

Chet Holifield Federal Building: A Path Forward

The U.S. General Services Administration (GSA) is committed to healthy, sustainable environments in all federal buildings. In December 2016, GSA proposed a project to “Resolve” major infrastructure deficiencies in the Chet Holifield Federal Building (CHFB), at Laguna Niguel, Calif. While the facility has many benefits including location, abundance of parking and flexible space configurations, significant tenant agency disruption and reinvestment are needed in order to address:

- Aging Infrastructure (including electrical, mechanical, plumbing, fire alarm, finishes)
- Asbestos abatement
- Seismic Retrofit
- Building vacancy and underutilized space
- Tenant improvements, swing space and moves

Upon review of the costs and logistics associated with this major repair and alteration effort, it became clear that continued reinvestment in the CHFB had become impractical in a budget constrained environment.

In May 2017, GSA leadership met with the Office of Management and Budget and from that meeting, GSA Region 9 was authorized to establish a comprehensive asset plan for the Chet Holifield Federal Building.

Therefore, GSA has been asked to consider the most cost-effective method for housing federal agencies in Laguna Niguel, including relocation to alternate sites. Due diligence is necessary to develop alternative scenarios, thoroughly understand each tenant agency’s future mission needs, produce a comprehensive economic analysis, and make a case for a recommended long-term housing plan.

The next steps are for GSA to partner with each agency, to develop their future space requirements, and formulate a plan for housing these long-term needs. If warranted, any future project that requires a prospectus request will take time to obtain Congressional authorization and funding before implementing the plan. For Fiscal Year 2017, prospectus-level funding authorization is needed for any capital project over \$2.85 million or for any leasing action whose first year’s net rent exceeds that amount. We are therefore proactively communicating, with all agency stakeholders, to jointly develop future housing options and allow adequate time to budget for them.

General FAQs

1. Why would we not remain at the CHFB?

The reinvestment cost to maintain the CHFB is too expensive and GSA has been authorized to begin development of alternative space solutions with agencies to relocate. The process is just beginning and, if supported by careful analysis, will take approximately 5 to 6 years. GSA has begun communications with your agency's facilities leadership who will share information as it develops

2. Why has this decision been made?

- a. No final decisions have been made. Many stakeholders are involved, approvals are required, and a case must be made for proposed projects, before they can occur. In order to maximize the best value to the taxpayer, GSA is obligated to examine all possibilities for housing the agencies at Laguna Niguel. To facilitate evaluation of housing alternatives, we must obtain agency housing requirements in accordance with their stated utilization rate.

3. Are we accepting new Occupancy Agreements (OAs)? If OAs are expiring, are we going to renew and for how long?

- a. We are not accepting new occupancies, unless there is a short term mission need.
- b. Expiring OAs will be extended, as necessary, to support the near-term housing needs of tenants. The terms of these OAs will be coordinated with the timing of the long-term project.

4. Are there any procedures for tenant alterations and space expansion/contraction projects (both above & under threshold, respectively)?

- a. We advise agencies to conduct their internal analysis on whether short-term (< 5 year) occupancy and space alteration projects meet their mission and budget objectives (ie: funding, logistics and return on investment requirements). GSA will work with each agency on housing alternatives, as necessary.

5. How will this be communicated to the tenants?

- a. GSA has reached out to agency facilities personnel with an update and path forward. GSA met with facilities-level stakeholders at CHFB in Laguna Niguel during a stakeholder briefing held on June 29, 2017. Agency facilities personnel may share information with their employees in the building as they deem necessary. GSA will continue to share information in the Tenant Updates and the CHFB Reading Room.

6. What is GSA's plan for the child-care center?

- a. There is no immediate need to relocate child care from the building. As agency requirements and locations are developed, GSA will evaluate the location and need for a center.
- b. Upon receiving the tenant agency requirements, GSA's Child Care Program Manager will evaluate the federal population, where agencies will potentially be located, usage history, and the market availability for child care in the Laguna Niguel area to make an appropriate plan for the child-care center.

7. Will the building be demolished?

- a. GSA will be formalizing a Disposal Recommendation Report (DRR). This document is required for federal buildings that no longer meet the needs of the federal government. If the property is reported excess to the needs of GSA, the Office of Real Property Disposal will evaluate and process the building, accordingly. More information about the disposal process can be found at <https://disposal.gsa.gov/WhatWeDo>

8. Will the Building Operations and Maintenance change?

- a. GSA will continue to maintain and operate the CHFB as a fully-occupied federal facility until long-term housing has been established for our tenant agencies. Although it may take several years to complete a future relocation project, there will be no change in the building's operations and maintenance, security services, and protocols.

