



U.S. General Services Administration

# National Portfolio Planning

Disposition Focus

PBS National Customer Forum  
May 7 & May 8, 2024

# Agenda

- 01** USDA Planning - Rob Haughton
- 02** GSA National Portfolio Planning - Rob Lacey
- 03** Consolidation Program - Loaela Hammons
- 04** Project Liquidity - Anna Cafoncelli
- 05** Disposition Process - Flavio Peres



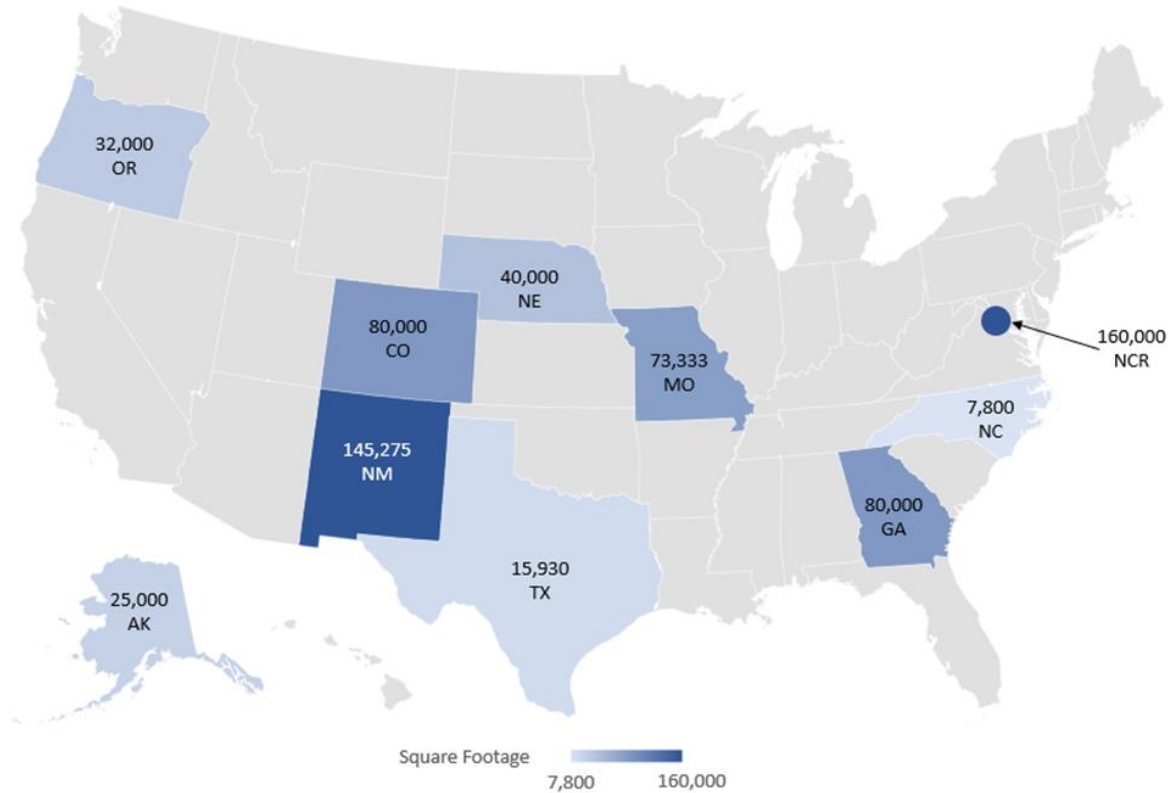
01

