



Client Enrichment Series

Welcome to today's presentation on:
GSA's Consolidation Fund Program

the presentation will start at *2pm Eastern*

Note: Phones are automatically muted during the presentation. You have the ability to send questions to your fellow attendees and our presentation team via your Chat pane. Our team will answer as many of the questions as possible throughout and at the end of the presentation. All questions will be captured, and answers sent to all participants prior to the next presentation.



Our Session

- Prior Presentation – eRETA Boot Camp
- **TODAY – *GSA's Consolidation Fund Program***

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ClientEnrichmentSeries@gsa.gov



PBS Client Enrichment Series *GSA's Consolidation Fund Program*

Hosted by:

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What we're going to cover today:

- An Overview of the Consolidation Fund
- Evolution of the Program
- Past Performance
- Case Study - Outcomes and Customer Success Stories
- Schedule and Deadlines*
- Learn More at our Spring Road Shows!
- Q&A

What is the GSA Consolidation Fund For?

The Fund was established to help Agencies...

- Reduce your Footprint
- Reduce your Rent Costs
- Help you afford new build-out of your space by allowing you to amortize some of the upfront costs
- Any Federal Agency can apply

Note: This funding does come with terms and conditions

How Can My Agency Use Consolidation Funds?

Typically GSA Consolidation Program Funds cover

- Shell and Tenant Improvement (TI) costs in owned buildings
- Shell and TI costs in leased buildings are financed by the lessor

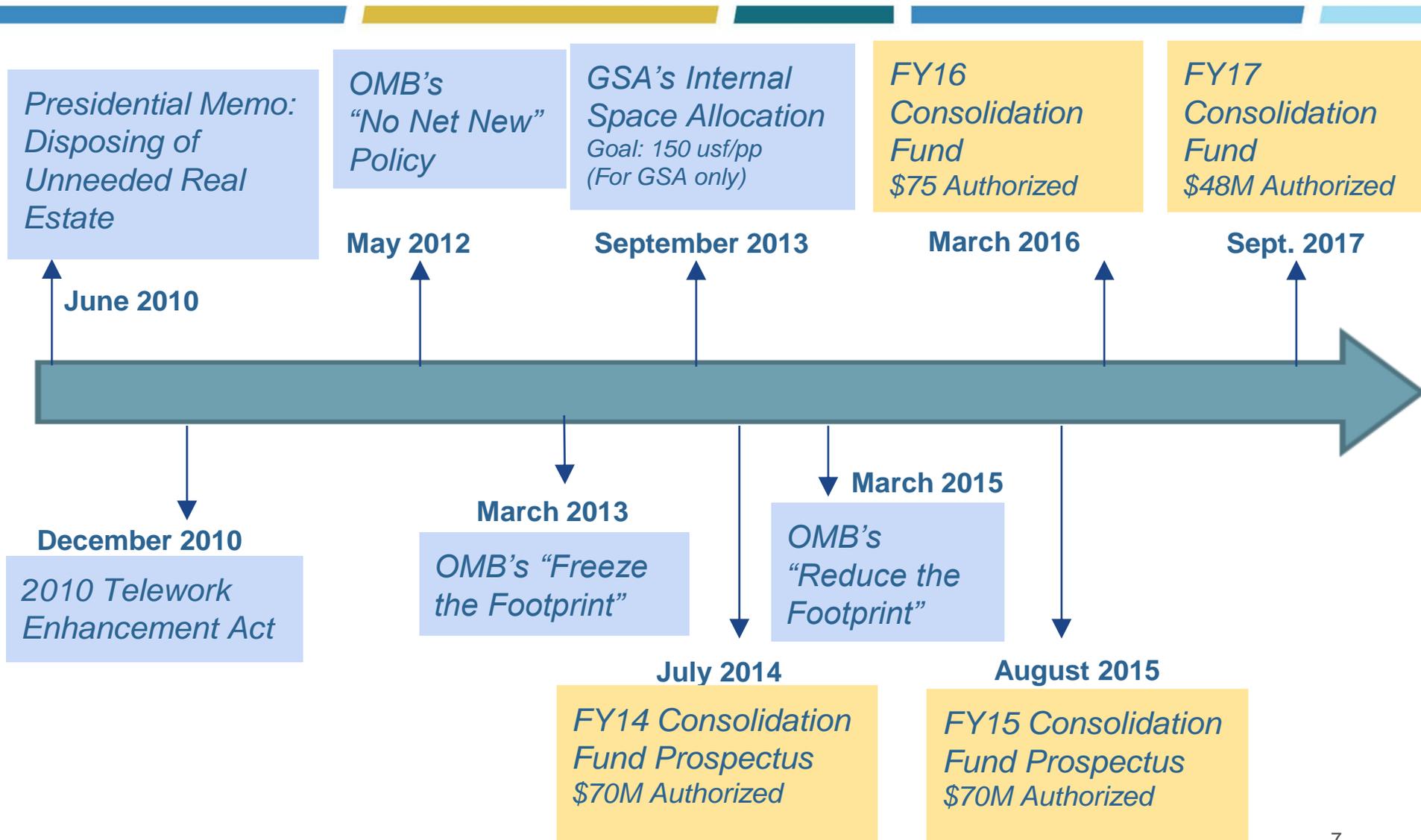
Your agency may repay the TI costs in two ways

