Washington Headquarters Services
Facilities Services Directorate

Success in Consolidating Leased Spaces
“The Big Bang”

An overview of the Washington Headquarters Services approach to leased space consolidation through the Base Realignment and Closure (BRAC) 2005 in the National Capital Region (NCR)

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Overview/Agenda

• Introduction
• Portfolio Overview
• NCR Real Estate Activities Timeline
• Factors Affecting Consolidation
• Dispersal Planning Processes and Tools
• Implementation Planning Results
• Simulation Model Results
• Rent Exposure Reduction Strategies Worked
• Google earth Model Demonstration
• Lessons Learned
• Post-BRAC Optimization Objectives
• Washington Headquarters Services (WHS) is a Defense Field Activity with some global and some regional responsibilities

• Established in October 1, 1977 as part of a DoD Headquarters streamlining initiative

• Organizationally aligned under Director of Administration and Management in Office of the Secretary of Defense (OSD)

• In the NCR, WHS / Facilities Services Directorate (FSD) manages facilities and administrative space not on Military Installations (except the Fort Belvoir Mark Center Campus) that includes the Pentagon Reservation, DoD leased facilities, and GSA leased space delegated to WHS / FSD
Facilities Services Directorate
Real property asset mgmt & reporting; installation master planning; utilities generation; owned & leased building mgmt; personal property mgmt; space acquisition & mgmt; rent billing; operations, maintenance, repairs, & alterations; major construction; commissioning; building codes; roads & grounds maintenance & repair; custodial services; pest mgmt; materials handling; contingency operations; environmental & energy mgmt; conservation; recycling & waste mgmt; sustainability; special events; life safety & occupational health; fire protection; industrial hygiene; historic preservation; tenant fit-out; transportation & parking mgmt; fleet mgmt; continuity of operations; interagency councils; Pentagon Memorial; office support services to include mass transit benefits & foreign gifts programs, conferencing services, & corridor displays mgmt
• Pentagon
• Mark Center
• Leased Facilities
• Other Federally-Owned Facilities

• Tenants: Office of the Secretary of Defense, Joint Chiefs of Staff, Military Departments, Defense Agencies, and Defense Field Activities

• 100+ leases
• 90+ locations
• 67,000+ people

* October 2013 portfolio information  5.5M USF, $269M Annual Rent Collected
NCR Real Estate Activities Timeline

Disperse

Optimize

BRAC 2005

Major Activities

Consolidate

Strategic Guidelines

Security Compliance
- Comply with guidelines for Newly Constructed Facilities (FY05) and for Renovated Facilities (FY09)

Operational Flexibility
- Identify potential agency consolidations that are “building-sized” (200,000-400,000 USF)

Occupancy Timeframe
- Balance portfolio volume to maintain 1.0M - 1.5 million USF per year over the course of the implementation period
FACILITIES SERVICES DIRECTORATE

NCR Real Estate Activities Timeline (Cont’d)

**DoD NCR Regional Distribution**

**AT/FP**
- Approx. 6-8M SF of leased facilities

**PENREN**
- Approx 6M SF total with on-going projects

**LEASE CHURN**
- Approx 1-2 M SF per year (average 5 yrs term)

**CUSTOMER PROJECTS**
- Approx 500K – 2M SF per year

**Consolidate**
- Estimated $4B to construct Secured Facilities

**Disperse**
- Saved over $100M in overlap Rent Costs

**BRAC – “The Big Bang”**
- Impacted 6M SF

**Time**
- Consolidation
- Dispersal

**Optimization**
- Today and into the Future

NCR Real Estate Activities Timeline (Cont’d)

**Consolidate**
- Estimated $4B to construct Secured Installation
- BRAC – “The Big Bang” Impacted 6M SF

**Disperse**
- Saved over $100M in overlap Rent costs

**Optimize**
- Project costs to reduce Footprint Sq/Ft - $TBD

**AT/FP**
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**CUSTOMER PROJECTS**
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- **1998**
- **9/11/2001**
- **BRAC 2005**
- **Sept. 2011**
- **Today and into the Future**

**Time**
- Consolidation
- Dispersal
- Optimization
• **Consolidation for security reasons after 9-11-2011 - Anti-Terrorism Force Protection**
  - Supplanted by BRAC 2005
  - DoD Unified Facilities Criteria security standards implementation 2006-09

• **On-Going Mission Growth**
  - Overseas Contingency Operations (OCO) effort
  - Congressional Requirements (e.g. Boards, Commissions, & Task Forces)
  - Mission change

• **Present Day Efforts**
  - “OCO” winding down
  - DoD-Imposed “OMB Freeze the Footprint” and Congressionally Imposed Utilization Rates
  - Optimization supported by “Mobile Workforce” (i.e. Telework, Hoteling)

• **GSA Leasing Planning Cycle**
  - Space Reductions may lag behind FTE reductions
BRAC Dispersal Planning Processes & Tools

BRAC 2005

Worldwide

| BRAC 2005 Recommendations | 198 |

NCR

| 22 | 11% |

NCR Leased Portfolio

| 2005 |

BRAC’ed

| % |

GSA & CoE Leases

| 170 |

BRAC’d

| 125 |

74%

Building Locations

| 116 |

BRAC’d

| 71 |

61%

Sq/Ft of Assigned Space

| 8.2M |

BRAC’d

| 5.7M |

70%

Personnel (Estimated)

| 67.0K |

BRAC’d

| 38.2K |

57%

DoD Components

| 40+ |

BRAC’d

| 15 |

~38%
Partnered with GSA and each of our Tenant Agencies to create an Implementation Strategy and Supporting Processes to:

