

# VA SUPPLEMENT CHAPTER 8: **ALTERATIONS IN LEASED SPACE**

## **Chapter 8**

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## **Part 1: Overview**

When used throughout this VA Supplement Chapter, “Reserved” means the information in [GSA’s LDG](#) applies to VA’s leasing program without further supplemental information.

### **a. Reasons for Alterations**

Reserved.

### **b. Procurement Responsibility**

#### **The Leasing Specialist and Lease Contracting Officer**

Reserved.

#### **The Property Manager**

U.S. Department of Veterans Affairs (VA) does not authorize the Property Manager acting as the Contracting Officer Representative (COR) to procure minor alterations from the lessor.

#### **The Client Agency Official**

VA does not authorize the Client Agency Official (CAO) acting as the COR to procure minor alterations from the lessor.

#### **Contract Specialist and Contracting Officer (GS-1102)**

Reserved.

#### **The Lessors Role**

Reserved.

### **c. Government’s Contractual Right to Perform Alterations**

Reserved.

### **d. Effect of Alterations on Leases**

#### **Operating and Maintenance Costs**

Reserved.

#### **Method of Funding Alterations**

Alterations in VA leases are typically funded by means of a lump sum payment for the work. Amortization of alteration costs should be avoided unless the LCO can save documentation to the contract file to prove that the increase in rental rate would not yield a capital lease or cause the lease to exceed the prospectus threshold.

If any alterations amortized in the rental rate are perceived or estimated to increase the rate above the prospectus threshold, the leasing professional should contact Office of Asset Enterprise Management (OAEM) and Office of Construction and Facilities Management (CFM) Office of Real Property (ORP) for guidance.

In accordance with [OMB-Circular A-11](#), assets that have special features or enhancements that were built or added for the Government's unique needs or special purposes need to be evaluated on a case-by case basis to ascertain whether they can be considered to be general purpose assets. If the asset is considered to be a general-purpose asset, then, as a general rule, such special features or enhancements should be paid lump sum up-front, separate from the lease rental rate. Therefore, VA typically pays for TIs via lump sum.

Payment to the lessor for tenant improvements may not precede the acceptance of the improvements by the government. Advance payments, including progress payments, for partially completed tenant improvements are prohibited.

### **Lease Amendments and Other Contractual Forms**

Reserved.

### **Section 106 Compliance for Alterations in Historic Buildings**

Reserved.

## **Part 2: The Standard Alterations Process**

### **a. Requirements and Scope Development Phase**

Reserved.

#### **Alterations Request**

Reserved.

#### **Refining/Developing SOW**

Reserved.

**Section 106 Consultation**

Reserved.

**Scope Determination**

Reserved.

**In-Scope Requirements**

Reserved.

**Out-of-Scope Requirements**

Reserved.

**b. Preproposal and Proposal Phase**

**Preproposal Actions**

Reserved.

**Proposal Actions**

Reserved.

**c. Negotiations, Contract Preparation, and Award Phases**

**Price Negotiations**

Reserved.

**Contract Preparations**

Reserved.

**Award**

Reserved.

**d. Post-Notice to Proceed Phase**

**Designation of Contracting Officer's Representative**

Reserved.

**Monitoring Performance**

Reserved.

**Progress Inspections**

Reserved.

**Final Inspection**

Reserved.

**Acceptance and Payment**

Payment to the lessor for tenant improvements may not precede the acceptance of the improvements by the government. Advance payments, including progress payments, for partially completed tenant improvements are prohibited.

**Part 3: Administrative Best Practices**

Reserved.

**Attachment: Sample Letter Appointing Contracting Officer's Representative**

Reserved.