- Your general TI allowance is amortized into the rent.
- For costs exceeding the amount covered by your customization tier - a Reimbursable Work Authorization (RWA) may be required

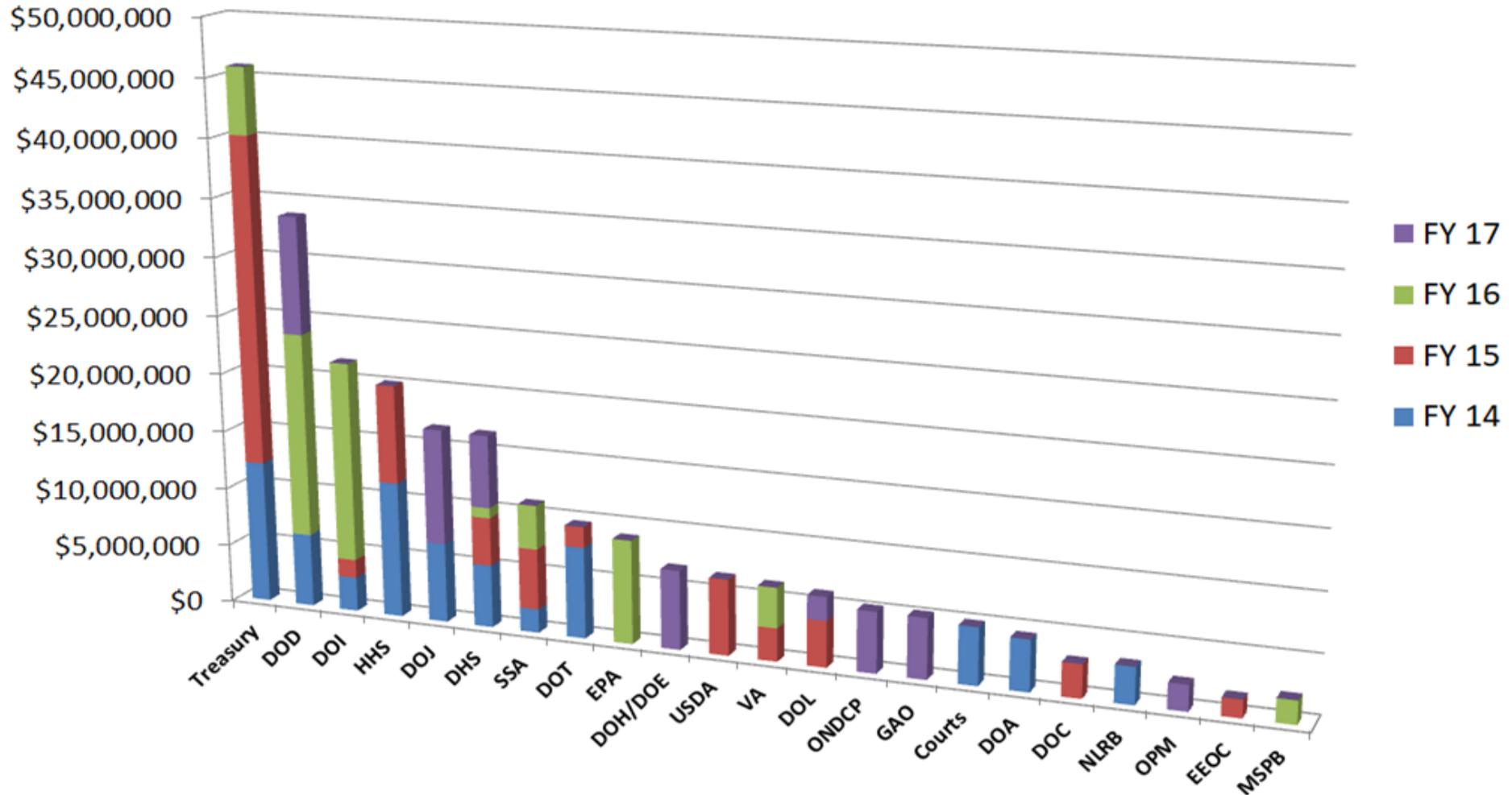
The Consolidation Fund Program does NOT generally cover:

