Executive Summary

The General Services Administration (GSA) proposes a lease of approximately 69,000 rentable square feet (RSF) for the Internal Revenue Service (IRS). IRS is currently housed at 55 S. Market Street in San Jose, CA, under two leases that expire on March 19, 2023, and October 6, 2021.

The lease will provide continued housing for IRS and will improve the office and overall space utilization rate from 153 to 61 and 303 to 174 usable square feet (USF) per person, respectively.

Description

<table>
<thead>
<tr>
<th>Occupant:</th>
<th>Internal Revenue Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current RSF:</td>
<td>114,838 (Current RSF/USF = 1.15)</td>
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<tr>
<td>Estimated/Proposed Maximum RSF:</td>
<td>69,000 (Proposed RSF/USF = 1.20)</td>
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<tr>
<td>Expansion/Reduction RSF:</td>
<td>45,838 (Reduction)</td>
</tr>
<tr>
<td>Current USF/Person:</td>
<td>303</td>
</tr>
<tr>
<td>Estimated/Proposed USF/Person:</td>
<td>174</td>
</tr>
<tr>
<td>Expiration Dates of Current Lease(s):</td>
<td>03/19/2023; 10/6/2021</td>
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<tr>
<td>Proposed Maximum Leasing Authority:</td>
<td>20 years</td>
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<tr>
<td>Delineated Area:</td>
<td>From the intersection of I-280 and San Tomas Expressway, north along San Tomas Expressway and continuing east along Montague Expressway to I-880, south along I-880 and continuing south along Highway 101 to I-280, west along I-280 to the point of beginning at the intersection of I-280 and San Tomas Expressway.</td>
</tr>
<tr>
<td>Number of Official Parking Spaces:</td>
<td>25</td>
</tr>
<tr>
<td>Scoring:</td>
<td>Operating</td>
</tr>
<tr>
<td>Current Total Annual Cost:</td>
<td>$3,482,728 (leases effective 04/14/2011; 10/7/2011)</td>
</tr>
<tr>
<td>Estimated Rental Rate²:</td>
<td>$59.50 / RSF</td>
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</table>

¹ The RSF/USF at the current location is approximately 1.15; however, to maximize competition a RSF/USF ratio of 1.20 is used for the estimated proposed maximum RSF as indicated in the housing plan.
PROSPECTUS – LEASE
DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
SAN JOSE, CA

Prospectus Number: PCA-01-SJ20
Congressional District: CA17, 18, and 19

Estimated Total Annual Cost\(^3\): $4,105,500

Background

The IRS mission is to provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

Justification

This IRS field office fulfills a critical need to support the agency’s mission and operational needs for the greater San Jose area. The field office executes reviews and audits of tax returns, appeal resolution, and other necessary compliance and enforcement activities.

The current leases at 55 South Market Street in San Jose, CA, expire on March 19, 2023, and October 6, 2021. IRS requires continued housing to carry out its essential mission.

Summary of Energy Compliance

GSA will incorporate energy efficiency requirements into the Request for Lease Proposals and other documents related to the procurement of space based on the approved prospectus. GSA encourages offerors to exceed minimum requirements set forth in the procurement and to achieve an Energy Star performance rating of 75 or higher.

Resolutions of Approval

Resolutions adopted by the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works approving this prospectus will constitute approval to make appropriations to lease space in a facility that will yield the required rentable area.

\(^2\) This estimate is for fiscal year 2023 and may be escalated by 2 percent annually to the effective date of the lease to account for inflation. The proposed rental rate is fully serviced including all operating expenses, whether paid by the lessor or directly by the Government. GSA will conduct the procurement using prevailing market rental rates as a benchmark for the evaluation of competitive offers and as the basis for negotiating with offerors to ensure that lease award is made in the best interest of the Government.

\(^3\) New leases may contain an escalation clause to provide for annual changes in real estate taxes and operating costs.
Interim Leasing

GSA will execute such interim leasing actions as are necessary to ensure continued housing of the tenant agency prior to the effective date of the new lease. It is in the best interest of the Government to avert the financial risk of holdover tenancy.

Certification of Need

The proposed project is the best solution to meet a validated Government need.

5/27/2020

Submitted at Washington, DC, on ______________ ______________

Recommended: ________________________________

Commissioner, Public Buildings Service

Approved: ________________________________

Administrator, General Services Administration