

**PROSPECTUS – LEASE
DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
FRESNO, CA**

Prospectus Number: PCA-01-FR19
Congressional District: CA-16

Executive Summary

The General Services Administration (GSA) proposes a lease of approximately 170,000 rentable square feet (RSF) for the Department of the Treasury, Internal Revenue Service (IRS), to house 1,592 employees. The lease will consolidate: 1,179 Accounts Management employees currently located at 855 M Street; 19 Treasury Inspector General for Tax Administration (TIGTA) employees housed at 5045 E. Butler Street, 66 Integrity & Verification Operations/Return Integrity and Compliance Services (IVO/RICS) personnel currently located at 4976 E. Kings Canyon and 136 Taxpayer Relations employees currently housed at 1325 Broadway Street all in Fresno, California, as well as 192 Accounts Management new hires currently in training. IRS has occupied 122,000 RSF at 855 M Street since October 4, 2003, under a lease that expires on October 3, 2018. Other supporting leases expire on November 30, 2018 and November 30, 2021.

This proposed lease will provide continued housing for IRS that is in line with its recent re-alignment and organizational needs, will accommodate IRS' firm future hiring plans in FY 2019 and FY 2020, and is consistent with the master IRS Fresno Campus space strategy collaboratively developed by IRS and GSA. The office space utilization rate (UR) will remain at 56 square feet per person, and the overall space UR will be 88 square feet per person at award.

Description

| | |
|---------------------------------------|--|
| Occupant: | Internal Revenue Service |
| Current Rentable Square Feet (RSF): | 153,038 (Current RSF/USF = 1.10) |
| Estimated Maximum RSF ¹ : | 170,000 (Proposed RSF/USF = 1.20) |
| Expansion RSF: | 16,962 |
| Current Usable Square Feet/Person: | 87 |
| Estimated/Proposed USF/Person: | 88 |
| Expiration Dates of Current Lease(s): | 10/03/2018, 11/30/2018 and 11/30/2021 (2 leases) |
| Proposed Maximum Lease Term: | 15 years |
| Delineated Area: | City of Fresno CBA – North: Divisadero Street South: Highway CA-41 East: R Street |

¹ The RSF/USF at the current location is approximately 1.10; however, to maximize competition a RSF/USF ratio of 1.20 is used for the estimated proposed maximum RSF as indicated in the housing plan.

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| | |
|--|--|
| Number of Official Parking Spaces ² : Scoring: Current Total Annual Cost: Estimated Rental Rate ³ : Estimated Total Annual Cost ⁴ : | West: H Street to Stanislaus Street to Highway CA-99 868 Operating \$5,187,988 \$36.00 / RSF \$6,120,000 |
|--|--|

Background

The IRS mission is to provide America's taxpayers quality service by helping them understand and meet their tax responsibilities, and by applying the tax law with integrity and fairness to all.

Justification

The mission of the Accounts Management (AM) organization is to provide assistance to all taxpayers with inquiries related to tax law and accounts via telephone, correspondence and web applications. The AM organization balances the delivery of telephone and paper adjustment programs to ensure that all taxpayers receive a correct and complete response in a timely manner.

It is critical to the operation to house the function of the AM organization into a single location to ensure quality service delivery to taxpayers. The current lease at 855 M Street, Fresno, California, expires on October 3, 2018. IRS requires continued housing to carry out its mission and requires additional space to consolidate new and existing employees related to the Department of Treasury mission in the Fresno, CA, area.

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

² The parking requirement includes 867 privately owned vehicle parking spaces for IRS employees due to shift work at this location.

³ This estimate is for fiscal year 2019 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 standard operating expenses, whether paid by the lessor or directly by the Government. GSA will conduct the procurement using prevailing market rental rates as a benchmark for the evaluation of competitive offers and as the basis for negotiating with offerors to ensure that lease award is made in the best interest of the Government.

⁴ New leases may contain an escalation clause to provide for annual changes in real estate taxes and operating costs.

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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.

Certification of Need

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

Submitted at Washington, DC, on _____

Recommended: _____
Commissioner, Public Buildings Service

Approved: _____
Administrator, General Services Administration

July 2018

**Housing Plan
Department of the Treasury
Internal Revenue Service**

**PCA-01-FR19
Fresno, CA**

| Leased Locations | CURRENT | | | | | | ESTIMATED/PROPOSED | | | | | |
|--|--------------|--------------|---------------------------------------|--------------|---------------|----------------|--------------------|--------------|--------------------------|----------------------|----------------------|----------------|
| | Personnel | | Usable Square Feet (USF) ¹ | | | | Personnel | | Usable Square Feet (USF) | | | |
| | Office | Total | Office | Storage | Special | Total | Office | Total | Office | Storage ⁵ | Special ⁶ | Total |
| 855 M Street, Fresno, CA | 1,179 | 1,179 | 94,886 | 778 | 15,246 | 110,910 | | | - | - | - | - |
| 1325 Broadway Street, Fresno, CA - Taxpayer Relations ⁷ | 136 | 136 | 7,099 | - | 886 | 7,985 | | | - | - | - | - |
| 5045 E. Butler Street, Fresno, CA - Accounts Management | 192 | 192 | - | - | 4,907 | 4,907 | | | | | | |
| 5045 E. Butler Street, Fresno, CA - TIGTA | 19 | 19 | 2,517 | 188 | 892 | 3,597 | | | | | | |
| 4976 E. Kings Canyon - IVO/RICS | 73 | 73 | 9,652 | 85 | 1,590 | 11,327 | | | | | | |
| Estimated/Proposed Lease | - | - | - | - | - | - | | | 115,290 | 1,414 | 24,145 | 140,849 |
| Total | 1,599 | 1,599 | 114,154 | 1,051 | 23,521 | 138,726 | 1,592 | 1,592 | 115,290 | 1,414 | 24,145 | 140,849 |

| Office Utilization Rate (UR) ² | | |
|---|---------|----------|
| | Current | Proposed |
| Rate | 56 | 56 |

UR = average amount of office space per person

Current UR excludes 25,114 usf of office support space

Proposed UR excludes 25,364 usf of office support space

| Overall UR ³ | | |
|-------------------------|---------|----------|
| | Current | Proposed |
| Rate | 87 | 88 |

| R/U Factor ⁴ | | | |
|-------------------------|-----------|---------|---------|
| | Total USF | RSF/USF | Max RSF |
| Current | 138,726 | 1.10 | 153,038 |
| Estimated/Proposed | 140,849 | 1.20 | 170,000 |

| Special Space ⁶ | USF |
|----------------------------|---------------|
| Conference/Training | 10,253 |
| Health Unit | 1,015 |
| ADP | 5,075 |
| Copy Ctr/Mail Room | 490 |
| Break Room | 6,990 |
| Evidence Storage | 161 |
| Tech/Firearms Room | 161 |
| Total | 24,145 |

NOTES:

¹ USF 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.

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

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

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

⁵ Storage excludes warehouse, which is part of Special Space.

⁶ Special spaces listed are examples of such spaces and may be subject to change at the time a Request for Lease Proposal (RLP) is issued to meet specific agency requirements.

⁷ Taxpayer Relations component (8,417 RSF) moving / consolidating from 1325 Broadway Street (180,481 RSF total).

⁸ New Accounts Management Employees in off-site training at 5045 E. Butler St. (moving from training rooms to typical office setup)