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OFFICE OF MANAGEMENT AND BUDGET
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THE CONTROLLER

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MANAGEMENT PROCEDURES MEMORANDUM NO. 2015-01

MEMORANDUM FOR: ALL CFO ACT EXECUTIVE AGENCIES

FROM: David Mader 
Controller

SUBJECT: Implementation of OMB Memorandum M-12-12 Section 3:
Reduce the Footprint

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Summary:

Consistent with Section 3 of the Office of Management (OMB) and Budget Memorandum M-12-12, *Promoting Efficient Spending to Support Agency Operations* (May 11, 2012), all Chief Financial Officers (CFO) Act Executive Branch departments and agencies shall move aggressively to dispose of surplus properties held by the Federal Government, make more efficient use of the Government's real property assets, and reduce the total square footage of their domestic office and warehouse inventory relative to an established baseline. This Memorandum supersedes OMB Management Procedures Memorandum 2013-02 (March 14, 2013) and clarifies existing policy to dispose of excess properties and promote more efficient use of real property assets.

OMB and the General Services Administration (GSA) will annually monitor the continuing implementation of this policy. As part of this process, each agency will develop and submit a Real Property Efficiency Plan in lieu of a Revised Real Property Cost Savings and Innovation Plan. GSA will support policy implementation through data management and analytics to identify real property efficiency opportunities.

I. Actions Required:

1. Real Property Efficiency Plan

Each agency shall develop and submit to GSA and OMB a draft final 5-year Real Property Efficiency Plan (Plan) by July 10, 2015, and submit a final plan signed by the Agency's Deputy Secretary or Administrator by September 10, 2015. Each year thereafter, agencies shall submit a draft final Plan ninety (90) days after the final Federal Real Property Profile (FRPP) data submission. The final Plan, signed by the Agency's Deputy Secretary or Administrator, shall be submitted sixty (60) days after an agency's annual Strategic Review meeting with OMB. The first plan will cover Fiscal Years (FY) 2016 – FY2020, the second plan will cover FY2017 – FY2021, and so forth for five fiscal

years. The Plan will describe the agency's overall strategic and tactical approach in managing its real property, provide a rationale for and justify its optimum portfolio, and drive the identification and execution of real property disposal, efficiency improvements, general usage, and cost saving measures. The narrative section of the Plan should not exceed twenty (20) pages and will meet the requirements set forth in the Implementation Section of this Memorandum.

2. Space Design Standard for Office Space.

No later than one year after the date of this Memorandum, agencies shall issue a policy that specifies a design standard for maximum useable square feet by workstation for use in the design of owned and leased domestic office space, including GSA occupancy agreements, that it occupies. The policy shall apply, at a minimum, to all space renovations and new acquisitions for all agency components. Agency components may implement different standards based upon mission requirements, provided the Agency documents and justifies the applicable standard within its policy. Agencies are not required to retrofit existing space to meet the standard specified by their policy. Agencies also are not required to apply the standard to replacement, succeeding or superseding leases, executed by the agency or by GSA, if the agency can demonstrate that application of the standard is not cost effective.

- a. *Elements of the Office Space Design Standard.*** In determining the office space standard, each agency shall consider core mission requirements associated with providing an appropriate work space for employees. Those core requirements include, but are not limited to: (1) agency mission; (2) job functions performed in the space; and (3) equipment necessary to perform the job.

3. Reduction Targets for Office and Warehouse Space.

Agencies shall specify in their Plan reduction targets for their portfolio of domestic office and warehouse space on an annual basis. Separate targets for offices and warehouses shall be specified for FY2016 through FY2020. Targets must be reported as annual net square foot reductions to office and warehouse space. Changes to mission requirements and availability of budgetary resources may require modifications to targets, particularly in the out-years.

- a. *Measurement of Reductions.*** Reductions to office and warehouse space will be calculated annually using both GSA Occupancy Agreement data and FRPP data. To calculate reductions in office and warehouse space, the office and warehouse square footage reported by these data sources at the end of the target year (e.g., FY2017) will be compared to the office and warehouse square footage reported by these data sources in the previous year (i.e., FY 2016).
- b. *Application of Warehouse Targets.*** Agencies that have fewer than two hundred (200) domestic warehouses in their portfolio are not required to set warehouse reduction targets. The total number of agency warehouses is determined by adding

the number of GSA warehouse Occupancy Agreement locations to the number of warehouses reported in the FRPP for which the agency is listed as the using organization.

