own building space and land incidental to its use and provide for operations, maintenance, and custody when the space is situated outside an urban center. Urban centers are listed in the subpart.

c. Delegation of Authority to Secretary of the Navy. By a memorandum of 29 November 1950, the Secretary of Defense redelegated to the service Secretaries the authority delegated to the Defense Department by GSA as follows: The delegation of authority to the Department of Defense by GSA, except for space in the Metropolitan Washington, D.C. area is hereby redelegated to the respective military departments.

d. Delegation of Authority to Commander, Naval Facilities Engineering Command. Pursuant to SECNAVINST 11011.47, the Commander, Naval Facilities Engineering Command (NAVFACENGCOM) is authorized to perform or initiate all necessary action to acquire real property by lease, except Marine Corps leases for other than general purpose space, and thereafter renew, extend or otherwise administer such leases. As agreed to by the Commandant of the Marine Corps, NAVFACENGCOM will also perform or initiate all action to acquire real property for the Marine Corps by lease, and thereafter renew, extend, or otherwise administer such leases. NAVFACENGCOM is authorized and directed to take all necessary action to acquire, administer, and release general purpose space, except in the National Capital Region, in buildings controlled by the GSA, or required to be leased by the GSA. Such actions may be taken by NAVFACENGCOM when conditions and approvals indicated in subparagraphs (1) through (9) hereinafter are satisfied and are subject to the provisions of subparagraphs (10) through (12).

- (1) Satisfy conditions established in paragraph 6.
- (2) Obtain approval of the Commandant of the Marine Corps for all Marine Corps leases and acquisitions of general purpose space.
- (3) Obtain approval of the Commanding Officer of the naval activity where the annual rental is \$1,000 or less.
- (4) Obtain approval of the major claimant where the annual rental exceeds \$1,000.
- (5) Obtain approval of the Chief of Naval Operations for Navy leases where the annual rental is more than \$200,000.
- (6) Make Title 10 U.S.C. 2662 required submission. This applies also to space GSA leases.
- (7) Make Title 10 U.S.C. 2828 required notification for foreign leases that involve military family housing.
- (8) Obtain Commander, Naval Supply Systems Command, technical approval for storage or warehouse space, as required by NAVSUPSYSCOMINST 4450.21A. Address approval requests to the attention of the Navy Warehouse Utilization Program Manager at NAVSUP.
- (9) The lease must provide for termination by the Government on notice not exceeding 90 days, unless the Activity's major claimant approves otherwise.
- (10) This delegation does not apply to leases made pursuant to Title 10 U.S.C. 7572 that concerns provision of lodging accommodations for personnel on sea duty aboard ships where quarters are uninhabitable.
- (11) NAVFACENGCOM will exercise the authority delegated hereinabove under the direction of the Chief of Naval Operations. For Marine Corps property NAVFACENGCOM will exercise the authority in coordination with the Commandant of the Marine Corps.
- (12) NAVFACENGCOM may redelegate with the authority to further redelegate the authorities delegated hereinabove.

e. Delegation of Authority to Engineering Field Divisions/Activities (EFDs/EFAs). In accordance with the authority delegated to NAVFACENGCOM as indicated above, authority is hereby re delegated to the Commander/Commanding Officer of Engineering Field Divisions to take all actions necessary to consummate, modify, amend, renew, administer, and release general purpose space, except general purpose space in the National Capital Region, in buildings controlled by GSA. The authority delegated herein may be re delegated.

L. ASSISTANT SECRETARY OF DEFENSE (ECONOMIC SECURITY) REQUIRED APPROVAL AUTHORITY. The Deputy Secretary of Defense by a Memorandum dated 13 Sep 1990, established a moratorium on all major land acquisitions. Accordingly, no major land acquisition proposals may be made public through (1) a request for proposals; (2) a notice of intent to perform environmental analysis; or (3) other official notice without the approval of the Assistant Secretary of Defense (Economic Security). The memorandum defines a major land acquisition as the purchase, withdrawal from public domain, lease or permit from individuals or government entities, or any other type of use agreement involving more than 1,000 acres, or land whose estimated purchase price or annual lease price exceeds \$1 million. Renewal of existing withdrawals, leases, permits or other use agreements other than those at bases being closed or which are candidates for closure are not subject to the moratorium. EFDs/EFAs shall submit requests for exceptions to this moratorium for urgent military requirements or when application of the moratorium would affect the Department's ability to perform its mission.

5. DEPARTMENT OF DEFENSE CRITERIA.

a. The Department of the Navy uses, whenever practicable, government-owned property rather than leased property. Therefore, all suitable and available government-owned real property, including property of the Department of the Navy, Army, and Air Force and other government agencies shall be surveyed in order to determine whether such property can be used rather than leased property.

b. Leases should provide for the right of cancellation in whole or in part, at the option of the Government, giving the shortest possible notice to the lessor.

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c. When in the best interest of the Government, leases shall be for "Government purposes" rather than for specific purposes (e.g., Defense-Naval-Flying-Reserve).

d. Desirability of an urban location, reduced travel time for employees or business representatives, reduced transportation costs, environmental impact, or desirability of single unit offices over split locations near one another should be considered in evaluating facility acquisition strategies.

e. Before a leasehold can be acquired, it must be shown that the activity to be accommodated is essential to an assigned mission.

6. NAVY POLICY.

Real property may be acquired by lease, or general purpose space may be acquired through GSA when the following conditions are satisfied:

a. The real property is needed to meet an approved military requirement and the activity requesting the space has certified as to the need for the property.

b. There is no Government real property available which can adequately support the approved military requirement.

c. It is more advantageous to the Government to lease the property than to acquire any other interest therein.

d. The proposed acquisition is consistent with the policies promulgated by DOD Directive 4165.6.

e. Funds are available for the payment of rental and other related charges.

f. The acquisition is accomplished by competitive procedures, unless one of the exceptions provided by Title 10 U.S.C. 2304 applies and the exception has been documented by means of a "Justification and Approval." Pursuant to Title 10 U.S.C. 2303(a) acquisition of unimproved land is excepted from the requirement for competitive procedures.

** g. The lease is for a term not to exceed 12 months unless under a delegation of long-term leasing authority from the Administrator of General Services or otherwise authorized by law. Pursuant to Title 10 U.S.C. 2675 leases of structures in foreign countries, including real property related thereto, may be for a period not in excess of five years. Pursuant to Title 10 U.S.C. 2828 leases of housing facilities in foreign countries for assignment as family housing may be for any period not in excess of 10 years. Leases entered into pursuant to Title 10 U.S.C. 2809 and Section (g) of Title 10 U.S.C. 2828 may not be in excess of 20 years. All leases may provide for annual renewals at the option of the Government.

h. Leased buildings conform to the standards prescribed by the Uniform Federal Accessibility Standards to insure that such buildings will be readily accessible to the physically handicapped.

i. Leased facilities should not be considered as a permanent solution to space needs. Continuing efforts to locate suitable DOD space or other government-owned space which can be utilized by activities occupying leased space are necessary to insure maximum use of military facilities. EPDs shall periodically review the inventory of available DOD space for the purpose of relocating activities from leased space.

j. Leases of newly constructed buildings shall meet the seismic criteria contained in NAVFAC P-355 (Seismic Design for Buildings).

k. All land acquisitions that involve a lease from individuals or government of more than 1,000 acres, or an annual rental over \$1 million require Assistant Secretary of Defense (Economic Security) approval.

**See FR 7/29/93 revision of GSA's ¹³⁻⁵delegation per FAC 8/18/93

- Five years outside urban areas
- 20 Years special purpose

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However, for leases that NAVFACENGCOM has previously reported in accordance with Title 10 U.S.C. 2662, take caution so the changes in rental do not exceed 15 percent of the reported lease cost. If the rental change exceeds 15 percent of the reported lease cost, submit the lease to NAVFACENGCOM to determine if Congress must have additional notification.

7. LIMITATIONS ON ALTERATIONS AND IMPROVEMENTS.

There are two ways in which alterations or improvements to leased space, both GSA and Navy leased, can be paid for.

a. The lessor amortizes the cost of the alterations or improvements over a normal period such as ten years and includes the cost in the annual rental. There is no limitation on the cost of alterations or improvements which can be accomplished this way. ~~However, significant changes in rental on leases on which the reporting requirements of 10 U.S.C. 2662 have previously been met should be submitted to NAVFACENGCOM to determine if any additional notification to Congress must be made.~~

b. The Navy can pay a lump sum cost to the lessor or in the case of GSA leases the Navy reimburses GSA for the cost of the alterations or improvements. In such a case the provisions of OPNAV Instruction 11010.20F apply. The pertinent section is paragraph 3301 which provides that in certain instances Navy appropriations available for operations and maintenance may be used to pay directly for those expenses of renovation and alteration of buildings and facilities in the case of Navy leases or to reimburse GSA for these costs in the case of GSA-owned or controlled facilities. Therefore, projects involving alterations to Navy leased or Navy occupied, GSA-owned or controlled facilities shall be authorized and funded by the Major Claimant of the particular Navy activity or office. As a general rule, the lessor or GSA is responsible for work that a tenant can normally expect from a landlord. The Navy is responsible for work which cannot be normally expected from a landlord and which is strictly peculiar to the needs of the Navy. When Navy appropriations are used to direct fund construction, alterations, or repairs to either Navy leased or GSA-owned or controlled facilities, the provisions of this OPNAVINST 11010.20F apply. Operations and maintenance funds cannot be used in either Navy leased or GSA-owned or controlled facilities for what would otherwise require funding from the military construction appropriations. For the purposes of these provisions, industrial funds are to be considered in the category of appropriations available for operations and maintenance.

8. CONSTRUCTION ON LEASED LAND.

In accordance with Title 10 U.S.C. 2852, military construction projects and family housing projects may be constructed on land held in less than a fee simple interest in a case in which the Secretary of the Navy determines that the interest in the land is sufficient for the purposes of the project. Permanent or temporary improvements for reserve components may also be constructed on land held in other than fee simple interest under Title 10 U.S.C. 2239.

9. ECONOMIC ANALYSIS.

An analysis must be made of all proposals to acquire space or family housing in the United States, its territories and possessions, and overseas to help decide among the available alternative methods of meeting the requirement. The basic procedure for making this determination is specified in OMB Circular No. A-104 and DOD Instruction 7041.3. These procedures allow the long-term costs of leasing to be compared with those of acquiring property. The following principles shall apply in preparing the analysis:

a. The discount rate for both overseas and United States property will be set in accordance with OMB Circular No. A-104.

b. An occupancy period of 25 years shall be assumed for properties to be occupied indefinitely. A longer period has no significant effect on the outcome of the analysis. A shorter period shall be used where the occupancy period or usable life of the facilities is estimated to be less than 25 years.

c. Special attention should be given to forecasting the future costs of lease payments overseas as accurately as possible. Prospective increases shall be included only to the extent that they exceed increases in the general price level in a particular country. Likewise, overseas rates of appreciation in the value of acquired real property may exceed the rates specified in OMB Circular No. A-104 but only to the extent that values increase more rapidly than the general price level in that country. Wherever this differential appreciation rate is used, it should be specifically justified.

10. ACCESS FOR THE HANDICAPPED.

A Department of Defense Memorandum of 29 June 1987, provides that the same criteria and standards of accessibility for the handicapped to DOD owned or funded facilities as set forth in the Uniform Federal Accessibility Standard will be applied to buildings and facilities leased directly by DOD. GSA is responsible for applying similar standards and criteria to facilities leased by it for DOD use.

Accordingly, all leases for space, including, if possible, leases in foreign countries, shall, as a condition of the lease, be designed and constructed or retrofitted in accordance with the Uniform Federal Accessibility Standards (UFAS) Federal Register, (49 FR 31528 dated August 7, 1984, as amended by 51 FR 18647 dated May 21, 1986) to allow access for the handicapped unless its intended use is specifically restricted to able-bodied military personnel. This includes renewals of existing leases. Housing leases or leases for space for the primary use of able bodied military personnel should also conform to accessibility standards and criteria whenever possible. The criteria that shall apply are:

a. Buildings or facilities or portions thereof to be leased shall comply with new construction standards or incorporate the alteration standards required above. Where both types of buildings are available for leasing, reasonable preference must be given to buildings or facilities complying with the new construction standards.

b. If space complying with paragraph 10a is not available, space may be leased only if the space meets, or is altered to meet, the following conditions:

(1) At least one accessible route is provided from an accessible entrance to those areas in which the principal activities for which the building or facility was leased are conducted. Separate accessible routes may be provided to areas serving different groups of users (e.g., the public, employees).

(2) The accessible route shall provide access to whatever accessible facilities are either required or provided, such as accessible toilets.

(i) Toilet facilities, to the extent required for the ready intended use of the building or facility, shall be provided as follows--

(A) Where more than one toilet for each sex is provided in a building or facility, at least one accessible toilet facility shall be provided for each sex on each floor having toilets; or

(B) In a building or facility providing only one toilet for each sex or where the only toilet provided is a unisex toilet, either one unisex toilet or one toilet for each sex shall be made accessible.

(ii) Parking facilities, if a parking area is included within the lease, shall be provided complying with new construction standards to the extent feasible.

(3) Consideration shall be given to providing the following accessible elements and spaces in each leased building or facility:

- (i) Drinking fountains;
- (ii) Telephones;
- (iii) Alarms;
- (iv) Seating, tables and work surfaces;
- (v) Assembly areas; and,
- (vi) Storage.

c. If space leased in accordance with the requirements of paragraphs 10a and 10b is subsequently altered, then the alterations shall comply with the requirements of paragraph 10b.

d. If space leased in accordance with the requirements of paragraphs 10a and 10b is increased by construction of an addition, the addition shall comply with the requirements of paragraph 10a to the extent it is leased by the Federal Government.

e. If leased space at the time of leasing meets past or present state or local codes or the recommended standards of the American National Standards Institute (ANSI) A117.1 for handicapped accessibility, and provides the features required by the section, the space may be used as is or altered to comply with such technical requirements of paragraph 10a or 10b at the option of the agency responsible for the budget for the acquisition and use of the space.

f. Once leased space in an existing building is accessible or is made accessible hereunder, no new accessibility alterations shall be required except where alterations or additions are made.

g. Exceptions.

(1) If no space complying with paragraph 10a or 10b is available for leasing, space as available may be leased without alterations:

- (i) If the lease is necessary for officials servicing natural or human-made disasters;
- (ii) If the space is used on an intermittent basis; or
- (iii) If the occupancy of the space is for no more than twelve months.

(2) Mechanical rooms and other space which normally are not frequented by the public or handicapped employees need not be accessible.

(3) Recruiting Offices (excluding recruiting main stations where civilian workers may be employed) need not be accessible.

Overseas: U. S. funded facilities constructed by the Department of Defense overseas will be accessible. Facilities for which the United States contributes a portion of the construction cost but does not control design criteria (such as NATO-funded facilities) need not but should be accessible.

Facilities being constructed by or for use by the United States under the laws, codes, rules, and regulations of another country need not, but should be accessible. Facilities leased by the United States in other countries need not, but should be accessible.

Waiver Authority: The Architectural Transportation Barriers Act permits the modification or waiver of the UPAS, on a case by case basis, if it can be shown that the modification or waiver should be sent to the Deputy Assistant Secretary Defense (Civilian Personnel Policy), to determine whether a modification or waiver should be granted.

11. AVAILABILITY OF FORMS.

Appendixes "A", "D", "E", "F", and "G" may be obtained from GSA Regional offices. Appendix "I", Notice of Renewal of Government Lease, NAVPAC 11011/5 (Rev. 6-78) may be obtained by forwarding a funded DOD printing requisition, DD Form 282, to the local Navy Publications and Printing Service Office. Appendixes "B", "C", "H", "J", "K", "L", and "M" are approved formats for use by EFDs as appropriate.

Section II

SPACE ASSIGNMENTS FROM THE GENERAL SERVICES ADMINISTRATION

12. FEDERAL BUILDINGS FUND.

a. Basic Policy. In accordance with the applicable provisions of the Public Buildings Amendments of 1972, the Federal Property and Administrative Services Act of 1949 and the Public Building Act of 1959 as implemented through Reorganization Plan Number 18 of 1950, have been amended and provide several basic changes in the method used by the GSA in furnishing space and services in Government-owned and leased buildings. These changes are implemented by subparts 101-17 through 101-21 of the Federal Property Management Regulations (FPMR).

(1) GSA will now charge anyone for space and services furnished by GSA. Unless exempted by the Administrator of General Services a Standard Level User Charge which will approximate commercial charges for comparable space and services. The services included in this charge will be those normally furnished in commercial practice. GSA will also furnish services additional to those included in the Standard Level User Charge on a reimbursable basis in buildings when GSA is responsible for alterations only.

b. Determination of Standard Level User Charge. The Standard Level User Charge is established by GSA and approved by the Office of Management and Budget. The charge reflects approximate equivalent commercial rates for comparable space and services, and is based on the type, quality, and geographic location of the space provided. In buildings where there is joint-use space such as cafeterias, auditoriums, conference rooms, credit unions, and snack bars, each agency provided access to or use of the facilities occupying the joint-use space will be charged a prorata share of the space costs based on the percentage of the space assigned. GSA will review the Standard Level User Charge annually to insure that it approximates commercial rates.

c. Reimbursable Services. Special services, not included in the Standard Level User Charge are provided by GSA on a reimbursable basis. Funds for reimbursable services should be included in occupant agency budget submissions.

13. BUDGETING AND BILLING FOR GSA SPACE ASSIGNMENTS.

The Navy Federal Buildings Fund Administrator (FBFA) will prepare an annual budget to obtain funds for reimbursement to GSA for the Standard Level User Charge (SLUC). This budget is forwarded to the Department of Defense where it is combined with similar budgets from the Army and Air Force and submitted to Congress for authorization and funding. Annual funds are then provided to the FBFA.

a. Preparation of Annual Budgets. The budget submission is based on currently assigned space and known space requirements as of the second February prior to the fiscal year for which the budget is being made, e.g., the FBFA will prepare the FY-91 budget in February 1989 based on information received prior to 15 February. The budget will be submitted to DOD on 1 March 1989 and to GSA for information purposes. Thus, any additions or deletions of space received after 15 February 1989 will not be included in the FY-91 budget, but will have to wait until the FY-92 budget. NAVFACENGCOM through the EFDs is responsible for obtaining all GSA leased and owned space except for general purpose space within the National Capital Region.

b. Funding for Unbudgeted Space Requirements. Since funds will not be available to the FBFA for space requirements which are not included in the annual budget, any funds needed for reimbursement to GSA for unbudgeted space will be funded by the user or the major claimant of the activity requiring such space. Since all billings for space assignments are rendered to the FBFA for payment, funds for unbudgeted space assignments will be provided to the FBFA by Departmental level transfer until the first fiscal year in which funds are included in the SLUC budget. Transfer should be made directly from the Activity or Major Claimant to the FBFA at the following address:

Federal Building Fund Administration
Commandant, Naval District Washington
Washington Navy Yard Building 200-2
Washington, D.C. 20374-2003
ATTN: Code 51 - Ms. Pat Young

c. Activities which must provide their own funding. The following activities must reimburse the Federal Buildings Fund for space occupied in GSA-controlled buildings:

- (1) Navy industrially funded activities.
- (2) The Foreign Military Sales Program.
- (3) The Office of Naval Research.

d. Billings and Payment for GSA Space Assignments. Bills for SLUC will be rendered to the FBFA for all GSA space assignments to Navy activities on a quarterly basis at the beginning of the quarter. The FBFA maintains a data base of all GSA space assignments. The quarterly billing will be compared against this data base and any discrepancies will be addressed by the FBFA for resolution.

14. REQUESTS FOR GSA LEASED SPACE.

a. Space Requirements. When an approved military mission requires the acquisition of general purpose space located in an urban area, the activity shall review the Department of Defense criteria and Navy policy as set forth in paragraphs 5. and 6. to make sure that all the requirements and provisions

are satisfied. Additionally, a survey shall be made to determine that there is no suitable government-owned space available in the required area. Emphasis should be placed on other DOD controlled space. If there is no suitable DOD space or other government-owned space, other than GSA controlled, a request for GSA space will be submitted by the requesting activity to the appropriate EPD via the major claimant or the Commandant of the Marine Corps in the case of Marine Corps leases. The request will include a completed Standard Form 81, Request for Space, Appendix "A", with appropriate justification for acquisition of the additional space and its proposed use. Block number 8 of the SF-81 should be the address of the PBFA shown in paragraph 13b. No appropriation data should be included for block 12. The request will state the geographical boundaries within which the space should be located, the estimated annual SLUC (which may be obtained from the EPD or GSA), and the government-owned facilities which were surveyed, and the reasons for their unacceptability. If the major claimant approves the request, his endorsement will provide the appropriation and subhead data under which necessary funds are available to satisfy the requirements of paragraph 13.b. A copy of the request and endorsements thereon will be furnished by the EPD to the PBFA to initiate the inclusion of the proposed request in the annual SLUC budget. GSA can provide two types of general purpose space to government agencies; government-owned or leased. Navy budgeting and billing procedures are the same for assignment of both owned and leased space. The approvals for space assigned from GSA are the same as those required for direct leasing and are indicated in paragraphs 4.d. and e.

b. Action by the Engineering Field Division. Upon receipt of a request for assignment of GSA space as defined in paragraph 3.c., the request shall be reviewed with respect to DOD criteria and Navy policy. The EPD should coordinate the request with representatives of the GSA regional office to determine whether space is available in the Federal Building, whether the estimated SLUC is adequate and to alert GSA to a proposed need for space in accordance with paragraph 101-17.101 of the FPMR. The EPD will also obtain the necessary approvals and initiate continuing action by one of the following procedures.

(1) Estimated Annual SLUC in excess of \$200,000. When the estimated annual Standard Level User Charge is in excess of \$200,000, the proposed acquisition of general purpose space by GSA space assignment shall be forwarded to NAVFACENCOM for the submission required by paragraph 4.d.(6). In the case of Navy leases, the submission shall be via the Chief of Naval Operations. Marine Corps leases must have been previously approved by the Commandant of the Marine Corps. A copy of the proposal shall be sent to the PBFA. The proposal will include the estimated SLUC, proposed use, a copy of the SF-81 including the number of personnel to occupy the space, the term of the requirement, and complete justification for the proposed acquisition including a statement describing the government-owned facilities which were surveyed and the reasons for their unacceptability. The information required is set forth in Appendix "B". Pursuant to paragraph 9, if the leasehold is in lieu of new construction, an economic analysis of the project must be provided. This analysis must clearly indicate that the proposed lease is the most cost effective alternative over the life of the space requirement. If the proposed space assignment is to be acquired prior to the availability of

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SLUC funds provided through the budgeting procedures described in paragraph 13.a, the submission will include a statement that funds for any unbudgeted space assignment will be provided by the major claimant through Departmental transfer as required by paragraph 13.b. This statement will include the accounting data necessary to transfer these funds. Submissions without this statement cannot be processed further.

