Welcome to today’s presentation on: *PBS’s Consolidation Program Customer Roadshow*

*the presentation will start at 10am 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 our live “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.
PBS Client Enrichment Series
PBS’s Consolidation Program - Customer Roadshow

Hosted by:
Eric Fulton, PBS Customer Engagement

Presented by:
Cliff Pearson and Christian Hazen, PBS Portfolio Management
Mike Bernatz, PBS Region 9 Consolidation Fund POC
Chuck Hardy, GSA’s Total Workplace Program
Tiffany Simon and Eric Fulton, PBS Customer Engagement
Ashlee Carlson and Jeffrey Franz, PBS Reimbursable Services
Agenda

- Consolidation Program Overview
- Schedule and Major Milestones
- Consolidation Eligibility and Prioritization Criteria
- Consolidation Worksheet - Business Case Development
- Complementary Services - GSA’s FIT Program (Furniture and IT)
- GSA-Customer Coordination and Communications
- Reimbursable Work Authorization (RWA) Strategies
- Next Steps
Consolidation Program Overview
Cliff Pearson
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)
- 2010 Telework Enhancement Act (December 2010)
- OMB’s “Freeze the Footprint” (March 2013)
- FY17 Consolidation Fund $48M Authorized (Sept. 2017)
- OMB’s “Reduce the Footprint” (March 2015)
- FY14 Consolidation Fund Prospectus $70M Authorized (July 2014)
- FY15 Consolidation Fund Prospectus $70M Authorized (August 2015)
- FY18 Consolidation Fund Prospectus Authorized (Mar. 2018)
Consolidation Fund Value Proposition

- Aligns with Federal mandates to cut cost and reduce the footprint on behalf of the American taxpayer
- Supports Agencies goals to optimize work environments fostering greater employee productivity
- Smaller pool of competition against other consolidation projects
- Reduces Agency rental payments
- No-year funding
## Results Oriented: Building Upon Success

<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>6</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>$12,183,722</td>
</tr>
<tr>
<td>USF Reduction</td>
<td>579,580</td>
<td>526,118</td>
<td>336,780</td>
<td>230,987</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>$20,303,070</td>
</tr>
<tr>
<td>Avg Tenant Payback</td>
<td>6.1 yrs</td>
<td>4.75 yrs</td>
<td>2.02 yrs</td>
<td>7.0 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>5.7 yrs</td>
</tr>
</tbody>
</table>
FY19 Schedule and Major Milestones
Cliff Pearson
Create Draft Workbooks for FY19 by 5/31/18

5/31/18 Potential Project List
   Our Starting Line-up
   “Who are the players?”

Agency Meetings

Projects are added, removed, or updated

8/4/18 Preliminary Short List
   Half Time
   “What will it take to beat the competition?”

Workbooks are refined

Finalize Workbooks

Last day to update workbooks is 9/29

10/6/18 Final Short List
   Final Score
   Projects “win” funding
**Key Dates to Remember**

- **April** - GSA and Customer Kickoff Presentations

- **April - May** - Create Preliminary Business Cases for Potential Projects

- **April - July** - Develop and Confirm Project Business Cases with Agencies *(scope, schedule, financials, and savings)*

- **August** - Preliminary Short List

- **August - Sept** - Customer Meetings push greater savings & finalize the business case

- **October** - *Final Short List*
Key Dates to Remember cont.

- **October - November** - Vetting of the Short List (internal), Confirm Agency Commitment, Creation of the Spend Plan Documents; meetings/approval process initiated.

- **Early November** - Target for completion of all GSA approvals and the Spend Plan being sent to OMB

- **Mid November** - Target OMB approval

- **Mid - End November** - Target Spend Plan Submitted to Congress

- **Late November - Early December** - Target Funds available

*Subject to Budget Approval*
Consolidation Eligibility and Prioritization Criteria
Cliff Pearson
Consolidation Fund - 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 2019

**Approval**
- GSA costs cannot exceed $10M per project
- Target location must be in the GSA inventory (owned or leased)
Consolidation Fund - What Does the Fund / GSA Cover?

Standard Pricing Policy applies to Consolidation Funds, for example:

- GSA will fund shell costs in owned buildings through Consolidation Funds; shell costs in leased buildings are financed by the lessor

- Agencies will repay the Tenant Improvement (TI)
  - The general TI allowance is amortized in rent
    - an RWA can be used for TI costs above the allowance (the agency’s TI customization tier)
  - The TI amortization term can be adjusted, but cannot be longer than the economic life of the improvements or the term of the OA
**Consolidation Fund - What Does My Agency Cover?**

- Move Costs
- Furniture and IT Costs
- Other Costs

**Alternative Funding Strategies**

- Total Workplace / FIT Program to cover furniture and/or IT costs
- Reimbursable Strategies
  - GSA will work with agencies to assess their current RWA balances, and then explore any reprioritization of RWA funds not yet obligated
Best Practices - Top Agencies