# USDA Planning

*Rob Haughton*

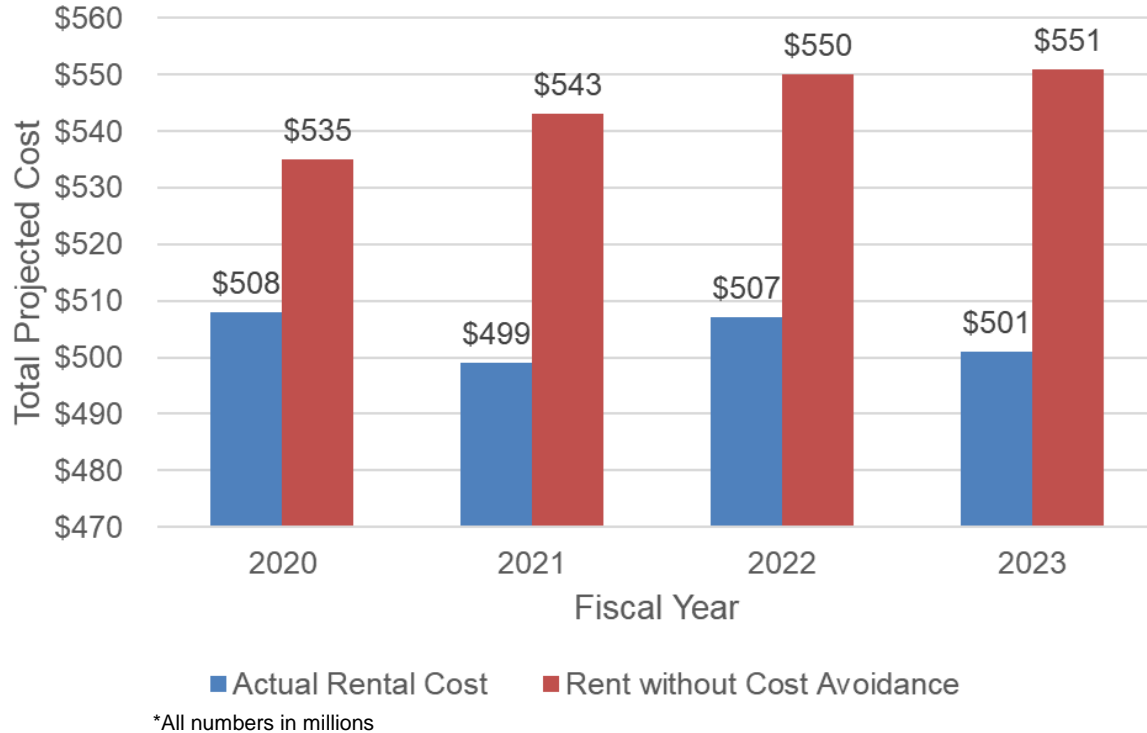
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# Planned Space Reductions



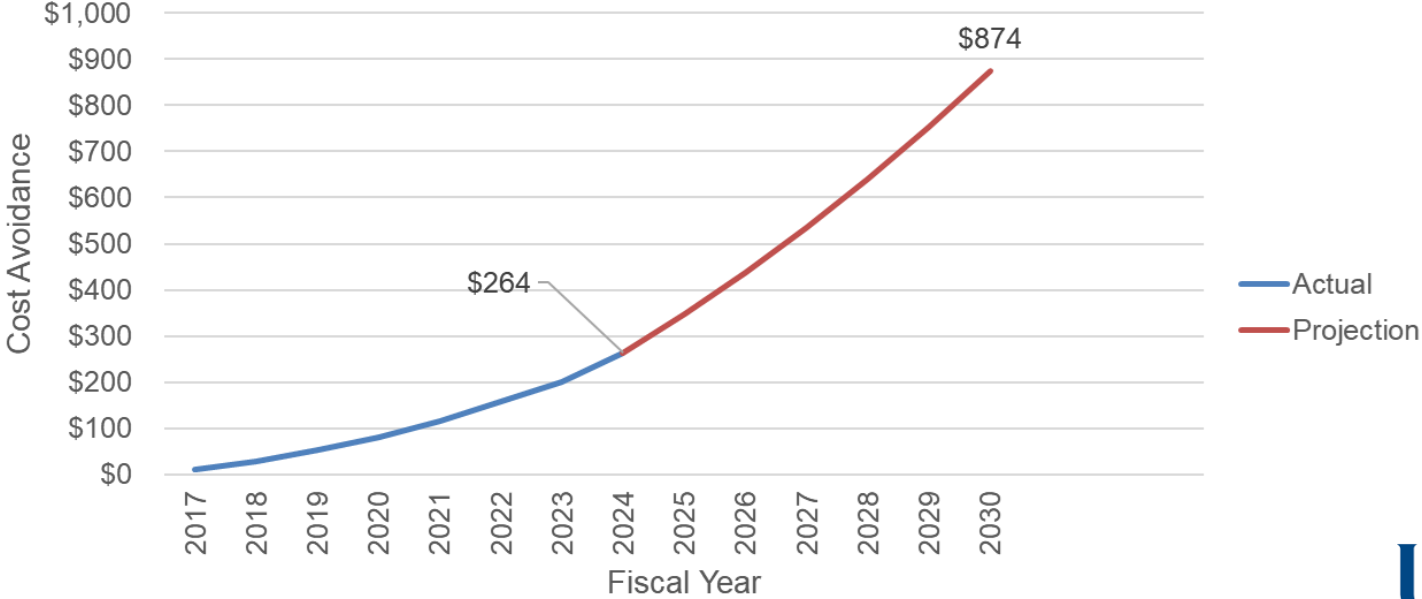
USDA has **additional reductions of 660,000 square feet planned**. USDA continues to evaluate its portfolio for space optimization opportunities. USDA intends to identify an additional **1 million over the next 3 years**.

