Description of document: Department of the Treasury Real Property Asset Management Plan, Sept 2019

Requested date: 28-November-2020

Release date: 14-December-2020

Posted date: 28-December-2020

Source of document: FOIA Request
FOIA and Transparency
Department of the Treasury
Washington, DC 20220
Fax: 202-622-3895

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

12/14/2020

RE: Your FOIA Request to Treasury, Case Number 2021-FOIA-00210

This is the Department of the Treasury's (Treasury) final response to your Freedom of Information Act (FOIA) request submitted on November 28, 2020. You requested "a copy of the most recent Treasury Department Real Property 'Asset Management Plan', which is provided annually to OMB and GSA by the Senior Real Property Officer at the Department of the Treasury under Executive Order 13327."

Your request has been processed under the provisions of the FOIA, 5 U.S.C. § 552. Treasury Departmental Offices conducted a search and located 1 record, totaling 14 pages. The enclosed responsive document is fully released, and no exemptions have been claimed.

There are no fees assessed since allowable charges fell below $25.

If you would like to discuss this response you may contact the FOIA Public Liaison, for assistance via email at FOIAPL@treasury.gov, or via phone at (202) 622-8098.

A FOIA Public Liaison is a supervisory official to whom FOIA requesters can raise questions or concerns about the agency's FOIA process. FOIA Public Liaisons can explain agency records, suggest agency offices that may have responsive records, provide an estimated date of completion, and discuss how to reformulate and/or reduce the scope of requests in order to minimize fees and expedite processing time.

If any questions arise, please contact Samuel Giovannucci at samuel.givoannucci@treasury.gov. Please reference FOIA case number 2021-FOIA-00210 when contacting our office about this request

Sincerely,

Jacqueline J. Scott
FOIA and Transparency
Office of Privacy, Transparency, and Records

Digitally signed by Jacqueline J. Scott
Date: 2020.12.14 11:09:17 -05'00'

Enclosure:
Responsive Document (14 pages)

Department of the Treasury

Real Property Efficiency Plan
Reduce the Footprint Policy Implementation
FY2020 – FY2024

SEPTEMBER 2019

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INTRODUCTION

This Real Property Efficiency Plan is submitted to the General Service Administration (GSA) and the Office of Management and Budget (OMB) in compliance with OMB Management Procedures Memorandum No. 2015-01 dated March 25, 2015, "Implementation of OMB Memorandum M-12-12, Section 3: Reduce the Footprint," and GSA's Revised Reduce the Footprint Implementation Guidance dated December 2018. As required, this plan covers the period from FY 2020 - FY 2024 and identifies tangible actions our agency plans to employ to reduce the footprint:

- Better utilization of real property through space realignment efforts to include optimization or consolidation of existing space;
- Increasing telework, hoteling, and work space sharing; and
- Maximizing utilization through improved design space standards for new space acquisitions and renovations.

This plan is designed to sustain the momentum achieved through compliance with the "Freeze the Footprint" policy and will continue to improve the effectiveness of real property asset management across the Department in support of Treasury's Agency Strategic Goal for "Creating a 21st century approach to government by improving efficiency, effectiveness and customer interaction." To achieve success on our plan, Treasury will collaborate with OMB and GSA on real property best practices, while maintaining Treasury's decision-making autonomy to manage its portfolio for mission objectives.

MISSION

The Department of the Treasury's core mission is to maintain a strong economy and create economic and job opportunities by promoting conditions that enable economic growth and stability at home and abroad; strengthen national security by combating threats and protecting the integrity of the financial system; and manage the U.S. government's finances and resources effectively. Treasury[1] is organized into the Departmental Offices (DO), seven operating bureaus, and three inspectors general. DO is primarily responsible for policy formulation and the overall headquarters management of the Department of the Treasury while the bureaus are operational organizations conducting functions that fall under the mission of the Department.

