United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

AUG - 2 2011

Memorandum

To: Heads of Bureaus and Offices

From: Rhea Suh
Assistant Secretary-Policy, Management and Budget

Subject: Facilities and Space Management

With the current budget outlook and recent Executive Orders, we are increasingly focusing on improving program effectiveness, efficiency and finding ways to cut costs. One of the areas of potential savings that we have been examining in concert with your staffs is owned facilities and leased space. OMB asked us last summer to make this a focus of our efforts at which point we identified a target of \$110 million in cost savings by 2012.

OMB has made real property a key aspect of their 2012 overall cost cutting campaign – the Administration transmitted legislation to Congress that will create a new civilian version of DOD's Base Realignment and Closure (BRAC) process, OMB has established a goal of \$3 billion in cost savings for non-Defense agencies, and they created the Real Property Advisory Council (RPAC). The RPAC is comprised of senior leaders from Federal agencies, GSA and OMB. They have met with us to share their views about potential areas of savings and challenged us to accelerate and expand our efforts to achieve savings in 2012 and future years.

To help meet this challenge, we are asking each bureau to revise their Real Property Cost Savings & Innovation Plan (Plan) by **August 10th** using the attached targets and templates. Attachment 1 provides detailed instructions for the information that is needed for the Plan and a template to assist in reporting the information. The Plans bureaus developed last summer supported savings of \$110 million; we need to stretch to attain higher reductions. We will be working with you in the coming weeks to identify ways to maximize savings and ensure all relevant program areas are engaged in refining these Plans. There are benefits that we can realize: Savings we identify in these areas can be redirected into priority facility related needs and can help to buffer programs as we head into times of constrained budgets.

Our efforts will include working with you to implement targeted reductions in owned facilities, direct leases, and GSA provided space. We have been able to persuade the RPAC to include credible, documented, cost avoidance as one of the means of achieving cost savings.

One area of innovation and savings that bureaus and offices should implement immediately is in facilities space management. With space costs rising and budgets declining, we anticipate that the current leasing costs of \$380 million will increase by \$85 million in the next five years, even if we do not acquire additional leased space. In order to restrain these costs, the assignment and utilization of space must be more heavily scrutinized. Immediate actions are required by all bureaus and offices to implement the following policy changes.

A. Direct Leases and GSA Provided Space:

1. As a first step in controlling the cost of space, the Department is reducing the utilization standard of 200 usable square feet per person to 180 usable square feet per person for owned and leased space. We ask that you use this 180 square feet limit when acquiring new or additional GSA-provided or direct leased space, or when planning requirements for general purpose office space in owned facilities, however we encourage you to strive to attain better rates using hoteling and creative approaches to space utilization.

   Please evaluate opportunities for shared space for employees who telework. Hoteling of employees (where a work station is shared by multiple employees), annual office clean-up days, open-space floor plan configurations, minimizing the use of private offices, and collocations of offices. In many cases utilization rates of 160 usable square feet per person have been achieved through these efforts. Bureaus and offices are strongly encouraged to continue developing utilization levels lower than the Departmental utilization rate. These efforts will help to ensure that we optimize already limited space and related costs. We can help you to identify ways to do this including demonstrating the new space layouts that GSA has used for its facilities.

2. We believe that we need to constrain leased space by freezing our footprint at 2010 levels. We are asking that you disallow any requests for new space or expansion of the existing footprint, either through new occupancy agreements with GSA or new delegated lease authority. Replacement or superseding occupancy agreements or direct leases are allowed, but the square foot amount cannot be increased beyond 2010 levels. We will use the square footage as of the end of FY 2010 as the benchmark for limiting future growth. We ask that you put in place a process to have a central entity review and approve all space changes to ensure that consolidation and the use of owned facilities has been considered.

   The Office of Acquisition and Property Management assembles five year space plans from each bureau to create a DOI space plan and distributes these plans to bureaus to promote collocation. We encourage you to use this information in your planning.