- Proactive Planning
- Embracing Workplace Strategies
- Internal Agency Communication
- Coordinating with GSA
- Good estimates and scopes
## Consolidation Prioritization Criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Rent Savings (with and w/out TI)</strong></td>
<td>Capital Projects: 3 pts – &gt;=$750K 2 pts – $500K up to $750K 1 pt – $250K up to $500K</td>
</tr>
<tr>
<td></td>
<td>Small Projects: 3 pts – &gt;=$600K 2 pts – $400K up to $600K 1 pt – $200K up to $400K</td>
</tr>
<tr>
<td>% Annual Rent Savings (with TI)</td>
<td>3 pts – &gt;=40% 2 pts – 30% up to 40% 1 pt – 20% up to 30%</td>
</tr>
<tr>
<td>% Annual Rent Savings (w/out TI)</td>
<td>3 pts – &gt;=40% 2 pts – 30% up to 40% 1 pt – 20% up to 30%</td>
</tr>
<tr>
<td>Office-only UR Improvement</td>
<td>3 pts – 130 or below 2 pts – 131-150 1 pt – 151-170</td>
</tr>
<tr>
<td>% Office-only UR Improvement</td>
<td>3 pts – &gt;=40% improvement 2 pts – 25% up to 40% 1 pt – 15% up to 25%</td>
</tr>
<tr>
<td>Project Type</td>
<td>3 pts – Leased to Owned 2 pts – Owned to Owned or Owned Contraction 1 pt – Leased to Vacant Leased</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Start</td>
<td>3 pts – OA has been signed and requirements developed 2 pts – OA has been signed and requirements target date &lt;=6/30/17 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 2 pts – #2 nationally ranked project 1 pt – #3 nationally ranked project</td>
</tr>
<tr>
<td>Tenant Payback</td>
<td>3 pts – &lt;=1yr 2 pts – &gt;1 yr and &lt;= 3 yrs 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 3 pts – &gt;1 yr and &lt;= 3 yrs 2 pts – &gt;3 yrs and &lt;= 5 yrs 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 3 pts – &gt; 2 yrs and &lt;= 5 yrs 2 pts – &gt; 5 yrs and &lt;= 8 yrs 1pt – &gt; 8 yrs and &lt;=10 yrs</td>
</tr>
<tr>
<td>Strategic Planning (RTF Plan, etc.)</td>
<td>1 pt – Project is part of OR aligned with a strategic plan.</td>
</tr>
</tbody>
</table>

Max score is 39 points
Consolidation Fund Prioritization Criteria

- Rent Savings with and without TI
- Office-Only Utilization Rate
- Project
  - Shovel-Ready Status
  - Agency Ranking
  - Project Type
- “Big Picture”
  - Taxpayer Payback
  - Tenant Payback
  - Part of CPP
National Consolidation Fund POCs

Region 1
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Region 11 / NCR
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Demonstration
Consolidation Worksheet - Business Case Development
Mike Bernatz

Consolidation Business Case Template - Version 19.1
Complementary Services - GSA’s FIT Program
*(Furniture and IT)*
Chuck Hardy
GSA’s FIT Program

A national funding initiative that integrates FAS and PBS resources into a new GSA service offering to help other federal agencies use their workspace more efficiently and effectively.
**FIT Program Overview**

**Objectives**
1. Create a place where people want to come to work.
2. Encourage and support collaboration.
3. Improve productivity.
4. Improve space utilization.
5. Produce energy and carbon savings

**How it Works**
- Multi-year term agreement 3-yr for IT/5-yr for furniture
- Agency incurs no obligation to keep the product
- Ownership can transfer to customer at end of the agreement
- Preference is given to GSA-controlled space

**Resource link:**
GSA Total Workplace’s [FIT Program](http://example.com) *(includes FIT Overview & Qualifications)*
FIT Qualification Checklist

Six Mandatory Requirements

1. **Comply** with your agency’s utilization rate policy or 150 USF or less for total office, and 180 USF for ‘all-in’
2. **Maximize** natural light by specifying furniture panels no taller than 54”
3. **Open workstations** must not exceed 50 SF
4. **Offices** must not exceed 150 SF. FIT Furniture can be purchased for offices 80-150 SF
5. Locate private **offices** and enclosed rooms on the **interior** as design allows
6. **FIT Program Order Minimums** - Orders must be greater than $350K for furniture, and greater than $500K for IT

*Note: FIT funding for the next 5 years at $16 million per year.*
FIT Optional Design Requirements
(a minimum of 6 must be met)

Environmental Factors

- **New** Reduce closed offices to a minimum 1:8 office to workstation ratio
- Utilize glass walls instead of solid walls where appropriate
- Incorporate visual & noise privacy needs