[1] Treasury Bureaus with Real Property:
- Bureau of Engraving and Printing (BEP)
- U.S. Mint (MINT)
- Departmental Offices (DO)
- Office of the Comptroller of the Currency (OCC)
- Internal Revenue Service (IRS)
- Bureau of Fiscal Services (Fiscal Services)
- Alcohol and Tobacco Tax and Trade Bureau (TTB)
- Financial Crimes Enforcement Network (FinCEN)
- Office of the Inspector General (OIG)
- Treasury Inspector General for Tax Administration (TIGTA)
- Special Inspector General for TARP (SIGTARP)

ROLES AND RESPONSIBILITIES OF SENIOR OFFICIALS

The Department of the Treasury's Assistant Secretary for Management (ASM) has Department-wide responsibility for acquisition, utilization, and disposal of Treasury real property. The ASM has the approval authority for bureau proposals to acquire an ownership interest in, or to dispose of, Treasury-owned real property, and to the extent permitted by law, any determinations and findings required by statute or regulation to be made by the Head of the Agency on real property matters.

The ASM has delegated to the Bureau Heads the responsibilities of management and oversight of Treasury's real property portfolio, and the Deputy Assistant Secretary (DAS) for Treasury Operations to serve as the Department's designated Senior Real Property Officer (SRPO). The SRPO serves as Treasury's senior official serving on the Federal Real Property Council (FRPC), as well as its Executive Steering Committee, supporting the FRPC's charter for government-wide efforts to optimize utilization of real property in support of Treasury's mission.

The DAS for Treasury Operations is responsible for ensuring that appropriate Departmental policies, procedures, reviews, and reporting requirements are developed and maintained in accordance with ASM guidance, Treasury Directives and Orders, and applicable OMB and GSA regulations that pertain to the acquisition, utilization, and disposal of real property. The SRPO is responsible for tracking the Department's real property square footage footprint and developing the annual agency evaluation of the Department's compliance with the implementation of the Reduce the Footprint (RTF) policy.

The SRPO is also responsible for the following:

- Stewarding the Treasury Operations Executive Council (Executive Council) to enable department-wide policy and management coordination necessary to achieve Treasury's contributions towards the objectives of optimizing the utilization of real property:
    - Collaborating with bureaus' senior real property officials to formulate the Department's strategy for managing its real property assets;
    - Championing and communicating the strategy inside and outside the Department; and
    - Overseeing the Department's real property assets to ensure optimum utilization in support of bureaus' and the Department's mission;
- Providing recommendations for approval or disapproval of Bureau proposals to acquire, utilize or dispose of real property;
- Conducting periodic utilization assessments of Treasury real property to identify properties that are potentially underutilized or not being put to optimum use;
- Facilitating planning with the bureaus to improve space utilization and provide technical guidance in the determination of real property needs;

- Coordinating the development and submission of OMB Space Budget Exhibits Justifications and requirements for Non-IT Capital Investment Planning consistent with the instructions in OMB Circular A-11; and
- Providing reports pertaining to Treasury real property acquisitions, utilization, and disposals to OMB, GSA, Government Accountability Office (GAO), and the Congress as required; and
- In support of the FRPC's agenda, Treasury has created a new Headquarters Long Range and Capital Planner Position, and is developing guidance for the integration of capital planning across the Department to aid in the optimization real property investments Treasury will be transforming asset management efforts by developing policies that enables greater information sharing and cross-bureau collaboration on best practices, space sharing opportunities, operational cost management, and problem solving.

BUDGET ASSUMPTIONS AND IMPACT TO REDUCTION TARGETS

Planned real property space reductions are appropriately reflected in the development of our Exhibit 54 for establishing square-footage projections and the corresponding rent estimates. These rent estimates and associated real property costs are then the basis for formulating our budget in accordance with OMB Circular A-11.

It should be noted that several Treasury programs focused on economic expansion and national security will be experiencing considerable growth in investments, to include personnel. As a result, Treasury's out-year projects are expected to reflect these changes, including the possible expansion of real property holdings in certain geographic areas.