(2) Estimated Annual SLUC of \$200,000 or less. For proposed acquisitions of general purpose space by GSA space assignment where the annual SLUC is \$200,000 or less, the EPD is authorized to submit the request to the GSA regional office. A copy of the SP-81 shall be sent to the FBFA and NAVFACENGCOM. The statement that required funds for any portion of the period of use which is not covered by budgeted SLUC funds will be provided by the major claimant through Departmental transfer must be included. This statement will include the accounting data necessary to transfer these funds.

c. Action by NAVFACENGCOM. Upon receipt of a proposal outlined in paragraph 14.b(1), the proposed space assignment and justification therefore will be reviewed. If the justification and data are in order, the SP-81 and statement that funds for any unbudgeted space assignment will be provided in accordance with paragraph 13.b will be forwarded to the FBFA to include this assignment in the SLUC budget. For GSA leased space, an acquisition report will be submitted to the Armed Services Committees of Congress pursuant to Title 10 U.S.C. 2662 and must be approved prior to the EPD forwarding the SP-81 and funding statement to the FBFA. Reports are submitted at the end of the month, usually the last Friday. Requests received by NAVFACENGCOM on or before the fifteenth day of the month will be reported to Congress that month.

d. Requests for and Payment for Recurring and/or Non-recurring Services. The Navy budget for SLUC contains no provisions for other than funds required for SLUC. All requests for services such as space alterations or overtime, heating, lighting, and air conditioning, required in connection with a GSA space assignment should be processed through the FBFA.

15. ADMINISTRATION OF GSA SPACE ASSIGNMENTS.

a. Maintenance of Records. Current and accurate records of the amount, type, and cost of space occupied by each activity must be maintained by the EPD in order to provide a data base for the FBFA. Therefore, a copy of the GSA space assignment and other information and data applicable to the assignment, shall be provided to the FBFA by the EPD.

b. Reviews and Appeals.

(1) Agencies may at any time request a regional review of the measurement, classification, quality rating, service levels provided, or charges assessed that pertain to the space assignment without resorting to formal procedures. Subpart 101-21.606 of reference (c) provides that such requests do not constitute appeals and should be directed to the appropriate GSA regional office. Such requests should be initiated by the EPDs upon receipt of inquiries from using activities or commands, with copies to the FBFA.

(2) Agencies may file formal appeals on the SLUC assessed, but only when the charge assessed is in excess of the comparable commercial square foot rates by 25 percent or 50 cents a square foot, whichever is greater, or when the quarterly SLUC is in excess of the comparable commercial charge for that

quantity of space by more than \$12,500. The criteria for filing such an appeal is contained in subpart 101-21.606(b) and (c) of reference (c). The initial appeal will be filed by the EPD with the regional office of GSA. If the appeal is not satisfactorily resolved, the matter shall be referred to NAVFACENCOM and the FBFA with all required information and data, including results of the initial appeal. If further appeal is considered appropriate, it will be filed with the Commissioner, Public Building Service, GSA and the EPD will be informed of results.

16. RELEASE OF ASSIGNED SPACE.

EPDs are authorized to release GSA assigned space (paragraph 4.e.). Prior to taking such action, the approval of the commanding officer of the using activity will be obtained and the release will provide 120 days notice to GSA prior to the date on which the space or portion thereof will no longer be needed. In no event shall such notice be given less than 30 days prior to the date on which a lease termination notice must be issued. Such notice of release will be issued to the GSA regional office having cognizance of the space assignment.

17. DISTRIBUTION OF RECORDS.

Copies of all correspondence and forms applicable to request for, assignment, verification, and release of GSA space assignments shall be provided to the following:

COMNAVFACENCOM
FBFA
Major Claimant/CMC
EPD
Activity

Section III

DIRECT LEASING

18. SCOPE AND LIMITATIONS.

This section provides the procedures and limitations for the acquisition of certain general purpose space, special purpose space and other real property within the United States and its possessions required for use by the Department of the Navy. Although Section IV provides the procedures and limitations applicable to leasing in foreign countries, much of the information contained in this section is germane. The delegation of authority, DOD criteria, Navy policy and required approvals for various types of leasing actions are contained in Section I of this Chapter.

19. COMPETITION REQUIREMENTS.

a. Statutory Requirement. Provisions of Title 10 U.S.C. 2304(a) require full and open competition for leases through the use of competitive procedures. The competitive procedure or combination of competitive procedures that is best suited under the circumstances of the acquisition shall be used. Procedures other than competitive procedures may be used only when:

(1) The property needed is available from only one responsible source or only from a limited number of responsible sources and no other type of property will satisfy the requirement;

(2) The need for the property is of such an unusual and compelling urgency that the United States would be seriously injured unless the Government is permitted to limit the number of sources from which it solicits bids or proposals;

(3) It is necessary to award the lease to a particular source or sources in order (A) to maintain a facility, producer, manufacturer, or other supplier available for furnishing property or services in case of a national emergency or to achieve industrial mobilization, or (B) to establish or maintain an essential engineering, research, or development capability to be provided by an educational or other nonprofit institution or a federally funded research and development center;

(4) The terms of an international agreement or a treaty between the United States and a foreign government or international organization or the written directions of a foreign government reimbursing the agency for the cost of the procurement of the property or services for such government, have the effect of requiring the use of procedures other than competitive procedures;

(5) A statute expressly authorizes or requires that the acquisition be from a specified source;

(6) Disclosure of the requirement would compromise national security unless the Government is permitted to limit the number of sources from which it solicits bids or proposals;

(7) The head of the agency - (A) determines that it is necessary in the public interest to use procedures other than competitive procedures in the particular acquisition concerned and (B) notifies the Congress in writing of such determination not less than 30 days before the award of the lease.

In no case may a lease be entered into using procedures other than competitive procedures on the basis of the lack of advance planning or concerns related to the amount of funds available to the Navy for leasing; or

(8) Under the "small purchase" authority of 10 U.S.C. 2304(g) when the aggregate rental does not exceed \$25,000 during the full term of the lease, including all renewal periods.

b. Exception to Requirement for Competition. Provisions of Title 10 U.S.C. 2303(a) indicate that the requirements for competition apply to all property other than land. The term "land", as used herein, is interpreted to mean unimproved real property. However, if more than one parcel of land suitable for the Navy's purpose may be available, competitive procedures are recommended. At a minimum, the requirement for land, in these cases, should be advertised to assure that all potential properties are surveyed at the outset of the lease acquisition process before funds are expended in connection with any particular property.

c. Justification and Approvals.

(1) A lease may not be executed using other than competitive procedures unless the contracting officer justifies in advance the use of such procedures in writing and certifies the accuracy of and completeness of the justification;

(2) The justification is reviewed by the contracting officer's legal counsel for legal sufficiency prior to its submission for higher level approval.

(3) The justification is approved -

(i) in the case of a lease with a total consideration for the full term of the lease, including all renewal options, up to \$100,000, by an appropriately warranted real estate contracting officer at one level above the contracting officer;

(ii) in the case of a lease with a total consideration for the full term of the lease, including all renewal options, exceeding \$100,000, but not exceeding \$1,000,000, by the Competition Advocate for Real Estate for the EPD;

(iii) in the case of a lease with a total consideration for the full term of the lease, including all renewal options, exceeding \$1,000,000, but not exceeding \$10,000,000, by the Commanders, LANTNAVFACENWC/ PACNFEC (see PAC 11/2/92 ltr); and,

(iv) in the case of a lease with a total consideration for the full term of the lease, including all renewal options, exceeding \$10,000,000, by the Competition Advocate General, Office of the Assistant Secretary of the Navy (Shipbuilding and Logistics). (Forward via NAVFAC 14)

(4) Justification shall be on the real estate contracting officer's letterhead and contain sufficient facts and rationale to justify the use of the specific authority/exception therein cited. At a minimum each justification shall include -

(i) specific identification of the document as a "Justification for Other Than Full and Open Competition";

(ii) a description of the requirement and action being approved;

(iii) an identification of the statutory authority permitting other than full and open competition and a demonstration, based on the proposed lessor's unique qualifications or the nature of the lease, of the reasons for using that authority;

(iv) a determination that the anticipated cost will be fair and reasonable;

(v) a description of the market survey conducted or a statement of the reasons a market survey was not conducted;

(vi) a listing of the sources, if any, that expressed in writing an interest in the lease;

(vii) a statement of the actions, if any, that may be taken to remove or overcome any barrier to competition before a subsequent lease is required;

(viii) a statement of the actions, if any, that may be taken to remove or overcome any barriers to competition before any subsequent similar action; and,

(ix) a certification that the justification is accurate and complete to the best of the knowledge of the real estate contracting officer.

d. Procedures for Negotiating Noncompetitive Leases. Noncompetitive leases shall be negotiated using one of two procedures depending upon whether the lease is "voluntary" on the part of the lessor. To qualify as "voluntary" it must be readily apparent to the lessor that the Navy has no intention of instituting condemnation proceedings if negotiations are unsuccessful or for any other reason. For instance, in the case of leasing of individual apartment units in a competitive market. If the negotiator has any doubts

that the prospective lessor does not understand that condemnation is not contemplated, the lessor should be notified in writing upon initiation of negotiations that the Navy will not use eminent domain procedures in the event negotiations fail to result in an amicable agreement.

1. "Voluntary" noncompetitive leases. Prior to initiating negotiations, the EPD will undertake an appraisal of the property being leased to determine its appraised fair market rental. The negotiator shall use the appraised fair market rent as a target for negotiations. There is no obligation on the part of the Navy to disclose the appraised fair market rent and it is acceptable to offer less than this amount during negotiations. Negotiators should use normal business procedures to obtain a lease which is in the best interest of the government. If negotiations do not result in lease terms which the contracting officer can support as being in the best interest of the government, the negotiator must be prepared to terminate negotiations and proceed with alternative methods to meet Navy requirements. Attention is directed to the policy concerning condemnation of leasehold interests contained in paragraph 32.

2. "Nonvoluntary" noncompetitive leases. In the case of "nonvoluntary" leases, the procedures for acquisition contained in Chapter 8 should be followed to the extent applicable. Paragraph 32 provides procedures for condemnation of leasehold interests.

20. MARKET SURVEYS.

Market surveys shall be made for all initial lease acquisitions, follow-on lease acquisitions, and, if appropriate, prior to execution of renewal options. Depending on the scope of the leasing action, the requesting activity familiarity with local market conditions, and the availability of on-site expertise, the market survey may be conducted by the EPD, by an EPD/activity team or by the requesting activity. When conducted by the activity, prior approval of the EPD must be obtained. The EPD will provide guidance on the conduct, content, and format for the survey and survey report. Failure to follow such guidance, may result in a resurvey by the EPD at activity expense. When conducted by the EPD, funding for the survey will be provided by the using activity prior to initiation of the survey.

Market surveys shall not be used to identify one specific property for leasing, but rather to determine whether suitable property is competitively available and how to satisfy the lease requirement in the most competitive manner. Personnel conducting market surveys shall not negotiate price, nor take any action to intentionally or inadvertently commit the government to any obligation, nor enter into any agreement with prospective lessors. Market surveys shall include:

- a. Placement of an advertisement if the lease is for more than 10,000 square feet of space.
- b. Collection of information on the availability of space as obtained from circulars, newspaper advertisements and consultations with realtors, brokers, owners, and others as appropriate.
- c. Documentation of inspections of all offered and other available locations which meet minimum requirements regarding quantity, quality, availability, and probable cost.

d. A conclusion/recommendation regarding whether competition exists for the lease requirement.

21. DIRECT LEASING OF GENERAL PURPOSE SPACE.

a. Limitations. General purpose space located in urban centers listed in Subpart 101-18.102 of the FPMR is under the control of the General Services Administration. As indicated in paragraph 4.b, such space is normally obtained by GSA space assignment. General purpose space outside of urban centers is delegated by GSA under Subpart 101-18.102 and can be leased directly by the Navy. In such cases the procedures set forth in paragraph 22 should be followed. In addition, general purpose space may be acquired by direct leasing if either of the following conditions exist:

- (1) The space may be leased for no rental, or a nominal consideration of \$1.00 per annum; or
- (2) When authority has been specifically delegated by the Administrator of General Services.

b. Leasing Procedures.

(1) Leases Under Delegation of Authority from Administrator of General Services. All space to be acquired under authority delegated by GSA must be leased in accordance with procedures set forth in 48 C.F.R. 570, unless procedures under paragraph 33 are applicable. In addition, if the annual rental for the lease contract, excluding utilities and services, exceeds \$500,000 per year, award of the lease contract will not be made until a prospectus for this acquisition has been approved by the Office of Management and Budget and the Congress. Such approval shall be obtained through the appropriate GSA Regional Office.

(2) No Rental or Nominal Rental of \$1.00. Where general purpose space in urban centers can be obtained at no rental or a nominal rental of \$1.00 per annum, direct leasing procedures shall be used as set forth in paragraph 22 of this Chapter.

(3) Obtaining Delegation of Authority from Administrator of General Services. Situations occur where it is considered more advantageous to the Government for the Navy to directly lease general purpose space in an urban center than to obtain such space by GSA space assignment. In that case all facts and circumstances including the quantity and location of the proposed space, estimated cost of direct leasing, written opinion of the applicable GSA Region, and complete justification for the proposed leasing action will be submitted to NAVFACENCOM via the major claimant or the Commandant of the Marine Corps as appropriate. Upon obtaining all requisite additional approvals, NAVFACENCOM will forward via the Chief of Naval Operations to the Assistant Secretary of the Navy (Shipbuilding and Logistics) a proposal to submit a request to the Administrator of General Services for the indicated specific delegation of authority. No leasing action shall be undertaken until specific authorization is obtained. Upon receipt of specific authority, direct leasing action, as indicated in paragraph 22 shall be initiated subject to the specific delegation of authority.

(4) Advertising. Because it is more effective to use local newspapers instead of the Commerce Business Daily (CBD) to advertise real estate leases, it is suggested that the CBD only be used in case of lease/construction. All proposed acquisitions of leasehold interests for

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general purpose space of 10,000 or more square feet shall be publicized in local newspapers and/or periodicals unless exempt under 48 C.F.R. Chapter 5. Proposed leases of less than 10,000 square feet or leases involving special purpose space may be publicized in local newspapers and/or periodicals when the contracting officer determines such advertising will serve to promote competition. Funding for the advertisement will be provided by the using activity as part of the cost of the market survey described in paragraph 20. The authority to advertise proposed real estate contracts has been delegated to the EPD Commander/Commanding Officer.

22. DIRECT LEASING OF SPECIAL PURPOSE SPACE AND OTHER REQUIRED REAL PROPERTY.

a. Determination of Requirement. The requirement for temporary use of real property is determined by activities and commands based on an approved military mission. The determination to pursue leasing action should include consideration of DOD criteria, Navy policy, limitations, and prohibitions as set forth in paragraphs 5, 6, 7, 8, 9, and 10 hereof. The cost of obtaining an appraisal, title evidence, economic analysis, market survey, and any other supporting data, in addition to annual rental must be funded by the activity or major claimant.

b. Actions of Employees of Activity Requiring Space. Officials or employees of activities for which the EPD will acquire leased space shall at no time, before or after a space request is submitted to the EPD or after a lease agreement is made, directly or indirectly contact lessors, offerors, or potential offerors for the purpose of making oral or written representation or commitments or agreements with respect to the terms of occupancy of particular space, tenant improvements, alterations and repairs, or payment for overtime services unless authorized by the contracting officer. Unauthorized contacts frequently frustrate or compromise the EPDs ability to effectuate lease contracts which are in the best interest of the Government. Consequently, when it is ascertained by the EPD that an unauthorized contact has been made, lease acquisition action may be deferred until its nature and impact can be determined. Whenever an unauthorized contact is judged by the responsible EPD leasing official to be detrimental to the governments interest, further leasing action will be suspended for such time as may be required to eliminate or minimize the detrimental impact. Lessors, offerors, or potential offerors, or their agents, shall be referred to the appropriate EPD.

c. Submission of Request for Leasing Action. After making a determination based on the considerations indicated above that leasing is the appropriate method of satisfying the requirement, the activity shall forward a lease request to the appropriate EPD. Requests for Navy leases with an estimated fair market rental in excess of \$1,000 per annum shall be sent via the major claimant. All requests for Marine Corps leases shall be sent via the Commandant of the Marine Corps. Each request shall include the following information and data:

(1) the approved military requirement to be met by the leased facility, the proposed use, occupant(s) and functions to be accommodated, and the type and amount of space/land required based upon the criteria set forth in the NAVFAC P-80 in accordance with OPNAVINST 11010.44E;

(2) a description of the acceptable geographic area of consideration, occupancy date, number of years the property is needed, special features/modifications required and related utility/services requirements;

(3) a description of other government, including DOD, facilities surveyed for availability of government-owned property to meet the requirement and a statement that no suitable government property is available;

(4) statement that funds are available and appropriation data therefore;

(5) description of proposed action being taken to effect permanent facilities solution to the requirement;

(6) a copy of the market survey if completed by activity in accordance with paragraph 13-20;

(7) the estimated lease cost and the basis for the estimate which may be obtained from the EFD;

(8) results of National Environmental Protection Act compliance;

(9) in the case of leases which are anticipated to have an annual rental in excess of \$200,000, the information required by Appendix "C".

d. Action by Engineering Field Division. Upon receipt of a request for leasing actions as indicated by paragraphs 22c the EFD shall review the submission for compliance with provisions of paragraphs 5 through 10, conduct an independent market survey, if necessary, to determine availability of facilities for lease and to obtain an estimated rental cost, obtain necessary appraisal and title evidence, in the case of non competitive leases obtain the approval required in paragraph 19c and take the appropriate continuing action by one of the following procedures:

(1) Proposed Leases with Annual Rental of \$200,000 or Less. If all information and approval required by paragraph 22c are in order, the EFD shall commence to initiate leasing the required space or facilities by the appropriate procedures set forth in this chapter.

(2) Proposed Leases with Annual Rental in Excess of \$200,000. Upon obtaining the information set forth in paragraph 22c, the EFD shall prepare an endorsement which provides the estimated cost of the rental and any other information which is deemed appropriate and send to the Commander, Naval Facilities Engineering Command in the case of Navy leases via the Chief of Naval Operations. In the case of Marine Corps leases, the approval of the Commandant of the Marine Corps shall have been previously obtained. The additional information, as set forth in Appendix "C", required for preparation of the draft acquisition report for submission to the Armed Services Committees of Congress shall be furnished with the request. This submission shall include complete justification, an economic analysis of leasing versus acquisition of a permanent interest pursuant to paragraph 13-9 if the lease is in lieu of new construction, results of the survey to determine availability of suitable government-owned property and compliance with the DOD criteria, Navy policy, limitations and prohibitions as set forth by paragraphs 5 through 10.

e. Action by the Commander, Naval Facilities Engineering Command. Upon receipt of a request as indicated by paragraph 22.c(3), NAVFACENGCOCOM will review all material submitted for adequacy, accuracy and justification of the proposed leasing action and ascertain that all requisite approvals through the Chief of Naval Operations or Commandant of the Marine Corps have been obtained and that funds are available. A final acquisition report will then be prepared and submitted to the Armed Services Committees of Congress. Reports are submitted at the end of each month, usually on the last Friday. Requests

received by NAVFACENGGCOM on or before the fifteenth day of the month will be reported to Congress that month. Upon receipt of written approval or disapproval from the House Armed Services Committee and upon expiration of 30 days after submission to the Senate Armed Services Committee, NAVFACENGGCOM will advise the EPD of the results and authorize the EPD to consummate the lease if appropriate. Should the lease rental ultimately negotiated be in excess of 115 percent of the amount reported to Congress or if any other major changes must be made in the scope of the lease transaction, NAVFACENGGCOM should be advised prior to lease execution so that the Armed Services Committees of Congress can be notified.

23. COMPETITIVE LEASING PROCEDURES

As established by paragraph 19, unless exempted under the criteria contained therein, all leases shall be awarded based on full and open competition using the competitive negotiation process. In certain rare instances, the sealed bid process can be used. In using the competitive negotiation process, the following procedures shall be followed by the EPD upon receipt of all required approvals.

a. Preparation of Solicitation for Offers. Using the requirements provided by the activity, as set forth in paragraph 22b, the EPD shall prepare a Solicitation for Offers (SFO). To expedite the process, preparation of the SFO should commence prior to receiving all approvals. The SFO shall provide:

- (1) A clear, complete statement of the Navy's minimum mandatory requirements.
- (2) Evaluation and award factors which will be used to determine the successful offer in order of importance.
- (3) All clauses which will be included in the final lease.
- (4) Specifications and standards necessary to assure that the Navy's needs are met.
- (5) Instructions, certifications, and representations necessary to complete the proposal.
- (6) Any forms needed to be prepared by the lessor.
- (7) For all leases to be procured under authority delegated by the Administrator of General Services, GSA Form 3516 (Solicitation Provisions) which shall be attached to and made a part of the lease contract. A copy of GSA Form 3516 is attached as Appendix "H".

b. Evaluation plan. Before issuing an SFO, a plan of evaluation should be developed to spell out how the process of evaluating proposals according to the specifications and award factors announced in the SFO will be carried out.

c. Guidelines for Developing Specification and Award Factors. This is the appropriate time for the using activity to insure that the building selected meets their requirements. It is important to determine the absolute minimum requirements and to insure that all factors are weighted to properly reflect activity requirements. Buildings should not be rated against each other, but against a set of criteria. It must be remembered that the specifications and criteria in the SFO affect the way in which offerors structure their proposals and even whether or not to compete. There should be no predetermined cutoff below which offerors are automatically considered unacceptable.

A specific date for submission of offers shall be stated. Any time an extension is given to one offeror, it must be given to all and must be in writing.

Offers not capable of meeting the minimum requirements should be eliminated from competition. However, if an offeror is judged able to improve its offer, it must be included.

d. Evaluation of Offers The evaluation process is generally as follows:

- (1) Determine which proposals are in the "competitive range" based on price analysis, cost analysis, and technical evaluation.
- (2) Negotiate with all offerors within the competitive range.
- (3) Upon completion of negotiations, request best and final offers.
- (4) Final evaluation and award.