4. Reduction Targets to Dispose of Owned Buildings.

In addition to the office and warehouse targets specified above, agencies shall specify in the Plan annual reduction targets for domestic owned building properties reported in the FRPP. Targets shall include all buildings with the exception of owned offices or warehouses (tracked separately) and shall be specified for FY2016 through FY2020. Targets must be reported as the number of individual buildings and square feet slated for disposal.

- a. **Measurement of Reductions.** Agency disposals will be calculated annually using FRPP data. Only owned building properties that have an FRPP disposition method of public benefit conveyance, Federal transfer, sale or demolition will be credited toward agencies' annual disposal targets. Disposal of office and warehouse space are not credits to this target as they are credited in 3 ("Reduction Targets for Office and Warehouse Space") above. Agencies must remove a property from their real property inventory or submit a report of excess to GSA in order to be credited with disposing of the property.

5. Freeze the Footprint.

An agency shall not increase the square footage of its domestic inventory of office and warehouse space. In general, while progress in meeting the Freeze the Footprint requirement will be based on an annual evaluation of an agency's total office and warehouse square footage compared to its baseline, there may be circumstances where an agency experiences mission changes leading it to exceed its square-footage baseline in a given year. The agency is nevertheless in compliance with this requirement based on the timing of already-identified offsets relative to its square-footage baseline.

- a. **Baseline for Measurement.** An agency's total square footage for office and warehouse space shall remain at its FY2012 baseline through FY2015. Agency baselines will be recalculated based on the FY2015 FRPP data and FY2015 GSA Occupancy Agreement data. GSA will consolidate this information and submit it to each agency for review. Within thirty (30) business days of receipt, each agency may provide comments and additional information to GSA for consideration. This new baseline shall remain in effect through FY2020.

- b. **Requirements for Offsets.**¹

- i. On an annual basis, an agency must identify in its Plan offsets for any growth

¹ GSA is subject to the offset requirement for space that it uses for its own agency operations. The offset requirement does not apply to GSA for space that GSA maintains, leases, or otherwise obtains for the operations of other Federal agencies.

in total office and warehouse space with other corresponding reductions in total office or warehouse space to ensure that there is no net increase in the size of its owned and leased inventory of office and warehouse space, compared against its baseline.

- ii. A disposal creates an offset in the amount of the square footage of the office or warehouse space disposed. Within an agency's own inventory of owned and leased office or warehouse space, a consolidation can yield subsequent disposals that create offsets. The agency's declaration of a property as excess to GSA will count as an offset. Additionally, office and warehouse properties located at military installations that are closed or realigned as part of a Defense Base Realignment and Closure (BRAC) process may be counted as an offset. For GSA space leased on behalf of another agency, that agency's disposal of the space is recognized as occurring on the agency rent termination date.
- iii. An agency may not use the following as an offset:
 - a) Properties that the agency has "mothballed" (*i.e.*, property is temporarily not occupied or utilized);
 - b) Enhanced use leases (EULs) and outleases; or
 - c) Properties that have their predominant use code in the FRPP changed to a code other than "office" or "warehouse" after the baseline has been finalized.

II. Implementation:

1. Contents of the Real Property Efficiency Plan

Agencies' Plans shall contain the following information:

- a. ***Description of Internal Controls.*** Each agency shall describe the methods and procedures for complying with the requirements of this Memorandum. These controls may include, but are not limited to:
 - i. The processes through which the agency will identify and execute offsets when acquiring additional office and warehouse space;
 - ii. Internal reviews and certification processes, specifically the level of management review and approval required for new leases, acquisitions, expansions or other growth in the agency's office and warehouse space before they are implemented;
 - iii. Documentation to justify each instance in which the standard design requirement is not applied because it is not cost effective.