# USDA Rent & Cost Avoidance



USDA's FY 2023 real property rental budget was **\$50 million less** because of the space optimization effort since FY 2015. The cost avoidance is projected to **increase to \$70 million** for FY 2024 because of the **915,000 square feet reduction** during FY 2023.

# USDA Real Property Cost Avoidance (Cumulative Projection)



\*All numbers in millions



**USDA will avoid nearly \$1 billion in rental expense costs by 2030.** The projections assumes a 750,000 SF reduction in 2024 and 300,000 every subsequent year. The projected numbers do not include tenant improvements and security expenses. Tenant improvement cost averages \$200 per square foot.

02

# GSA National Portfolio Planning

*Rob Lacey*

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# Fewer, Better Buildings: The NPP Strategy

1

## Disposition of Underperforming Assets:

Significant reinvestment requirements with low revenue potential and cost effective lease market.

2

## Reinvest in Core Assets:

Modernized workspaces in a state of good repair with net zero operations & strong utilization.

3

## Reduced Lease Reliance:

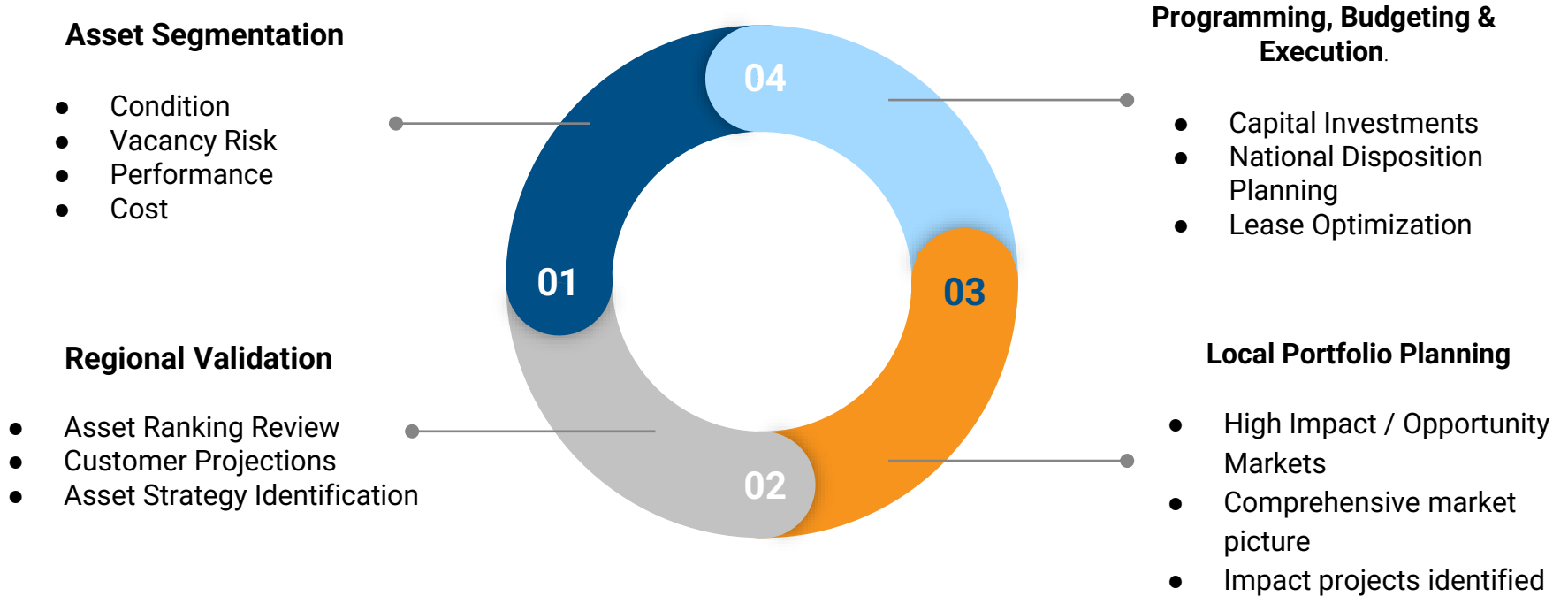
Responsibly manage pending lease expirations. Maximize use of existing federal assets.