3. Finally, we are requiring that all procurement actions for Prospectus Level Lease replacement or superseding space through GSA, or as a delegated direct lease, receive approval in writing from the Director, Office of Acquisition and Property Management (PAM) before being submitted to GSA to obtain the space or for delegated leasing authority. All bureaus and offices are reminded of the benefits of collocation in high cost space actions, and are encouraged to only submit prospectus level leases that include collocation. This approval document must be maintained with the space request files for review by the Department.

Table One in Attachment 1 displays the reduction targets for each bureau and office for direct leased space and GSA-provided space. Space costs are fixed at FY 2010 levels. Furthermore, it is anticipated that direct leased space and GSA provided space costs will continue to escalate at about 2% per year based on existing lease terms. Bureaus are to develop a strategy to stabilize these spending levels by eliminating leased space over time.

B. Owned Space:

Bureaus face significant challenges operating and maintaining owned facilities as well. We encourage you to identify strategies to improve your ability to utilize limited operations and maintenance (O&M) funding by reducing portfolio size through consolidation, collocation, Service First, constraining space standards, and telework/hoteling. As noted above, the utilization standard for owned space has been reduced to 180 usable square feet per person as a first step in controlling the cost of space.

You should focus your efforts on the facilities with the highest operating costs, and those in high-cost locations. We encourage you to formulate plans to collocate with other DOI and other Federal agencies where this will achieve efficiencies, especially in high cost markets.

Table 2 in Attachment 1 represents cost savings targets associated with owned assets. The targets represent a 7.5% reduction in square footage associated with mission support buildings so as to optimize O&M funding available to assets that directly deliver our mission. However, bureaus could achieve these savings through actions involving any owned assets as mission requirements dictate.

Bureau Real Property Cost Savings & Innovation Plan

Each bureau's revision to the Real Property Cost Savings & Innovation Plan is to be completed in two progressive steps. The first step is a short term update to meet an OMB reporting deadline of August 15th. For this step, bureaus and offices are asked to submit requested narratives and analyses, using the attached instructions and template, on or before **August 10th**. Additional guidance will be issued subsequently to guide you through the process for development of a more detailed plan that will be due in mid to late October. We will begin one-on-one meetings with bureaus in September to go over the initial plans submitted by bureaus in order to assist in the preparation of your plan.

Should you have any questions on this matter, please contact Ed Awni, Associate Director of Facilities and Property Management, Office of Acquisition and Property Management, at 202-254-5520.

Thank you for your prompt attention to this matter.

Attachment 1

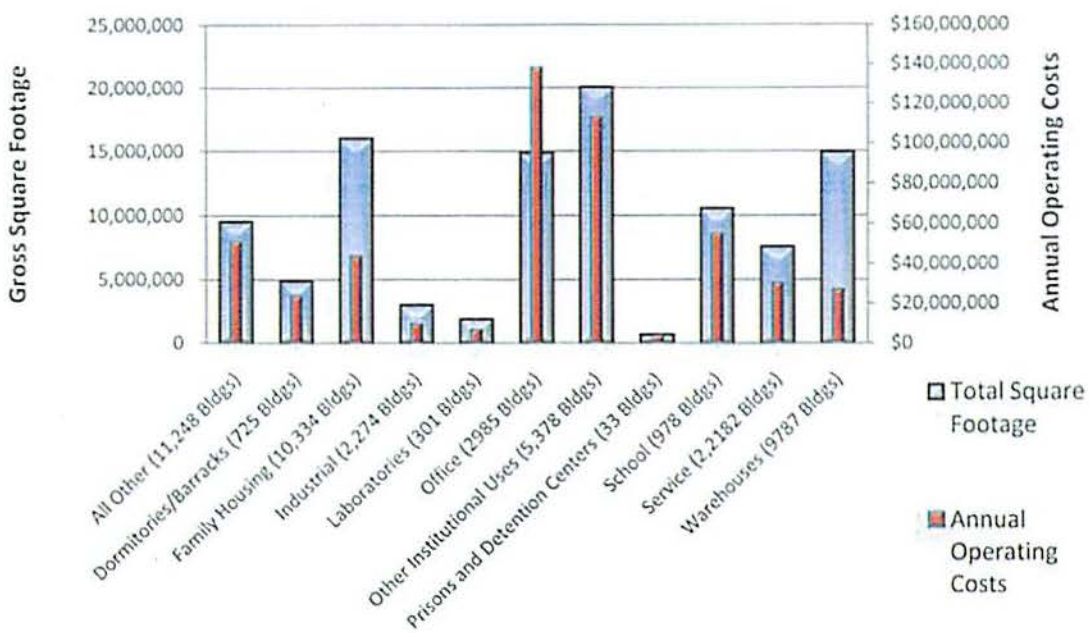
Bureau Real Property Cost Savings and Innovation Plan Revision Outline