Two fundamental guidelines must be followed in evaluating lease proposals:

(1) The evaluation must adhere strictly to the evaluation criteria and specification set forth in the SFO.

(2) The scoring methodology that has been developed and specified in the SFO must be followed.

The Contracting Officer must note any deficiencies in both the acceptable and unacceptable offers and note whether or not those deficiencies might be remedied through the negotiation process.

e. Determination of Competitive Range. The determination of the competitive range is essentially the basic in/out decision made in the selection of offerors with whom negotiations will be conducted. The following guidelines based on Comptroller General decisions should be used in making the determination:

(1) The proposal should be considered within the competitive range unless it is so technically inferior that there is no possibility that discussions might result in improvement to the point where it could be selected for award. Likewise, only prices so high that it is not believed that they can be brought into the ballpark should be eliminated.

(2) Proposals should never be eliminated solely because they offer a higher quality space.

(3) When a specification or award factor is used to reject one proposal, it must be used to evaluate all other proposals as well.

(4) An offer which fails to comply with mandatory factors listed in the SFO can be eliminated immediately unless those mandatory factors could be corrected before award.

(5) Offerors should not be excluded from the competitive range solely because information provided in their proposal is inadequate to allow evaluation. However, a proposal that is so inadequate as to exhibit an offeror's lack of understanding of what is to be provided may be excluded.

(6) An initial determination that a proposal is acceptable is no bar to a later reversal of that decision after negotiations.

(7) It is legally permissible to eliminate all offers but one from the competitive range based on technical considerations.

(8) The discretion to determine which offerors are within the competitive range, price, and other factors considered, is solely the responsibility of the Contracting Officer unless abuse of such authority can be shown by clear and convincing evidence.

(9) In the absence of a determination that a proposal is not within the competitive range, there is an obligation to negotiate with the offeror.

(10) It is improper to reject a proposal because the offeror fails to meet a known design criteria, if the criteria was not stated in the SFO.

(11) The use of a point rating system for evaluating proposals is permissible. However, ratings based solely on quantity of points are not by themselves an adequate basis for elimination of offerors.

f. Negotiations. It is advised to develop a written negotiations plan, particularly when the dollar value of the lease warrants the effort. The plan should take into account information provided by technical personnel, any functional specialists involved, and the activity which will occupy the space.

g. Small Lease Procedures. The following procedures should be used to the maximum extent practicable for acquisition of leasehold interest in real property involving blocks of space of less than 10,000 square feet. Under these procedures, the contracting officer or a representative will visit the area where space is required to:

(1) Conduct a market survey to identify buildings where satisfactory space may be available for lease to the Government;

(2) Present a proposed lease to prospective offerors which describes the Government's space requirements together with a notice identifying all factors, including price or cost, and any significant subfactors that will be considered in awarding the lease and stating the relative importance the Government places on the evaluation factors or subfactors;

(3) Ask the prospective offerors to review the proposed lease and provide an offer;

(4) Negotiate directly with the offerors while on location; and,

(5) Award the lease if the negotiator is a warranted real estate contracting officer or arrange for an award of the lease by a warranted real estate contracting officer.

This procedure does not eliminate the requirement for legal review of non-standard lease provisions and compliance with the lease approval requirements of this Chapter.

24. LEASES FOR FAMILY AND UNACCOMPANIED PERSONNEL HOUSING.

Leases for family and unaccompanied personnel housing are essentially the same as other leases except for certain changes in format, funding, and level of approval authority. Authority for direct leasing of family housing is provided by 10 U.S.C. 2828. Policy and procedures for Navy Family Housing, including assignment of, limitations on, and other aspects of housing leases are contained in NAVFAC P-78 "Navy Family Housing Manual".

a. Family Housing Leases.

(1) Format. Leases for family housing are prepared on Standard Form 2 (Appendix "D") by the EPD with certain additional general provisions relative to use of the premises for housing and assignment thereto (see paragraph 24.a.(6)). Multiple unit leases are permitted but should provide for Government addition/termination of individual units with a corresponding increase/decrease in the amount of the total monthly rent payable under the contract. The lease document will be forwarded directly by the EPD to the owner or the owner's authorized representative for signature and return for execution by the Government.

(2) Funding. Funds for payment of rental and for restoration of premises leased for family housing are made available through the Family Housing Division of the EPD. Use of these funds are restricted by a statutory maximum prescribed by law.

(3) Required Approvals. After allocation of lease points and funds therefore for Navy family housing, the request for leasing action requires only the approval of the Commanding Officer of the Navy activity. The approval level required for other leasing is not required in this case since the Chief of Naval Operations approves the leasing action at the time he approves the lease point. Requests for leasing action for Marine Corps family housing must, however, be approved by the Commanding Officer of the Marine Corps activity and the Director of the Marine Corps District in which the activity is located, or other authorized Marine Corps Commander.

(4) Execution. A Family Housing Lease Request, Appendix "L", prepared by the activity will be reviewed for processing subsequent to approval by the Family Housing Division of the EPD. The Lease Request, at a minimum, will have Sections I and II complete. If the activity has located a particular dwelling unit, Section III will contain information obtained during the pre-negotiation meeting with the owner. In such case, the Lease Request will be accompanied by a Condition Report, Appendix "H", signed on behalf of the owner and the Government and a Certification of Appropriateness, Appendix "M", signed by the activity Commanding Officer. In the interest of economy, the Condition Report may be prepared during the initial activity/EPD visit. If the Condition Report is completed prior to the effective date of the lease, the initial occupant shall be given a copy at the time of his occupancy for his certification as to its accuracy or his notation of any discrepancies. The activity shall resolve the discrepancies with the owner and forward, if necessary, a revised Condition Report to the EPD. Only Appendixes "H", "L", and "M" will be routinely required from the activity for family housing requests.

(5) Administration. Approval must be obtained from the activity and the Family Housing Division of the EPD prior to processing family housing lease renewals and terminations. On-site reviews of new and renewal leases will be randomly selected by the Family Housing Division of the EPD to assure compliance with prescribed policy, procedures, and limitation. Other components of the EPD, when requested, will provide assistance. The settlement of damage claims is a responsibility of the EPD with appropriate coordination with the activity.

(6) Additional General Clauses. In addition to the General Clauses found in Appendix E, the following clauses will be added to the General Provisions in all housing leases:

(a) "It is understood and agreed that the Government will assign the demised premises to military personnel, in accordance with Executive Order No. 11063, dated 20 November 1962, which provides that housing and related facilities shall be available without discrimination among tenants because of race, color, creed, or national origin."

(b) "Lessor expressly covenants that the rental stipulated in article three of this lease constitutes the entire consideration for the lease and that the lessor has not and will not enter into any separate agreement with the occupant of the leased premises for any financial obligation of one to the other arising out of occupancy of the premises hereunder."

(c) *The total maximum annual expenditure by the Government hereunder, including rental and the cost of utilities, maintenance, services and operation, whether obtained by the Government through this lease or independently of this lease may not exceed the statutory ceiling established for each year of this lease or any renewal thereof, by the Congress of the United States.*

b. Unaccompanied Personnel Housing. The format to be used is the same as for other leased properties with the addition of the two clauses to the General Provisions found in paragraph 23.a.(6)(A) and (B). Funds are to be furnished by the activity or its major claimant from the annual operating budget. Requests for leasing for Marine quarters must be approved by the Commanding Officer of the Marine Corps activity, the Commander of the appropriate Marine Corps District, or other authorized Marine Corps Commander, and the Commandant of the Marine Corps.

25. PREPARATION OF LEASES.

Leases will be prepared on Standard Form 2, "U.S. Government Lease for Real Property" a copy of which is attached as Appendix "D". Attachments to Form 2 should include GSA Form 3517 (General Clauses) and for leases procured under authority Delegated by the Administrator of General Services, GSA Form 3518 (Representations and Certification). In addition leases obtained through the use of competitive procedures should include GSA Form 3516 (Solicitation Provisions). Copies of GSA Forms 3517, 3518, and 3516 are attached as Appendix "P", "G", and "H" respectively. The lease will be prepared as follows:

(1) Date and Identification Number. The date on which the lease is finally executed on behalf of the Government shall be entered in the space provided at the top left of the lease form as the date of the lease. Each lease shall be assigned a Navy Standard Document Number which shall be entered in the space provided at the top right of the lease form.

(2) Identification of Lessor. Beginning on the first line of the Standard Form 2, the lessor or lessors shall be fully identified in the following manner:

If the lessor is unmarried, as John Doe, unmarried or John Doe, a single man.

If the lessor is married, or the property is owned by husband and wife, as John Doe and Mary Doe; his wife

However, if the law of the state in which the leased property is located has no provision for dower rights or otherwise provides for a married person to own real property with no interest therein accruing to the spouse and/or does not require both husband and wife to sign deeds or other conveyance of title or rights in real property and the owner of record is one person; or, if any objection is interposed to requiring both husband and wife to execute the lease, the identification of the lessor may be indicated as the one owner of record.

If the lessor is a partnership, the names of all the members of the partnership, with the names of their wives, if any, must be included; except in those states in which a partnership is authorized by statute to hold and convey title to real property. In the latter case the name of the partnership only need be set forth.

If the lessor is a private corporation, as XYZ, a corporation organized and doing business under the laws of _____.

If the lessor is a public corporation, the name of the public corporation is to be set forth.

Where possible, the name of the lessor should be the same as appears in the title evidence or as reflected in the public records. Thereafter, the address of each lessor will be inserted followed by the interest of each lessor in the property as, for example, fee title, life estate, or leasehold.

(3) Description of the Leased Premises and Use. Clause 1 of Standard Form 2 will contain a complete description of the leased premises, taken, whenever practicable, from the instrument through which the lessor acquired title. For land a metes and bounds description is preferable. It is also highly desirable to attach as an exhibit to the lease a marked map or drawing which clearly delineates the leased premises and make reference to this exhibit in the description. The preferable language to be inserted after the words "to be used for" at the end of Clause 1 is "Government use"; however, if the lessor refuses to agree to the use of such language, then the use specified should be stated in the broadest language practicable. If, however, substantial Government-owned improvements are made and such improvements are of a type which could be utilized by private interests under a sublease from the Government as permitted by Clause 1 of the general provisions care must be exercised to assure that the language inserted will not preclude such subletting.

(4) Term. The first space to be completed in Clause 2 is the effective date of the lease or the date on which possession of the property will be surrendered to the Government. The second space of this clause will be completed by inserting the ending date of the first lease term. The first or any succeeding term may not exceed twelve calendar months unless expressly authorized by Congress.

(5) Rental. Clause 3 will be completed by inserting the agreed annual rental which should not exceed the approved annual rental as established in the Contracting Officer's negotiation plan (paragraph 23f). The rate at which rental will be paid will be inserted in the second blank space and the third space will be completed with the period covered by each payment. The party or parties to whom the rental is to be paid with their mailing address should be inserted in the space at the end of Clause 3.

(6) Termination. Clause 4 will be completed by inserting the agreed number of days for notice of termination. This will normally be 30 but up to 90 may be used, if required.

(7) Renewal. Clause 5 will be completed by inserting the renewal terms including the rentals therefore, the number of days prior to termination that notice of renewal must be given and the date beyond which the lease cannot be renewed under these provisions. Ordinarily the notice of renewal will be 30, 60, or 90 days, with the shorter period preferred. The maximum period of the requirement will be obtained from the activity or major claimant and this requirement will be basis for negotiations relative to Clause 5. If, however, the right of renewal is not desired or cannot be secured, Clause 5 may be deleted. In some instances such as family housing leases, it may be highly desirable to obtain a renewal clause but the lessor may be reluctant to

provide one due to escalating costs of taxes and/or utilities. In most cases, an escalation clause can be negotiated providing for increased rental when the owner can show proof where actual costs for these items has occurred. It should be pointed out, however, that the portion of rental covering taxes and/or utilities must be separately stated and used as a basis for any increase in rental. In addition, since such clauses would be non-standard and accordingly, not authorized for use, the proposed clause must be approved by the EPD counsel. Furthermore, proposed escalation clauses which are not directly and proportionately based upon increases in taxes, utility costs or other commonly accepted escalation indicators must be reviewed by local EPD/EFA counsel for legal sufficiency. It should be pointed out, however, that authorization for use of such escalation clauses will not relieve the contracting officer of the responsibility for obtaining an increase in the assigned average rental for the unit from the EPD Family Housing Division and for exercise of the renewal option with the number of days notice required by terms and conditions of the lease. In addition, any increase in rental under such an escalation clause must be completely documented in the lease file for audit purposes.

(8) Services and Utilities. Clause 6 of Standard Form 2 will be completed by inserting the specific services and utilities, such as janitorial, heat, light, water, hot and cold, gas, light bulbs or tubes and ballast, etc., which are to be provided under the lease rather than under a separate contract. The lease will also specify whether these services are to be provided during usual business hours or on a 24 hour basis, including Sundays. If an escalation clause is to be provided under Clause 5 which would cover the cost of utilities, the cost of each of these utilities furnished and included in the stated rental, must be itemized to provide a basis for any increase. If no utilities or services are to be provided by the lessor under the lease, the word "none" should be inserted.

(9) Attachments or other Provision(s) Agreed Upon. All attachments to be made a part of the lease will be listed under Clause 7.

Any additional provisions listed as attachments must be approved by the EPD counsel and a copy of the proposed lease submitted to NAVFACENCOM for approval and authorization for use of any non-standard provisions prior to execution of the lease.

(10) Changes and General Clauses. Any changes in Standard Form 2 or Standard Form 3517 (General Clauses), will be listed in Clause 8 of Standard Form 2. The following clauses may, if necessary to reach an agreement, be deleted or modified as follows:

(a) Clause 10, Condition Report. Clause 10 should be retained without change, however, if necessary to reach an agreement, the clause may be modified or deleted. However, the deletion of this clause will in no way effect the requirement for a condition report as set forth in paragraph 26.

(b) Clause 11, Damage by Fire or Other Casualty. This clause may be deleted if the leased premises are unimproved land.

(c) Clause 13, Subletting the Premises. This clause may be modified or deleted, except in those cases where substantial Government expenditures for improvements are planned or anticipated.

(d) Clause 14, Alterations. This clause may be deleted from unaccompanied personnel and family housing leases but must be retained in all other leases, except that the following clause may be substituted therefore if it is necessary or desirable to include a provision for restoration: "The Government shall have the right during the existence of this lease to make alterations, attach fixtures, and erect additions, structures, or signs in or upon the premises hereby leased, which fixtures, additions, or structures shall be and remain the property of the Government and may be removed by the Government prior to the expiration or termination of this lease. The lessor may, upon not less than _____ days written notice to the Government, before termination of the lease, require restoration of the leased premises. In this event, prior to the expiration or termination of this lease, or prior to relinquishment of possession, whichever first occurs, the Government shall, at its sole election, either

(1) restore the premises to the same condition as that existing at the time of entering upon the same under this lease, reasonable and ordinary wear or tear and damage by the elements or by circumstances over which the Government has no control excepted, or

(2) pay to the lessor a sum of money representing either the diminution in the fair market value of the property due to the failure to restore, or the actual cost of restoration, whichever is the lesser amount."

(e) Clause 16, Maintenance of Premises. It is highly desirable that Clause 2 be included without modification. If this is not practicable, the lease should, as a rule, require the lessor to maintain the exterior of buildings, including roofs, and repair structural defects which is a normal covenant of the landlord.

(11) Additional Requirement for Negotiated Leases. For all leases exceeding \$25,000 aggregate rental for the full term of the lease, including all renewal options, negotiated without full and open competition, except those for unimproved land, the following clause will be added to the general provisions: "This lease is entered into as a result of other than competitive procedures pursuant to 10 U.S.C. 2304(c) and any necessary determinations and findings or other supporting statement or justification, prescribed by the applicable act, have been made." See paragraphs 19.b and 19.c for further information relative to the required "Justification and Approval."

(12) Additional Requirements for Leases exceeding Twelve Months Firm Term. For all leases providing for a firm term in excess of 12 months, the following clause will be added to the general provisions: "All payments by the Government due under this lease cannot exceed the amount of appropriations available at the time such payments are due. Additionally, nothing contained in this lease shall be considered as implying that the Congress of the United States will, at any later date, appropriate sufficient funds to meet any deficiencies hereunder."

(13) Execution by Lessor. Leases will be executed in triplicate. Execution of the lease on behalf of the lessor will be by the parties whose names appear in the opening paragraph of Standard Form 2, except in the case of a corporation or partnership authorized by statute to hold and convey title to real property. Execution for corporations, and partnerships authorized to hold and convey title to real property, will be by the official duly authorized to do so and will be in the following manner:

XYZ Partnership XYZ Corporation

By _____ By _____
Name and Title Name and Title

In the case of a private corporation the authority of the corporation official to execute the lease will be certified by the Secretary or Assistant Secretary of the corporation. In some states a private corporation may consist of only one official, in which case the normal certificate cannot be obtained. In the case of public and private corporations, a certified copy of the resolution of the proper corporate body authorizing the lease to the Government to be obtained, if practicable; and in the case of a partnership, similar proof of authorization, as well as proof of the authority of the partnership official to act in its behalf, will be obtained, if practicable. In some instances, it will be found that the owner is a corporation or partnership the members of which are remotely located from the lease property and meet infrequently to conduct business. In such cases, it may also be found that the corporation or partnership has contracted with a real estate broker or management firm to handle the management and leasing of the property. In these cases the broker or certain officers of the management firm or their agents may be authorized to execute leases on behalf of the owner. In these cases, it is suggested that a copy of the Management Contract and/or a power of attorney evidencing the authority of the official or agent of the management firm to execute the lease be obtained. In every case, the lease must be entered into with the owner of record but may be executed by the owner's authorized agent and the best evidence available obtained to document the agent's authority to execute the lease. Execution on behalf of the lessor shall be witnessed or acknowledged if required by local law, and the date of execution shown. If necessary, an additional page may be attached to provide sufficient space for signature, notary acknowledgment, and appropriate certificate if a corporation.

(14) Execution on Behalf of the United States. Execution of leases on behalf of the United States is to be by the Secretary of the Navy or by a contracting officer acting for him under an appropriate delegation of authority. As evidenced by paragraph 4.e, hereof, the Commander/Commanding Officer of the EPD have been delegated authority to execute leases with authority to redelegate this authority.

(15) Appropriation Accounting Data. Accounting data shall be inserted on each lease to facilitate payment of rental and provide for fiscal accounting. No space is provided on Standard Form 2 for this data. Accordingly, to provide for uniformity, this data will be inserted in the blank space at the bottom of the first page or in the left margin of the first page and contain the following elements:

(a) Appropriation	7 digits (OSMN Funds)
(b) Subhead	4 digits
(c) Object Class	3 digits
(d) Bureau Control Number	5 digits
(e) Sub Allotment	1 digit
(f) Authorized Accounting Activity	6 digits

(g) Transaction Type	2 digits
(h) Property Accounting Activity	6 digits
(i) Cost Code	12 digits
(j) Amount	First 12 months rental in dollars.

One space should be left between each of the above indicated elements and written on one line as follows:

0000000 0000 000 00000 0 000000 00 000000 0000000000000 \$2,500.00.

In addition, the paying office and its location should be shown on the face page of the lease.

26. CONDITION REPORT.

a. Requirement. When possession of leased property is taken or immediately prior thereto, an inspection of the property will be made and a condition report will be prepared. The inspection will be made jointly by a representative of the EPD/activity and the owner or his authorized representative. If the owner refuses to participate in the inspection or in the report, the representative of the EPD/activity will make an independent inspection and his report will state that the owner refused to join therein. If the inspection on behalf of the owner is to be made by his representative, the EPD will obtain a written statement from the owner showing the authorization of the representative to make the inspection for and on behalf of the owner and to sign the report and file objections thereto. A copy of the authorization will be made a part of the report.

b. Purpose of Condition Report. The purpose of making a joint inspection of the property and preparing a condition report is to determine and show the condition of the property at the time the Government assumes possession in order to avoid any questions as to the condition of the property at that time. This will enable the Government to properly perform any restoration obligation it has assumed, to settle any valid claims arising out of such obligation, and to defend against improper claims.

c. EPD/Activity Representative(s). The EPD/Activity representative(s) designated to inspect the property and prepare the condition report on behalf of the Government will be selected from personnel qualified in the fields of construction and maintenance and have had broad experience in evaluating the condition of buildings and other structures. The EPD/Activity will assign additional personnel, when necessary, who are qualified to inspect and report on technical features such as boilers, elevators, sprinkler systems, piles, and air conditioners.

d. Preparation of Report. The Condition Report will be prepared on the forms provided as Appendix "H". It is recognized that the Condition Report for some leased properties will not require the same detail as other larger or more complex properties. Accordingly, sufficient factual information and detail should be obtained and included in the report so as to avoid future controversies as to condition. One word descriptions such as excellent, good, fair or poor which are unsupported by descriptive remarks, detailing the facts, supporting such conclusions, are not acceptable.

e. Photographs. To the fullest extent possible, photographs will be made a part of the Condition Report. Unless the lease covers an entire structure, general interior and exterior views thereof are not required.

Detailed photographs of the actual space to be occupied are required in such cases. In cases where entire structures are leased, a few general interior and exterior views are sufficient. Photographs showing defects in detail such as cracks, broken doors and windows, faulty plumbing, overloading, etc. are especially useful and will be included. These will be referenced in the written report and where they are typical of a number of defects, this information will be incorporated in the report. Each photograph will be identified by showing the following information on the reverse side:

- (1) Name of building and location;
- (2) Date taken;
- (3) Identification of the view;
- (4) Name, home and office addresses of the photographer. If

military, his rating and serial number. Whenever possible, photographers who permanently reside in the area will be used so that they will be conveniently available to assist in resolving restoration and other claims.

f. Execution of Condition Reports. Condition Reports will be dated and signed by all personnel participating in the inspection. The original and 3 copies of the report will be prepared and completely executed. Any differences of opinion as to condition will be clearly set forth in the report. If the owner or his designated representative refuse to sign the report, this will also be indicated.