- iv. Tracking of all agency domestic office and warehouse increases and offsets; and
 - v. Process for identifying and prioritizing reductions to office and warehouse space and disposal of properties based upon return on investment and mission requirements.
- b. *Use of Performance Benchmarks.*** Each agency shall describe how it uses the President's Management Agenda performance benchmarks to prioritize the funding of consolidation and disposal projects. Other relevant factors employed in the prioritization process, such as mission delivery requirements, among others, shall be described.
- c. *Reduction Targets for Offices and Warehouse Space.*** Each agency shall report reduction targets as described in 3 above in tabular format by year. The actual square foot reduction achieved and the cost data described in section II.1 (f) (i) shall also be reported in the table.
- d. *Disposal Targets for Owned Buildings.*** Each agency shall report reduction targets as described in section I.4 above in tabular format by year. The actual number of disposed assets, square foot reduction, and the cost data described in section II.1 (f) (ii) shall be reported in the table.
- e. *Plan to Identify Reductions to Office and Warehouse Space to Reduce or Maintain the Freeze the Footprint Baseline.*** The objective of the Plan is to assist agency efforts to systematically develop real property project data to identify efficiency opportunities for consideration in future budget years. Each agency shall include:
- i. A spreadsheet that identifies potential agency office and warehouse acquisitions, consolidations, co-locations, disposals, and construction projects as acquisitions or offsets anticipated over the first three years of the five year planning period. The last two years of the five-year planning period can be summarized as portfolio-wide square footage changes to office and warehouse space. The spreadsheet shall include the following column headers and appropriate data: FRPP Real Property Unique Identifier;² Office or Warehouse; Size; Legal Interest; City; State; Zip Code; and Estimated Date the Asset will Leave the Inventory or Estimated Date the Agency will Begin Occupation of New Space;
 - ii. A narrative description of the strategies and policies an agency will utilize to carry out mission and program priorities while staying at or reducing its baseline, identifying and implementing offices and warehouse reductions, and identifying and disposing of owned property;
 - iii. A narrative description to the individual project level of the planning process the

² For GSA assignments, each agency shall include the Occupancy Agreement number.

agency will use to leverage data and portfolio requirements for developing recommendations for future budget years;

- iv. At least three project examples of planned reductions to office and warehouse space through consolidation, co-locations, and disposals that can be updated and tracked publicly; and
 - v. A brief narrative, which can be updated and tracked publicly, describing successful strategies, specific challenges, and explanation for the result achieved in the annual Freeze the Footprint baseline compliance assessment.
- f. *Documentation of Costs.*** Each agency shall include:
- i. At the asset level, for projects completed in the previous fiscal year (FY15 excluded), the total investment cost and total cost reduction generated through disposal of owned and leased office and warehouse space 2,500 square feet or greater, for one- and cumulative seven-year time periods, per guidance provided by GSA;
 - ii. At the program level, for projects completed the previous fiscal year (FY15 excluded), the total investment cost and total cost reduction generated through disposal of all owned buildings, excluding office and warehouse space, for one- and cumulative seven-year time periods, per guidance provided by GSA; and
 - iii. A general description of how the agency will implement the records retention requirement for cost documentation in Section II.3 below.

g. *Explanation of Efficiency.* Each agency shall include:

- i. An analysis and discussion of what actions the agency is taking to maximize and increase efficiency in its office space; and
- ii. Cost effective alternatives to acquisition of additional office space, such as consolidation, co-location, teleworking, and “hoteling.”

2. Certification of FRPP Data.

a. *FRPP Data Submittal.* Each agency shall:

- i. Submit to GSA a certification letter signed by the agency CFO that characterizes the accuracy of the data being submitted to the FRPP system and the methodology used to evaluate the accuracy of the data. The letter must be provided to GSA by December 31 of each year; and
- ii. Describe efforts currently employed or planned as part of the agency’s independent verification and validation process to improve the accuracy and

completeness of FRPP data.