- Moving costs
- Furniture and IT costs
 - Agencies can take advantage of GSA's FIT program to fund furniture and IT costs.

History of Government is Right-Sizing and How GSA's Consolidation Fund Plays a Role



Consolidation Project Funding Awarded



Program Results By Fiscal Year

Metrics:	FY14 \$70M	FY15 \$70M	FY16 \$75M	FY17 \$48M
<i># of Agencies</i>	12	12	8	8
<i># of Projects</i>	30	24	15	9
<i>Annual Rent Savings</i>	\$19,254,200	\$18,355,994	\$16,652,195	\$19,424,366
<i>USF Reduction</i>	579,580	526,118	336,780	355,114
<i>Annual Leased Cost Avoidance</i>	\$47,846,292	\$30,920,020	\$33,678,399	\$37,846,879
<i>Avg Tenant Payback</i>	6.1 yrs	4.75 yrs	2.02 yrs	0.3 yrs
<i>Avg Taxpayer Payback (based on Leased Cost Avoidance)</i>	8.4 yrs	5.38 yrs	3.56 yrs	2.5 yrs

Eligibility Requirements

Pricing

Project Results in Reduced Agency Rent

- Standard Pricing Policy Applies
- Agencies pay back TI and fund Agency expenses (moves, etc.)

Consensus

Agree on submission, scope, schedule, savings, costs

- No scope overlap with prospectuses or exchanges
- No schedule risk if funds aren't received until July 2018

Approval

Spend Plan Approved by GSA, OMB, Congress

- GSA costs cannot exceed \$20M per project
- Target location must be in the GSA inventory (owned or leased)

Application Scoring Criteria

*What does GSA look for in your application?
A few examples include...*

% Annual Rent Savings

Office UR Improvement

Projected Lease Cost Avoidance...

Payback Period

Full criteria list is available in the Slide Deck Appendix

Case Study - Customer Success Story - IRS

IRS - Schiller Park - Leased to Leased Consolidation

- Reduction prompted by increases in on-line filing, greater use of telework, and shrinking budgets
- Moved all 31 employees from the Vernon Hills location into neighboring Schiller Park office, and simultaneously reduced space at Schiller
- Total project investment - ~ \$1.01M (\$520,468 in FY14 GSA Consolidation Funds)
- In Vernon Hills, 9,335 RSF was released, avoiding \$170,095 in Annual Rent costs
- In Schiller Park, 10,195 RSF was released, avoiding \$288,518 in Annual Rent costs
- The resulting Office-Only UR is a goal-achieving 120 sq ft./pp



Case Study - Customer Success Story - HHS

HHS - Switzer Building - Leased to Owned Consolidation

- Occupied 7 leases in the greater DC area - annual cost of \$19.1M and 399,031 RSF
- The Agency identified excess capacity at their owned Switzer Building
- in addition to the \$10,384,000 in consolidation funding, the GSA TW/FIT program funded \$27M costs which are amortized in their rent
- HHS invested in a change management program overseen by GSA.
- The project will save the taxpayer \$17,388,582 annually in government leasing costs and HHS approximately \$969,015 annually in rental payments.
- 1,572 HHS employees were relocated and all 7 leases terminated on expiration
- The All In UR was improved from 240 to 174, a 27% savings