27. DISTRIBUTION OF LEASES AND CONDITION REPORTS.

a. Distribution of Leases. After a lease has been fully executed, the EPD will make the following distribution:

- (1) Original EPD
- (2) Executed Copy Lessor
- (3) Executed Copy Navy Regional Finance Center or other paying office with Procurement Document Transmittal (4225)
- (4) Conformed Copy Major Claimant/CMC
- (5) Conformed Copy Commanding Officer or Officer in Charge of Using Activity
- (6) Conformed Copies As required for local fiscal accounting with Procurement Document Transmittal

b. Distribution of Condition Reports. After a Condition Report has been fully executed, the EPD will make the following distribution:

- (1) Original EPD
- (2) Signed Copy Lessor
- (3) Signed Copy Major Claimant/CMC (If required)
- (4) Signed Copy Commanding Officer or Officer in Charge of Using Activity

28. RECORDATION OF LEASES.

The Department of the Navy, as a rule, does not record all of its leases. Leases in which the Government is granted an option to purchase the leased premises will be recorded. It may be desirable in other instances to record leases where failure to do so might prejudice the Government's rights under the lease. The EPD, in its discretion, will in such cases cause the lease to be recorded in the public records. In each case in which the lease

is to be recorded, it must be executed, witnessed and/or acknowledged in accordance with state and/or county law to make it eligible for recordation. In most cases, it will be found that the original of the lease instrument must be submitted for recordation.

29. PAYMENT OF RENTAL.

Payments of rental in accordance with the terms and conditions of the lease will be made by the Navy Regional Finance Center or other paying office therefore designated serving the area in which the leased property is located. In general, the finance center will commence payments upon receipt of a copy of the lease on the Procurement Document Transmittal. Accordingly, the importance of placing the appropriation accounting data on all fiscal accounting copies of the lease or any renewal thereof cannot be overstressed. Delay in providing a copy of the lease with the correct accounting data thereon will result in delay in issuing rental checks by the finance center and result in the payment of interest by the Government in accordance with the Prompt Payment Act, Public Law 97-177 (96 Stat. 85, 31 U.S.C. 1801). In some cases, the Marine Corps may designate a Marine Corps Finance Center as the paying office for Marine Corps bachelor quarters.

30. RENEWAL OF LEASES.

a. Leases with Annual Rental of \$1,000 or less. Prior to renewal, the EPD will obtain a written recommendation from the Commanding Officer of the using activity for the need of the leased property for the renewal term. For Marine Corps family housing leases approval of the Marine Corps District Director or other authorized Marine Corps Commander will also be obtained. This recommendation will also be accompanied by a NAVCOMPT Form 2276 evidencing that funds are or will be available for payment of the required rental and citing the appropriation accounting data therefore.

b. Leases with Annual Rental in Excess of \$1,000. Prior to renewal the EPD will obtain the written recommendation of the Commanding Officer of the using activity for the need of the leased property for the renewal term and the approval of the major claimant. This recommendation and/or approval will be accompanied by a NAVCOMPT Form 2276 evidencing that funds are or will be available for payment of rental and citing the appropriation accounting data therefore. For Marine Corps family housing leases approval of the Marine Corps District Director or other authorized Marine Corps Commander will also be obtained. For Marine Corps leases for unaccompanied personnel quarters and all GSA related leases approval will be obtained from the Commandant of the Marine Corps.

c. Renewal of Condemnation Leaseholds. In addition to the above procedures, renewal of condemnation leaseholds will follow the procedures in paragraph 32.c(1).

d. Notice of Renewal of Government Lease. After obtaining the approvals and recommendations indicated above, and certification that funds are or will be available, the EPD will issue an appropriate renewal using "Notice of Renewal of Government Leases", NAVFAC 11011/5 (Rev. 6-78), a copy of which is provided as Appendix "J". It will be noted that the spaces for appropriation data will be inserted on the Notice of Renewal utilizing the procedure set forth in paragraph 25(13).

e. Distribution of Notice of Renewal of Government Leases.

(1) Distribution List. Distribution of the Notice of Renewal of Government Lease will be the same as for the basic lease as indicated in paragraph 13-27.

(2) Delay in Receipt of Appropriation Accounting Data. All leases require a specific number of days advance notice of renewal. This notice ranges from 30 days up. In many instances the using activity has not been provided appropriation accounting data in sufficient time for inserting this data on the required Notice of Renewal. However, it is not necessary for this data to be inserted on the copy of Notice of Renewal delivered to the lessor. Accordingly, the Notice of Renewal of Government lease may be mailed to the lessor prior to receipts of the actual appropriation accounting data, provided a statement has been furnished by the activity or its major claimant that funds are or will be made available for payment of rental. If the effective date of a lease renewal notice is in the next fiscal year, a "contingent on the availability of funds" clause must be included in the funding document and the lease, however, mailing of renewal notice should be accomplished to provide at least one day more than the number of days notice required by the lease. The remaining copies of the Notice of Renewal will be held until the appropriation data is received and inserted and then distribution will be made.

(3) Overprinting of NAVFAC 11011/5 (6-78). Many notices of renewal of Government leases utilize the same information such as name and address of EPD, beginning and ending date of renewal period, description of lease except for identifying number, acreage, location, list of copy to addressee, name, position and title of official who signs on behalf of the Government, and appropriation accounting data. In the interest of reducing clerical time required to prepare these forms, it is suggested that consideration be given to overprinting these forms to include any general information which is necessary on all forms. It is also suggested that window type envelopes be utilized in mailing the Notice of Renewal.

31. MODIFICATION OR AMENDMENT OF LEASES.

The Contracting Officer of the EPD may, without further approval, modify or amend a lease provided such modification or amendment does not change the substance of the lease, detract from the rights of the Government thereunder or increase its obligations. However, prior to the modification or amendment of a lease which changes the substance, hereof, detracts from the rights of the Government or increase its obligations thereunder, the Commander/Commanding Officer of the EPD will obtain the following respective approvals:

a. For Leases with Annual Rental of less than \$1,000. The approval of the Commanding Officer of the using activity will be obtained. For Marine Corps family housing leases approval of the Marine Corps District Director or other authorized Marine Corps Commander will also be obtained.

b. For Leases with Annual Rental of \$1,000 to \$200,000. In addition to the above approvals, the approval of the major claimant shall be obtained. For Marine Corps leases of unaccompanied personnel housing approval will also be obtained from the Commandant of the Marine Corps.

c. For Leases with Annual Rental in Excess of \$200,000. In addition to the above approvals, the approvals of the Chief of Naval Operations or Commandant of the Marine Corps as appropriate will be obtained.

d. Distribution of Modifications or Amendments to Leases. Modifications or amendments to leases, after final execution and insertion of appropriation accounting data, will be distributed as indicated for original leases in paragraph 27.

32. TERMINATION OF LEASES.

No standard format is prescribed for the termination of leases, therefore, a letter addressed to the lessor at the address indicated in the lease should be used for this purpose. This letter must be signed by a contracting officer of the EPD authorized to sign leases and should contain the following:

a. Notice of Termination. The above indicated letter to effect termination of a lease must contain specific language to comply with the provisions of Clause 4 of the Standard Form 2 or 2-B. The following language would accomplish this purpose: "Lease (Number) is hereby terminated effective (date) in accordance with the terms and conditions thereof."

b. Special Release. It is highly desirable to obtain a release of any and all liability of the Government for the leased property subsequent to the effective date of termination. Accordingly, the letter of termination should forward a form of Special Release, such as indicated by Appendix "K" for execution and return to the EPD. Although highly desirable, it is not mandatory that such a release be obtained. If obtained, a copy of the Special Release should be distributed as indicated for the original lease in paragraph 25.

c. Final Inspection. The letter of termination should make arrangements for final inspection of the leased premises on or just prior to the Government's relinquishment of possession of the premises. In the case of family housing leases, the occupant of the unit should not be released until this inspection is made since the occupant is responsible for such restoration other than normal wear and tear.

d. Appropriation Accounting Data. Since a copy of the letter terminating a lease is to be provided to the Navy Regional Finance Center, and/or other paying office identified in the lease, for the purpose of stopping payment of rental subsequent to the effective date of termination, the letter must serve as a fiscal accounting document. Accordingly, appropriation accounting data as prescribed by paragraph 23.1(13) shall be placed at the lower edge of the letter on all copies, except the original. It is suggested that the amount of decrease in obligation be shown in brackets at the end of the linear accounting data to permit rapid fiscal accounting by those responsible for this task. As an example, if the annual rental is \$12,000 per annum and the lease is being terminated two months short of a 12 month term, this would be shown (\$2,000.00 decrease).

e. Distribution of Notice of Termination. Letters of termination for leases shall be distributed as follows:

- | | |
|-----------------|--|
| (1) Original | Lessor |
| (2) Signed Copy | EPD |
| (3) Signed Copy | Navy Regional Finance Center with
Procurement Document Transmittal (4225) |

- (4) Conformed Copy Major Claimant/CMC
- (5) Conformed Copy Commanding Officer of Using Activity
- (6) Conformed Copies As required for local fiscal accounting with Procurement Document Transmittal (4225)

33. CONDEMNATION OF LEASEHOLD INTERESTS.

a. Policy. Where it has been determined to acquire the use of real property by lease, it is the policy of the Department of the Navy to do so by conducting negotiations with the owner of such property and to enter into a lease as provided for in this Chapter. However, circumstances sometimes require the acquisition of an interest in land by institution of condemnation proceedings. Occasions where this action is necessary are stated in paragraph 4 of Chapter 11. These occasions are equally applicable to the acquisition of leasehold estates through condemnation, except that Agreements of Purchase are not applicable to leases. There may arise a circumstance in which negotiations took place through a "voluntary" noncompetitive process (see paragraph 19d.) and subsequently a determination is made to acquire the lease through condemnation. In such instances the EPD shall provide to NAVFACENGCOCOM a description of the circumstances and justification to proceed. Upon NAVFACENGCOCOM approval, the lessor should be advised of the changed circumstances and made an offer to lease including rental based upon the appraised fair rental value in accordance with applicable procedures set forth in Chapter 8. Should a negotiated agreement not be reached, condemnation proceedings will then be sought.

b. Authority. The Department of the Navy's basic authority to acquire real property by condemnation is the Act of 1 August 1888 (25 Stat. 357; 40 U.S.C. 257). This Act does not contain a provision authorizing the taking of possession of real property upon the filing of the complaint in condemnation.

(1) Authority to Condemn in Time of Imminence of War. Title 10 U.S.C. 2663 authorizes the Secretary of the Navy to cause proceedings to be instituted for the acquisition by condemnation of any interest in land, including temporary use for purposes expressly enumerated in the Act. It also authorizes the acceptance of gifts of any interests in land, including temporary use, for such purposes. It contains a provision that in time of war or when war is imminent the United States may, immediately upon the filing of a petition for condemnation under the provisions of the Act, take and use the land to the extent of the interest sought to be acquired. In condemnation proceedings instituted pursuant to this provision, the courts usually will enter orders granting immediate possession of the property or interest therein to be used for military purposes.

(2) Limitations on Authority. The Acts cited in paragraph 32.b and 32.b(1) are not authority to acquire lands but are procedural. No one single Act of Congress can be cited as the overall authority for the leasing of real property for Naval uses. The leasing or renting of land for Naval purposes is customarily provided for in annual Department of Defense Appropriation Acts. Military Construction Acts include special provisions, which, although varying as to the language used, provide in express terms for the acquisition of lesser interests than the fee, including leaseholds.

c. Procedure. The legal authority for condemnation and the judicial rules of procedure relating thereto cover all interests in real property. Therefore, the procedure to be followed in the condemnation of a leasehold

estate is basically the same as the procedure for the condemnation of a fee estate. The procedure set forth in Chapter 11 with the exception of the references to Purchase Agreements is applicable and will be followed.

(1) Renewal of Condemnation Leaseholds. The procedure to determine the continuing requirement for condemnation leaseholds will conform to the procedure for other leases. After it is determined that a continuing requirement exists and that funds are available for payment of rental, the EPD will negotiate with owners to determine if a negotiated lease can be consummated. If not, NAVFACENGCOCM will be advised of the continuing requirement, the availability of funds for payment of rental and results of negotiations with a recommendation that appropriate action be taken to provide for extension of the condemnation leasehold for another 12 month term. NAVFACENGCOCM will then request that the Department of Justice file a Notice of Election with the court to extend the leasehold for the additional 12 month term.

Section IV

FOREIGN LEASING

34. SIMILARITY TO DOMESTIC LEASING.

a. Purpose and Scope. Leasing procedures in foreign countries, to a great extent are the same as within the United States. However, there are certain significant procedural differences which will be emphasized in this section.

35. LEGISLATIVE AUTHORITY FOR FOREIGN LEASING.

The annual Department of Defense Appropriations Acts which support domestic leasing are also applicable to leasing in foreign countries. This authority, like the funds appropriated thereby, is available only for the fiscal year covered by the Act. In addition to this authority, reference (g) provides in part that:

"The Secretary of a military department may acquire by lease in foreign countries structures and real property relating to structures that are needed for military purposes other than for military family housing. A lease under this section may be for a period of up to five years, and the rental for each yearly period may be paid from funds appropriated to that military department for that year."

Reference (h) further provides that:

"Leases of housing units in foreign countries . . . for assignment as family housing may be for any period not in excess of ten years and the costs of such leases for any year may be paid out of annual appropriations for that year."

36. DELEGATION OF AUTHORITY.

The delegation of authority in paragraph 4.e is applicable to foreign leasing.

37. NAVY POLICY FOR FOREIGN LEASES.

The Department of the Navy policy for acquisition of real property by lease in foreign countries is as set forth in paragraphs 5 and 6, except that obtaining general purpose space by space assignment from the General Services Administration is not applicable. Attention is also invited to the provisions of reference (c) relative to obtaining approval for foreign family housing leasing.

38. REQUIRED APPROVALS.

a. Leases with Annual Rental of less than \$1,000. The approval of the Commanding Officer of the using activity will be obtained. For Marine Corps family housing leases approval of the Marine Corps District Director or other authorized Marine Corps Commander will also be obtained.

b. Leases with Annual Rental of between \$1,000 and \$200,000. In addition to the above approvals, the approval of the major claimant shall be obtained. For Marine Corps leases of unaccompanied enlisted personnel housing approval will also be obtained from the Commandant of the Marine Corps.

c. Leases with Annual Rental of more than \$200,000. In addition to the above approvals, the approval of the Chief of Naval Operations or the Commandant of the Marine Corps shall be obtained.

d. Leases with Estimated Average Annual Rental of more than \$500,000. In addition to the above approvals, a lease for housing pursuant to U.S.C. 2828 requires submission of a report to the Armed Services Committees of Congress on the facts concerning the lease where the average estimated annual rental during the term of the lease exceeds \$500,000. The lease may not be entered into until expiration of 30 days from the date of submission of the report.

e. Leases of more than 1,000 acres of land or annual rental of more than \$1,000,000. All land acquisitions that involve a lease from individuals or government of more than 1,000 acres or an annual rental over \$1 million require Assistant Secretary of Defense (Economic Security) approval.

39. SUBMISSION OF REQUESTS FOR LEASING ACTION.

The EPD having cognizance of the foreign country in which the proposed lease property is located has the responsibility of obtaining all required approvals for the leasing action. Requests for leasing action shall be initiated by the using activity or command and will be submitted as follows:

a. Requests for Leases with Annual Rental less than \$1,000 will be submitted by the using activity directly to the EPD or other approval authority required by paragraph 37.a, for preparation of the lease instrument and shall contain complete justification for the leasing action and statements to indicate compliance with Navy policy as indicated in paragraph 36, indicate that the proposed leasing action is approved by the Commanding Officer, provide a statement that funds are or will be available for all costs under the proposed lease and cite the appropriation accounting data to be used.

b. Requests for Leases with Annual Rental of between \$1,000 and \$200,000 will be submitted by the using activity to the EPD via the major claimant or other approval authority required by paragraph 37.b. The request will contain the same information, statements and data as set forth in paragraph 38.a. An economic analysis shall also be provided if appropriate (see paragraph 9).

c. Requests for Leases with Annual Rental of more than \$200,000 will be submitted by the using activity to the EPD via the major claimant or other approval authority required by paragraph 37.c in the same manner and with the same information, statements and data as set forth by paragraph 38.b.

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d. Requests for Leases of Family Housing with Estimated Average Annual Rental of In Excess of \$500,000 will be submitted by the using activity as indicated in paragraph 38c. above, however, the request will also contain a statement of the mission of the using activity and complete and thorough justification for the leasing action including an economic analysis if appropriate (see paragraph 9) and statements to satisfy the Navy policy. The major claimants endorsement on requests for leasing actions of this scope will certify the availability of funds and that the lease is required to meet an approved mission of the activity. Upon receipt of the request by the EPD, the request shall be thoroughly reviewed, a draft of the proposed lease instrument prepared along with a draft acquisition report in the format of Appendix "B". The request will then be forwarded to NAVFACENGCOM with drafts of the proposed lease, acquisition report, and an economic analysis to obtain additional required approvals. Upon receipt of these approvals, NAVFACENGCOM will so advise the EPD.

40. DOMESTIC LEASING REQUIREMENTS NOT APPLICABLE TO FOREIGN LEASING.

The following is a list of general requirements which are applicable to domestic leasing procedures but are specifically not applicable to leasing in foreign countries.

a. Advance Payment of Rental. The prohibition against advance payment of rental applies to foreign as well as to domestic leasing, however, there is a broad exception which relates to foreign leasing. 31 U.S.C. 529i provides that the prohibition "shall not apply in the case of payments made from appropriations to the Department of Defense, (1) to payments made in compliance with the laws of foreign countries or their ministerial regulations, or (2) to payments for rent in such countries for such periods as may be necessary to accord with local custom" (69 Stat. 314).

b. Reporting Requirements. The requirement for the submission of a report to the Armed Services Committees for leases in excess of \$200,000 does not apply to foreign leases in accordance with provisions of reference (f). There is, however, a requirement for submission of reports for family housing leases having an average estimated annual rental in excess of \$500,000 pursuant to reference (h).

c. Access for the Handicapped. Facilities leased by the United States in other countries need not, but should, if possible, be accessible to the handicapped.

41. PREPARATION OF FOREIGN LEASES.

Leases covering property in foreign countries will normally be prepared on Standard Form 2 (Appendix "P") with Standard Form 2-A (Appendix "G") or Standard Form 2-B (Appendix "E"), using whichever is most suitable for the situation. In the event a satisfactory agreement cannot be reached by using

these forms, such modifications as may be required by local practice may be made provided the United States is fully protected and all mandatory provisions are included. To the extent applicable, the instructions for preparation of these standard forms as contained in subparagraph 24.a and subparagraph 24.b will be followed. All of the legal requirements of the country in which the premises are situated relating to the preparation, execution, or recordation of leases will be met.

a. Mandatory Provisions. Certain provisions are required in all leases. Therefore, even though the standard forms may be modified, as indicated above, the following provisions must be included in all foreign leases, except as noted:

- (1) "Officials not to Benefit", Clause 7 of Standard Form 2-A and Clause 5 of Standard Form 2-B.
- (2) "Gratuities", clause as set forth in subparagraphs 24.a(q)(e) and 24.b(10)(f).
- (3) "Covenant Against Contingent Fees", Clause 6 of Standard Form 2-A and Clause 8 of Standard Form 2-B. This clause is not required, however, if the lease covers only unimproved real property.
- (4) "Examination of Records", Clause 11 of Standard Form 2-A and Clause 10 of Standard Form 2-B. This clause is not required if the lease covers only unimproved real property.

42. DISTRIBUTION OF FOREIGN LEASES.

When a lease has been fully executed, distribution will be made by the EPD as follows:

- | | |
|----------------------|---|
| (1) Original | EPD Files |
| (2) Executed Copy | Lessor |
| (3) Executed Copy | Navy Regional Finance Center (with
Procurement Document Transmittal) |
| (4) Conformed Copy | Major Claimant |
| (5) Conformed Copy | Commanding Officer of using activity |
| (6) Conformed Copies | As required for local fiscal accounting |

43. CONDITION REPORTS FOR FOREIGN LEASES.

The preparation of a Condition Report showing the condition of the leased premises at the time the Government assumes possession is required for all leases. This is necessary to enable the Government to properly perform any restoration obligation assumed, to settle any valid claims arising out of such obligation, and to defend against improper claims. The procedures relating to Condition Reports set out in paragraph 25 will be followed except that the Government representative who negotiated the lease is responsible for the preparation of the report.

44. PAYMENT OF RENTAL FOR FOREIGN LEASES.

Payment of rental in foreign countries will be made on the basis of a Public Voucher for Purchases and Services Other than Personal (Standard Form 1034). Payment will be made by the Navy Regional Finance Center serving the area in which the leased property is situated and in accordance with Volume 4, Chapter 6 of the Navy Comptroller Manual. The Navy Regional Finance Center which is to make payment of rentals or other charges under the lease will be indicated on the first page of the lease form. Appropriation accounting data will be indicated on the lease form as indicated by subparagraph 24.a(13).

45. RENEWAL OF FOREIGN LEASES.

Leases in foreign countries will be renewed in accordance with their provisions on receipt of a written recommendation from the head of the using activity of the need for the property for the renewal term and upon ascertaining that funds for payment of the rental are or will be available. The renewal will be effected by use of a "Notice of Renewal of Government Lease" (Appendix "I") mailed at least one day prior to the number of days notice required by the lease. The Notice of Renewal, after execution, will be distributed as indicated for the original lease instrument, except that the original will be sent to the lessor and a signed copy retained for the EPD files. Indication of the appropriate Navy Regional Finance Center to make payments of rental and appropriation accounting data will be shown on all copies of the Notice of Renewal except the original.

46. MODIFICATION OR AMENDMENT OF FOREIGN LEASES.

Leases for properties located in foreign countries may be modified or amended by the contracting officer without further approval provided such modification or amendment does not change the substance of the lease, detract from the rights of the Government thereunder, or increase its obligations. If, however, the modifications or amendment changes the substance of the lease, detracts from the rights of the Government, or increases its obligations thereunder, the contracting officer will seek the same approvals that he would obtain for a new lease as set forth in paragraph 37 herein.

