# ORDER

**DEPARTMENT OF TRANSPORTATION**
**FEDERAL AVIATION ADMINISTRATION**
SOUTHERN REGION

SO 4420.1D

10/31/73

SUBJ: REAL PROPERTY ACQUISITION - LEASED LAND AND SPACE

1. PURPOSE. This order prescribes policies and procedures for the acquisition of real property and related services. As referred to in this order, real property means leased space and/or land.

2. DISTRIBUTION. This order is distributed to branch level in the Region; Branch level in the Areas; and all field offices and facilities.

3. CANCELLATION. Order SO 4420.1C, dated 11/26/68.

4. DEFINITIONS.

   a. Technical Real Property refers to all land, buildings, and space in buildings (including land incidental to the use thereof) required in connection with the establishment, maintenance, and operation of air navigation and air traffic control facilities. This includes all operating space in such facilities as ARTC Centers, ATC Towers, Combined Station/Towers, Flight Service Stations, Airway Facilities technical activities (including space and facilities directly related to such activities), warehouse and storage facilities, and aircraft hangars.

   b. Administrative Real Property refers to all space in buildings, including land or parking areas incidental to the use thereof, which is not directly related to air navigational operations as outlined in paragraph 4a. This includes, but is not limited to, space for offices; cafeterias; conference rooms; garages, storage, and parking areas utilized by activities at regional headquarters; area offices and field offices; and employee housing at locations where housing is necessary because of lack of commercial housing.

   c. Collocated Space is that space housing several activities in a contiguous area for reasons advantageous to the Federal Aviation Administration (FAA) or Department of Transportation (DOT).

   d. Related Services are those services necessary for the proper utilization or occupancy of space, buildings, structures and/or land required in support of the agency's operations. Included are all utilities; telecommunications; protection and janitorial services; mechanical and electrical operations and maintenance; and upkeep of buildings, grounds, and parking areas.

5. AUTHORITIES AND LIMITATIONS.

a. Only designated contracting officers of the Real Estate and Utilities Branch are authorized to execute contracts for the acquisition of real property, to obligate the Government for payment of rentals or services, or to make any commitments to lessors.

b. Title 40, Section 278(a), United States Code (Economy Act), places an annual rental ceiling of 15% of the fair market value of the premises and a ceiling of 25% of the first year's rent for alterations, improvements, and repairs of the rented premises. Expenditures for alterations, improvements, and repairs to rent-free space may not exceed 15%, in any one year, of the fair market value of the space at the date of the lease. All space lease files will contain completed FAA Form 4660-7, Leased Premises - Computation of Fair Market Value and Rental. When properly completed, this form will indicate if the annual rental is within the Economy Act Limitation. Annual rental means net annual rental (gross rent less cost of utilities and services).

c. Agency Order 4420.2A, Acquisition and Location of Space, establishes policy and guidance in the acquisition and location of space.

6. POLICY.

a. Southern Region policy shall be to provide quality space and related services for all regional activities consistent with planned efficiency of operation, proper utilization, and sound economic practices. Standards must be established and acquisitions planned on a functional requirement basis. A positive management program shall be established for upgrading existing substandard space and developing new requirements on a long-range basis. Efforts should be made toward collocation of present and future field activities convenient to the airport with consideration to efficiency, economy, and service to the public.

b. DOT Policy. DOT Order 1100.10, Collocation of Department of Transportation Facilities, states "It is the policy of the Department of Transportation that where factors such as services to the public or operational effectiveness do not dictate otherwise, the offices, activities, and facilities of the operating administrations in each locality or area shall be collocated or located contiguously when feasible."

c. Acquisition of Land, Space, Alterations to Leased Space, and Related Services whether under authority delegated to the FAA or through agency requests submitted to General Services Administration (GSA) will be in accordance with existing laws, regulations, and accepted real estate practices. This includes, but is not limited to, a determination of the fair market rental value and the assurance that both the lessor and the lessee have a complete understanding of the obligations imposed on both parties.