- Develop and implement a BRAC leasing strategy that meets applicable BRAC 2005 requirements and timeframes*
- Develop and implement a Non-BRAC leasing strategy that meets applicable AT/FP requirements and timeframes
- Integrate and align applicable final results of the Pentagon Occupancy and Space Allocation Study (POSAS) with the other BRAC and Non-BRAC and Warehouses and AT/FP activities
- Minimize government financial exposure and costs (for rent, relocation, and restoration) through timely lease actions, terminations and building restorations

*BRAC 2005 Law – 1-year planning, 5-year implementation schedule required, and occupancy by Sept 15th, 2011
• FSD needed an independent party, experienced in a major relocation and consolidation, to facilitate the development and implementation of the working group members’ individual and collective strategies and processes

• FSD competitively engaged Gensler and leveraged their expertise (Patent & Trademark Office relocation to Crystal City)

• FSD established a working group: GSA; WHS BRAC Program Office; Tenant Agency Representatives from the Military Departments, Defense Agencies, PFPA, and all affected organizations

• FSD coordinated Tenant Agency “Continuing Need” certifications and requirements to determine the optimal timeline for lease actions in order to align with BRAC, POSAS, and AT/FP relocations

• GSA closely coordinated with WHS to negotiate lease renewals and extensions in order to insure Tenant Agencies were housed until the completion of all relocation activities
• FSD and Gensler conducted 15 semi-annual relocation simulations from FY 2005-11 with the Working Group to closely monitor the 22 BRAC 2005 Recommendations that impacted the NCR Portfolio and shared the results

• Simulations analyzed each building, floor by floor, lease by lease, tenant by tenant

• Each schedule was analyzed to determine when and where each component would relocate due to BRAC, Non-BRAC, or AT/FP requirements.

• Each lease was analyzed to determine what actions GSA needed to execute to assure Tenant Agencies were housed until relocation was completed and to minimize rent, relocation, and restoration costs

• Each move was simulated graphically and was not incorporated into the WHS NCR-wide Implementation Plan until the Tenant Agency Representative concurred
* Size of chip = 5,000 SF @ a unit of 200 SF/headcount
• **Customer Education of each BRAC 2005 Recommendation Tenant Agency**
  - Space vacating process from BRAC (Scale of Space Acquisition Experience and Space Disposal = “Uncharted/New Territory”)
  - Government/GSA property disposal process (IT, furniture & equipment)

• **Portal Management - De-conflict Move-out Plans at each Vacated Location**
  - NCR Competition for local movers, workload, and coordination
  - After-hour building access, schedules, and vertical/horizontal capacity
  - “Red Zone” management (6 months before and 6 months after moves)

• **Space Return Transactions with GSA**
  - Approximately $20M expenditure from over 30 customers / bill payers
  - Recurring restoration / lease termination negotiations with landlords

• **Manage Rent Costs**
  - Model potential overlap/double rent during project implementation
  - Saved over $112 million in rent expenses

• **Negotiated “Return to Marketable Condition” Costs**
  - Lessor by lessor, building by building, lease by lease, FY by FY
Simulation Model Results

DoD NCR BRAC Portfolio Strategy

DoD NCR Non-BRAC Portfolio Strategy

Implementation Date:
Date cited in business plans

One Year Implementation Window

6 Months

*Move Costs: $4.03 million
Rent Exposure Reduction Strategies Worked!

$141M

GSA leasing information & BRAC projects delivery update

* Business Plan extensions were approved
CRYSTAL CITY (3,766 Personnel)
BALLSTON (777 Personnel)
ROSSLYN (970 Personnel)
SPRINGFIELD (0 Personnel)
FALLS CHURCH (60 Personnel)
ALEXANDRIA (462 Personnel)

* Grey Boxes represent vacant geographic areas (all BRAC 133 tenants relocated to the Mark Center)

Cumulative BRAC 133 Population Moved: 6,074/6,074
Cumulative # of BRAC 133 Leased Buildings vacated: 34/34

As of 18 January 2012
Lessons Learned

• **Partnerships, Customer Education and Outreach** - with GSA and with Tenant Agencies, were vital. Hire consultants with this expertise.

• **Collaboration** - a consensus-building forum provided iterative real estate simulation working group sessions

• **Information Sharing** - applying simulation findings enhanced the GSA’s lease negotiating position without impacting customer missions

• **Integrated Coordination** – simulation results enhanced efficiency through coordination of move planning, lease expirations, and construction delivery schedules

• **BRAC 2005 was the Law** – it was mandatory, it applied to all DoD activities, implementation deadline was known in advance by all, including landlords
1. Stay in Place
   53 Locations
   2.7M SF

2. Retain/Right Size
   21 Locations
   1.8M SF

3. Return
   49 Locations
   5.6M SF

The Mark Center – BRAC 133
Alexandria, VA

- Total square footage: 1.8 million
- Houses 6,409 DoD personnel
- Utilizes Smart Wall tenant planning system
- Safety Record, Quality (LEED “Gold”), Under Budget, Ahead of Schedule
- Tallest building erected by US Army Corps of Engineers
- Total cost - $1.3B
- Occupied August 2011
- Operated under ISSA with Fort Belvoir Garrison Commander
Defense Health Headquarters – BRAC 198

Falls Church, VA

- Total square footage: 661,801
- Houses 3,050 DoD personnel
- Co-location of Army, Navy, and Air Force Surgeon General Offices
- Lease Terms - 15 years
- Occupancy - Summer 2012
**Ongoing Initiatives**
- DoD Headquarters Military Construction (MILCON) Program
- US Green Building Council Leadership in Energy and Environmental Design (LEED) Projects

**Space Reduction Strategy:**
- Collapse into Owned Properties and into Anchor Buildings
- Evaluate and Optimize Mobile Workforce
- Improve Utilization Rate Efficiencies
Questions?