Consolidation Schedule Overview

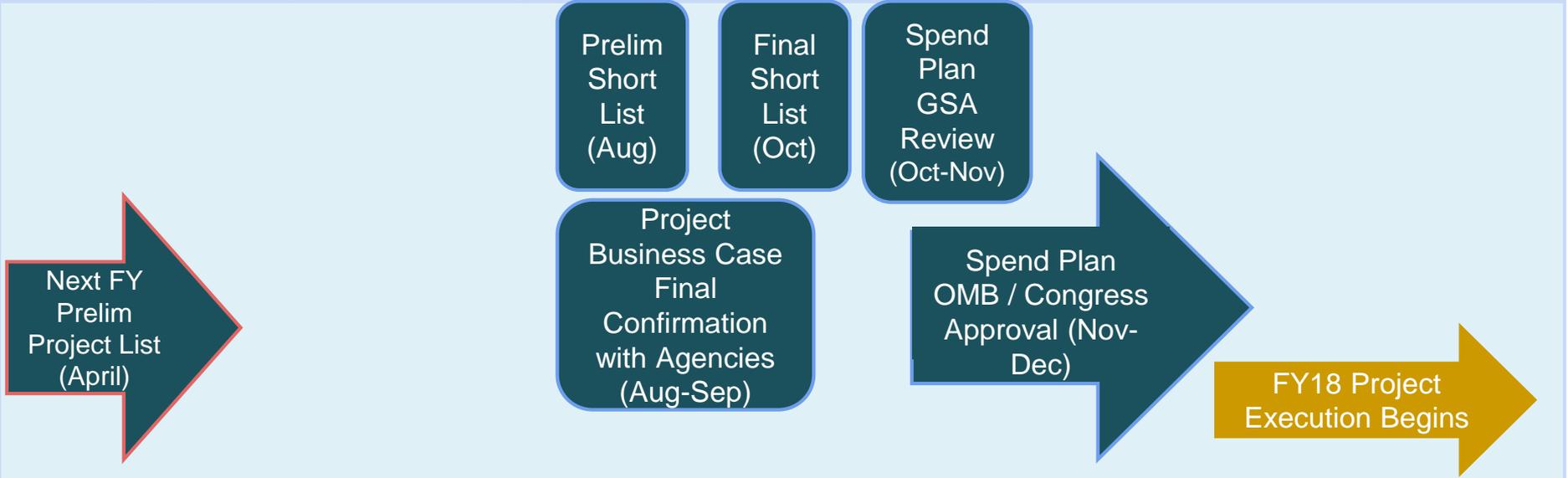
- **Planning**
- **Execution**
- **Project Workbooks**
- **Confirm Projects**
- **Finalize projects**

GSA's Consolidation Fund POCs will work with you throughout this process to coach you and provide you with tools to help you build the best application for your projects.

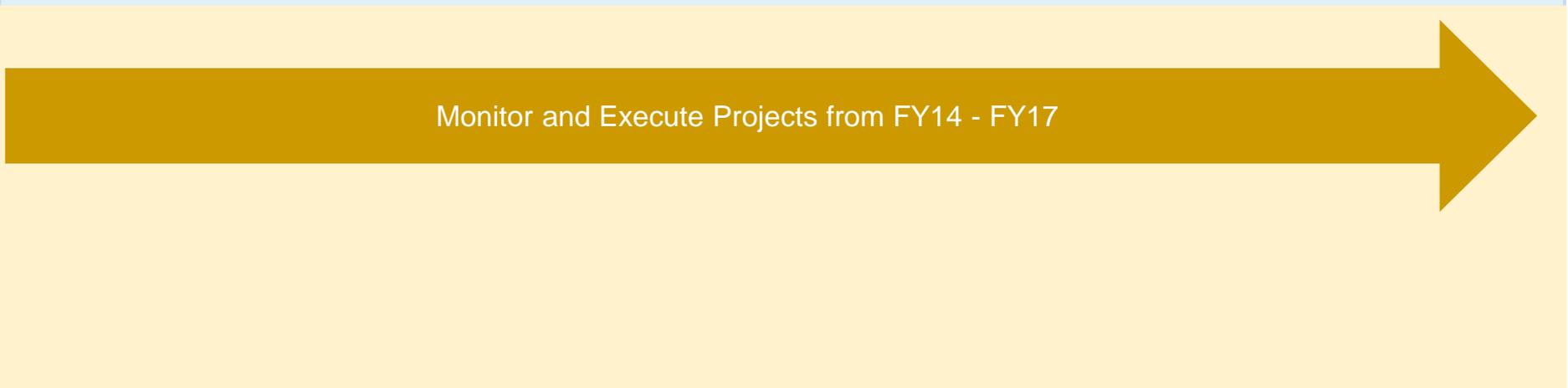
Typical Consolidation Schedule (repeatable)

Mar Apr May Jun July Aug Sep Oct Nov Dec Jan Feb Mar

PLANNING



EXECUTION



Learn More @ the Consolidation Road Shows

Upcoming virtual deep-dive sessions into the GSA Consolidation Program process

How to populate the business case workbooks

How calculations are derived for scoring

Walk-thru website...