**Improved Customer & Community Experience and Value**



# National Portfolio Planning Lifecycle



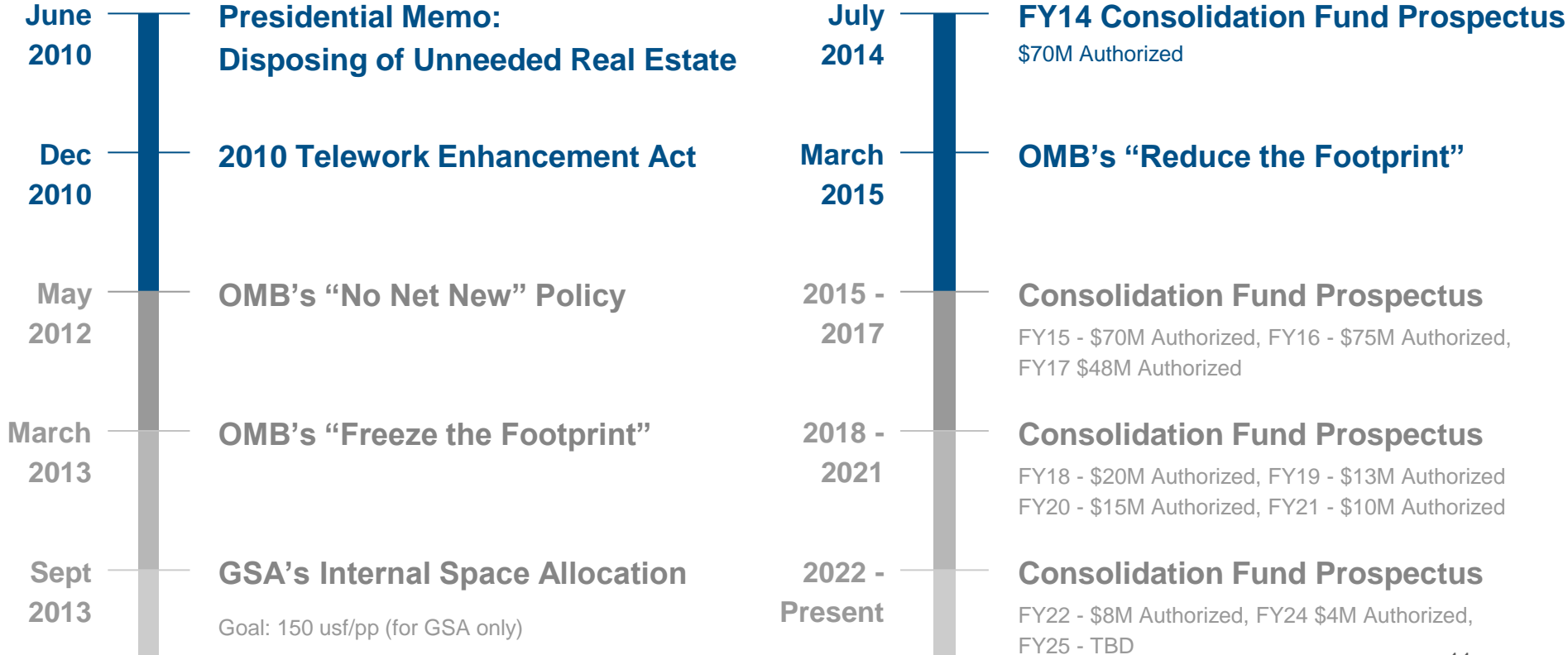
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# Consolidation Program

*Loaela Hammons*

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# How is the Federal Government Right Sizing?