I. **Summary to date of actions taken and cost savings/avoidance achieved**
   - Incorporate both a narrative and cost savings/avoidance data identifying the summary to date of actions taken.

II. **Analysis of Currently Excess/Inactive Assets**
   - Provide an updated asset-level analysis and plan for the bureau's currently excess and inactive assets including:
     -Summary of excess/inactive inventory
     -Disposal Plans by Fiscal Year through 2012
     -Savings and Cost Avoidance Estimates

III. **Analysis of Currently Active Assets**
   - Provide bureau-level analysis (see as sample DOI summary chart below) and cost savings plan for asset types (buildings and structures) with the highest bureau operating costs and square footage; include a similar analysis for assets located in high-value metropolitan areas.

Owned/Direct-Leased Buildings and Annual Operating Costs by Use Type (Source- FY 2010 FRPP)



IV. Direct Leased and GSA Provided Space

- Provide an asset-level inventory and cost savings analysis of all direct leases that would, without furt er action, expire by 2012 and by 2015. Discuss bureau plans to retain, reduce or terminate these leases.

- Provide an asset-level inventory and cost analysis of GSA-provided space that would, without furt er action, expire by 2012 and by 2015. Discuss bureau plans to retain these spaces, reduce these spaces, or return these spaces to GSA.

- Review the summary analysis of estimated GSA rents and direct lease costs for the next 5 years as shown in the chart below. Based upon the projected funding gap identified in each year, a reduction target for cost and approximate square footage has been established for each bureau/office as displayed in Table 1. Using these targets provide a detailed list of space that the bureau will eliminate (and associated cost avoidance) in each fiscal year to balance costs and available funding.

GSA and Direct-Lease Cost Projections for DOI (Source- Consolidated Exhibit 54)

