

# APPENDIX A: GLOSSARY OF TERMINOLOGY SUPPLEMENT

## Appendix A

This appendix provides definitions of commonly used terms in VA lease acquisition. Please also refer to [GSA's LDG Appendix A](#) for all other commonly used terms in lease acquisition.

### **ANSI/BOMA Occupant Area (ABOA) Square Feet**

Additional Note: ANSI/BOMA is used interchangeably with usable square feet (USF).

### **Annual Average Rent**

Net average annual rent for the term of the lease, including option periods, and excluding the cost of services. Comprised of amortized build-out and shell rent, which includes parking, real estate taxes, insurance, building maintenance and reserves for replacement, lease commission, and management costs, but excluding operating costs. Functionally equivalent to “unserviced rent”.

### **Benefit Cost Analysis (BCA)**

The methodology utilized to compare the relative advantages of procuring the following three interests in real property: (1) a leasehold interest; (2) a fee simple interest in improved real property; and (3) a fee simple interest in unimproved real property which the government will improve by new construction. Also, may be referred to as Cost Benefit Analysis (CBA).

### **Building Specific Amortized Capital (BSAC)**

Charge is for specific security items that are a separate capital investment in the leased property. BSAC charges are separate from the building shell or TI's for rate setting purposes.

### **Capital Lease**

Per [OMB Circular A-11](#) Appendix B, capital lease means any lease other than a lease-purchase that does not meet the criteria of an operating lease.

### **Direct Lease**

Any real property lease contract awarded by a VA Lease Contracting Officer.

### **Eligible Lease Contracting Officer (LCO)**

An eligible lease contracting officer is an individual who has met VA's Lease Certification Program (LCP) and warrant requirements and has the warrant authority to enter into, administer, and/or terminate contracts; make related findings and determinations. VA's Lease Contracting Officer's job series include Realty Specialist and Contract Specialist. VA Central Office Senior Resident Engineers also serve as LCOs on specific projects.

### **Green Lease**

A green lease is a lease for space in a privately owned, commercial building that includes environmental and sustainability criteria for the building and operations to:

- Reduce energy, water, material resource use, and emissions.
- Improve indoor environmental quality.
- Reduce negative impacts on the environment.
- Increase the use of sustainable products.
- Increase reuse and recycling opportunities.
- Reduce impacts of transportation through building location.
- Consider the effects of the building on human health and the environment; and Track impacts of emissions, energy, water, and waste.

### **Head of Contracting Activity (HCA)**

The HCA for VA's Real Property Lease Program ("Leasing HCA") is the Associate Executive Director, Office of Real Property. Actions requiring HCA approval must be submitted to the Office of Real Property for Leasing HCA approval prior to execution in accordance with the current HCA Review and Approval Process.

### **Lease Amendment<sup>10</sup>**

For VA lease procurements, "lease amendment" includes the dollar value of the lease amendment and is based on the absolute value of the changes.

### **Lease Definitions**

#### **a. Major Level Lease**

The term "major lease" or "major level lease" means the net average annual rent for the term of the lease (including option periods and excluding the cost of

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<sup>10</sup> VA HCA approved deviation per GSAM 501.404(d) to GSAM 501.603-1(a) Lease Amendment definition.

services) is equal to or greater than the prospectus level threshold amount for the fiscal year in which award is to be made, requiring the prior submission and approval of a prospectus. The prospectus threshold for VA is the “major medical facility lease threshold” as defined in [38 U.S.C. § 8104\(a\)\(3\)\(B\)\(i\)](#)<sup>11</sup>, excluding the cost of services.

#### **b. Mid-Level Lease**

The term “mid-level lease” means leases exceeding \$1,000,000 in annual unserviced rent (net average annual rent for the term of the lease, including option periods and excluding the cost of services) but less than the major level lease threshold.

#### **c. Minor Level Lease**

The term “minor lease” or “minor level lease” means leases of \$1,000,000 or less in annual unserviced rent (net average annual rent for the term of the lease, including option periods and excluding the cost of services).

### **Lease Approval Threshold**

The dollar value set for higher level approving official requirements. The approval threshold calculation for Acquisition Plans and Justifications for Other Than Full and Open Competition (JOTFOC) for lease actions above the Simplified Acquisition Threshold (SLAT) is based on the anticipated total lease contract value at award for new, new/replacing, succeeding, or superseding lease actions. For lease extensions, the value of the extension term is considered. For expansions and unevaluated renewal options, the anticipated aggregate lease value is considered (note that if the expansion or unevaluated renewal option amendment to a SLAT lease result in a lease exceeding the SLAT threshold, then the total aggregate lease value must be used for Acquisition Plan and JOTFOC approval, even if the individual value of action does not exceed the SLAT).

Lease approval thresholds are not to be confused with warrant level thresholds which are based on the individual transaction rather than the aggregate lease value per [GSAM 501.603-1\(c\)\(5\)](#).

### **Leasing Authority**

The Federal Property and Administrative Services Act, as amended, ([40 USC Subtitle I](#)) gives the Administrator of GSA the authority to procure and manage real property and assign it to Federal agencies. Specifically, the Administrator is authorized to enter into leases for terms not exceeding 20 years per [40 USC § 585](#) (formerly section

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<sup>11</sup> [Pub. L 117-168 § 703\(b\)](#) amended VA’s threshold to an average annual rent equal to or greater than GSA’s threshold under [40 U.S.C. § 3307\(a\)](#), which is subject to adjustment in accordance with [40 U.S.C. § 3307\(h\)](#). GSA’s annual prospectus threshold for FY2024 is \$3.613M.