Coming this Spring! All Registrants to this Session will be Invited

Questions?

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Thank You

Thank you for joining us today for a discussion
on
GSA's Consolidation Fund Program

We hope to see you on
Thursday, March 1 at 1pm Eastern for
eRETA Boot Camp eNCORE!

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Appendix

Detailed project cards for IRS and HHS success stories
List of Consolidation Fund criteria and point scoring

HHS Switzer Consolidation Outcomes



Background

- HHS occupied a total of seven leased locations in the greater Washington, DC area at an annual cost of \$19.1M and represents 399,031 RSF.
- Additionally HHS maintained a small portion of the Switzer federal building that had excess capacity to house the consolidated leases following a renovation of the Switzer building.
- This project represents the consolidation of these seven leases into the Mary E. Switzer Federal Building as identified in the CPP.

Action: Leased to Owned Consolidation

- HHS leveraged \$24M in FIT funding to outfit the Switzer Building with IT and AV infrastructure, equipment, and software to support office areas, and standardized furniture that include open office workstations, private office, and ancillary furniture throughout the building that promote collaboration among different staff divisions within HHS.
- Technology was also installed throughout the Building including a distributed antenna system to allow for building wide cell phone reception from 4 major carriers, Wi-Fi for both guests and HHS employees, and fully integrated shared conference rooms with video-conferencing capabilities that can be reserved using an agency wide reservation system.
- HHS also invested in a change management program overseen by GSA. This service proved to be extremely helpful in informing future Switzer tenants on the various phases of the move and to manage expectations once tenants occupied the building.

Results

- As of December 2015, 1,572 HHS employees have been relocated after HHS consolidated seven leased locations into the Switzer Building. The All In UR was improved from 240 to 174.
- The tenant is satisfied with its new space as it provides an open office work space with a host of areas that foster and promote collaboration and teamwork.
- HHS achieved an annual private leased cost avoidance of \$1.9M by terminating all seven leases upon lease expiration.
- Approximately \$453k will be returned to the Consolidation Program to help support other consolidation projects.

SAVINGS ACHIEVED									
Action	Start (End) Date	Annual Rent (w/TI)	Annual Rent (w/o TI)	RSF	USF	HC	All In U/R	GHG Emissions (Tons)	
Baseline	4Q FY14	\$19.1M	\$19.1M	399,031	338,557	1,627	240	4,389	
Target	1Q FY16	\$25.4M	\$18.1M	374,810	281,104	1,627	174	4,123	
		Cost / (Benefit):	(\$1M)	(24,221)	(57,453)	0	(66)	(266)	
		% Improvement:	(5%)	(6%)	(17%)	0%	(27%)	(6%)	
Savings Achieved to Date (% of Target Savings)			\$1.9M	24,221	57,453	55	68	266	
			190%	100%	100%	97%	101%	100%	

NAT'L QUICK FACTS

Portfolio Snapshot

54.4M RSF
\$1.0B rent roll
29% leased space
71% owned space

Space Use

40% office space
31% lab
29% other
National UR goal: 170

Background

- IRS is implementing National Workplace Design Standards, as they face fiscal constraints, provide more services online, and implement more mobile working. IRS no longer needs as much office space.
- To align to footprint goals, IRS decided to move all 31 employees from the Vernon Hills location into Schiller Park, and also reduce their current square footage at Schiller Park. No federal buildings are locally available.
- Schiller Park already houses 200 IRS employees; the market rate is \$ 28.17. Moving the Vernon Hills staff was the smart choice.