47. LEASE CONSTRUCTION AGREEMENTS IN FOREIGN COUNTRIES.

In certain instances, it will be found that the procurement of appropriate facilities to meet military requirements will require the construction of additions to existing improvements or the construction of new buildings. In some instances, it has been necessary to enter into lease-construction agreements in order to procure such facilities. In order to assure to the owner the early amortization of a substantial portion of the construction cost, lease-construction agreements generally provide for larger advance payments annually during the initial term of the lease. The format of a typical lease-construction agreement is provided as Appendix "K". These agreements require the same approvals as do other leases. Full justification for the space contemplated must be submitted to NAVFACENGCOCM, including an economic analysis of the project which clearly indicates that the proposed lease-construction is the most cost effective alternative over the life of the requirement. This justification will be based on the standards of the Basic Facility Requirements List and will show the military population to be supported and the military allowance of each activity to be supported. If the need for the property is based on additional duties and/or a change in military mission, the project will require clearance through the Shore Facilities Planning System. A new Basic Facilities Requirements List should be submitted to the cognizant EPD in support of the project if such a change of mission is involved.

48. NAVY FAMILY HOUSING IN FOREIGN COUNTRIES.

NAVFACENGCOCM is the major claimant for all Department of the Navy family housing. Policies, criteria, and requirements for this type of lease will be found in NAVFAC P-930. The procedures for leasing property for military family housing will be the same as set forth above for all other foreign leasing.

49. LEASING FOR NAVAL ATTACHE PERSONNEL.

Attache responsibilities of the military departments have been transferred to the Defense Intelligence Agency, with the Department of the Army acting as its agent in administering this leasing program. Such leasing is, therefore, no longer under the cognizance and control of NAVFACENGCOM. All existing Naval Attache leases were transferred to the cognizance of the Department of the Army as executive agent of the Defense Intelligence Agency as of 1 July 1965.

50. LEASING FOR MILITARY MISSION PERSONNEL.

The Department of the Army is the administrative agent for the military departments for all military mission matters in South America. Leasing for this purpose, therefore, does not come under the cognizance of NAVFACENGCOM.

51. USE OF HOST GOVERNMENT PROPERTY.

The procedures as set forth in this Chapter are not applicable to those situations where a host government makes land or buildings available under the Military Assistance Program or other treaty arrangements. This type action is ordinarily taken through diplomatic channels. Where such property is occupied by a Navy activity, the appropriate EPD will maintain a record of such use and, for record purposes, will inform NAVFACENGCOM thereof.

52. ACTING AS REAL ESTATE AGENT FOR ANOTHER MILITARY DEPARTMENT.

Neither the Navy, the Army, nor the Air Force maintains real estate capability in all parts of the world. In areas where the Navy has a real estate capability, such office is authorized to act as the agent in such matters for the Army or Air Force upon request. In this situation, the Navy real estate office is acting as agent locally and the requesting department is responsible for obtaining all necessary approvals. In areas where the Navy lacks such capability but one of the other military departments maintains such capability, a Navy command may request such assistance after first obtaining NAVFACENGCOM approval. Such a request must include all information necessary to obtain all required approvals, and shall be forwarded via the appropriate EPD.

53. TERMINATION OF FOREIGN LEASES.

When the Navy requirement for leased property ceases, if the leasehold interest in such property is valuable or may be of use to other Government agencies, its disposal will be handled in the same manner as the disposal of other real property interests as set forth in Chapters 23 and 24. For leasehold interests which have no residual value, the leases will be terminated in accordance with the terms thereof, necessary restoration will be accomplished or a settlement in lieu thereof will be made, and a Special Release obtained from the lessor in the format of Appendix "J".

INSTRUCTIONS

Submitting the SF-81

Submit the SF-81 in triplicate, accompanied by a completed SF-81A, Space Requirements Worksheet, Space Requirements Questionnaire and any additional documentation to fully support the agency's space needs. Failure to provide complete and accurate information will delay processing and may result in return of the SF-81 for correction, update, and resubmission.

The SF-81 must be submitted by the office which has authority to obligate funds to reimburse GSA for all applicable costs associated with the delivery of space. Agency field components which do not have delegated authority to obligate funds must coordinate submission and approval of the SF-81 with offices which have this authority. A GSA Form 2957, Reimbursable Work Authorization should be submitted when applicable.

Item 1. Data form is prepared.

Item 2. Agency established request number.

Item 3. Name and phone number of the local agency official who is knowledgeable of the request and will serve as the agency's point of contact for this project.

Item 4. Name and phone number of agency representative who will work with GSA if a market survey is conducted. This individual must have the authority to determine acceptability of the building and/or sites and their location.

Item 5. GSA regional office which has jurisdiction for geographical area where space is required.

Item 6. Name and address of organization making the request.

Item 7. Name of agency, and bureau code of the organization which will occupy the space (e.g. regional office, district office, field office) if different than information provided in block B. City and state where the space is requested.

Item 8. Type of request: Initial: A request for new space that is not associated with an existing assignment. Expansion: A request for additional space associated with an existing assignment. Continuing requirements: A space action required for a lease renewal, succeeding lease, lease extension or more. Reduction: A space action that requires regional Real Estate Division effort to effect the partial or total termination of an assignment.

Items 9a and b. Geographic/Delineated area that the agency will service. The geographic area (State, city, county, zip code, etc.) in which an agency/bureau has operational responsibility as well as the specific delineated area as identified and justified by the requesting agency. GSA review of the delineated area shall be limited to ensuring that the delineated area will provide adequate competition and the maximum use of existing Government controlled space (see item 14 Agency Certification).

Item 10. Period of time the organization will use the space and the suggested number of years for a firm term period. This period must be representative of the longest period for which the agency can commit. "Indefinite" and "ASAP" are not acceptable responses.

Item 11. Total number of personnel to occupy the requested space. ("Personnel" means the peak number of persons to be housed regardless of how many workstations are provided for them. In addition to permanent employees of the agency, personnel includes temporary, part-time, seasonal, contractual employees and budgeted vacancies.)

Item 12. This portion of the SF-81 is used to identify agency's square footage requirements by type of space. All information should be supported by a detailed explanation on the Space Requirements Questionnaire and SF-81A.

Item 12, line a. This line identifies the Office Space Subtotal. The Office Space Subtotal is determined by entering the amount of space required for the primary office area and adding that to the amount required for the office support area. "Primary Office Area" is the primary people occupied area in which an activity's normal operational functions are performed. "Office Support Area" refers to the areas constituted as office space and used to meet needs outside the agency's primary work area requirements (e.g. reception, conference, lab, libraries, hearing, interview, and secondary work areas). Office support areas should be clearly identified on the attached SF-81A and Space Requirements Questionnaire.

Item 12, lines b, c. Amount of general and warehouse storage space required. (See item 12, line a for SF 2 inside parking).

Item 12, line d. Total amount of storage space required (add lines b and c).

Item 12, lines e-k. Amount of special space required.

Item 12, line l. Total amount of special space required (add lines e through k).

Item 12, line m. Total amount of Office, Storage and Special space required. (add lines a, d, and l).

Item 12, line n. Total acres needed. For amounts less than 1 acre, 1 acre equals 43,560 square feet.

Item 12, line o, p. Agency's inside and outside parking requirement. Certification that the parking is necessary for the efficient operation of the agency mission is required. One parking space equals 300 square feet. Please indicate the number of spaces.

Item 12, line q. Total parking spaces required. (add lines o and p).

Item 13. This item refers to the specific architectural, mechanical, electrical, structural, and other special requirements related to each of the types of space requested in item 12. These include security; electrical; HVAC; floor loading; sound conditioning; fire and safety; and the need for after hours building access, utilities, and cleaning services. Such requirements must be fully defined by area, including computer rooms, laboratories, conference rooms, etc. These requirements must be specified in detail on the Space Requirements Questionnaire and SF-81A. Check box in item 13 to indicate if this information is attached.

Agency Certification

Item 14. The certification must be signed by an authorized agency official.

Item 15. GSA will evaluate the request in terms of the space available in its inventory and determine the appropriate action. If GSA determines that space requested is unique agency space, GSA will take no action until the agency has concurred with the designation. GSA will assign a space request number which will be used to track the request until it is satisfied. Name and phone number of the GSA regional official who is knowledgeable of the request and will serve as GSA's point of contact.

SECTION 1		INSTRUCTIONS, STANDARDS AND SYMBOLS	
DESKS		Standard Desk	60x30
		Typist Desk	60x34 w/Left or Right Typing Bed
		Utilized Desk	60x30 w/Left or Right L-unit Return
		Conference Desk	72x36
STORAGE UNITS		File, Letter	15x28 (7)
		File, Legal	18x28 (8)
		Lateral File	36x18 (9)
		Bookcase	34x14 (6)
		Table, Conference	72x36
		Standard Table	60x34
TABLES		Table, Medium	45x34
		Table, Small	36x24
		Modular Table Unit	66x18
		Table, Round	54"
		Table, Round	42"
		Table, Round	36"
CHAIR		Chair	
		Guest Chair Lounge Chair	
MISCELLANEOUS		Storage Cabinet	2-Door 36x18 (12)
		Steel Shelving	36x18 (10)
		Library Shelving	36x15
		Drawing Boards	DB-5 60x40 DB-6 72x45 S- Stool
		Map Cabinet	64x42
		Costumer 12-Hanger	51x20 (14)
	Costumer 6-Hanger	30x20 (8)	
	Credenza	66x18	
SPACE TYPE SYMBOLS: O Open Area P Private Area SP Semi-Private Area ENCLOSURE TYPE SYMBOLS: CH Ceiling-High Partition PS Privacy Screen O Open			

SECTION 2 PROGRAMMING INSTRUCTIONS

- (1) Organize the data supporting your request by functional work groups. When one work group has been described begin the next work group on a new page.
- (2) The requesting agency is responsible for describing the following workspace elements of the Space Requirements Program.
 - Workstations are indicated by employee name, functional title and grade for each authorized and budgeted position. If the authorized position is vacant, so indicate. Square feet required are determined by layout design on SF-81A, Part 2.
 - Common Function spaces are indicated by the appropriate name of the workspace (conference, reception, etc.) and the symbol C/F in the grade column. Square feet required are determined by layout design on SF-81A, Part 2.
 - Administrative Support spaces are either centralized files or miscellaneous equipment (i.e., costumers, an extra bookcase) not appropriately contained within other workspaces. Indicate A/S in the grade column. Square feet required may be determined by multiples of the allowance indicated in () in Section 1 above.
- (3) Develop the space requirements program in the following manner:
 - Step 1: List all workspace elements described in (2) above in an order determined by adjacency relationships.
 - Step 2: As necessary, prepare a standard workspace design on SF-81A, Part 2 for each workstation or common function workspace element. Indicate the dimensions of the workspace and calculate the square feet required.
 - Step 3: Use the symbols shown within the illustrations above in Section 1 to itemize furnishings and equipment on SF-81A. DO NOT LIST EXCESS. Itemized listings need not be shown for line items previously standardized. Simply code the line entry appropriately.
 - Step 4: Complete the line item entry by indicating space and enclosure type, square feet required and workspace code No.
- (4) Describe, in Remarks, all special needs such as: weight of heavy items, special utilities, service access requirements, supplemental HVAC, etc. Develop a separate specification sheet if necessary.
- (5) The information provided on these worksheets is to be summarized on SF-81, Request for Space, and submitted attached thereto.

STANDARD WORKSPACE DESIGN NO.

WORKSPACE DESCRIPTION ▼	GRADE	SPACE TYPE	ENCLOSURE	SQUARE FEET	DESKS	CREDENZAS	CHAIRS	TABLES	FILES	BC	ST	SI OR LS	MISC.

WORKSPACE DESIGN: (SCALE 1/4" = 1'0")

A large grid area for workspace design, with a scale of 1/4 inch = 1 foot 0 inches. The grid is approximately 30 units wide and 40 units high.

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STANDARD WORKSPACE DESIGN NO.

WORKSPACE
DESCRIPTION
▼

GRADE

SPACE TYPE

ENCLOSURE

SQUARE FEET

DESKS

CRENZAS

CHAIRS

TABLES

FILES

BC

ST

SS OR LS

MISC

WORKSPACE DESIGN: (SCALE 1/4" = 1'0")

Appendix 13-B

INFORMATION FOR PREPARATION OF REPORT
REQUIRED BY TITLE 10 U.S.C. 2662
FOR GSA LEASES

1. Name of activity.
2. Name and phone number of activity point of contact.
3. Mission of the activity. Please describe in plain English so that someone who has no knowledge of the Navy can understand what the activity does.
4. Why is the space required? Please describe in plain English so that someone who has no knowledge of the activity can understand what the space will be used for. Include present and future personnel loading in description. Facts must show that space is essential to support current and/or future mission. Describe the effect on the mission if space is not obtained.
5. Describe, if applicable, where activity is currently located. Why is activity moving? If new space is to be justified by deterioration of existing space, briefly describe deterioration and estimated cost to renovate. Provide details if new space is to be justified by inadequate size or capacity of existing facility. What will happen to existing space when the activity moves?
6. Provide certification that no suitable DOD space was available including list of other DOD activities contacted. If warehouse space, include nonavailability statement from NAVSUP.
7. Describe geographic area of consideration and why the activity must be located there.
8. Describe, if applicable, planned future workload and any known potential space requirements based on future workload. If space is to be provided in increments, please describe overall plan and rationale for phasing the acquisition of space.
9. Describe type, amount of each type and estimated SLUC for each type of space to be acquired. Also provide estimated rental if possible.
10. If space is in lieu of MCON, provide an economic analysis. If space is to be used for interim until MCON, provide copy of SF 1391 and current program year for authorization.
11. Describe any known political implications of leasing action.
12. Provide any other information which may be useful to describe proposed lease to Congress.

Appendix 13-C

INFORMATION FOR PREPARATION OF REPORT
REQUIRED BY TITLE 10 U.S.C. 2662
FOR NAVY LEASES

1. Name of activity.
2. Name and phone number of activity point of contact.
3. Mission of the activity. Please describe in plain English so that someone who has no knowledge of the Navy can understand what the activity does.
4. Why is the space required? Please describe in plain English so that someone who has no knowledge of the activity can understand what the space will be used for. Include present and future personnel loading in description. Facts must show that space is essential to support current and/or future mission. Describe the effect on the mission if space is not obtained.
5. Describe, if applicable, where activity is currently located. Why is activity moving? If new space is to be justified by deterioration of existing space, briefly describe deterioration and estimated cost to renovate. Provide details if new space is to be justified by inadequate size or capacity of existing facility. What will happen to existing space when the activity moves?
6. Provide certification that no suitable DOD space was available including list of other DOD activities contacted. If warehouse space, include nonavailability statement from NAVSUP.
7. Describe geographic area of consideration and why the activity must be located there.
8. Describe, if applicable, planned future workload and any known potential space requirements based on future workload. If space is to be provided in increments, please describe overall plan and rationale for phasing the acquisition of space.
9. Provide summary of the results of market survey.
10. Describe type, amount of each type and estimated rental cost of each type of space to be acquired.
11. If space is in lieu of MCON, provide an economic analysis. If space is to be used for interim until MCON, provide copy of SF 1391 and current program year for authorization.
12. Describe any known political implications of leasing action.
13. Provide any other information which may be useful to describe proposed lease to Congress.

APPENDIX "E"

STANDARD FORM 1-3 FEBRUARY 1962 EDITION GENERAL SERVICES ADMINISTRATION GSA GEN. REG. NO. 27 (41 CFR) 101-11.6	U.S. Government Lease for Real Property (Short Form)	L E A S E DATE _____ NO. _____
The LESSOR leases to the UNITED STATES OF AMERICA, hereinafter called the GOVERNMENT, the described premises on the terms stated herein, including the conditions on the reverse hereof.		
1. LOCATION OF LEASED PREMISES _____ _____		
2. DESCRIPTION OF LEASED PREMISES _____ _____ _____		
3. TERM. To have and to hold: For the term beginning _____ through _____ From year to year thereafter, but not beyond _____ this lease		
4. TERMINATION. The Government may terminate this lease at any time by giving at least _____ days' written notice to the Lessee. Said notice shall be computed commencing with the day after the date of mailing.		
5. RENTAL. The Government shall pay the Lessee annual rent of \$ _____ or the sum of \$ _____ per _____ in arrears. Rent for a lesser period shall be pro-rated. Rent checks shall be made payable to _____		
6. SERVICES AND UTILITIES (Check "X" in box for each item to be provided by Lessee as part of lease)		
<input type="checkbox"/> (1) HEAT <input type="checkbox"/> (2) ELECTRICITY <input type="checkbox"/> (3) FIBER (Glass/ reinforcement) <input type="checkbox"/> (4) WATER (Hot and cold) <input type="checkbox"/> (5) OTHER (Specify)	<input type="checkbox"/> (6) CHILLED WATER/COOLING WATER <input type="checkbox"/> (7) AIR CONDITIONING <input type="checkbox"/> (8) SULLAGE SERVICE <input type="checkbox"/> (9) WASTE REMOVAL (Garbage)	<input type="checkbox"/> (10) TOILET SUPPLIES <input type="checkbox"/> (11) JANITOR SERVICE AND SUPPLIES <input type="checkbox"/> (12) PESTAL, LEAKS, TUBS, SINKS AND REPAIRS <input type="checkbox"/> (13) MECHANICAL VENTILATION
7. SPECIAL OR OTHER PROVISIONS REFERRED TO BY _____		
LESSOR _____ BY _____ (Signature) _____ (Signature)		
UNITED STATES OF AMERICA BY _____ (Signature) _____ (Official name)		

3-501

(See General Provisions on reverse)
132-1

APPENDIX "E"

CH-6

327

GENERAL PROVISIONS

1. MAINTENANCE OF PREMISES

The Lessor shall maintain the premises and property furnished under this lease in good repair and reasonable condition during the term of this lease, except in case of damage arising from the act or the negligence of the Government's agents or employees. For the purpose of maintaining said premises and property, the Lessor may, at reasonable times approved by the Government, enter and inspect the same and make any necessary repairs thereon.

2. DAMAGE BY FIRE OR OTHER CASUALTY

If the said premises be destroyed by fire or other casualty this lease shall immediately terminate. In case of partial destruction or damage, or so as to render the premises untenantable, as determined by the Government, the Government may terminate the lease by giving written notice to the Lessor within fifteen (15) days thereafter; if so terminated no rent shall accrue to the Lessor after such partial destruction or damage; and if not so terminated the rent shall be reduced proportionately by supplemental agreement between effective from the date of such partial destruction or damage.

3. ALTERATIONS

The Government may make alterations, attach fixtures or signs and erect structures in or upon the leased premises, all of which shall be the property of the Government.

4. CONDITION REPORT

A joint physical survey and inspection report of the desired premises shall be made as of the effective date of this lease, reflecting the then present condition, and will be signed on behalf of the parties hereto.

5. OFFICIALS NOT TO BENEFIT

No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this lease contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this lease contract if made with a corporation for its general benefit.

6. APPLICABLE CODES AND ORDINANCES

The Lessor, as part of the usual considerations, agrees to comply with all codes and ordinances applicable to the ownership and operation of the building in which the leased space is situated and, at his own expense, to obtain all necessary permits and related items.

7. LESSOR'S SUCCESSORS

The terms and provisions of this lease and the conditions herein shall bind the Lessor, and the Lessor's heirs, executors, administrators, successors, and assigns.

8. COVENANT AGAINST CONTINGENT FEES

The Lessor warrants that no person or selling agency has been employed or retained to solicit or secure this lease upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Lessor for the purpose of securing business. For breach or violation of this warranty the Government shall have the right to cancel this lease without liability or in its discretion to deduct from the rental price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee. (Licensed real estate agents or brokers having dealings as property for sale, in accordance with general business practices, and who have not obtained such license for the sole purpose of effecting this lease, may be considered as bona fide employees or agencies within the exception contained in this clause.)

STANDARD FORM 2-2
FEBRUARY 1949 EDITION

9. FACILITIES NONDISCRIMINATION

(a) As used in this section, the term "facility" means stairs, shops, restaurants, cafeteria, restrooms, and any other facility of a public nature in the building in which the space covered by this lease is located.

(b) The Lessor agrees that he will not discriminate by restriction or otherwise against any person or persons because of race, creed, color, or national origin in furnishing, or by refusing to furnish, to such person or persons the use of any facility, including any and all services, privileges, accommodations, and activities provided thereby. Nothing herein shall require the furnishing to the general public of the use of any facility customarily furnished by the Lessor solely to tenants, their employees, customers, patients, clients, guests and visitors.

(c) It is agreed that the Lessor's noncompliance with the provisions of this section shall constitute a material breach of this lease. In the event of such noncompliance, the Government may take appropriate action to enforce compliance, may terminate this lease, or may pursue such other remedies as may be provided by law. In the event of termination, the Lessor shall be liable for all extra costs of the Government in acquiring substitute space, including but not limited to the cost of moving to such space. Substitute space shall be obtained in as close proximity to the Lessor's building as is feasible and moving costs will be limited to the actual expense thereof as incurred.

(d) It is further agreed that from and after the date hereof the Lessor will, at such time as any agreement is to be entered into or a concession is to be permitted to operate, include or require the inclusion of the foregoing provisions of this section in every such agreement or concession pursuant to which any person other than the Lessor operates or has the right to operate any facility. Nothing herein contained, however, shall be deemed to require the Lessor to include or require the inclusion of the foregoing provisions of this section in any existing agreement or concession arrangement or one in which the contracting party other than the Lessor has the unilateral right to renew or amend the agreement or arrangement, until the expiration of the existing agreement or arrangement and the unilateral right to renew or amend. The Lessor also agrees that it will take any and all lawful actions as expeditiously as possible, with respect to any such agreement as the contracting agency may direct, as a means of enforcing the intent of this section, including, but not limited to, termination of the agreement or arrangement and initiation of court action.

10. EXAMINATION OF RECORDS

(NOTE: This provision is applicable if this lease was negotiated without advertising.)

a. The Lessor agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of 3 years after final payment under this lease, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Lessor involving transactions related to this lease.

b. The Lessor further agrees to include in all his subsequent hereunder a provision to the effect that the administrator agrees that the Comptroller General of the United States or his representatives shall, until the expiration of 3 years after final payment under this lease with the Government, have access to and the right to examine any directly pertinent books, documents, papers, and records of such administrator involving transactions related to the sublease.

11. INSTRUCTIONS

Whenever the lease is executed by an attorney, agent, or other person, or corporation on behalf of the Lessor, the name of the Lessor shall appear above the signature of the person signing.

U.S. GOVERNMENT PRINTING OFFICE: 2025-10-17/50-500

4. The Lessee shall furnish to the Government, as part of the rental consideration, the following:

7. The following are attached and make a part hereof:
The General Provisions and Instructions (Standard Form 7-A, _____ edition).