# Consolidation Activities Program

Consolidation Projects typically include the following:

- Reconfiguration and alteration of existing Federal space to accommodate incoming agency relocation/consolidation (which may include reconfigurations of existing occupied Federal tenant space);
- Right sizing the federal footprint, including restacking and consolidations, to account for anticipated remote and hybrid work arrangements; and
- Incidental alterations and system upgrades, such as fire sprinklers or heating, ventilation, and air conditioning, needed as part of relocation and consolidation.

*\*These projects will more than recover the initial capital investment after just two years of project completion and will continue to accrue additional savings over the life of these assets).*

## Footprint Optimization



2M USF

### Analysis: Usable Square Foot Space Reduction

Since the inception of the Consolidation Activities Program in FY 2014, GSA has received \$330,531,000 in support of the program. Through FY 2022, GSA has funded **89** projects. When complete, these **89** projects will result in more than a **2** million usable USF reduction.

## Cost Savings



\$168M  
annually

### Analysis: Lease Cost Avoidance

Additionally reducing agency rental payments to GSA by **\$83** million annually and generating more than **\$168,000,000** in **annual** Government lease cost avoidance.

# Partnering Customer Agencies



**< \$15M**  
**Consolidation Program**  
**Funding**



**> \$15M**  
**Consolidation Program**  
**Funding**



04

# Project Liquidity

*Anna Cafoncelli*

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# Move Cost Program - Lessor Funded Option

## *An Alternative Solution to address agency challenges with upfront funding*

The Goal of Project Liquidity is to provide flexible funding solutions that will enable you to optimize your footprint. If your long-term requirements include:

- *Reducing your leased space*
- *Consolidating multiple leased locations*
- *Moving from a disposed asset*
- *Or simply creating a more efficient layout in place that eliminates the need for expansion*



# Move Cost Program - How it Works

- The Move Cost Program funding strategy allows **Lessor Funded** cash allowances to be applied towards move related expenses, furniture, and Tenant Improvements that typically require funding via RWA.

**The Lessor Funded Option can be used in two different scenarios:**

- **Cash Incentive:** Lessor unilaterally offers an unsolicited cash incentive (free rent) as part of their lease proposal.
- **Enhanced Allowance:** A specific required TI amount is requested in an RLP that is intended for funding Government TI and move-related expenses.

*\*In order to utilize both of these options, the agency's CFO (or designated official) must indicate a financial need and HCA Authorization is required. Leasing and PT AC approval is only needed for the Enhanced Allowance option before solicitation.*



## Example Project Costs Required to be Paid for via RWA

- Telecommunication network services & IT
- Furniture, equipment & supplies (GSA & private industry vendors)
- Planning & execution of the physical (GSA move contractors)
- Full service relocation (planning, scheduling, developing move plans, conducting relo PM meetings, supervising deliveries and installations)
- Special consulting services (office art, AV systems, acoustics, records mgmt, copy/mail room services, lighting, special security, & signage (GSA expert vendors/suppliers)
- Environmental Impact Assessments (Lessor pays for Remediation via shell rent)
- Additional iterations of layout DIDs (Design Intent drawings)
- Spec & finish schedules for furniture & equipment
- Extensive program development – detailed performance specs & cost estimates for specialty type spaces (i.e., labs, conference centers, & computer facilities)

## Enhanced Allowance in Lease Space Example:

- ✓ Current RSF - 183k (\$4.6M/year)
- ✓ New Lease RSF - 77k (\$2.9M/year)
- ✓ 58% lease space reduction