PORTFOLIO STATUS

FY 2018 Portfolio Summary
(All property, including the RTF Baseline properties)

	Direct Lease Space	Owned Space	GSA OA Space
Office	**2,131,776 RSF**	**954,778 SF**	**20,729,158 USF**
Warehouse	**0**	**0**	**1,593,659 USF**
All Other	**9,800 RSF**	**3,169,302 SF**	**668,791 USF**

<u>Overall Agency Building Portfolio</u>

Treasury's real property portfolio in FY18 consisted of 29,257,264 square feet which yields to 12,915,707 usable square feet (usf) of GSA leased space, 10,075,902 (usf) of GSA owned space, 2,141,576 square feet of Treasury direct leased space, and 4,124,080 gross square feet (gsf) of Treasury owned space.

- The Treasury owned office space within the footprint includes the Main Treasury Building, the Treasury Annex Building, and 1700 G Street, NW, Washington, DC.

- The Treasury leased space is currently 82 direct or delegated leases consisting of 67 OCC direct leases, 14 IRS delegated leases and 1 U.S. Mint direct lease.
- The Treasury space portfolio consists of 23.8M square feet of office space, 3.3M square feet of industrial space, 1.6M (sf) of warehouse space, and 552K (sf) of other types of space (e.g., data center, day care, public facing facilities, and laboratories).

Total Square Footage (29.3M)

Status Relative to Reduce the Footprint Baseline Requirement

As of the end of FY2018, Treasury has reduced the RTF baseline square footage by a confirmed 1,735,625 square feet, which equates to 6.45% total decrease from the FY2015 RTF square footage baseline. The square footage reductions resulted in a 2.09% decrease of the Department's office & warehouse baseline space costs from $749.5M to $733.8M, which equates to a space cost change of $15.7M.

Reduce the Footprint Summary

Space Type	FY15 RTF Square Footage Baseline	FY18 RTF Square Footage	Square Footage Change FY15 - FY18	Percentage Change FY15 - FY18	FY15 RTF Baseline Space Costs	FY18 RTF Space Costs	RTF Space Costs Change FY15 - FY18	Percentage Change FY15 - FY18
Office & Warehouse	26,892,839	25,157,214	(1,735,625)	-6.45%	$749.5M	$733.8M	($15.7M)	-2.09%

Footprint Reduction Summary

(Including FTF)

Space Type	FY12 FTF Square Footage Baseline	FY18 RTF Square Footage	Square Footage Change FY12 - FY18	Percentage Change FY12 - FY18	FY12 FTF Baseline Space Costs	FY18 RTF Space Costs	Space Costs Change FY12 - FY18	Percentage Change FY12 - FY18
Office & Warehouse	29,992,024	25,157,214	(4,834,810)	-16.12%	$835.8M	$733.8M	($102M)	-12.20%

Since the commencement of the Freeze the Footprint (FTF) policy in 2012, Treasury has reduced its office & warehouse baseline square footage by 4.8M square feet, which equates to 16.1% decrease from the end of FY2012. The reductions have resulted in a 12% decrease in space costs from $835.8M to $733.M, which equates to a space cost change of $102M.

Reduction Targets for Office Space

Under the Reduce the Footprint program, the Treasury Real Property Efficiency Plan is projecting the relinquishment of over 1.7 million additional rentable square feet of office space. Meeting the reduction goals requires the implementation of new space design standards that use a reduced footprint to optimally right size the portfolio consistent with Department mission and essential program needs. The Department will leverage the planned termination of existing leases and space assignments at the time of lease expiration, consolidations/co-locations, and the increased use of telework.

The Department will continue targeting metropolitan areas with multiple posts of duty sites for opportunities to pursue consolidation opportunities where it makes business and financial sense. Our strategy will include benchmarking and space data such as square feet per person, frequent telework participation, hotel workstation seating capacity, and the percentage of workstations utilized to identify potential reduction projects.

Per the RTF guidance, and based on the size of Treasury's warehouse inventory, the Department is not required to submit warehouse target reductions. The Department's priority office space reduction projects are referenced in Appendix 1, and the below table identifies the overall reduction targets specifically for domestic office space reductions through FY 2024:

Domestic Office and Warehouse SF Reduction Targets FY 2020–FY 2024

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Office Target* (Net SF Reduction)	469,995	301,552	677,540	255,859	778
Warehouse Targets* (Net SF Reduction)					63,450

*Reductions are reported as a positive value.