8. The following changes were made in this lease prior to its execution:

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

LESSEE

BY _____ (Signature)

_____ (Signature)

IN WITNESS OF:

UNITED STATES OF AMERICA

BY _____ (Signature)

_____ (Signature)

STANDARD FORM 2 (BACK)
FORMULARY 100-50700

13F-2

0-10477

CH-6

GENERAL CLAUSES

1. DEFINITIONS

- (a) The terms "contract" and "Contractor" shall mean "lease" and "Lessor," respectively.
- (b) If the lease is a sub-lease, the term "Lessor" means the sub-lessor.
- (c) The term "Lessor shall provide" means the Lessor shall furnish and install.

2. ADMINISTRATION

This lease is administered on behalf of the Government by the Commander, Atlantic Division, Naval Facilities Engineering Command, Norfolk, Virginia 23511-6287. The local representative of the Government is:

Payments will be made by:

3A. PAYMENT DUE DATE

The initial monthly rental payment under this contract shall become due on the first workday of the month following the month in which the occupancy of space is effective. Subsequent rent shall be paid in arrears, and will be due on the first workday of each successive month, and only as provided for by the lease.

3B. INTEREST ON OVERDUE PAYMENTS

The Prompt Payment Act, Public Law 97-177 (96 Stat. 85, 31 USC 1801) is applicable to payments under this contract and requires the payment to Contractors of interest on overdue payments and improperly taken discounts. Determinations of interest due will be made in accordance with the provisions of the Prompt Payment Act and Office of Management and Budget Circular A-125.

4. AVAILABILITY OF FUNDS

All payments by the Government due under this lease cannot exceed the amount of appropriations available at the time such payments are due hereunder. Additionally, nothing contained in this lease shall be considered as implying that the Congress of the United States of America, will, at any later date, appropriate sufficient funds to meet any deficiencies hereunder.

5. LESSOR RENTAL COVENANT

Lessor expressly covenants that the rental stipulated in Article No. 3 of this lease constitutes the entire consideration for the lease and that the Lessor has not and will not enter into any separate agreement with the occupant of the leased premises for any financial obligation of one to the other arising out of occupancy of the premises hereunder.

6. APPLICABLE CODES AND ORDINANCES

The Lessor, as part of the rental consideration, agrees to comply with all codes and ordinances applicable to the ownership and operation of the building in which the leased space is situated and, at his own expense, to obtain all necessary permits and related items.

7. INSURANCE

The Lessor shall maintain fire and extended coverage insurance on the premises, in such reasonable amounts as Lessor may desire, and at Lessor's expense. Each policy of insurance maintained by the Lessor as required hereunder shall contain an endorsement reading substantially as follows: "The insurer waives any right of subrogation against the United States of America which might arise by reason of any payment made under this policy."

8. DAMAGE BY FIRE OR OTHER CASUALTY

If the said premises be destroyed by fire or other casualty, this lease will immediately terminate. In case of partial destruction or damage, so as to render the premises untenable, as determined by the Government, the Government may terminate the lease by giving written notice to the Lessor within 15 calendar days thereafter; if so terminated, no rent will accrue to the Lessor after such partial destruction or damage; and if not so terminated, the rent will be reduced proportionately by supplemental agreement hereto effective from the date of such partial destruction or damage.

9. CONDITION REPORT

A joint physical survey and inspection report of the demised premises will be made as of the effective date of this lease, reflecting the then present condition, and will be signed on behalf of the parties hereto.

The Government will keep, and at the expiration or termination of this lease, deliver up the premises in as good order and condition as the same are now, reasonable wear and tear and damages by accidental fire excepted. Accidental fire is intended to include all fires not caused by the intentional acts of the Government's agents or employees.

10. MAINTENANCE OF PREMISES

The lessor shall maintain the demised premises, including the building and all equipment, fixtures, and appurtenances furnished by the Lessor under this lease in good repair and tenable condition, except in case of damage arising from the act or the negligence of the Government's agents or employees. For the purpose of so maintaining said premises and property, the Lessor may at reasonable times, and with the approval of the authorized Government representative in charge, enter and inspect the same and make any necessary repairs thereto.

11. ALTERATIONS

The government shall have the right during the existence of this lease to make alterations, attach fixtures, and erect structures or signs in or upon the premises hereby leased, which fixtures, additions or structures so placed in, on, upon, or attached to the said premises shall be and remain the property of the Government and may be removed or otherwise disposed of by the Government. If the lease contemplates that the Government is the sole occupant of the building, for purposes of this clause, the

leased premises include the land on which the building is sited and the building itself. Otherwise, the Government shall have the right to tie into or make any physical connection with any structure located on the property as is reasonably necessary for appropriate utilization of the leased space.

12. DELIVERY AND CONDITION and PROGRESSIVE OCCUPANCY

Unless the Government elects to have the space occupied in increments, the space must be delivered ready for occupancy as a complete unit. The Government reserves the right to determine when the space is ready to occupy.

The Government shall pay rent only when the entire premises or suitable units are ready for occupancy. If the agency occupies the space in partial increments, rent will accrue or be paid on a pro rata basis.

13. TIME EXTENSIONS

The lease will not be terminated nor the Lessor charged with resulting damage if delays arise from unforeseeable causes beyond the control of the Lessor and/or his contractors, subcontractors, suppliers, or another Government contractor. However, the Lessor shall notify the Contracting Officer, in writing, of any delay within 10 calendar days after it begins. The Contracting Officer shall ascertain the facts, determine the extent of the delay, and grant extensions when justified.

14. TERMINATION FOR DEFAULT

If the Lessor fails to prosecute the work required to deliver the leased premises ready for occupancy by the Government with such diligence as will ensure delivery of the leased premises within the time required by the lease agreement, or any extension of the specified time, or if the Lessor fails to complete said work within such time, the Government may, by written notice to the Lessor, terminate the lease agreement. Regardless of whether the lease is terminated, the Lessor and his sureties shall be liable for any damage to the Government resulting from his failure to deliver the premises ready for occupancy within the specified time.

15. INSPECTION OF PREMISES

At all times after receipt of offers, prior to or after acceptance of any offers, or during any construction, remodeling, or renovation work, the premises and the building or any parts thereof, upon reasonable and proper notice, must be accessible for inspection by the Contracting Officer, or by architects, engineers, or other technicians representing him, to determine whether the essential requirements of the solicitation or the lease requirements are met.

Periodic review, tests, and inspections by the Government are not to be interpreted as resulting in any approval of the Lessor's apparent progress, but are intended to discover any information which the Contracting Officer may be able to call to the Lessor's attention to prevent costly misdirection of effort. The Lessor will remain completely responsible for designing, constructing, operating, and maintaining the leased premises in full accordance with the requirements of the solicitation and the resulting lease.

The Government reserves the right, upon reasonable notice, to:

- (a) inspect and perform bulk sampling and analysis of suspected asbestos containing materials;
- (b) monitor the air for asbestos fibers in the space under lease as well as other areas of the building deemed necessary by the Contracting Officer;
- (c) inspect the premises for any leaks, spills, or other potentially hazardous conditions which may involve tenant exposure to hazardous or toxic substances (e.g. polychlorinated biphenyls);
- (d) inspect the site upon which the space is offered for any current or past hazardous waste operations, and ensure that appropriate mitigating actions were taken to alleviate any environmentally unsound activities in accordance with Federal, State, and local regulations.

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16. OFFICIALS NOT TO BENEFIT

No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit arising from it. However, this clause does not apply to this contract to the extent that this contract is made with a corporation for the corporation's general benefit.

17. SUBLETTING THE PREMISES

The Government may sublet any part of the premises but shall not be relieved from any obligations under this lease by reason of any such subletting.

18. FAILURE IN PERFORMANCE

The covenant to pay rent and the covenant to provide any service, utility, maintenance, or repair required under this lease are dependent. In the event of failure by the Lessor to provide any of these items, the Government may by contract or otherwise perform the service, maintenance, utility, or repair, and charge to the Lessor any cost incurred by the Government that is related to the performance of such service, maintenance, etc., including any administrative costs, and deduct such cost from any rental payments. Alternately, the Government may reduce rental payments by the corresponding value of the contract requirement not performed, as determined by the Contracting Officer. These remedies are not exclusive and are in addition to any other remedies which may be available under this contract or in the law.

19. CHANGES

(a) The Contracting Officer may at any time, by written order, make changes within the general scope of this lease in any one or more of the following:

- (1) Specifications.
- (2) Work or services.
- (3) Amount of space.

(b) If any such change causes an increase or decrease in the Lessor's cost of, or the time required for, performance under this contract, whether or not changed by the order, the Contracting Officer shall modify the lease by (1) making an equitable adjustment in the rental rate, (2) making a lump sum price adjustment, or (3) revising the delivery schedule.

(c) If such change causes an increase in costs under this contract, the Lessor shall submit any "proposal for adjustment" (hereafter referred to as proposal) under the clause Proposals for Adjustment.

(d) Failure to agree to any adjustment shall be a dispute under the Disputes clause.

(e) No services or work for which an additional cost or fee will be charged by the Lessor will be furnished without the prior written authorization of the Contracting Officer or a designated representative of the Contracting Officer.

20. PROPOSALS FOR ADJUSTMENT

(a) The Contracting Officer may, from time to time during the term of this lease, require changes to be made in the work or services to be performed and in the terms or conditions of this lease. Such changes will be required under the Changes clause.

(b) If the Contracting Officer makes a change within the general scope of the lease, the Lessor shall submit, in a timely manner, an itemized cost proposal for the work to be accomplished or services to be performed when the cost exceeds \$25,000. The proposal, including all subcontractor work, will contain at least the following details.

- (1) Material quantities and unit costs.
- (2) Labor costs (identified with specific item or material to be placed or operation to be

performed),

- (3) Equipment costs,
- (4) Workmen's compensation and public liability insurance,
- (5) Overhead,
- (6) Profit, and
- (7) Employment taxes under FICA and FUTA.

(c) The following Federal Acquisition Regulation (FAR) provisions also apply to all proposals exceeding \$100,000 in cost:

(1) The Lessor shall provide cost or pricing data including subcontractor cost or pricing data (48 CFR 15.804-2).

(2) The Lessor's representative, all contractors, and subcontractors whose portion of the work exceeds \$100,000 must sign and return the "Certificate of Current Cost or Pricing Data" (48 CFR 15.804-4), and

(3) The agreement for "Price Reduction for Defective Cost or Pricing Data" must be signed and returned (48 CFR 15.804-8).

(d) Lessors shall also refer to 48 CFR Part 31, Contract Cost Principles, for information on which costs are allowable, reasonable, and allocable in Government work.

(e) The following FAR clauses also apply whenever cost or pricing data is required, and have the same effect as if incorporated in this lease in their entirety: 52.215-22 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA and 52.215-22 SUBCONTRACTOR COST OR PRICING DATA.

21. DISPUTES

(a) This contract is subject to the Contract Disputes Act of 1978 (41 USC 601-613)(the Act).

(b) Except as provided in the Act, all disputes arising under or relating to this contract shall be resolved under this clause.

Station!

(c) "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. A claim arising under a contract, unlike a claim relating to the contract, is a claim that can be resolved under a contract clause that provides for the relief sought by the claimant. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding \$50,000 is not a claim under the Act until certified as required by subparagraph (d)(2) below. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

(d)(1) A claim by the Contractor shall be made in writing and submitted to the Contracting Officer for a written decision. A claim by the Government against the Contractor shall be subject to a written decision by the Contracting Officer.

(2) For Contractor claims exceeding \$50,000, the Contractor shall submit with the claim a certification that:

(i) The claim is made in good faith;

(ii) Supporting data are accurate and complete to the best of the Contractor's knowledge and belief; and

(iii) The amount requested accurately reflects the contract adjustment for which the Contractor believes the Government is liable.

(3)(i) If the Contractor is an individual, the certification shall be executed by that individual.

(i) If the Contractor is not an individual, the certification shall be executed by:
(A) A senior company official in charge at the Contractor's plant or location involved; or
(B) An officer or general partner of the Contractor having overall responsibility for the conduct of the Contractor's affairs.

(e) For Contractor claims of \$50,000 or less, the Contracting Officer must, if requested in writing by the Contractor, render a decision within 60 days of the request. For Contractor-certified claims over \$50,000, the Contracting Officer must, within 60 days, decide the claim or notify the Contractor of the date by which the decision will be made.

(f) The Contracting Officer's decision shall be final unless the Contractor appeals or files a suit as provided in the Act.

(g) The Government shall pay interest on the amount found due and unpaid from (1) the date the Contracting Officer receives the claim (properly certified if required), or (2) the date payment otherwise would be due, if that date is later, until the date of payment. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

(h) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under the contract, and comply with any decision of the Contracting Officer.

22A. EXAMINATION OF RECORDS BY COMPTROLLER GENERAL

(a) This clause applies if this contract exceeds \$10,000 and was entered into by negotiation.

Handwritten: 07/12/01
(b) The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this contract or for any shorter period specified in Federal Acquisition Regulation (FAR) Subpart 4.7, Contractor Records Retention, have access to and the right to examine any of the Contractor's directly pertinent books, documents, paper, or other records involving transactions related to this contract.

(c) The Contractor agrees to include in first-tier subcontracts under this contract a clause to the effect that the Comptroller General or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under the subcontract or for any shorter period specified in FAR Subpart 4.7, have access to and the right to examine any of the subcontractor's directly pertinent books, documents, paper, or other records involving transaction related to the subcontract. "Subcontract," as used in this clause, excludes (1) purchase orders not exceeding \$10,000 and (2) subcontracts or purchase orders for public utility services at rates established to apply uniformly to the public, plus any applicable reasonable connection charge.

(d) The periods of access and examination in paragraphs (b) and (c) above for records relating to (1) appeals under the Disputes clause, (2) litigation or settlement of claims arising from the performance of this contract, or (3) costs and expenses of this contract to which the Comptroller General or a duly authorized representative from the General Accounting Office has taken exception shall continue until such appeals, litigation, claims, or exceptions are disposed of.

22B. EXAMINATION OF RECORDS BY U.S. NAVY

The Contractor agrees that the U.S. Navy or any of its duly authorized representatives shall, until the expiration of 3 years after final payment under this contract, or of the time periods for the particular records specified in Subpart 4.7 of the Federal Acquisition Regulation (48 CFR 4.7), whichever expires earlier, have access to and the right to examine any books, documents, paper, and records of the Contractor involving transactions related to this contract or compliance with any clauses thereunder. The Contractor further agrees to include in all his subcontracts hereunder a provision to the effect that the subcontractor agrees that the Secretary of the Navy or any of his duly authorized representatives

shall, until the expiration of 3 years after final payment under the subcontract, or of the time periods for the particular records specified in Subpart 4.7 of the Federal Acquisition Regulation (48 CFR 4.7), whichever expires earlier, have access to and the right to examine any books, documents, papers, and records of such subcontractor, involving transactions related to the subcontract or compliance with any clauses thereunder. The term "subcontract" as used in this clause exclude (a) purchase orders not exceeding \$10,000 and (b) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

23. GRATUITIES

(a) The right of the Contractor to proceed may be terminated by written notice if, after notice and hearing, the agency head or a designee determines that the Contractor, its agent, or another representative:

(1) Offered or gave a gratuity (e.g., an entertainment or gift) to an officer, official or employee of the Government; and

(2) Intended, by the gratuity, to obtain a contract or favorable treatment under a contract.

(b) The facts supporting this determination may be reviewed by any court having lawful jurisdiction.

(c) If this contract is terminated under paragraph (a) above, the Government is entitled:

(1) To pursue the same remedies as in a breach of the contract; and

(2) In addition to any other damages provided by law, to exemplary damages of not less than 3 nor more than 10 times the cost incurred by the Contractor in giving gratuities to the person concerned, as determined by the agency head or a designee.

(d) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

State by

24. COVENANT AGAINST CONTINGENT FEES

(a) The Lessor warrants that no person or selling agency has been employed or retained to solicit or secure this lease upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Lessor for the purpose of securing business. For breach or violation of this warranty the Government shall have the right to annul this lease without liability or in its discretion to deduct from the rental-price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee. (Licensed real estate agents or brokers having listings on property for rent, in accordance with general business practice, and who have not obtained such licenses for the sole purpose of effecting this lease, may be considered as bona fide employees or agencies within the exception contained in this clause.)

(b) "Bona fide agency," as used in this clause, means an established commercial or selling agency (including licensed real estate agents or brokers), maintained by a Contractor for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds itself out as being able to obtain any Government contract or contracts through improper influence.

"Bona fide employee," as used in this clause, means a person, employed by a Contractor and subject to the Contractor's supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds out as being able to obtain any Government contract or contracts through improper influence.

"Contingent fee," as used in this clause, means any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a Government contract.

"Improper influence," as used in this clause, means any influence that induces or tends to induce a Government employee or officer to give consideration or to act regarding a Government contract on any basis other than the merits of the matter.

State by

25. ASSIGNMENT OF CLAIMS

(a) The Contractor, under the Assignment of Claims Act, as amended, 31 USC 3727, 41 USC 15 (hereafter referred to as the "the Act"), may assign its rights to be paid amounts due or to become due as a result of the performance of this contract to a bank, trust company, or other financing institution, including any Federal lending agency. The assignee under such an assignment may thereafter further assign or reassign its right under the original assignment to any type of financing institution described in the preceding sentence.

(b) Any assignment or reassignment authorized under the Act and this clause shall cover all unpaid amounts payable under this contract, and shall not be made to more than one party, except that an assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in the financing of this contract.

(c) The Contractor shall not furnish or disclose to any assignee under this contract any classified document (including this contract) or information related to work under this contract until the Contracting Officer authorizes such action in writing.

26. EQUAL OPPORTUNITY

(a) If, during any 12-month period (including the 12 months preceding the award of this contract), the Contractor has been or is awarded non exempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$10,000, the Contractor shall comply with subparagraphs (b)(1) through (11) below. Upon request, the Contractor shall provide information necessary to determine the applicability of this clause.

(b) During performing this contract, the contractor agrees as follows:

(1) The contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

(2) The contractor shall take affirmative action to ensure the applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. This shall include, but not be limited to, (i) employment, (ii) upgrading, (iii) demotion, (iv) transfer, v) recruitment or recruitment advertising, (vi) layoff or termination, (vii) rates of pay or other forms of compensation, and (viii) selection for training, including apprenticeship.

(3) The Contractor shall post in conspicuous places available to employees and applicants for employment the notices that explain this clause.

(4) The Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(5) The contractor shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice of be provided by the Contracting Officer advising the labor union or workers' representative of the Contractor's commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.

(6) The Contractor shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.

(7) The Contractor shall furnish to the contracting agency all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor.

(8) The Contractor shall permit access to its books, records, and accounts by the contracting agency or the Office of Federal Contract Compliance Programs (OFCCP) for the purpose of investigation of ascertain the Contractor's compliance with the applicable rules, regulations, and orders.

(9) If the OFCCP determines that the Contractor is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this contract may be canceled, terminated, or

suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Contractor as provided in Executive Order 11246, as amended, the rules, regulations, and orders of the Secretary of Labor, or as otherwise provided by law.

(10) The Contractor shall include the terms and conditions of subparagraph (b)(1) through (11) of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.

(11) The Contractor shall take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance; provided, that if the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

(c) Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

27. UTILIZATION OF SMALL BUSINESS CONCERNS AND SMALL DISADVANTAGED BUSINESS CONCERNS

(a) It is the policy of the United States that small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in performing contracts let by any Federal agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major system. It is further the policy of the United States that its prime contractors establish procedures to ensure the timely payment of amount due pursuant to the terms of their subcontracts with small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals.

(b) The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. The Contractor further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be necessary to determine the extent of the Contractor's compliance with this clause.

(c) As used in this contract, the term "small business concern" shall mean a small business as defined pursuant to section 3 of the Small Business Act and relevant regulation promulgated pursuant thereto. The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern—

(1) Which is at least 51 percent owned by one or more socially and economically disadvantaged individuals; or, in the case of any publicly owned business, at least 51 percent of the stock of which is unconditionally owned by one or more socially and economically disadvantaged individuals; and

(2) Whose management and daily business operations are controlled by one or more of such individuals.

This term also means a small business concern that is at least 51 percent unconditionally owned by an economically disadvantaged Indian tribe or Native Hawaiian Organization, or a publicly owned business having at least 51 percent of its stock unconditionally owned by one of these entities which has its management and daily business controlled by members of an economically disadvantaged Indian tribe or Native Hawaiian Organization, and which meets the requirements of 13 CFR 124.

The Contractor shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian Americans and other minorities, or any other individual found of be disadvantaged by the Administration

pursuant to Section 8(a) of the Small Business Act. The Contractor shall presume that socially and economically disadvantaged entities also include Indian Tribes and Native Hawaiian Organizations.

(d) Contractors acting in good faith may rely on written representations by their subcontractors regarding their status as either a small business concern or a small business concern owned and controlled by socially and economically disadvantaged individuals.

28. UTILIZATION OF WOMEN-OWNED SMALL BUSINESSES (delete if < \$25K)

(a) "Women-owned small businesses," as used in this clause, means businesses that are at least 51 percent owned by women who are United States citizens and who also control and operate the business.

"Control," as used in this clause, means exercising the power to make policy decisions.

"Operate," as used in this clause, means being actively involved in the day-to-day management of the business.

"Small business concern," as used in this clause, means a concern including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria and size standards in 13 CFR 121.

(b) It is the policy of the United States that women-owned small businesses shall have the maximum practicable opportunity to participate in performing contracts awarded by any Federal agency.

(c) The Contractor agrees to use its best efforts to give women-owned small businesses the maximum practicable opportunity to participate in the subcontract it awards to the fullest extent consistent with the efficient performance of its contract.

(d) The Contractor may rely on written representations by its subcontractors regarding their status as women-owned small businesses.

29. AFFIRMATIVE ACTION FOR SPECIAL DISABLED AND VIETNAM ERA VETERANS

(a) Definitions:

"Appropriate office of the State employment service system," as used in this clause, means the local office of the Federal-State national system of public employment offices assigned to serve the area where the employment opening is to be filled, including the District of Columbia, Guam, Puerto Rico, Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

"Openings that the Contractor proposes to fill from within its own organization," as used in this clause, means employment openings for which no one outside the Contractor's organization (including any affiliates, subsidiaries, and the parent companies) will be considered and includes any openings that the Contractor proposes to fill from regularly establish "recall" lists.

"Opening that the Contractor proposes to fill under a customary and traditional employer-union hiring arrangement," as used in this clause, means employment openings that the Contractor proposes to fill from union halls, under their customary and traditional employer-union hiring relationship.