Mobility

- Maximize space utilization through desk-sharing
- Embrace mobility: offer a telework program one day per week

Catering to Work Style Diversity

- Analyze work patterns and job duties to determine workstations.
- Create open, interactive, free-flowing space for collaboration
- Share meeting spaces by the use of a reservation system
- Offer quiet spaces, phone booths, quiet & focus rooms.
GSA-Customer Coordination and Communications
Tiffany Simon and Eric Fulton
• Information on the Project Worksheets should not get stale
  – Agency priorities may change
  – Project scopes and schedules may change
  – Financial situations may change

• Discuss how best to communicate to ensure information is accurate and complete
  – Who at the Agency?
  – How often?
  – What is the process for updates and validation?
Reimbursable Work Authorization (RWA)

Strategies

Ashlee Carlson and Jeffrey Franz
Leveraging Reimbursables as a Legal Funding Alternative

Our Reimbursables Services Program is committed to providing data for clients
- Assessment of current RWA balances that may potentially be available
- Reprioritization of RWA funds not yet obligated by GSA

<table>
<thead>
<tr>
<th>RWA Classification</th>
<th>RWAs</th>
<th>Unobligated Balance</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects Open/FY17+/$0 Obligations</td>
<td>37</td>
<td>$1,695,047</td>
<td>These are OPEN Projects citing customer funding that is still available for obligation (FY17 annual, multi-year ending in FY17 or later, and no-year), with $0 in obligations to date, suggesting the project may not have started yet.</td>
</tr>
<tr>
<td>Projects Completed/FY17+/Avail Balance</td>
<td>22</td>
<td>$721,784</td>
<td>These are COMPLETED Projects citing customer funding that is still available for obligation (FY17 annual, multi-year ending in FY17 or later, and no-year). Since these are COMPLETED Projects, the remaining balance very likely is no longer needed for this project, can be de-obligated and then made available for re-obligation by the customer agency.</td>
</tr>
<tr>
<td>Projects Open/FY17+/Some Obligations</td>
<td>41</td>
<td>$4,321,067</td>
<td>These are OPEN Projects citing customer funding that is still available for obligation (FY17 annual, multi-year ending in FY17 or later, and no-year), with &gt;$0 in obligations to date, suggesting the project has already started and cancelling them at this point may not be as feasible.</td>
</tr>
</tbody>
</table>
Consolidation Program Next Steps
Cliff Pearson
Next Steps

• GSA and your Agency should partner now to begin project discussions and planning...Timing is critical!

• Reach out the the Regional Consolidation Points of Contacts to get Business case development started

• Prioritize projects that your Agency would like to see funded through the Consolidation Fund

• Confirm what funding source(s) your Agency will use to cover upfront cost not covered via consolidation funds (i.e. Furniture, IT, Move costs)

• Use our Consolidation Fund to support your Agency’s Reduce the Footprint goals
Questions?

PBS Office of Portfolio Management and Customer Engagement

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Tiffany Simon - National Customer Planning Manager  (202) 501-9093  tiffany.simon@gsa.gov  
Eric Fulton - National Customer Outreach and Communications Manager  (202) 714-9072  eric.fulton@gsa.gov

PBS Region 9 (Pacific Rim)

Mike Bernatz -  Region 9 Customer Engagement, Consolidation Fund POC  (415) 760-9242  michael.bernatz@gsa.gov

GSA’s Total Workplace Program

Chuck Hardy -  Director, Total Workplace Program Management Office  (312) 886-0205  charles.hardy@gsa.gov

PBS Office of Design and Construction, PBS Project Delivery Excellence Division

Ashlee Carlson - Reimbursable Services Program Manager  (202) 253-9810  ashlee.carlson@gsa.gov  
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Thank you for joining us today for a discussion on the **GSA Consolidation Fund Roadshow**

Join us for our next Client Enrichment Series session

**Is Longer Term Leasing Right for You?**
*Thursday, April 19th 2pm Eastern*

[Register Now](www.gsa.gov/ces)

We’re on YouTube! - search “GSA PBS Client Enrichment Series”
Reach us at [clientenrichmentseries@gsa.gov](mailto:clientenrichmentseries@gsa.gov)
Appendix
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Region 11 / NCR
Jason Hilton - jason.hilton@gsa.gov (202) 708-7012
FY17 & FY18 Consolidation Funding

Consolidation $$ Requested by Agency

- Treasury
- DHS
- HUD
- DOJ
- HHS
- DOD
- DOL
- DOI
- D of Ed
- EPA
- NLRB
- SSA
- DOC
- USDA
- GAO
- OPM
- DOT
- DOS
- US Courts
- CNCS
- SBA
- ONDCP
- EEOC

Millions
## 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>
</tr>
</thead>
</table>

### Monitor and Execute Projects from FY14 - FY17

- Next FY Prelim Project List (April)