



Committee on Transportation and Infrastructure
U.S. House of Representatives

Bill Shuster
Chairman

Washington, DC 20515

Peter A. DeFazio
Ranking Member

Christopher P. Bertram, Staff Director

COMMITTEE RESOLUTION

Katherine W. Dedrick, Democratic Staff Director

LEASE
INTERNAL REVENUE SERVICE
FRESNO, CA
PCA-01-FR17

Resolved by the Committee on Transportation and Infrastructure of the U.S. House of Representatives, that pursuant to 40 U.S.C. §3307, appropriations are authorized for a lease of up to 196,000 rentable square feet of space, including 800 parking spaces, for the Department of the Treasury, Internal Revenue Service currently located at 855 M Street and 1325 Broadway Street in Fresno, California at a proposed total annual cost of \$6,860,000 for a lease term of up to 15 years, a prospectus for which is attached to and included in this resolution.

Approval of this prospectus constitutes authority to execute an interim lease for all tenants, if necessary, prior to the execution of the new lease.

Provided that, the Administrator of General Services and tenant agencies agree to apply an overall utilization rate of 129 square feet or less per person, except that, if the Administrator determines that the overall utilization rate cannot be achieved, the Administrator shall provide an explanatory statement to the Committee on Transportation and Infrastructure of the House of Representatives prior to exercising any lease authority provided in this resolution.

Provided that, except for interim leases as described above, the Administrator may not enter into any leases that are below prospectus level for the purposes of meeting any of the requirements, or portions thereof, included in the prospectus that would result in an overall utilization rate of 129 square feet or higher per person.

Provided that, to the maximum extent practicable, the Administrator shall include in the lease contract(s) a purchase option.

Provided further, that the Administrator shall require that the delineated area of the procurement is identical to the delineated area included in the prospectus, except that, if the Administrator determines that the delineated area of the procurement should not be identical to the delineated area included in the prospectus, the Administrator shall provide an explanatory statement to the Committee on Transportation and Infrastructure of the House of Representatives prior to exercising any lease authority provided in this resolution.

Provided further, that the General Services Administration shall not delegate to any other agency the authority granted by this resolution.

Adopted: **September 14, 2016**



Bill Shuster, M.C.
Chairman

**PROSPECTUS – LEASE
INTERNAL REVENUE SERVICE
FRESNO, CA**

Prospectus Number: PCA-01-FR17
Congressional District: 16

Executive Summary

The U.S. General Services Administration (GSA) proposes a lease for approximately 196,000 rentable square feet (RSF) of space to house support activities for the Department of the Treasury - Internal Revenue Service (IRS), Compliance Services and Identity Theft Divisions, currently located at 855 M Street and 1325 Broadway Street in Fresno, CA.

The proposed lease will enable the IRS to provide continued housing, as well as provide more modern, streamlined, and efficient operations for these divisions. It will improve space utilization, as the office utilization rate will improve from 89 to 70 usable square feet (USF) per person, and the overall utilization rate from 164 to 129 USF per person, resulting in the IRS being housed in approximately 34,422 RSF less space than it has at the current locations to be replaced. In the absence of this reduction, the status quo cost of continued occupancy at the proposed market rental rate would be \$8,064,770 per year.

Description

Occupant:	Internal Revenue Service
Current Rentable Square Feet (RSF)	230,422 (Current RSF/USF = 1.06)
Estimated Maximum RSF:	196,000 (Proposed RSF/USF = 1.15)
Expansion/Reduction RSF:	34,422 (Reduction)
Current Usable Square Feet/Person:	164
Estimated Usable Square Feet/Person:	129
Proposed Maximum Lease Term:	15 Years
Expiration Dates of Current Lease:	11/30/2018 and 10/03/2018
Delineated Area:	City of Fresno CBA – North: Divisadero Street South: Highway CA-41 East: R Street West: H Street to Stanislaus Street to Highway CA-99
Number of Parking Spaces ¹ :	800
Scoring:	Operating lease
Estimated Rental Rate ² :	\$35.00 / RSF

¹The parking requirement includes 799 parking spaces for IRS employees due to shift work at this location.

²This estimate is for fiscal year 2017 and may be escalated by 1.95 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

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Estimated Total Annual Cost ³ :	\$6,860,000
Current Total Annual Cost:	\$8,372,946 (Leases effective 12/01/2003 and 10/04/2003)

Justification

The proposed lease will house the Compliance Services Division and the recently created Identity Theft Division whose functions include Automated Underreporting and the Automated Collection System (ACS) Call Site. The new Identity Theft Division will benefit from the co-location of meeting, training and support services used to support the IRS's critical annual processing and enforcement efforts. Consistent with the goals of IRS's Fresno Campus Master Plan, this consolidation allows the IRS to operate efficiently, have space flexibility that will accommodate its changing operational needs, optimize use of space, and reduce the overall cost of operations.

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.

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.

using prevailing market rental rates as a benchmark for the evaluation of competitive offers and as a basis for negotiating with offerors to ensure that lease award is made in the best interest of the Government.

³New leases may contain an escalation clause to provide for annual changes in real estate taxes and operating costs.

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Certification of Need

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

Submitted at Washington, DC, on August 29, 2016

Recommended:



Commissioner, Public Buildings Service

Approved:



Administrator, General Services Administration

Leased Locations	CURRENT						ESTIMATED/PROPOSED					
	Personnel			Usable Square Feet (USF) ¹			Personnel			Usable Square Feet (USF)		
	Office	Total		Office	Storage	Special	Total	Office	Storage	Special	Total	
1325 Broadway	1,078	1,078		118,868	-	52,340	171,208					
855 M Street	393	393		31,925		14,246	46,171					
Estimated/Proposed Lease								1,326	1,326	-	52,761	
Total	1,326	1,326		150,793	-	66,586	217,379	1,326	1,326	-	52,761	

Office Utilization Rate (UR) ²		
Rate	Current	Proposed
	89	70

UR=average amount of office space per person
 Current UR excludes 33,174 usf of office support space
 Proposed UR excludes 26,013 usf of office support space

Overall UR ³		
Rate	Current	Proposed
	164	129

R/U Factor ⁴			
Total USF	RSF/USF	Max RSF	
Current	217,379	230,422	
Estimated/Proposed	171,000	196,000	

NOTES:

¹USF means the portion of the building available for use by a tenant's personnel and furnishings and space available jointly to the occupants of the building.

²Calculation excludes Judiciary, Congress and agencies with less than 10 people

³USF/Person = housing plan total USF divided by total personnel.

⁴R/U Factor = Max RSF divided by total USF

This facility houses employees that work in two or more shifts. The current and proposed population reflects the maximum employees in any one shift. A total of 1471 employees are currently assigned to this location.

Special Space		USF
Break Rooms		3,200
Storage		10,240
File Room		11,760
Conference / Training Rooms		18,977
Health Unit		766
Cafeteria		4,218
Telephone Closets/Room		3,600
Total		52,761