9. What kind of work will GSA do in the building to remove asbestos-containing material (ACM)?

- a. GSA has already performed asbestos-containing material (ACM) clean-up, monitoring, investigation, planning and communication, and removal of all ACM within the U.S. Citizenship and Immigration Services (USCIS) area under renovation (28,000 USF). Additional work included installing filters, strategically removing ACM fireproofing, repairing ceiling tiles, and performing quarterly air testing.
- b. In the coming year, GSA will undertake two projects on the first floor of the building. The first project will be awarded in late FY17, and will install air transfer ducts in several locations above the ceiling. The second project will be awarded in early FY18 and will remove all friable ACM from the loading dock area above ceiling. In addition, GSA will address the damaged fireproofing locations identified in the 2017 asbestos survey. Finally, GSA is exploring installing HEPA filters at HVAC system air-handler intakes above the ceiling. This work is within GSA funding authority. GSA will contract with professional construction management firms to oversee all aspects of construction. GSA will coordinate with tenants and communicate impacts and closures for both projects as they occur.

- c. GSA is confident in the information and recommendations received by our hazardous materials consultants and contractors. ACM will be addressed and continually monitored and tested through multiple approaches including O&M procedures, spot removal, cleaning, filtration and ongoing testing.

10. What is the seismic risk at the CHFB and is the building safe?

- a. In accordance with Executive Order 13717 - "Establishing a Federal Earthquake Risk Management Standard", GSA conducted a study of federally owned buildings to determine a priority in managing its seismically deficient inventory. The study concluded that the CHFB is one of many federally owned buildings which have a higher seismic risk than other buildings in high and moderate seismic regions across the country. The CHFB is consistent with construction practices at the time it was built and has no imminent threat for occupancy.

Long-Term Housing FAQs

11. What is the housing strategy for existing tenants?

- a. GSA will approach each agency's housing strategy separately by engaging in a requirements development effort with your real estate and facilities staff. This effort will begin within the next 30 days in order to establish each agency's strategic requirements and better understand the magnitude of the long-term needs of the agencies in Laguna Niguel.
- b. The goal of obtaining agency requirements and developing a housing strategy is to align agency mission needs with an appropriate procurement strategy. This housing and procurement strategy will depend on a variety of factors including agency mission, market conditions, space requirements, long-term objectives and delineated area.

12. What services can GSA offer to the agencies to facilitate a smooth transition to a new office location?

- a. GSA will provide assistance to facilitate evaluation of housing alternatives and will work with agencies to develop their housing requirements. Keeping in mind that federal agencies are mandated to reduce space and funding availability is limited; this is an opportunity for agencies to consider improving their space utilization and developing more effective workplaces.
- b. In addition, GSA's Total Workplace Program can provide resources and tools to assist in planning for tenant agencies' long-term needs including Workplace Engagement, Change Management, and its Furniture & Information Technology (FIT) Initiative.

13. What is the current market outlook in Laguna Niguel?

- a. Laguna Niguel's office market rates are relatively high due to a limited inventory of space available. Other factors influencing the market are space demand, the timing of requirements, and the areas being considered for lease. We understand this may be a challenge and we are committed to finding a suitable market solution inside or outside of Laguna Niguel, depending on individual agency mission needs.

14. Is it GSA's intent to move each agency out separately, and can agencies move out of the space before 2020?

- a. This will be dependent on each agency's mission needs and requirements.

15. What is the timeline?

- a. GSA will immediately begin working with each individual agency to develop their space requirements. We will partner with agencies on understanding the opportunities and constraints of individual OA expirations and the impact on individual agency timelines. It may take more than 6 years before all tenant agencies have been relocated from the CHF B.
- b. In addition, over the next 12 months, GSA will incorporate these requirements into a feasibility study and financial analysis and, if warranted, prepare an FY20 prospectus funding request.
- c. Provided the FY20 prospectus is authorized by Congress and if funds are appropriated, any resulting construction project will be designed and built through 2023.

16. What is the difference between a prospectus lease and a non-prospectus lease?

- a. For Fiscal Year 2017, a prospectus-level lease is one whose first year's net rent exceeds \$2.85 million.