Industrial Space Inventory

Bureau of Engraving and Printing (BEP) has received congressional authority to acquire land and construct a new facility in the Washington, DC metropolitan area. Construction of a new 800,000 square foot facility is projected to commence in FY2021, with a projected operations and personnel relocation to be completed by FY2027. Plans to repurpose or dispose of the existing BEP facilities have yet to be determined.

BEP has also commenced construction of an existing facility expansion project at their Western Currency Facility (WCF) located in Fort Worth, TX. The expansion project will assist with providing needed manufacturing, operations support and warehouse space. The BEP expansion project is estimated to increase the WCF footprint by approximately 392,000 square feet.

Use of Performance Benchmarks to Identify Reduction Opportunities

For the development of the Treasury Real Property Efficiency Plan, performance benchmarking was used as comparative reference data to gauge the Department's real property government-wide performance. The Department's goal will be to utilize better performance benchmarking more as an analytical tool, as we improve our Human Resource database with the ability to identify and validate contractor headcounts per location to achieve a more accurate utilization rate. Space reduction efforts are under continuous review and evaluation to identify opportunities based on changing staff levels and business conditions.

Benchmark Metric Summary for Department of the Treasury

Benchmark Metric	FY 2015	FY 2018	Change	Government-wide Average
SF per person Direct Lease Office	310	376	+ 66 SF / Person	223
SF per person Owned Office	496	396	(-100) SF / Person	420
SF per person GSA OA Office	282	240	(-38) SF / Person	253

Benchmark Metric	FY 2013	FY 2018	Change	Government-wide Average
Rent per SF Direct Lease Office	$35.94	$41.03	+ $5.09 per SF	$30.26
Rent per SF GSA OA Office	$27.56	$23.49	(- $4.07) per SF	$28.01
O&M/SF Owned Office	$11.42	$9.32	(- $2.10) per SF	$6.12
Rent per SF Direct Lease Warehouse	N/A	N/A	N/A	
Rent per SF GSA OA Warehouse	$11.06	$10.94	(- $0.12) per SF	$10.87
O&M/SF Owned Warehouse	N/A	N/A	N/A	
Percent of Owned Portfolio SF with Facility Condition Index of 85 or greater	50%	50%	0%	74%

The growth observed in the measures described above are attributed to the following:

Benchmark Metric	Increase in SF or Cost	Reason
SF & Cost per person Direct Lease Office	+ 66 SF/person (FY 2015 – 2018)	All three reporting bureaus with direct leases URs increased from FY15 to FY18 due to reductions in headcounts. The Mint had a significant increase in their Headquarters' UR based on headcounts decreasing from 711 to 449, which resulted in their UR increasing from 326/SF to 517/SF.
	+ $5.09 / SF (FY 2013 – 2018)	Costs/SF increased from FY13 to FY18 based on annual rent increases for both OCC direct lease costs (+$5.9M) & the Mint Headquarters' rent (+$2M).
SF per person Owned Office	-100 SF/person (FY 2013 – 2018)	Significant reduction to SF/person for owned office space is due to the significant increase in headcount for OCC's owned office building. The recently renovated OCC building is now fully occupied by CFPB which SF/person decreased from a partially occupied 627/SF in 2017 to 246/SF in 2018.

Workspace Design Standard for Future Reductions

Treasury Directive Publication (TD P) 72-02 "Treasury Workspace Standards", dated January 17, 2018, and Departmental Offices Directive Publication 415, dated January 31, 2018, provide guidance for the establishment of an office workspace design process to develop the most efficient and effective space without detriment to business functionality. This process considers shared workstations that optimize the amount of dedicated and assigned employee workstations, effective collaborative work space, and telework.

The Department's workspace standards identify recommended parameters for new renovation projects and new government owned and lease space requirements. The workspace standards goal is to increase office space efficiency and to recommend the following guidance:

- Provide space allocation guidelines and planning concepts to support employees' ability to conduct their mission
- Provide productive working environments that contribute to employee productivity
- Support changing work patterns
- Optimize space utilization
- Reduce long term space costs

Utilization Rates

All new space acquisition and real property projects will be analyzed by dividing the total USF (excluding any specialized support space) by the total number of workstations/seats within a post of duty or impacted renovated area. This calculation determines the maximum allowable office space footprint in USF for any new space acquisitions and major renovation projects. Facilities that house general office space groups are recommended to achieve a footprint that should not exceed 200 USF/workstation. Special space requirements due to unique functions or special situations at an office will be considered and, if justified and approved, could increase the size of an office above the target USF per workstation for that office.