**Total Project Costs (\$186/USF):**

**\$11.9M**

***Customer RWA:***

***\$ 1.7M***

***Additional Funding required from Lessor:***

***\$10.2M***

***Lessor Funded TI projected impact to rental rate: \$13.41/RSF***

**Projected 15 year Cost Savings: \$25.5M**

05

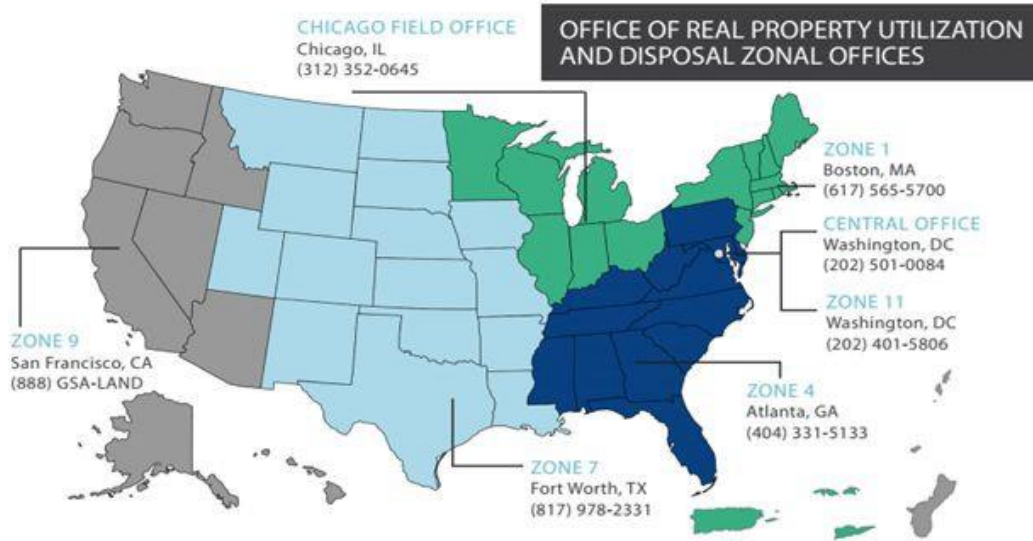
# Disposition Process

*Flavio Peres*

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# What We Do...Our Mission

Leading the Federal Government in optimizing its real property portfolio through effective disposition and utilization strategies



Multidisciplinary teams experienced in all aspects of real property utilization and disposal.

Flexible and responsive to unique circumstances and developing effective strategies to address Federal real property repositioning

Our staff includes:

- Real Estate Experts
- Certified Appraisers
- Auctioneers
- Historic Preservation Advisors
- Project Managers
- Environmental Experts
- Legal Counsel

40 USC, Chapter 5, formerly known as the Federal Property and Administrative Services Act of 1949 and often referred to as **The Property Act**

Provides that the care, handling, and disposal of surplus property may be performed by GSA or any executive agency designated by the Administrator. Establishes general guidelines for use and disposal of urban lands

# GSA's Full Range of Services

## Due Diligence

- Asset/Disposal Options Studies
- Environmental Characterization/ Assessments
- NEPA Services
- Historic Preservation Consultation
- Title Review
- Metes and Bounds
- Targeted Asset Reviews
- Facility Condition Assessments
- Report of Excess Preparation
- Demolition Concurrence

## Realty Services

- Appraisals
- Environmental Studies
- Transaction Management
- Stakeholder Coordination
- Marketing and Sales
- Marketability Study
- Brokers Price Opinion

## Transaction Services

- Comprehensive Relocation (Cradle to Grave Project Management)
- Realty Document Preparation (OTP, Deeds, etc)
- Relocation Packages
- Exchange Agreements