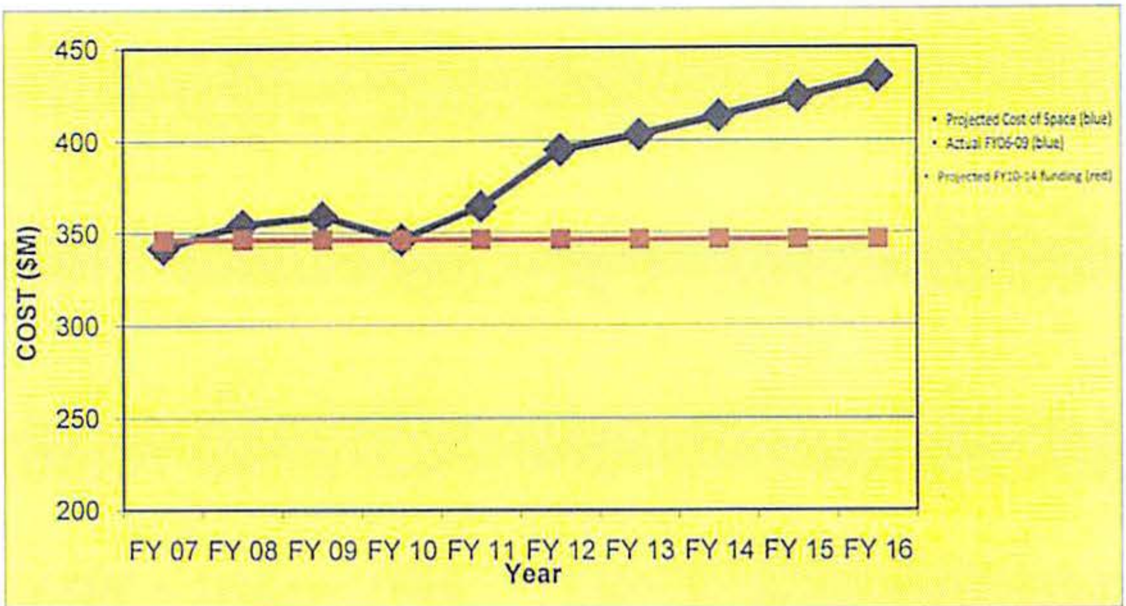


Table 1 Bureau Directly Leased & GSA Provided Space & Cost Reduction Targets

Square footage calculation is based on $25/sq ft national average

Bureaus	FY 12 *		FY 13		FY 14		FY 15		FY 16	
	$	SQ FT	$	SQ FT	$	SQ FT	$	SQ FT	$	SQ FT
BIA	$3,813	152,520	$1,111	44,440	$422	16,880	$686	27,440	$700	28,000
BLM	$6,229	249,160	$1,202	48,080	$5,097	203,880	$1,328	53,120	$1,355	54,200
BOR	$752	30,080	$670	26,800	$327	13,080	$391	15,640	$399	15,960
FWS	$691	27,640	$2,555	102,200	$1,330	53,200	$1,115	44,600	$1,137	45,480
USGS	$10,201	408,040	$9,025	361,000	$1,668	66,720	$1,995	79,800	$2,035	81,400
NPS	$5,863	234,520	$1,024	40,960	$1,042	41,680	$1,247	49,880	$1,272	50,880
BOEMRE**	$2,341	93,640	$1,111	44,440	$234	9,360	$280	11,200	$286	11,440
NBC MIB/SIB‡	$11,968	239,360	$2	40	$6,833	136,660	$737	14,740	$752	15,040
NBC Field**	$1,709	68,360	$753	30,120	$271	10,840	$324	12,960	$330	13,200
Offices										
OHA	$0	0	$275	11,000	$17	660	$20	790	$20	806
OSM	$67	2,680	$61	2,440	$62	2,480	$74	2,960	$76	3,040
IG	$0	0	$579	23,160	$49	1,952	$58	2,336	$60	2,383
OST	$0	0	$54	2,160	$148	5,920	$177	2,083	$181	2,225
SOL	$134	5,360	$57	2,280	$52	2,096	$63	2,508	$64	2,558
OIA	$40	1,600	$4	160	$4	171	$5	204	$5	208
Total	**$43,808**	**1,512,960**	**$18,483**	**739,280**	**$17,556**	**565,579**	**$8,500**	**320,261**	**$8,672**	**326,820**

all costs are in $1,000s

* Due to this late point in the budget cycle, required space reductions for FY 11 to maintain FY 10 levels have been included with FY 12 goals

** ONNR costs have been migrated from BOEMRE to NBC Field

‡ MIB/SIB cost is estimated at $50 per sq ft instead of the national average of $25 per sq ft

Table 2

Targeting owned "Office", "Housing", and "Warehouse" space to enhance O&M funding $/SF