490(h)).

VA maintains statutory authority through [38 U.S.C. § 8103](#) to lease all types of medical space, regardless of size. While VA has the authority to undertake leasing, VA does not have the authority to obligate lease funding on an annual basis, which would allow for multi-year lease contracts, nor does VA have a fund to cover potential termination costs. Both aspects are necessary for VA to undertake an effective leasing program. Therefore, VA must obtain project-specific delegations of authority from GSA or validation of appropriate use from Office of Asset Enterprise Management (OAEM) to utilize GSA's standing categorical delegation of authority to execute lease acquisitions with lease terms not to exceed 20 years. The delegation allows VA to enter into multi-year lease contracts with obligations recorded on an annual basis and extends the protection of GSA's Federal Buildings Fund.

### **Lump Sum**

A lump sum is a single payment of money, as opposed to a series of payments made over time.

### **Minor Alterations**

Post-occupancy alterations to existing leased space below GSA's annually adjusted threshold listed at [40 U.S.C. § 3307\(a\)\(3\)](#).

### **Occupancy Agreement (OA)**

Means a written agreement descriptive of the financial terms and conditions under which GSA assigns, and a customer agency occupies, the GSA-controlled space identified therein.

### **Operating Lease**

Per [OMB Circular A-11 Appendix B](#), operating lease means a lease that meets all the criteria listed in Appendix A of this directive. If the criteria are not met, the lease will be a capital lease or a lease-purchase, as appropriate.

### **Post-Occupancy Prospectus Level Actions**

Requirements to existing prospectus level leases affecting lease term or square footage or any action resulting in an existing lease exceeding the prospectus level threshold. Includes expansions, reductions, extensions, or Standstill Agreements. These actions will be executed by CFM ORP.

### **Prospectus Lease**

The net average annual rent for the term of the lease (including option periods and

excluding the cost of services) is equal to or greater than the prospectus threshold in [38 U.S.C. § 8104\(a\)\(3\)\(B\)\(i\)<sup>12</sup>](#) amount for the fiscal year in which award is to be made, requiring the prior submission and approval of a prospectus.

### **Prospectus Level Alterations**

Post-occupancy alterations to existing leased space exceeding GSA's annually adjusted threshold listed at [40 U.S.C. § 3307\(a\)\(3\)](#). These actions will be executed by CFM ORP.

### **Rentable Square Feet (RSF)**

RSF is the area for which a tenant is charged rent. It is determined by the building owner and may vary by city or by building within the same city. The RSF may include a share of Building support/common areas such as elevator lobbies, building corridors, and floor service areas. Floor service areas typically include restrooms, janitor rooms, telephone closets, electrical closets, and mechanical rooms. RSF does not include vertical building penetrations and their enclosing walls, such as stairs, elevator shafts, and vertical ducts. RSF is calculated using the following formula for each type of Space (e.g., office, warehouse, etc.) included in the Premises: ABOA SF of Space x (1 + CAF) = RSF.

### **Request for Lease Proposal (RLP)**

A written document that the government uses to communicate the exact minimum specifications of its space requirements to potential offerors.

### **Senior Real Property Officer (SRPO)**

The Executive Director, OAEM is designated as VA's Senior Real Property Officer (SRPO) for the purposes of Federal Real Property Council (FRPC). This position is responsible for developing and implementing an agency asset management planning process as required by Executive Order 13327 and OMB M-18-21, which can be viewed at [M-18-21 \(whitehouse.gov\)](#). This position is not to be confused with other positions of authority in VA's real property leasing program.

### **Strategic Capital Investment Plan (SCIP) Process**

Strategic Capital Investment Planning (SCIP) process applies to all VA capital infrastructure and related activities that support VA's annual capital budget request to the Office of Management and Budget (OMB) and Congress. The objective of the SCIP process is to produce an annual, consolidated list of capital (major and minor construction and Major, Mid-Level and Minor Leases, including OAs) projects and to

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significantly reduce or close performance gaps in access, workload and utilization, safety, space, and facility condition over a 10-year period. Through SCIP, VA will “right size” its inventory and be better positioned to deliver the highest quality health care, benefits, and memorial services to our Nation’s Veterans. Refer to VA Directive 0011 for more information related to the SCIP process.

### **Total Lease Contract Value (TLCV)<sup>13</sup>**

For VA executed lease procurements, “total lease contract value” means the entire lease award amount at initial award, including the dollar value of option periods plus any lump-sum and/or amortized tenant improvement costs reflected in the rent schedule. Lump-sum tenant improvement costs based on allowances and definitized post-award/post-design are computed based on the lease ABOA SF and allowance value.

### **Unserviced Rent**

Unserviced rent is comprised of amortized build-out and shell rent, which includes parking, real estate taxes, insurance, building maintenance and reserves for replacement, lease commission, and management costs, but excluding operating costs. More commonly used, functional equivalent to “average annual rent” which is the term used in 38 U.S.C. § 8104.

### **VA Rule of Two**

The VA Rule of Two is the process prescribed in 38 U.S.C. 8127(d) whereby a contracting officer of the VA, “shall award contracts on the basis of competition restricted to small business concerns owned and controlled by Veterans if the contracting officer has a reasonable expectation that two or more small business concerns owned and controlled by Veterans will submit offers and that the award can be made at a fair and reasonable price that offers best value to the United States.” The VA Rule of Two applies to all competitive actions.

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<sup>13</sup> VA HCA approved deviation per [GSAM 501.404\(d\)](#) to [GSAM 501.603-1\(a\)](#) TLCV definition.