"Suitable employment openings," as used in this clause--

(1) Includes, but is not limited to, openings that occur in jobs categorized as--

- (i) Production and nonproduction;
- (ii) Plant and office;
- (iii) Laborers and mechanics;
- (iv) Supervisory and nonsupervisory;
- (v) Technical; and
- (vi) Executive, administrative, and professional positions

compensated on a salary basis of less than \$25,000 a year; and--

(2) Includes full-time employment, temporary employment of over 3 days, and part-time employment, but not openings that the Contractor proposes to fill from within its own organization or

under a customary and traditional employer-union hiring arrangement, nor openings in an educational institution that are restricted to students of that institution.

(b)General:

(1)Regarding any position for which the employee or applicant for employment is qualified, the Contractor shall not discriminate against the individual because the individual is a special disabled or Vietnam era veteran. The Contractor agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified special disabled and Vietnam era veterans without discrimination based upon their disability or veterans' status in all employment practices such as--

- (i) Employment;
- (ii) Upgrading;
- (iii) Demotion or transfer;
- (iv) Recruitment;
- (v) Advertising;
- (vi) Layoff or termination;
- (vii) Rates of pay or other forms of compensation; and
- (viii) Selection for training, including apprenticeship.

(2)The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Vietnam Era Veterans Readjustment Assistance Act of 1972 (the Act), as amended.

(c)Listing Openings

(1) The Contractor agrees to list all suitable employment openings existing at contract award or occurring during contract performance, at an appropriate office of the State employment service system in the locality where the opening occurs. These openings include those occurring at any contractor facility, including one not connected with performing this contract. An independent corporate affiliate is exempt from this requirement.

(2)The listing of suitable employment openings with the State employment service system is required at least concurrently with using any other recruitment source or effort and involves the obligations of placing a bona fide job order, including accepting referrals of veterans and non-veterans. This listing does not require hiring any particular job applicant or hiring from any particular group of job applicants and is not intended to relieve the Contractor from any requirements of Executive orders or regulations concerning nondiscrimination in employment.

(3)Whenever the Contractor becomes contractually bound to the listing terms of this clause, it shall advise the State employment service system, in each State where it has establishments, of the name and location of each hiring location in the State. As long as the Contractor is contractually bound to these terms and has so advised the State system, it need not advise the State system of subsequent contracts. The Contractor may advise the State system when it is no longer bound by this contract clause.

(4)Under the most compelling circumstances, an employment opening may not be suitable for listing, including situations when (i) the Government's needs cannot reasonably be supplied, (ii) listing would be contrary to National security, or (iii) the requirement of listing would not be in the Government's interest.

(d)Applicability

The terms of paragraph (c) above of this clause do not apply to openings that the Contractor proposes to fill from within its own organization or under a customary and traditional employer-union hiring arrangement. This exclusion does not apply to a particular opening once an employer decides to consider applicants outside of its own organization or employer-union arrangement for that opening.

(e)Postings:

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(1) The Contractor agrees to post employment notices stating (i) the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified special disabled veterans and veterans of the Vietnam era, and (ii) the rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. They shall be in a form prescribed by the Director, Office of Federal Contract Compliance Programs, Department of Labor (Director), and provided by or through the Contracting Officer.

(3) The contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of the Act, and is committed to take affirmative action to employ, and advance in employment, qualified special disabled and Vietnam era Veterans.

(f) Noncompliance. If the Contractor does not comply with the requirements of this clause, appropriate action may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

(g) Subcontracts. The Contractor shall include the terms of this clause in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations, or orders of the Secretary. The Contractor shall act as specified by the Director to enforce the terms, including action for noncompliance.

30. EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA

(a) The contractor agrees to report at least annually, as required by the Secretary of Labor, on:

(1) The number of special disabled veterans and the number of veterans of the Vietnam era in the workforce of the contractor by job category and hiring location; and

(2) The total number of new employees hired during the period covered by the report, and of that total, the number of special disabled veterans, and the number of veterans of the Vietnam era.

(b) The above items shall be reported by completing the form entitled "Federal Contractor Veterans' Employment report VETS-100." Computer-generated forms are acceptable, provided that all required information and data are presented in the same format as the VETS-100 form.

(c) Reports shall be submitted no later than March 31 of each year beginning March 31, 1988.

(d) The employment activity report required by paragraph (a)(2) of this clause shall reflect total hires during the most recent 12-month period as of the ending date selected for the employment profile report required by paragraph (a)(1) of this clause. Contractors may select an ending date: (1) As of the end of any pay period during the period January through March 1st of the year the report is due, or (2) as of December 31, if the Contractor has previous written approval from the Equal Employment Opportunity Commission to do so for purposes of submitting the Employer Information Report EEO-1 (Standard Form 100).

(e) The count of veterans reported according to paragraph (a) above shall be based on voluntary disclosure. Each Contractor subject to the reporting requirements at 38 U.S.C. 2012(d) shall invite all special disabled veterans and veterans of the Vietnam era who wish to benefit under the affirmative action program at 38 U.S.C. 2012 to identify themselves to the Contractor. The invitation shall state that the information is voluntarily provided, that the information will be kept confidential, that disclosure or refusal to provide the information will not subject the applicant or employee to any adverse treatment, and that the information will be used only in accordance with the regulations promulgated under 38 U.S.C. 2012. Nothing in this paragraph (e) shall preclude an employee from informing a Contractor at a future time of his or her desire to benefit from this program. Nothing in this paragraph (e) shall relieve a Contractor from liability for discrimination under 38 U.S.C. 2012.

(f) The Contractor shall include the terms of this clause in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations, or orders of the Secretary of Labor.

31. AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS

(a) General:

(1) Regarding any position for which the employee or applicant for employment is qualified, the Contractor shall not discriminate against any employee or applicant because of physical or mental handicap. The Contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as:

- (i) Employment;
- (ii) Upgrading;
- (iii) Demotion or transfer;
- (iv) Recruitment;
- (v) Advertising;
- (vi) Layoff or termination;
- (vii) Rates of pay or other forms of compensation; and
- (viii) Selection for training, including apprenticeship.

(2) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Rehabilitation Act of 1973 (29 USC 793) (the Act), as amended.

(b) Postings:

(1) The Contractor agrees to post employment notices stating (i) the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped individuals and (ii) the rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. They shall be in a form prescribed by the Director, Office of Federal Contract Compliance Programs, Department of Labor (Director), and provided by or through the Contracting Officer.

(3) The contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of Section 503 of the Act and is committed to take affirmative action to employ, and advance in employment, qualified physically and mentally handicapped individuals.

(c) Noncompliance. If the contractor does not comply with the requirements of this clause, appropriate action may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

(d) Subcontracts. The Contractor shall include the terms of this clause in every subcontract or purchase order in excess of \$2,500 unless exempted by rules, regulations, or orders of the Secretary. The Contractor shall act as specified by the Director to enforce the terms, including action for noncompliance.

32. ANTI-KICKBACK PROCEDURES

(a) Definitions:

"Kickback," as used in this clause, means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to any prime Contractor, prime Contractor employee, subcontractor, or subcontractor employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contract or in connection with a subcontract relating to a prime contract.

"Person," as used in this clause, means a corporation, partnership, business association of any kind, trust, joint-stock company, or individual.

"Prime contract," as used in this clause, means a contract or contractual action entered into by the United States for the purpose of obtaining supplies, materials, equipment, or services of any kind.

"Prime Contractor employee," as used in this clause, means any officer, partner, employee, or agent of a prime Contractor.

"Subcontract," as used in this clause, means a contract or contractual action entered into by a prime Contractor or subcontractor for the purpose of obtaining supplies, materials, equipment, or services of any kind under a prime contract. "Subcontractor," as used in this clause, (1) means any person, other than the prime Contractor, who offers to furnish or furnishes any supplies, materials, equipment, or services of any kind under a prime contract or a subcontract entered into in connection with such prime contract, and (2) includes any person who offers to furnish or furnishes general supplies to the prime Contractor or a higher tier subcontractor.

"Subcontractor employee," as used in this clause, means any officer, partner, employee, or agent of a subcontractor.

(b) The Anti-Kickback Act of 1986 (41 U.S.C. 51-58) (the Act), prohibits any person from—

(1) Providing or attempting to provide or offering to provide any kickback;

(2) Soliciting, accepting, or attempting to accept any kickback; or

(3) Including, directly or indirectly, the amount of any kickback in the contract price charged by a prime Contractor to the United States or in the contract price charged by a subcontractor to a prime Contractor or higher tier subcontractor.

(c)(1) The Contractor shall have in place and follow reasonable procedures designed to prevent and detect possible violations described in paragraph (b) of this clause in its own operations and direct business relationships.

(2) When the Contractor has reasonable grounds to believe that a violation described in paragraph (b) of this clause may have occurred, the Contractor shall promptly report in writing the possible violation. Such reports shall be made to the inspector general of the contracting agency, the head of the contracting agency if the agency does not have an inspector general, or the Department of Justice.

(3) The Contractor shall cooperate fully with any Federal agency investigating a possible violation described in paragraph (b) of this clause.

(4) Regardless of the contract tier at which a kickback was provided, accepted, or charged under the contract in violation of paragraph (b) of this clause, the Contracting Officer may:

(i) Offset the amount of the kickback against any monies owed by the United States under this contract and/or

(ii) Direct that the Contractor withhold from sums owed the subcontractor, the amount of the kickback. The Contracting Officer may order that monies withheld under subdivision (c)(4)(ii) of this clause be paid over to the Government unless the Government has already offset those monies under subdivision (c)(4)(i) of this clause. In the latter case, the Contractor shall notify the Contracting Officer when the monies are withheld.

(5) The Contractor agrees to incorporate the substance of this clause, including this subparagraph (c)(5), in all subcontracts under this contract.

33. NOTIFICATION OF PCB HAZARDOUS CONDITION

The lessor shall promptly notify the Contracting Officer and the tenant agency official of any leaks, spills, or other hazardous conditions which involve polychlorinated biphenyls in any area of the building.

34A. CRIMES, DEBARMENTS, SUSPENSIONS, AND DEFAULTS

By signature on this lease, the Lessor certifies that he (and, if Lessor is a corporation, its officers) and principal employees have not been indicted or convicted, within the last three years, of: a criminal

offense incident to obtaining, trying to obtain, or performing a contract; a violation of the Organized Crime Control Act of 1970; a violation of Federal or State Antitrust statutes; embezzlement, theft, forgery, bribery, falsification or destruction of records, tax fraud or receiving stolen property. By signature on this lease, the Lessor further certifies that he (and, if Lessor is a corporation, its officers) has not been debarred or suspended from the award of public contracts nor has had a public contract terminated for default. This certification is a material representation of fact upon which the Government relies. If it is later determined that the certification was erroneous, in addition to other remedies available to the Government, the Government reserves the right to terminate for default.

The Lessor agrees to notify the Contracting Officer, in writing, of any change to the certification. The knowledge of the person who executes this lease is not required to exceed the knowledge which that person can reasonably be expected to possess.

34B. PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT

(a) The Government suspends or debar Contractors to protect the Government's interests. Contractors shall not enter into any subcontract equal to or in excess of \$25,000 with a Contractor that has been debarred, suspended, or proposed for debarment unless there is a compelling reason to do so. If a Contractor intends to subcontract with a party that is debarred, suspended, or proposed for debarment (see FAR 9.404 for information on the list of Parties Excluded from Procurement Programs), a corporate officer or designee of the Contractor shall notify the Contracting Officer, in writing, before entering into such subcontract. The notice must include the following:

- (1) The name of the subcontractor;
- (2) The Contractor's knowledge of the reasons for the subcontractor being on the list of Parties Excluded from Procurement Programs;
- (3) The compelling reason(s) for doing business with the subcontractor notwithstanding its inclusion on the list of Parties Excluded from Procurement Programs; and
- (4) The systems and procedures the Contractor has established to ensure that it is fully protecting the Government's interests when dealing with such subcontractor in view of the specific basis for the party's debarment, suspension, or proposed debarment.

35. LESSOR'S SUCCESSORS

The terms and provisions of this lease and the conditions herein bind the Lessor and the Lessor's heirs, executors, administrators, successors, and assigns.

36. WARRANTY OF SPACE

(a) Notwithstanding inspection and acceptance by the Government or any provision concerning the conclusiveness thereof, the lessor warrants that all space leased to the Government under this contract, spaces above suspended ceilings in the leased space, air plenums elsewhere in the building which service the leased space, engineering spaces in the same ventilation zone as the leased space, public spaces and common use space (e.g., lobbies, hallways) will, at the time of acceptance and during the term of the lease contract, comply with the asbestos requirements of this contract. The Contracting Officer shall notify the lessor in writing, within 30 days after the discovery, of any failure to comply with the asbestos requirements.

(b) If the lessor fails, after receipt of notice, to make correction within the specified period of time, the Government shall have the right to make correction and charge to the lessor the costs occasioned to the Government or terminate the lease agreement at no cost to the Government.

(c) The rights and remedies of the Government in this clause are in addition to any other rights and remedies provided by law and under this contract.

(d) Definitions.

(1) "Acceptance", as used in this clause means the act of an authorized representative of the Government by which the Government assumes for itself, or as an agent of another, the leased premises as ready for occupancy or approves a portion of the premises for occupancy in accordance with the provisions of this lease contract.

(2) "Correction", as used in this clause, means (i) the removal, encapsulation or enclosure of any friable asbestos materials found in the space leased to the Government, spaces above suspended ceilings in the leased space, air plenums elsewhere in the building which service the leased space, public spaces, engineering spaces in the same ventilation zone as the leased space and common use space (e.g., lobbies, hallways). Following such abatement actions, the lessor shall adhere to the Government's required post-asbestos-abatement air monitoring program. (ii) with regard to non-friable asbestos materials in good condition, it means the establishment and execution of a special operations and maintenance program and an abatement plan, approved by the Government, to be implemented from the time the materials are discovered through the remainder of the lease term.

37. **TERMINATION - ERRONEOUS REPRESENTATION CONCERNING POLYCHLORINATED BIPHENYLS (PCBs) AND/OR HAZARDOUS WASTE MANAGEMENT**

(a) The certification regarding PCBs contained in the representation and certification provision of this solicitation is a material representation of fact upon which the Government relies when making award. If it is later determined that the presence of PCBs has been misrepresented, the Government reserves the right to require the Lessor, at no cost to the Government, to remove or retrofit any PCB equipment present in the building, in accordance with EPA regulations, or alternatively the Government may terminate the lease. This is in addition to other remedies available to the Government.

(b) The certification regarding hazardous waste management contained in the representation and certification provision of this solicitation is a material representation of fact upon which the Government relies when making award. If it is later determined that the presence of hazardous waste, or inappropriate handling thereof, has been misrepresented, the Government reserves the right to require the Lessor, at no cost to the Government, to take the necessary action to mitigate the hazardous waste condition, in accordance with local, state and Federal laws, or alternatively the Government may terminate the lease. This is in addition to other remedies available to the Government.

38. **DRUG-FREE WORKPLACE** (decide if 4925K)

(a) Definitions. As used in this clause, "Controlled substance" means a controlled substance in schedules 1 through V of section 202 of the Controlled Substances Act (21 U.S.C. 812) and as further defined in regulation at 21 CFR 1308.11-1308.15.

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes.

"Criminal drug statutes" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, possession or use of any controlled substance.

"Drug-free workplace" means the site(s) for the performance of work done by the Contractor in connection with a specific contract at which employees of the Contractor are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance.

"Employee" means an employee of a Contractor directly engaged in the performance of work under a Government contract. Directly engaged is defined to include all direct cost employees and any other Contractor employee who has other than a minimal impact or involvement in contract performance.

"Individual" means an Offeror/Contractor that has no more than one employee including the Offeror/Contractor.

(b) The Contractor, if other than an individual, shall within 30 calendar days after award (unless a longer period is agreed to in writing for contracts of 30 calendar days or more performance duration), or as soon as possible, for contracts of less than 30 calendar days performance duration:

(1) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition;

(2) Establish an ongoing drug-free awareness program to inform such employees about:

(i) The dangers of drug abuse in the workplace;

(ii) The contractor's policy of maintaining drug-free workplace;

(iii) Any available drug counseling, rehabilitation, and employee assistance programs;

and (iv) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

(3) Provide all employees engaged in performance of the contract with a copy of a statement required by subparagraph (b)(1) of this clause:

(4) Notify such employees in writing in the statement required by subparagraph (b)(1) of this clause, that as a condition of continued employment on this contract, the employee will:

(i) Abide by the terms of the statement; and

(ii) Notify the employer in writing of the employee's conviction under a criminal drug statute for a violation occurring in the workplace no later than 5 calendar days after such conviction.

(5) Notify the Contracting Officer in writing with 10 calendar days after receiving notice under subdivision (b)(4)(ii) of this clause, from an employee or otherwise receiving actual notice of such conviction. The notice shall include the position title of the employee;

(6) Within 30 calendar days after receiving notice under subdivision (b)(4)(ii) of this clause of a conviction, take one of the following actions with respect to any employee who is convicted of a drug abuse violation occurring in the workplace:

(i) Taking appropriate personnel action against such employee, up to and including termination; or

(ii) Require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health law enforcement, or other appropriate agency.

(7) Make a good faith effort to maintain a drug-free workplace through implementation of subparagraph (b)(1) through (b)(6) of this clause.

(c) The Contractor, if an individual agrees by award of the contract or acceptance of a purchase order, not to engage in the unlawful, manufacture, distribution, dispensing, possession, or use of a controlled substance in the performance of this contract.

(d) In addition to other remedies available to the Government, the Contractor's failure to comply with the requirements of paragraphs (b) or (c) of this clause may, pursuant to FAR 23.506, render the Contractor subject to suspension of contract payments, termination of the contract for default, and suspension or debarment.

39. REMEDIES FOR ILLEGAL OR IMPROPER ACTIVITY

(a) If the agency head or designee determines that there was a violation of subsection 27(a) of the Office of Federal Procurement Policy Act (41 U.S.C. 423) as implemented in the Federal Acquisition Regulation, the government, at its election, may --

(1) Reduce the monthly rental under this lease by 5 percent of the amount of the rental for each month of the remaining term of the lease, including any option periods, and recover 5 percent of the rental already paid;

(2) Reduce payments for alterations not included in monthly rental payments by 5 percent of the amount of the alterations agreement; or

- (3) Reduce the payments for violations by a Lessor's subcontractor by an amount not to exceed the amount of profit or fee reflected in the subcontract at the time the subcontract was placed.
- (b) Prior to making a determination as set forth above, the agency head or designee shall provide to the Lessor a written notice of the action being considered and the basis therefor. The Lessor shall have a period determined by the agency head or designee, but not less than 30 calendar days after receipt of such notice, to submit in person, in writing, or through a representative, information and argument in opposition to the proposed reduction. The agency head or designee may, upon good cause shown, determine to deduct less than the above amounts from payments.
- (c) The rights and remedies of the Government specified herein are not exclusive, and are in addition to any other rights and remedies provided by law or under this lease.

40. DISPLAY ADVERTISING

No advertising matter shall be constructed on or over the premises, unless authorized by the Contracting Officer.

41A INVOICE REQUIREMENTS FOR PAYMENTS OTHER THAN RENT

- (a) Invoices shall be submitted in an original only, unless otherwise specified, to the designated billing office specified in this contract or purchase/delivery order.
- (b) Invoices must include the Accounting Control Transaction number provided on the purchase/delivery order.
- (c) If information or documentation in addition to that required by the Prompt Payment clause below is required in connection with an invoice for a particular order, the order will indicate what information or documentation must be submitted.

41B. PROMPT PAYMENT FOR PAYMENTS OTHER THAN RENT

- (a) Invoice and inspection requirements for payments other than rent.
- (1) The Contractor shall prepare and submit an invoice to the designated billing office after completion of the work. A proper invoice shall include the following items:
- (i) Name and address of the Contractor
 - (ii) Invoice date
 - (iii) Lease number
 - (iv) Government's order number or other authorization
 - (v) Description, price, and quantity of work or services delivered.
 - (vi) Name and address of Contractor official to whom payment is to be sent (must be the same as that in the remittance address in the lease or the order).
 - (vii) Name (where practical), title, phone number, and mailing address of person to be notified in the event of a defective invoice.
- (2) The Government will inspect and determine the acceptability of the work performed or services delivered within 7 days after the receipt of a proper invoice or notification of completion of the work or services unless a different period is specified at the time the order is placed. If actual acceptance occurs later, for the purpose of determining the payment due date and calculation of interest, acceptance will be deemed to occur on the last day of the 7-day inspection period. If the work or service is rejected for failure to conform to the technical requirements of the contract, the 7 days will be counted beginning with receipt of a new invoice or notification. In either case, the Contractor is not entitled to any payment or interest unless actual acceptance by the Government occurs.
- (b) Interest Penalty
- (1) An interest penalty shall be paid automatically by the Government, without request from the Contractor, if payment is not made by the due date.

(2) The interest penalty shall be at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the day after the due date. This rate is referred to as the "Renegotiation Board Interest Rate," and it is published in the Federal Register semiannually on or about January 1 and July 1. The interest penalty shall accrue daily on the payment amount approved by the Government and be compounded in 30-day increments inclusive from the first day after the due date through the payment date.

(3) Interest penalties will not continue to accrue after the filing of a claim for such penalties under the Disputes Clause, or for more than 1 year. Interest penalties of less than \$1.00 need not be paid.

(4) Interest penalties are not required on payment delays due to disagreement between the government and Contractor over the payment amount or other issues involving contract compliance or on amounts temporarily withheld or retained in accordance with the terms of the contract. Claims involving disputes, and any interest that may be payable, will be resolved in accordance with the Disputes clause.

APPENDIX "H"

CERTIFICATE OF ACCEPTANCE

This report covering the premises located at:

and consisting of _____ typewritten pages has been examined and represents a true condition of the property herein described:

Deficiencies noted herein are recorded for protection of the Government when termination of lease covering the premises is necessary. All conditions so noted are minor and in no way render the premises unsuitable for assignment as public quarters.

Date

Signature of Lessor or Lessor's Representative

Date

Signature of Government's Representative

Date

Signature of Assigned Occupant

APPENDIX "H"

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CONDITION REPORT

"PREPARE IN QUADRUPLES"

LEASE NO. _____
DATE _____
NAME OF APPLICANT _____
ADDRESS & LOCATION _____

CONDITION OF LEASED PREMISES

THE GENERAL CONDITION AND STATE OF REPAIR OF THE PREMISES DESCRIBED BELOW SHOULD BE NOTED, UTILIZING ONE OR MORE OF THE ALPHABETICAL CODES LISTED BELOW. (All spaces should be filled and the words "for applicant" should be inserted where necessary.)