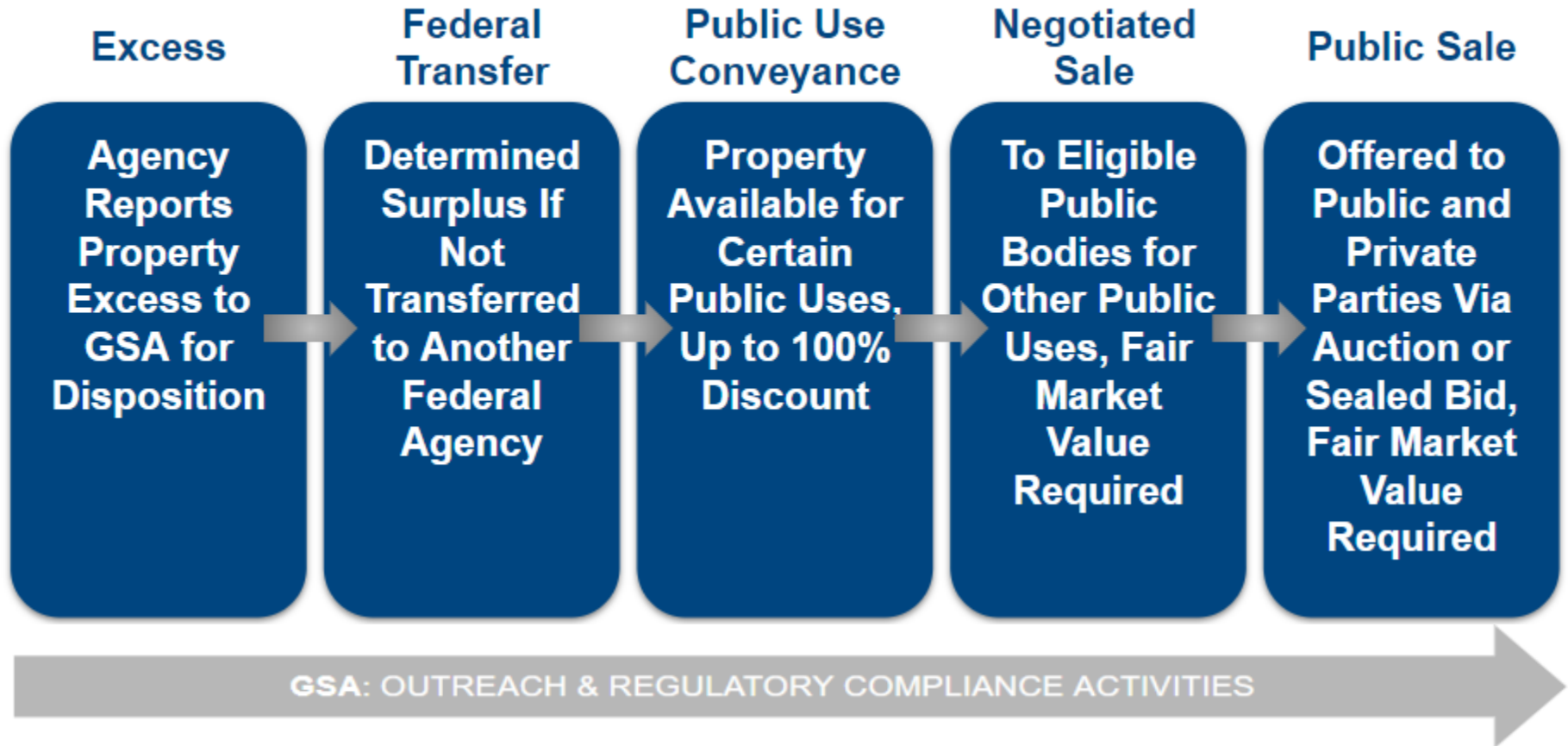
## Post Conveyance

- Compliance Inspections
- Non-Compliance Cures
- Reverters
- Abrogations

## Workshops

- 3-day, client-tailored individual agency or multi-agency workshop
- Quarterly webinar series with real property topics/case studies

# Disposition Process





# Asset Diversity



# Transactions Trends

- **Total Transactions:**
  - **More than 500 Transfers, PBCs, & Sales**
  - **Over 70% dispositions go to sale**
- **Total Square Feet:**
  - **11.1M+ Sq.Ft. Conveyed**
- **Total Acres:**
  - **9,300+ Acres Conveyed**
- **Total Sales:**
  - **Over 350 Public Auctions**
- **Proceeds:**
  - **\$538M+ Generated From Sales**



# Questions?

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View the  
[GSA PBS Portfolio  
Optimization Strategy](#)  
on [gsa.gov](https://gsa.gov)

[Speaker Bios](#)



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