

**PROSPECTUS – LEASE
INTERNAL REVENUE SERVICE
U.S. TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION
KANSAS CITY, MO**

Prospectus Number: PMO-01-KC19
Congressional District: 05

Executive Summary

The General Services Administration (GSA) proposes a lease for approximately 1,140,000 rentable square feet (RSF) for the Department of the Treasury's Internal Revenue Service (IRS) and U.S. Treasury Inspector General for Tax Administration (TIGTA). IRS and TIGTA are currently housed at 333 West Pershing Road in Kansas City, MO, under a lease that expires on November 30, 2021.

The lease will provide continued housing for IRS and TIGTA and will improve the office and overall space utilization rates from 118 to 95 and 193 to 156 usable square feet (USF) per person, respectively.

Description

Occupant:	IRS and TIGTA
Current RSF	1,140,000 (Current RSF/USF = 1.13)
Estimated/Proposed Maximum RSF:	1,140,000 (Proposed RSF/USF = 1.13)
Expansion/Reduction RSF:	None
Current USF/Person:	193
Estimated/Proposed USF/Person:	156
Expiration Dates of Current Lease(s):	11/30/2021
Proposed Maximum Leasing Authority:	20 years
Delineated Area:	North: I-70/I-35 South: 31st Street East: Campbell Street and I-70 West: I-35 and Summit Street
Number of Official Parking Spaces:	4,900
Scoring:	Operating
Current Total Annual Cost:	\$37,825,200 (leases effective 12/1/2006)
Estimated Rental Rate ¹ :	\$30.59 / RSF
Estimated Total Annual Cost ² :	\$34,872,600

¹ This estimate is for fiscal year 2022 and may be escalated by 2 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.

² New leases may contain an escalation clause to provide for annual changes in real estate taxes and operating costs.

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Background

The building at 333 West Pershing Road comprises 1,140,000 RSF and was constructed in 2006 to consolidate numerous IRS locations in the Metropolitan Kansas City, Missouri, area into a Federal income tax submissions center for IRS. The lease included the adaptive reuse of the historic Kansas City Main Postal facility as part of the building.

GSA will consider whether IRS and TIGTA'S continuing housing needs should be satisfied in the existing location based on an analysis of other potential locations within the delineated area. If other potential locations are identified, GSA will conduct a cost-benefit analysis to determine whether the Government can expect to recover the relocation and duplication costs of real and personal property needed for IRS and TIGTA to accomplish their missions.

Justification

IRS's mission is to provide top-quality service to America's taxpayers by helping them understand and meet their tax responsibilities, and by applying the tax law with integrity and fairness to all. TIGTA provides audits, investigations, inspections, and evaluations to protect fair administration of the Federal tax system and ensure collection of tax revenue.

The existing building functions as an individual-tax-return paper processing and depository collection center, and is expected to retain this function even as taxpayers adopt the transition to electronic filing to an increasing degree. To reduce redundancy of processing operations, IRS is planning phased consolidation of its business-tax-return paper processing operations from Covington, Kentucky, and Fresno, California, into the Kansas City operations. Later in 2024, the paper business-tax-return processing operations in Austin, Texas, will also be moved to this location.

The current lease at 333 West Pershing Road in Kansas City, Missouri, expires on November 30, 2021. IRS and TIGTA require continued housing to carry out their missions.

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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 extension. It is in the best interest of the Government to avert the financial risk of holdover tenancy.

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Certification of Need

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

Submitted at Washington, DC, on October 12, 2018

Recommended: _____



Commissioner, Public Buildings Service

Approved: _____



Administrator, General Services Administration

Housing Plan
Internal Revenue Service
U.S. Treasury Inspector General for Tax Administration

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 ²	Special ³	Total
333 W Pershing Rd, Kansas City, MO												
IRS	4,862	5,196	736,098	4,978	259,598	1,000,674						
TIGTA	21	21	4,404	-	-	4,404						
Estimated/Proposed Lease												
IRS							6,060	6,434	736,098	4,978	259,598	1,000,674
TIGTA							21	21	4,404	-	-	4,404
Total	4,883	5,217	740,502	4,978	259,598	1,005,078	6,081	6,455	740,502	4,978	259,598	1,005,078

Office Utilization Rate (UR) ⁴		
	Current	Proposed
Rate	118	95

UR=average amount of office space per person
Current UR excludes 162,910 usf of office support space
Proposed UR excludes 162,910 usf of office support space

Overall UR ⁵		
Rate	193	156

R/U Factor ⁶	Total USF	RSF/USF	Max RSF
Current	1,005,078	1.13	1,140,000
Estimated/Proposed	1,005,078	1.13	1,140,000

Special Space ⁶	USF
Conference	61,383
Automatic Data Processing	14,388
Food Service - cafeteria	12,179
Breakroom/Kitchenette	11,178
Tax Return Receiving (Workroom)	57,485
High Density Files	8,549
Security Screening	1,413
File	16,623
Restrooms	1,975
Mail	5,907
Health Unit	980
Warehouse	61,771
Fitness Center	5,767
Total	259,598

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, with less than 10 people.

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

⁴ R/U Factor = 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.