- A. Surface free of holes, chips, cracks, corrosion, rust or scale.
- B. Free properly sealed or otherwise treated to protect with joints of proper fit.
- C. Free completely with all accessories and appears in operating condition.
- D. Other - If surface or item cannot be described accurately with one or more of Codes A through C, describe fully under number.

ADDRESS OF PREMISES _____

DESCRIPTION OF LEASED PREMISES (Please describe: extent of rental, condition, date, and extent, type of construction, and approximate square footage)

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HALL

ITEM	MATERIAL	FINISH	CONDITION
Floor			
Baseboards			
Walls			
Ceiling			
Truss			
Door	NUMBER	MATERIAL	FINISH
	HALL FINISH		
Case			
Electric Light Fixtures	NUMBER	TYPE	
MECHANICAL			
ELECTRICAL			

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INTERIOR

				FINISH	
ITEM	MATERIAL	FINISH		CONDITION	
Plaster					
Stucco					
Tile					
Carpet					
Wood					
Screens	NUMBER	TYPE	FINISH		
	NUMBER	TYPE			
Door Sashes	NUMBER	MATERIAL	FINISH		
Case	CALL FINISH				
Electric Light Fixtures	NUMBER	TYPE			
WALL LININGS					

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EXTERIOR & GENERAL

ITEM	DESCRIPTION			CONDITION
Landscape				
Roofs	AGE	TYPE		
Pool	AGE	TYPE	MATERIAL	
	TYPE			
Chimney	TYPE			
Columns	NUMBER			TYPE
Decorative	TYPE			DESCRIPTION
Foundations	TYPE			
Walls	TYPE			
Doors	TYPE			
Windows	NUMBER	SIZES/DESIGN		
Light Fixtures	NUMBER	TYPE		
Garage or Carport	AGE	<input type="checkbox"/> ATTACHED <input type="checkbox"/> DETACHED		
	TYPE CONSTRUCTION			
Utility Poles	DESCRIPTION		UTILITIES	
Deck (Wooden)	NUMBER	TYPE	FLOOR	
Screen Doors	NUMBER	TYPE		
Electric Sec. Capacity				
Heating Equipment	TYPE			
Fuel	TYPE			
Hot Water Heater	AGE	MODEL	TYPE	
	MODEL		CAPACITY	
WELL/PAVING				
REMARKS				

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ETCHER

ITEM	MATERIAL	FINISH	CONDITION
Flaw			
Scratches			
Hole			
Crack			
Corrosion			
Coarse Top			
Top			
Etcher	NUMBER	TYPE	FINISH
Etcher	NUMBER	TYPE	
Thin Etcher	NUMBER	MATERIAL	FINISH
Etch	TYPE		
Etch	SIZE	SIZE	TYPE
Etch	NUMBER OF Holes	NUMBER OF Holes	DRILLER
Etch	SIZE	SIZE	TYPE
Etch	DRILL NUMBER		SIZE
Etch	SIZE	SIZE	
Etch	NUMBER	TYPE	
Etch	MISCELLANEOUS		
Etch	REMARKS		

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BATHROOM

ITEM	MATERIAL		FINISH	CONDITION
Floor				
Baseboards				
Walls				
Ceiling				
Tile				
Vestibule	NUMBER	TYPE	FINISH	
Stairs	NUMBER	TYPE		
Door Casement	NUMBER	MATERIAL	FINISH	
Tub	TYPE		COLOR	
Shower	TYPE			
Shower Control Panel	TYPE			
Shower Door	TYPE		COLOR	
Lavatory	TYPE		COLOR	
Sink	TYPE		COLOR	
Refrigerator Cabinet	TYPE			
Towel Rack	NUMBER			
Electric Light Fixtures	NUMBER	TYPE		
MISCELLANEOUS				

REMARKS

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Instructions for Preparation of Condition Reports

Forms for "Condition Reports" for leases have been designed to include all features normally incorporated in a dwelling. Any feature present but not listed should be added. If there is nothing to report on a specific feature, this should be noted by a statement to that effect. Support each comment or adverse condition with a photograph. List photograph by number at the end of each related item.

Photographs may be taken by service photographers, civilian employees or commercial photographers, but in each case information should be entered on the back of each photograph as follows:

1. Photographer's name and signature
2. Photographer's home address
3. Activity
4. Location of photograph and notation as to what the picture represents
5. Date taken
6. Identifying number
7. Rating and serial number for service photographer

Exterior photographs should record landscaping, general condition of the property and any substandard condition or features. Interior photographs should reflect the general condition and any adverse condition.

Appropriate Condition Report forms are designed specifically for "Kitchen", "Bathroom" and "Hall", and the form entitled "Interior" should be utilized for all other rooms.

A Condition Report should be prepared in quintuplicate, and the original and all copies of the Certificate of Acceptance should be signed by the Lessor (or his authorized representative), the Government representative and the Navy occupant.

A signed statement should be obtained from each inspector stating the actual time that he spent on his inspection. These statements of time spent should NOT be incorporated in the report. Attach them to NAVY copies for file ONLY.

On page 1 of the Condition Report under "Description of Leased Premises" include the following outside dimensions:

Length
Width
Area (square feet)
Height

APPENDIX "I"

NOTICE OF RENEWAL OF GOVERNMENT LEASE
NAVPAC 10115 (REV. 8-78)

C. FROM (Agency and address)	E. LEASE NO.
------------------------------	--------------

D. TO:

This form may be used in a number of ways.

A. You are hereby notified that under the provisions of the Government lease described below, the United States of America wishes to renew the said lease on the same day here has expired, and does hereby renew, extend, and adjust the said lease and all its terms, conditions, and general provisions thereof for the period beginning _____ and ending _____

B. RECEIVING ACTIVITY (Agency and address)

D. DESCRIPTION OF LEASE (Location, area, storage, location for street number, city, county, and state as applicable)

F. NAME, POSITION, AND TITLE	SIGNATURE	DATE
------------------------------	-----------	------

An officer or an Ensign, Navy Reserve (Reserve/Continental Army) must approve at the Bureau of the Fleet

G. NAVY ACCOUNTING DATA							AMOUNT
AMOUNT TO BE PAID BY (Agency and address)							AMOUNT
APPROPRIATION AND SUBHEAD	OBJECT CLASS	BUREAU CONTROL NO.	SUB-ELEMENT	FUNDS, ACC'T'S, AND OBJECTS	TYPE	PROPERTY ACCT'S, ACT'S	AMOUNT

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APPENDIX "J"

SPECIAL RELEASE

LEASE NO. _____

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, by lease, dated _____, 19 __, and bearing number _____

whose address is _____
as Lessor, leased to the UNITED STATES OF AMERICA, as Lessee, the following
described premises: viz:

(SPACE AS APPROPRIATE)

more particularly described in said lease, and

WHEREAS, the United States of America, no longer requiring the use of
said premises has surrendered possession thereof to the Lessor, and the Lessor
has accepted such surrender on the _____ day of _____, 19 __.

The undersigned, the Lessor of said lease, for and in consideration of
the surrender of said premises, the return of which in good condition is
hereby acknowledged, has remise, released and forever discharged, and by
these presents does for _____ heirs, executors,
administrators, successors, and assigns, remise, release and forever dis-
charge the United States of America, its officers, agents and employees, of
and from all manner of actions, claims, or demands (except for the payment
of rent to the above referred to date of surrender) which against the United
States of America, its officers, agents and employees, the undersigned ever
had, now has, or ever will have upon, or by any matter, cause or thing
whatsoever arising out of said lease of the occupancy by the United States
of America of said premises or the use of any personal property thereon.

IN WITNESS WHEREOF, the undersigned has signed and sealed these presents
or caused these presents to be executed by its duly authorized officers and
its seal to be affixed hereto this _____ day of _____, 19 __.

WITNESS:

(SPACE AS APPROPRIATE)

By: _____

By: _____

(If executed by a corporation, the following certificate shall be executed by
the Secretary of Assistant Secretary)

I, _____, certify that I am the _____ of
the corporation named as Lessor in the above release; that
_____, who signed said release on behalf of the Lessor,
was then _____ of said corporation; that said release was
duly signed for and in the behalf of said corporation by authority of its
governing body, and is within the scope of its corporate powers.

(SPACE AS APPROPRIATE)

By: _____

(CORPORATE SEAL)

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APPENDIX "K"

LEASE - CONSTRUCTION AGREEMENT

LEASE BY (R) -

BETWEEN

THE UNITED STATES OF AMERICA

AND

This agreement entered into this ____ day of _____, 19____, by and between _____ whose address is _____ represented by _____, hereinafter referred to as the Lessors, and the United States of America, represented by the _____ authorized to act by the Commander, Naval Facilities Engineering Command of the United States Navy, acting under the direction of the Secretary of the Navy, hereinafter referred to as the Government.

WHEREAS, the Lessors own in fee simple a parcel of vacant land located at _____, comprising an area of approximately _____ square feet all as entered in the Registry of the City of _____,

WHEREAS, the Lessors have agreed to construct on said land _____ buildings containing a total of about _____ square feet of usable floor space together with other improvements, including about _____ square feet of paved parking area, all in accordance with plans and specifications attached hereto and made a part hereof as Exhibits "A" and "B", which shall hereinafter be referred to collectively as the improvements, and subsequent to such construction to lease the improvements to the Government; and

WHEREAS, the Government desires to obtain the use of the lands with the improvements thereon for use as a _____ or for any other use as may be in the interests of the Government;

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto, and of the covenants, agreements, and obligations set out hereafter, the Lessors and Government agree as follows:

Article I. The Lessors hereby lease to the Government the land situated in the City of _____, comprising an area of approximately _____ square feet, as set forth in the Registry of the City of _____, together with the improvements to be constructed thereon in accordance with the provisions of

APPENDIX "K"

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Article IV, said land and improvements hereinafter referred to as the premises. The premises shall be used as a _____ and for any other purpose which may be in the interest of the Government.

Article II. To have and to hold said premises for the term beginning the _____ day of _____ and ending the _____ day of _____, with the right of renewal as provided in Article VII.

Article III. The Government shall not assign this lease in any event, and shall not sublet the demised premises except to a desirable tenant.

Article IV. As a covenant going to the essence of this Agreement and as a material condition of the Government's obligation to pay rent provided herein. Lessors agree to perform the construction and completion of the improvements contemplated and to construct such improvements in accordance with the plans and specifications attached hereto as Exhibits "A" and "B" and pursuant to the General Construction provisions attached hereto as Exhibit "C". The _____, shall be the agent of the Government to whom delivery of the completed improvements shall be made. In such capacity he shall be authorized and permitted to make a daily inspection of the premises during construction.

It is agreed that no change shall be made in the plans and specifications attached hereto as Exhibits "A" and "B" nor to the General Construction Provisions attached hereto as Exhibit "C" except by written amendment to this Agreement, which shall be executed by the Lessors and by the Contracting Officer on behalf of the Government. The _____ acceptance of the completed improvements on behalf of the Government shall be evidenced by a Certification of Satisfaction in writing addressed to the Lessors.

Although the lease term begins on _____ (from which date the Government shall pay the rental specified in Article VI), it is agreed that the improvements shall be delivered to the Government on _____ and the Government has the right to occupy the improvements without obligation to pay rental or any other charges until _____.

Article V. It is agreed that the Government shall contract for and pay all charges for water, electric light current, electrical industrial current and telephone services used on the premises during the original term of the lease and any renewal thereof.

Article VI. The Government, contingent upon delivery of the improvements specified in Article IV by _____, shall pay the Lessor for the leased premises for the period commencing _____ and ending _____, the rental of \$ _____ per annum payable in advance on _____.

the _____ day of _____ of each year. In the event the improvements specified are not delivered by _____, the improvements shall be delivered not later than _____, and the term shall begin _____ . In the latter event the Government shall pay the Lessor for the leased premises for the period commencing _____ and ending _____, a rental of \$ _____ per annum payable in advance on the _____ day of _____ of each year. In the event the improvements are not delivered by _____ this agreement shall be null and void.

Article VII. On and after the _____ day of _____ or the _____ day of _____, as the case may be, this lease may, at the option of the Government be renewed from year to year on the terms and conditions herein specified, provided notice in writing be given to the Lessor at lease ninety (90) days before this lease of any renewal thereof would otherwise expire at similar rentals as follows:

\$ _____ for the years beginning _____ or _____ and ending _____ or _____.

\$ _____ for the years beginning _____ or _____ and ending _____ or _____.

\$ _____ for the years beginning _____ or _____ and ending _____ or _____.

Article VIII. The Government shall have the right, during the existence of this lease, to make alterations, attach fixtures and erect additions, structures or signs in or upon the premises leased. No structural change shall be made to the building without the written consent of the Lessors. Said alterations and improvements shall be made and remain the property of the Government and may be removed or disposed of by the Government prior to termination of this lease. The Government, if required by the Lessors, shall before the expiration of this lease, or renewal thereof, restore the premises to the same condition as that existing at the time of entering under this lease, reasonable and ordinary wear and tear and damages by the elements or by circumstances over which the Government has no control excepted; provided however, if the Lessors require such restoration, the Lessors shall give written notice thereof to the Government thirty (30) days before the termination of the lease. The Government shall have the option of making cash settlement with the Lessors in lieu of any obligation to restore. Should a mutually acceptable agreement be made, the parties shall enter into a Supplemental Agreement effecting such settlement.

Article IX. It is agreed that any alterations, additions or other changes in the premises required by _____ Law, regula-

tions or otherwise before the Government may occupy the premises, shall be made by the Lessors at their expense. Lessors warrant to have obtained the permits and license for the construction of the building under this contract and they agree to do whatever else may be necessary to comply with _____ Law, regulation or otherwise, that may be required to permit the Government to occupy the premises. In the event, and for as long as the Lessors fail to comply with either or both of these conditions, it is agreed that the _____, acting on behalf of the Government, may withhold issuance of the Certificate of Satisfaction to the Lessors, contemplated by Article IV.

Article I. The Lessors shall be responsible for all extraordinary maintenance, including but not limited to, all necessary repairs to the roof, wall supports, other structural parts of the buildings, the water, electric, heating and other utility systems. The Government shall be responsible for all ordinary maintenance, including but not limited to minor damage to walls, window panes, doors, window frames, partitions, light switches, water faucets, drains, shutters, hinges, locks and door accessories, ordinary and routine repairs to the utility systems except damages caused by hail, windstorm or other natural causes, or resulting from settlement or deterioration of the building. The Government will be responsible for maintenance of all additions and alterations made by the Government, unless such alterations or additions are of a permanent character, or to structural members of the building, in which case maintenance shall be considered extraordinary and the obligation of the Lessors Provisions of this paragraph do not relieve the Lessors or the Government from financial responsibility due to the fault, negligence, or misconduct of either. Both the Lessors and the Government undertake to repair, replace or otherwise fulfill their obligations for maintenance hereunder, promptly and properly. If either fails to do so after being advised in writing by the other party, the other party will have the right without waiving its rights under this contract or in law, to effect such repairs at the expense of the party failing to perform his obligations under this paragraph.

Article II. If the premises be destroyed by fire or other casualty, this lease shall immediately terminate. In the case of destruction or damage, so as to render the premises untenable, the Government may cancel the lease by giving written notice to the Lessors within fifteen (15) days thereafter, and if so terminated, no rent shall accrue to the Lessors after the date of such partial destruction or damage. Provisions of this paragraph do not relieve the Lessors or the Government from financial responsibility due to the fault, negligence or misconduct of either.

Article XII. The Lessor warrants that no part of the rental consideration includes an allowance for any tax or duty which the Government of the United States and the Government of _____ have agreed shall not be applicable to expenditures in _____ by the United States or any tax or duty from which the Lessor, its agents, contractors or sub-contractors hereunder are exempt under the laws of _____. If any such tax or duty which has been included through error or otherwise, the rental shall be correspondingly reduced.

Article XIII. Prior to acceptance of the premises as provided for in Article IV, and upon termination of this lease, a joint condition report based upon a physical survey of the demised premises shall be made reflecting the actual condition of the property at the time it is made. This condition report shall be signed by the parties hereto.

Article XIV. It is agreed that all notices or other correspondence required by this Agreement, from the Government to the Lessors, shall be served on or mailed to the Lessors at _____. All notices or other correspondence required by this Agreement, from the Lessors to the Government, shall be served or mailed to the _____.

Article XV. The Lessors warrant that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees of bona fide established commercial or selling agencies maintained by the Lessors and Individuals for the purpose of securing business. For breach of violation of this warranty the Government shall have the right to annul this contract without liability, or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage or contingent fee.

Article XVI. No member of or delegate to the Congress of the United States of America shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

Article XVII. The Government may, by written notice to the Lessors, terminate the right of the Lessors to proceed under this contract if it is found after notice and hearing, by the Secretary of the Navy or his duly authorized representative, that gratuities (in the form of entertainment, gifts or otherwise) were offered or given by the Lessors or Individuals, or any agent or representative of the Lessors or Individuals, to any

officer or employee of the Government with a view toward securing favorable treatment with respect to the performing of such contract; provided that the existence of the facts upon which the Secretary or his duly authorized representative makes such findings, shall be in issue and may be reviewed in any competent court. . In the event this contract is so terminated, the Government shall be entitled (i) to pursue the same remedies against the Lessors and Individuals as it could pursue in the event of a breach of contract by the Lessors, and (ii) as a penalty in addition to any other damages to which it may be entitled by law, to exemplary damages in an amount (as determined by the Secretary or his duly authorized representative) which shall not be less than three or more than ten times the costs incurred by the Lessors or Individuals in providing any such gratuities to any such officer or employee. The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by Law or under this contract.

Article XVIII. The Lessor agrees that the Comptroller General of the United States of America, or his duly authorized representative shall until the expiration of three years after final payment under this contract, have access to and the right to examine any directly pertinent books, documents, papers and records of the Lessors involving transactions related to this contract. The Lessors further agree to include in all their contracts hereunder a provision to the effect that the sub-contractor agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three years after final payment under the sub-contract, have access to or the right to examine any directly pertinent books, documents, papers and records of such sub-contractor involving transactions related to the sub-contract. The term "sub-contract" as used in this clause includes (i) purchase orders not exceeding \$1,000 and (ii) sub-contracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

Article XIX. In the event the Lessors contemplate executing a mortgage on the land and improvements covered by this Lease Agreement, it is agreed that the Lessors shall obtain an Agreement from the mortgagee that the mortgage shall be subordinate to the Lease; and the Lessors further agree that if any other liens are placed against the land and improvements, Agreements shall be obtained from the Lieneses that the liens shall be subordinate to this lease. It is further agreed that this Lease Agreement shall be a lien on the premises having first priority, and any Agreement with a Mortgagee or any other Lienesee shall so provide.

Article XX. The Lessors covenant and agree not to alienate the premises covered by this Agreement, nor to sell, convey or transfer the property without the knowledge and consent of the Government, and that full knowledge

of the terms and conditions of this Agreement shall be given to any purchaser. The Government agrees not to withhold consent to such sale or transfer, except under conditions considered to work grievous harm to its peaceful occupancy of the premises.

Article XXI. Final release: Prior to final acceptance of the construction of the improvements as stated herein, and as a condition precedent to the taking possession of the premises by the Government, the Lessors shall execute and deliver to the Government a release in such form as is approved by the Contracting Officer, or any and all claims against the United States arising under or by virtue of the construction of said improvements.

Article XXII. It is intended that the English language version of this contract, and any other language into which it is translated, shall have an identical meaning. In the event of any conflict between the two versions, the English version shall govern.

Article XXIII. The Lessors undertake the obligation to perform the registration of the present contract at their own care and expense, assuming any responsibility therefor.

IN WITNESS WHEREOF, the parties hereto have herewith subscribed their names as of the date first above written.

THE UNITED STATES OF AMERICA

By _____
Contracting Officer

WITNESSES

LESSOR

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APPENDIX "M"

FAMILY HOUSING LEASE REQUEST (FORMAT)

From: (Activity)
To: (Engineering Field Division)
Subj: Family Housing Leasing Request

Section I

It is requested that a lease be negotiated for the following individual:

- a. Occupant's Name/Rank:
- b. Dependents Date of Birth/Sex:
- c. No. of Bedrooms:
- d. Using Activity and VIC/RUC:
- e. Requested Starting Date:
- f. Tour Date:
- g. Activity Point of Contact: (Name/Phone)

Section II

In preliminary stages of efforts to locate a suitable unit to lease, the Housing Referral Service at (Nearest DOD Military Activity with a MRS), Autovon/Commercial Phone Number _____ was contacted. Listings (were) (were not) available for units within the commuting area.

Section III

The following information is provided for a proposed unit located for the above individual and is certified as appropriate:

- a. Location:
- b. Type of Unit: (House, Townhouse, Apartment, Mobile Home)
- c. Monthly Rental (Including Utilities):
- d. Owner/Address/Telephone No.:
- e. Rent Checks Payable To:
- f. Condition Report Attached:

APPENDIX "N"

CERTIFICATE OF APPROPRIATENESS

This is to certify that I have determined that:

(1) no adequate military housing is available for use by the prospective occupant within the next twelve (12) months;

(2) no suitable private housing is available at a rental cost including utilities (less telephone) within the DOD-established MARE for the prospective occupant;

(3) the unit proposed for lease provides, as nearly as practical, accommodations appropriate (with respect to type, size, location and amenities) for assignment as public quarters to the pay grade and family composition of the prospective occupant;

(4) no units meeting the criteria of paragraphs (2) and (3) are available within the sixty minute commuting distance;

(5) the proposed occupant did not locate his/her own lease or the proposed occupant located his/her own lease because no military person of equal or higher rank is attached to the activity or stationed within the sixty minute commuting distance;

(6) the rental is fair and consistent with rental charges for comparable units in the area;

(7) every reasonable effort was made to minimize the lease rental cost to the Government of providing public quarters;

(8) the Navy family housing leasing program guidelines as outlined in Chapter 7, Navy Family Housing Manual (P-930) have been reviewed and followed;

and further, I have contacted the prospective lessor and determined that neither the prospective occupant nor the Government could lease the unit at a lower cost.

Address of Proposed Unit:

Date

Commanding Officer/Officer-in-Charge

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