* 7. BUDGETING. Each division is responsible for budgeting and/or coordinating, as specified in the Budget Procedures handbook, SO 2500.5C, for costs of new space requirements of the respective division and its field activities. Recurring costs for existing space shall be projected by the Budget Division based on previous years obligations. *

8. RESPONSIBILITIES.

a. Each using organization is responsible for determining its own administrative real property needs.

b. Real Estate and Utilities Branch, Logistics Division

(1) Prescribes the operating policies, standards, systems, and procedures for the acquisition of real property and contracts for all real property and interests therein; negotiates all alterations, improvements, and repairs thereto; procures related services; administers all contracts for real property holdings and related services thereto, except for those administered by GSA.

(2) Prescribes and insures compliance with agency standards, systems, and procedures for administrative space including space layouts, construction materials, colors, and office furnishings. This includes all new and remodeled space. They shall assist in the development and approval of all administrative real property requirements, including associated real estate and related services. Copies of plans of proposed administrative areas are to be submitted to the Real Estate and Utilities Branch for review and final approval prior to accomplishment.

(3) Procures all administrative and collocated space on airports.

(4) When satisfactory space is not available on airports, procurement will be accomplished by GSA. The Real Estate and Utilities Branch will perform pre-contract negotiations with GSA and prepare and submit Request for Space, SF-81. Information copies of SF-81 and GSA-65, Space Assignment Record, will be forwarded to the using organization.

c. Airway Facilities Division is responsible for the management of and planning for technical space. If a facility contains both technical and administrative space, and technical space is more predominant, the Airway Facilities Division will be responsible for the planning and continued management of said space, and will coordinate the space for the administrative portion of the facility with the Logistics Division, Real Estate and Utilities Branch, for adherence to established standards.

* d. Each Field Facility containing administrative space shall submit FAA Form 4665-1, Facility Record (Administrative Space), at the end of each fiscal year to the Real Estate and Utilities Branch, ASO-56, in accordance with instructions in Order SO 4660.1. *

9. REQUIREMENT PROCEDURES.

a. Acquisition of Real Property. DOT F 4200.1, Procurement Request, shall be prepared for all requirements for real property, related services, or modifications and forwarded to the Real Estate and Utilities Branch, ASO-56. The Real Estate and Utilities Branch will coordinate the requests with all other sections, branches, and/or divisions as necessary. The request will contain, as a minimum, the following information:

(1) Type and amount of space or land required.

(2) Date space or land is desired or required.

(3) Plans and/or specifications. (This will include plot plan(s) and legal description(s) as applicable.)

(4) Statement that funds are available for the payment of rent.

(5) Appropriation data.

(6) Other information that would assist the real estate contracting officer in acquiring the space or land.

b. Acquisition of Land for Air Navigational Facilities. Land sites for all air navigational facilities shall be acquired by the Real Estate and Utilities Branch in coordination with the field engineering representatives of the Environmental Engineering Branch, Airway Facilities Division, who will make preliminary surveys to determine the most suitable site(s) for the facility. The request shall be prepared and submitted in the same manner as described in paragraph 9a. Contracting Officers will normally secure on an option basis all property for VOR's, VORTAC's, TVOR's, and other such NAVAIDS where there may be some question regarding final location. The term of the option agreement should be for a minimum of 120 days to enable the agency to determine the suitability of a particular site.

c. Requirements for Repairs, Alterations, and Improvements to Leased Space, not provided for in the acquisition contract, shall be requested * on DOT F 4200.1 and accompanied by FAA Form 4660-6, Leased Premises - Proposed Improvements, to the Real Estate and Utilities Branch. *

(1) The Real Estate and Utilities Branch will determine the lessor's responsibility under the terms of the contract prior to taking any other action to repair, alter, improve, or modify the space.

(2) Requests for repairs, alterations, and improvements to space acquired through GSA will be forwarded to the Real Estate and Utilities Branch for submission to GSA.

* (3) FAA Form 4660-8, Leased Premises - Expenditures for Improvements,* shall be used by the contracting officer to record all expenditures of agency funds for repairs, alterations, and improvements to prevent exceeding the Economy Act Limitation. Prior to approving the first expenditure, the contracting officer shall determine the amount that may be expended without exceeding the Economy Act Limitation by completing FAA Form 4660-7, Leased Premises - Computation of Fair Market Value and Rental.

10. RENEWAL OF LEASES AND OTHER CONTRACTS.

a. On or before September 1 each year, the Real Estate and Utilities Branch shall forward to the Airway Facilities Division a copy of GSA Form 745A, Real Property Leased - United States Government.