3. Records Retention.

Each agency shall retain records that document the calculations completed to implement the above reporting requirements in Section II.1 (f) (i) and Section II.1 (f) (ii). A spreadsheet summary, by individual reduction and disposal project, shall be retained and updated annually. These records shall be made available to GSA as needed to support its monitoring and reporting responsibilities in Section II.4 (b) and Section II.4(c). Records shall be maintained until the expiration of this policy.

4. Government-Wide Controls.

GSA and OMB will take the following actions to improve the consistency and accuracy of information used to measure agency performance:

- a. **GSA Monitoring Methods.** No later than thirty (30) days following the release of this Memorandum, GSA will provide the draft monitoring and reporting methods and the draft templates agencies will use to report on the requirements of this Memorandum, to the agencies for review and comment. Agencies will have fifteen (15) days to provide comment and GSA will finalize the methods and templates twenty (20) days after the fifteen (15) day comment period closes.
- b. **GSA Monitoring.** Within sixty (60) days of agencies submitting their final FRPP data, GSA will analyze the data submissions and agency Occupancy Agreement data maintained by GSA to measure compliance with this policy. GSA will define and perform data integrity tests on agency-submitted FRPP and Occupancy Agreement data that will help ensure the information is valid and reliable.
- c. **GSA Reporting.** Within sixty (60) days of agencies submitting their final FRPP data, GSA will transmit a report to OMB that provides each agency's: (i) office and warehouse square footage, reduction from the previous reporting year, and an assessment of whether agency targets have been met; (ii) the number of buildings disposed, including total square footage, and an assessment of whether corresponding agency targets have been met; (iii) the office and warehouse square footage compared to the Freeze the Footprint baseline; and (iv) an assessment of the adequacy of agency compliance with Section II.1(f)(i) through Section II.1(f)(ii) of this Memorandum based on its most recent report.
- d. **OMB Review.** OMB will review each agency's Plan prior to the spring meeting between the OMB and the agency.

5. Transparency.

On an annual, calendar year basis, and after consultation with GSA and the agencies, OMB will update Performance.gov with information on each agency's office and

warehouse reduction targets and annual reduction achieved, disposal targets and actual disposal achieved, and total office and warehouse square footage relative to each agency's baseline.

Glossary of Terms.

Co-location. For the purposes of this Memorandum, a co-location is the merging of two or more components, offices, bureaus or divisions from two or more agencies, where one agency consolidates its components, offices, bureaus or divisions into the host agency's space.

Consolidation. For the purposes of this Memorandum, a consolidation is combining one or more components, offices, bureaus or divisions, of the same agency in an existing owned office or warehouse space, and disposing of the square footage in a leased facility.

Enhanced use leases (EULs) and outleases. For the purposes of this Memorandum, enhanced use leases and outleases are properties occupied by a non-government entity that remain titled to the Federal government.

Disposal. For the purposes of baseline calculation, a disposal is a sale, demolition, lease termination, public benefit conveyance, Federal transfer, or any other action that results in the removal of the asset from the inventory of the agency.

Domestic. Buildings located in the fifty United States, the District of Columbia, and the U.S. territories of American Samoa, Guam, Northern Mariana Islands, Puerto Rico, U.S. Minor Outlying Islands, and the U.S. Virgin Islands.

Hoteling. For the purposes of this Memorandum, hoteling is an arrangement where employees use non-dedicated, non-permanent workspaces assigned for use by reservation on an as-needed basis.

New Acquisition. Space that an agency built, purchased, or leased (directly or through a GSA occupancy agreement) in the most recently completed fiscal year.

Office Space (From FRPP Data Dictionary). Buildings primarily used for office space or military headquarters

Useable Square Feet – The definition provided the Building Owners and Managers Association's 2010 Floor Measurement Standard ANSI/BOMA Z65.1-2010. The total of occupant area and building amenity area on any floor level, and for the building.

Workstation. An office, cubicle, or open workspace where employees or contractors work, counted by individual seat.

Warehouse Space (From FRPP Data Dictionary). Buildings used for storage, such as

ammunition storage, covered sheds, and buildings primarily used for storage of vehicles or materials. Also included are underground or earth covered ammunition storage bunkers and magazines. This category excludes water reservoirs and petroleum, oil, and lubricants storage tanks which are storage structures.