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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Client Planning Manager
Portfolio Management Division
PBS Region 6 Kansas City

Presented by:
Clifford Pearson
Real Property Asset Management Specialist,
Capital Assessment and Allocation Div.
Portfolio Management and Customer Engagement Office
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

- **Presidential Memo: Disposing of Unneeded Real Estate**
  - June 2010

- **OMB’s “No Net New” Policy**
  - May 2012

- **GSA’s Internal Space Allocation Goal: 150 usf/pp (For GSA only)**
  - September 2013

- **FY16 Consolidation Fund $75 Authorized**
  - March 2016

- **FY17 Consolidation Fund $48M Authorized**
  - Sept. 2017

- **2010 Telework Enhancement Act**
  - December 2010

- **OMB’s “Freeze the Footprint”**
  - March 2013

- **OMB’s “Reduce the Footprint”**
  - March 2015

- **FY14 Consolidation Fund Prospectus $70M Authorized**
  - July 2014

- **FY15 Consolidation Fund Prospectus $70M Authorized**
  - August 2015
Consolidation Project Funding Awarded

The chart illustrates the funding awarded for different consolidation projects across various fiscal years (FY). The projects are categorized by different agencies, and the funding amounts are represented in millions of dollars. The chart distinguishes between fiscal years 2014 (FY 14), 2015 (FY 15), 2016 (FY 16), and 2017 (FY 17). The agencies include Treasury, DOD, DOI, HHS, DOJ, DHS, SSA, DOT, EPA, DOH/DOE, USDA, VA, DOL, ONDCP, GAO, Courts, DOA, DOC, NLRB, OPM, EEOC, and MSPB.
### Program Results By Fiscal Year

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

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

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

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

<table>
<thead>
<tr>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>July</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Prelim Short List (Aug)</td>
<td>Final Short List (Oct)</td>
<td>Spend Plan GSA Review (Oct-Nov)</td>
<td></td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td>Project Business Case Final Confirmation with Agencies (Aug-Sep)</td>
<td></td>
<td></td>
<td></td>
<td>FY18 Project Execution Begins</td>
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<td></td>
<td></td>
<td></td>
<td>Monitor and Execute Projects from FY14 - FY17</td>
</tr>
</tbody>
</table>
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**

<table>
<thead>
<tr>
<th>Action</th>
<th>Start (End) Date</th>
<th>Annual Rent (w/TI)</th>
<th>Annual Rent (w/o TI)</th>
<th>RSF</th>
<th>USF</th>
<th>HC</th>
<th>All In U/R</th>
<th>GHG Emissions (Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>4Q FY14</td>
<td>$19.1M</td>
<td>$19.1M</td>
<td>399,031</td>
<td>338,557</td>
<td>1,627</td>
<td>240</td>
<td>4,389</td>
</tr>
<tr>
<td>Target</td>
<td>1Q FY16</td>
<td>$25.4M</td>
<td>$18.1M</td>
<td>374,810</td>
<td>281,104</td>
<td>1,627</td>
<td>174</td>
<td>4,123</td>
</tr>
</tbody>
</table>

**Cost / (Benefit):**
- $1M
- (24,221)
- (57,453)
- 0

**% Improvement:**
- (5%)
- (6%)
- (17%)
- 0%
- (27%)
- (6%)  

**Savings Achieved to Date (% of Target Savings)**
- $1.9M 190%
- 24,221 100%
- 57,453 100%
- 55 97%
- 68 101%
- 266 100%
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.
## Consolidation Prioritization Criteria

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

Max score is 39 points