Action: Leased to Leased Consolidation

- GSA worked closely with both locations' lessors, ensuring the facilities were weekend-move optimized; and partnered with IRS to ensure a security escort to safeguard confidential documents.
- Moving into Schiller Park, GSA negotiated mutually fair rates, and closely managed safety provisions (MSDS sheets) on the demising wall. This protected IRS staff from fumes, odors, and other construction-related concerns. The move itself was preceded by several planning meetings, resulting in a well-executed experience.
- Most significant challenge involved negotiating difference in Schiller Park Lessor's interpretation of "marketable" as she believed GSA should replace all corridor carpets, sprinkler system, install pendant lighting, at a cost of over \$100K (GSA is to "leave corridor marketable"). GSA prevailed, kept communication lines open, with resolution costing a mere \$6,000.

Results

- Total project investment was expected to be \$1.01M with \$520,468 covered by FY14 consolidation funds. Although Phase II (reconfiguration) was completed in October 2015, and did not affect achieved savings.
- IRS is quite happy GSA was able to help them release/get the spaces in both Vernon Hills and Schiller Park off their books in their requested time frame. In Vernon Hills, 9,335 RSF was released (on 3/31/15), saving \$170,095 in Annual Rent. In Schiller Park, 10,195 RSF was released, saving \$288,518 in Annual Rent.

- The Office-Only UR is a goal-achieving 120.

SAVINGS ACHIEVED									
Action	Start (End) Dates	Annual Rent (w/TI)	Annual Rent (w/o TI)	RSF	USF	HC	Office U/R (USF/person)	GHG Emissions (Tons)	
Baseline	2Q FY14	\$1.7M	\$1.7M	60,165	53,273	233	236	662	
Target	Consolidation 3Q FY15	\$1.4M	\$1.3M	40,635	35,773	233	120	450	
Annual TI payment in Rent		\$0.1M	(\$0.4M)	(19,530)	(17,500)	(28)	(83)	(212)	
Number of years being amortized		5 years	(22%)	(32%)	(33%)	(3%)	(35%)	(32%)	
Savings Achieved to Date (% of Target Savings)			\$458,613 (114%)	19,530 (101%)	17,087 (98%)	28 (100%)	83 (100%)	214 (101%)	

NAT'L QUICK FACTS

Portfolio Snapshot

26.5M MSF
\$650 M rent roll
44% Owned space
56% Leased space

Space Use

99% office space
1% other space
National UR Goal:
100 - 170 based on facility size



Consolidation Prioritization Criteria

Criteria	Points	Criteria	Points
Annual Rent Savings (with and w/out TI)	Capital Projects: 3 pts – >=\$750K 2 pts – \$500K up to \$750K 1 pt – \$250K up to \$500K Small Projects: 3 pts – >=\$600K 2 pts – \$400K up to \$600K 1 pt – \$200K up to \$400K	Project Start	3 pts – OA has been signed and requirements developed 2 pts – OA has been signed and requirements target date <=12/31/17 1 pt – OA has been signed and PM has been assigned
% Annual Rent Savings (with TI)	3 pts – >=40% 2 pts – 30% up to 40% 1 pt – 20% up to 30%	Client Ranking	3 pts – #1 nationally ranked project 2 pts – #2 nationally ranked project 1 pt – #3 nationally ranked project
% Annual Rent Savings (w/out TI)	3 pts – >=40% 2 pts – 30% up to 40% 1 pt – 20% up to 30%	Tenant Payback	3 pts – <=1yr 2 pts – >1 yr and <= 3 yrs 1 pt – > 3 yr and <= 5 yrs
Office-only UR Improvement	3 pts – 130 or below 2 pts – 131-150 1 pt – 151-170	Total Project Costs/Annual Lease Cost Avoidance	4 pts – <=1yr 3 pts – >1 yr and <= 3 yrs 2 pts – >3 yrs and <= 5 yrs 1pt – >5 yrs and <=7 yrs
% Office-only UR Improvement	3 pts – >=40% improvement 2 pts – 25% up to 40% 1 pt – 15% up to 25%	Total Project Costs/Annual Rent Savings	4 pts – <= 2 yrs 3 pts – > 2 yrs and <= 5 yrs 2 pts – > 5 yrs and <= 8 yrs 1pt – > 8 yrs and <=10 yrs
Project Type	3 pts – Leased to Owned 2 pts – Owned to Owned or Owned Contraction 1 pt – Leased to Vacant Leased	CPP Project	1 pt – Project is part of the CPP Program and in the Agency's PR3

Max score is 39 points