On or before September 30, the Airway Facilities Division shall notify the Real Estate and Utilities Branch which contracts should be renewed for the current fiscal year and which contracts should be cancelled. Any significant actions on contracts expiring during the next two fiscal years should also be noted.

The Real Estate and Utilities Branch shall coordinate any requested actions with other concerned offices for possible changes in current or future agency plans and programs that might affect the requested renewals or cancellations.

b. The renewal or cancellation of GSA contracts will be conducted by the Real Estate and Utilities Branch.

c. Unless notified to the contrary by the user, all other contracts shall be renewed in accordance with the terms of the contract document, or renegotiated, by the Real Estate and Utilities Branch on an annual basis until the last renewal option expires.

11. TERMINATIONS.

a. The using organization shall initiate a request to the Real Estate and Utilities Branch to terminate a contract as soon as it is determined that the requirement no longer exists, regardless of the cancellation privileges stipulated in the contract.

b. The Real Estate and Utilities [illegible] shall accomplish the termination for all contract documents for leased land, space, or related services, and similar GSA contracts f[illegible] requirements.

12. RESTORATION.

a. Restoration of leased real property shall be accomplished in accordance with lease provisions and Real Property Handbook 4402.55A, paragraph 2-55.729. The Real Estate and Utilities Branch shall initiate negotiations for restoration as may be provided for in the lease. If the lease does not provide for restoration, the FAA shall not initiate restoration procedures until such restoration is requested by the lessor.

b. Claim for Restoration. Real Property Handbook 4402.55A, paragraph 2-55.732-2, prescribes the procedures to be followed in processing a claim for restoration and/or damages to leased space or land when the FAA is liable under the terms of the lease or operation of law.

c. GSA Space. Restoration of space acquired through GSA shall be in accordance with the provisions of GSA's contract and any action to restore will be initiated by GSA.

13. RELINQUISHMENT OF RENT-FREE SPACE will be handled in accordance with Order 4402.55A.

14. RELATED SERVICES.

a. Space Leases. The Real Estate and Utilities Branch shall endeavor to obtain related services such as electricity, water, gas, and janitorial in space lease documents. Any unusual requirements should be included in the Procurement Request for space. If the normal related services are not required, this should be so stated.

b. Land Leases. The requirement for leased land is usually submitted well in advance of the actual occupancy by FAA. The using organization shall submit separate Procurement Requests (DOT F 4200.1) to the Real Estate and Utilities Branch for each utility required when a definite date of occupancy has been determined.

c. GSA Space. Unless stipulated to the contrary, requests to GSA for space shall include all required utilities and services.

d. Telecommunications. Requests for telecommunication service will be submitted as follows:

(1) Requests for administrative telephone service shall be processed in accordance with instructions in Order SO 4440.1A, Acquisition of Administrative Telephone, FTS, and Public Utility Services.

(2) Requests for operation type telephone and leased communications services, air navigational and air traffic control purposes, including long lines and telephones, will be submitted in accordance with instructions in Order SO 4441.3, Procedures for Leasing Commercial Communications Services.

15. CONTRACT CONFORMANCE. At the time a contract document is completed and accepted by FAA, a copy is forwarded to the appropriate field office, normally the Airway Facilities Sector, Office or Unit. Any questions regarding the area covered or the services provided shall be submitted for clarification to the Real Estate and Utilities Branch. If at any time during the term of the contract, the lessor fails to comply with the terms or conditions of the contract, the field office chief should call the discrepancy to the lessor's attention. If the lessor refuses to comply with the terms of the lease, or if any unsatisfactory condition continues, the matter shall be reported in detail to the Real Estate and Utilities Branch.

16. PURCHASE AND/OR CONDEMNATION. When condemnation is found to be the only method for satisfying the agency's requirements, or when it is determined to be advantageous to purchase rather than lease, the procedure outlined in Real Property Handbook 4402.55A, dated May 17, 1968, Subpart 2-55.5, shall be followed.

17. APPRAISALS. Appraisals shall be secured as needed by contracting officers in the following instances:

    a. To assure compliance with the Economy Act (Title 40, U.S.C.).

    b. To determine fair market rental value for negotiating complex transactions.

    c. Prior to purchasing or condemning property.

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