Department of the Treasury Utilization Rates

Headquarters/Bureaus	Administrative Office UR
Department of the Treasury	200/USF

GSA CONSOLIDATION PROGRAM

The Department is requesting GSA Consolidation Program funding for two (2) IRS consolidation projects located in Chicago, Illinois, and Saint Louis, Missouri, respectively. The IRS is proposing consolidations and space reconfigurations at both the Bank of America Building, and the R.A.Y. Federal Building. If approved for consolidation funding, the consolidation projects will result in a combined net space reduction of 92,437 RSF.

GSA Consolidation Program Funding Request FY2020 – 2024

Consolidation Project Building Name and Number	FY Submission (e.g., FY 2019, 2020, 2021, 2022, or 2023)	Consolidation Type (e.g., Leased to Owned, Owned Contraction, or Owned to Owned Consolidation)	Consolidation Impact (Net SF Reduction)	Total Consolidation Funds Requested
IRS: IL2177 Bank of America Building	FY 2019	Leased to Owned	42,437 RSF	$1.8M
IRS: MO0106 R.A.Y Building	FY2020	Owned Contraction	50,000 RSF	$3.5M est.

CO-LOCATION OPPORTUNITIES

IRS is currently piloting the co-location of Taxpayer Assistance Center (TAC) employees at five Social Security Administration (SSA) sites. The pilot, originally planned to end in 2018 and extended through September 2019, will be evaluated and expanded if successful. The co-location pilot group consists of five IRS one person TACs. Any future expansion will likely pertain only to small IRS TACs where SSA could host the service. If the pilot is successful, IRS will be able to release approximately 11,000 net square feet of space at the five IRS TAC offices.

The Department has not deemed any other field office locations with the ability for collocation with other agencies based on security access concerns, and the potential lack of funding for constructions costs to separate spaces.

OPERATIONAL EFFICIENCIES

IRS and GSA have established a GSA/IRS Customer Success Plan. This plan of action was designed collaboratively and has led to the development of co-agency teams. The plan serves as an agreement between the two organizations on common goals and success factors. Teams review processes and work activity items designed to enhance communication, data transparency and access, project planning, and project delivery.

COMPLIANCE INTERNAL CONTROLS

One of the Department's key goals is the disposition of real property in an environmentally friendly manner with consideration to organizational work units' mission requirements. Treasury Directive 72-02 (Acquisition, Utilization, Management, and Disposal of Treasury Real Property Assets), provides that:

a. Real property and interests therein shall be acquired by applicable authorities, only as necessary and no longer than necessary, to carry out effective mission and program operations. Property prices or lease rates, as well as costs of moving/occupancy, efficiency of operations, regional planning, employee morale factors, maximum use of Treasury policy regarding public transportation, and telework and alternative workspace arrangements criteria that support sustainable design and high performance building requirements should be considered in making these determinations.

b. Real property holdings under Treasury control are fully utilized with intent to put to optimum use. Systematic, thorough reviews of real property holdings shall be conducted at least annually to categorize and identify property that is not needed, is underutilized, or is not being put to its optimal use. Real property identified as not needed shall be promptly reported and released in accordance with the policies established by OMB, the GSA and Department of the Treasury regulations.

For the development of this Real Property Cost Efficiency Plan, each BRPO was responsible for identifying all planned disposals, consolidations/co-locations, and expansion needs for the period of FY 20 - FY 24. Any new space acquisitions not identified in this plan will require bureau submission in writing to the SRPO and the ASM by the requesting bureau.