FY 2010 FRPP

								7.5%	Reduction target				
Bureau	Real Property Use	SUM (Annual Operating Costs)	SUM (Gross Square Feet)	CRV SUM (Value)	AVG FCI	Total Records	AOC/GSF $/SF	SF Reduction	Revised SF	Revised $/SF	O&M Cost Avoidance $	DM Cost Avoidance $	Total Savings
Bureau of Indian Affairs	Office, et al	$35,776,578	10,796,819	$2,238,206,907	0.18	3,858	$3.31	809,761	9,987,058	$3.58	$2,683,243	$30,215,793	$32,899,037
Bureau of Land Management	Office, et al	$17,033,317	2,020,175	$557,292,445	0.07	597	$8.43	151,513	1,868,661	$9.12	$1,277,499	$2,925,785	$4,203,284
Bureau of Reclamation	Office, et al	$19,582,002	3,386,992	$474,947,197	0.06	1,461	$5.78	254,024	3,132,968	$6.25	$1,468,650	$2,137,262	$3,605,913
Fish and Wildlife Service	Office, et al	$15,854,113	8,967,180	$1,658,518,778	0.14	4,258	$1.77	672,538	8,294,641	$1.91	$1,189,058	$17,414,447	$18,603,506
US Geological Survey	Office, et al	$7,929,100	683,049	$120,104,901	0.21	118	$11.61	51,229	631,820	$12.55	$594,683	$1,891,652	$2,486,335
National Park Service	Office, et al	$72,013,520	20,856,963	$7,430,636,362	0.10	13,093	$3.45	1,564,272	19,292,691	$3.73	$5,401,014	$55,729,773	$61,130,787
Total DOI	Office, et al	$168,188,630	46,711,178	$12,479,706,590	0.12	23,385	$3.60	3,503,338	43,207,839	$3.89	$12,614,147	$110,314,713	$122,928,860

Bureau Name | **Completed By** | **Name**
| | **Approved By** | **Bureau Senior Asset Management Officer Name**

I. Summary to Date of Actions

Describe Action Taken	Cost Savings Achieved

II. Disposal Plans for Excess/Inactive Assets

For this element, review and refine the 3 year Disposal Plan originally provided in October, available through the PAM office. List only those assets that were actually disposed in the FY listed, not the year reported as disposed in FRPP. Provide Summary Below.

Asset Disposal Plan	FY 2010	FY 2011	FY 2012	Totals
Number of Excess/Inactive Assets				
Number of Assets Disposed				
O&M Costs of Assets Disposed				
DM of Assets Disposed				
Funds Expended on Disposal Actions				

III. Bureau Active Assets (Owned/Leased/GSA Provided)

FY 12 Target for Savings and Cost Avoidance (Owned assets) — Enter $$$ from Tables

Approximate Sq. Footage Reduction — Enter #### from Tables

		Savings Plan				
A. Strategies to Achieve Savings Target in Active Assets	Real Property Use Types Affected (Office, Warehouse, Utilities, etc.)	Number of Assets Eliminated/Disposed	Gross Sq. Ft. Eliminated (sf)	O&M Savings and Cost Avoidance ($)	DM Savings and Cost Avoidance ($)	Total Savings and Cost Avoidance
Energy Efficiencies						
Improved Space Utilization (other than Telework)						
Telework w/ Hoteling						
Data Center Consolidation (CIO to complete)						
Ownership Transfer						
Asset Replacement with Associated Demolition						
Consolidation of Programs (Centralization of Services)						
Other (Provide Details)						
Totals						

FY 12 Target for Savings and Cost Avoidance (Leases/GSA Space) — Enter $$$ from Tables

Approximate Sq. Footage Reduction — Enter #### from Tables

B. Direct Leases and GSA Space	Building Name	Building City/State	OA/Lease Number	Gross Sq. Feet	Current Annual Rent	Termination/ Effective Date	Annual Rent Cost Avoidance
Leases to be Terminated*							
1.							
2.							
GSA Space to be Returned							
1.							
2.							

* Do not include any Direct-Leases that will be changed to GSA-Provided Space

Direct Leases and GSA Space with Current Expiration Dates by 2012

C. Direct Leases and GSA Space	Building Name	Building City/State	OA/Lease Number	Current Annual Rent	Termination Date	Plans (Retain, Reduce,Terminate)	Actions taken to consolidate with Partners, etc.
1.							
2.							

Leases and GSA Space with Current Expiration Dates by 2015 (do not list those shown in the 2012 table)

C. Leases and GSA Space	Building Name	Building City/State	OA/Lease Number	Current Annual Rent	Termination Date	Plans (Retain, Reduce, Terminate)	Actions taken to consolidate with Partners, etc.
1.							
2.							