New real property project requests are reviewed by a headquarters-level real estate Asset Manager with oversight by the SRPO and the Treasury Operations Executive Council to ensure compliance with Department space standards and utilization targets. Any planned real property space action that exceeds the target UR standard will require documentation when budget limitations or financial analysis support carrying excess space, and the bureaus' "Strategy over Standard" would be documented. The bureau's documentation must identify any special space requirements due to a unique space functions, or special situation and mission that would require the space requirement to exceed the Department's target utilization rate. Treasury Directive

Publication (TD P) 72-02 also identifies the steps and processes for the Department's compliance to the Reduce the Footprint policy, and the Department's space inventory validation procedures.

FRPP DATA QUALITY IMPROVEMENT

Each BRPO is responsible for annually reporting and updating their respective real property assets within the Federal Real Property Profile (FRPP). The CFO or BRPO in each Bureau will certify to the SRPO, who will retain the documents and brief the ASM on the status of each Bureau. The FRPP certification memorandum to the SRPO will hold the bureaus accountable that all submitted bureau asset reporting is complete and accurate.

All current data validation for FRPP bureau asset reporting is reviewed by a headquarters-level Asset Manager to ensure compliance for data accuracy. The Asset Manager utilizes the FRPP data anomaly reports, previous FRPP bureau asset report submissions, and current real property inventory data as a reference to verify for data accuracy.

Methods used to validate data quality include running a full FRPP detailed data report to identify all reported FRPP data elements, identifying any missing FRPP data field elements, and identifying data elements that have significantly increased or decreased from the previous three (3) FRPP reporting cycles. The data elements that typically receive the most scrutiny are the properties utilization status, direct lease expiration dates, direct lease disposition dates, annual direct lease costs, direct lease operating & maintenance costs, direct lease rental rates, square footage, and owned annual operating & maintenance costs (O&M). Any FRPP data elements omitted or that have significantly changed from the three (3) previous reporting cycles are flagged back to the BRPO for background data, clarification, and editing if required.

CHALLENGES AND IMPROVEMENT OPPORTUNITIES

Improving Owned Utilization

Treasury's small RTF owned portfolio includes buildings such as the Main Treasury Building that create unique space challenges to improving space utilization. The Main Treasury Building constructed between 1836 and 1869 is a national historic landmark. The original construction methods of the building and its historic status created a substantial variance between the measured gross square footage (GSF) and the usable square footage (USF). The large square footage difference is a contribution of a variety of fixed factors that include; eight open monumental stairwells, eleven-foot wide corridor space, large lobbies, load bearing masonry walls (some in excess of 4.5 feet thick), and extensive basement space that is unsuitable for occupancy. Additionally, the special historic significance of much of the usable space does not permit physical renovation that would allow higher space efficiencies. Where permitted, Treasury has and continues to work aggressively to maximize space usage. To better reflect the actual usage of this building, Treasury is conducting a space assessment and re-measurement that will quantify the USF, and future utilization assessments will be measured based on USF in lieu of measurements previously based on GSF.

IRS Taxpayer Assistance Centers

The passing of the *Financial Services and Government Appropriations Bill 2016* has resulted in a shift in strategy for the IRS, since the bill directs the IRS to provide congressional notice and to conduct at least one public hearing among other things prior to closing a TAC. The congressional direction, along with the associated potential project delays, and lack of funding to purchase Virtual Service Delivery technology necessary to continue service where there is no longer an employee-staffed TAC, will impact IRS's planned actions moving forward. In some cases IRS has moved forward to consolidate non-TAC functions and non-TAC staff from a building, but there are few scenarios where this approach makes financial sense. Provided adequate funding is available, the IRS will continue to reduce its footprint but will proceed with more modest strategies.

Mike Thomas
Deputy Assistant Secretary for Treasury Operations
Department of the Treasury

Appendix 1

Data Element	Project Detail
Bureau Code	2011 (IRS)
Project Name	Covington, KY – Disposal (Lease or OA Termination)
Real Property Unique ID	KY0085
OA Number	AKY01887
Projected Reduction Effective Date	FY 2020
Net Square Footage Reduction	-399,019 RSF

Data Element	Project Detail
Bureau Code	2011 (IRS)
Project Name	Fresno, CA – Disposal (Lease or OA Termination)
Real Property Unique ID	CA4664
OA Number	ACA10404
Projected Reduction Effective Date	FY 2022
Net Square Footage Reduction	-527,780 RSF