



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

1.14.8

SEPTEMBER 27, 2017

EFFECTIVE DATE

(09-27-2017)

PURPOSE

- (1) This transmits IRM 1.14.8, *Identifying Space Efficient Buildings*.

MATERIAL CHANGES

- (1) On October 1, 2014 Real Estate and Facilities Management (REFM) merged with Physical Security and Emergency Preparedness (PSEP) to create Facilities Management and Security Services (FMSS). This IRM was updated to reflect current organizational titles.
- (2) As of January 1, 2017, the Internal Revenue Service (IRS) instituted a requirement that the IRM addresses relevant internal controls. This will inform employees about the importance of and context for internal controls by describing the program objectives and officials charged with program management and oversight. Internal controls are the program's policies and procedures which ensure:
 - a. Mission and program objectives are clearly delineated and key terms defined.
 - b. Program goals are established and performance is measured to assess the efficient and effective mission and objective accomplishment.
 - c. Program and resources are protected against waste, fraud, abuse, mismanagement and misappropriation.
 - d. Program operations are in conformance with applicable laws and regulations.
 - e. Financial reporting is complete, current and accurate.
 - f. Reliable information is obtained and used for decision making and quality assurance.
- (3) Changed IRM 1.14.8.5 from "*RLP Evaluations*" to "*Market Surveys and RLP Evaluations*".
- (4) Removed IRM 1.14.8.6, *RLP Language*.

EFFECT ON OTHER DOCUMENTS

This IRM supersedes IRM 1.14.8, published July 8, 2013.

AUDIENCE

Facilities Management and Security Services

Richard L. Rodriguez
Director
Facilities Management and Security Services
Agency-Wide Shared Services

1.14.8

Identifying Space Efficient Buildings

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1.14.8.1
(09-27-2017)
Program Scope

- (1) This IRM section applies to the evaluation of all future leased office space acquisitions, whether through the General Services Administration (GSA) or through the IRS Delegated Leasing Program.
- (2) **Purpose:** This IRM section provides FMSS Territory Managers (TM) and their staff with guidance to evaluate proposed leased properties for space efficiency.
- (3) **Audience:** FMSS.
- (4) **Policy Owner:** Director, FMSS.
- (5) **Program Owner:** FMSS Associate Director, Real Property Management (RPM).
- (6) **Primary Stakeholders:** FMSS Employees.

1.14.8.1.1
(09-27-2017)
Background

- (1) This IRM contains guidelines for identifying building conditions that affect space efficiency. Building space efficiency is essential to the goal of ensuring the most efficient utilization of space by IRS personnel.

1.14.8.1.2
(09-27-2017)
Authority

- (1) Executive Order 13327, *Federal Real Property Asset Management, February 4, 2004*, requires agencies to designate a Senior Real Property Officer who will be responsible for implementing and developing a continuous and comprehensive Asset Management Plan process for the agency. This process includes identifying and categorizing all real property owned, leased or otherwise managed by the agency; prioritizing actions to be taken to improve the operational and financial management of the agency's real property inventory, and using public and commercial benchmarks and best practices to periodically evaluate all assets, among other items. <http://www.archives.gov/federal-register/executive-orders/2004.html>
- (2) Treasury Directive 72-02, *Acquisition, Utilization, and Disposal of Treasury Real Property Assets, September 24, 2009*, contains provisions for the Treasury Department's acquisition, management, and disposal of real property assets by utilizing prudent asset management practices that optimize utilization of space. <https://www.treasury.gov/about/role-of-treasury/orders-directives/Pages/td72-02.aspx>

1.14.8.1.3
(09-27-2017)
Responsibilities

- (1) FMSS Territory Managers must ensure that their Project Managers work with GSA or the Real Property Leasing Officer (RPLO) to identify options that provide the best value to IRS in terms of cost and space efficiency.
- (2) FMSS Territory staff will identify for GSA, or the RPLO, space efficiency features important for the specific lease procurement requirement.
- (3) FMSS Territory Managers must ensure that the requirements for new or continuing leases are developed far enough in advance to allow properties to be evaluated for space efficiency.
- (4) FMSS Project Managers will include the evaluation for space efficiency in the project files.

1.14.8.1.4
(09-27-2017)
Acronyms

- (1) The following acronyms are used throughout this document:

Acronym	Definition
ANSI	American National Standards Institute
BOMA	Building Owners and Managers Association
BU	Business Unit
FMSS	Facilities Management and Security Services
GSA	General Services Administration
PSEP	Physical Security and Emergency Preparedness
REFM	Real Estate and Facilities Management
RLP	Request for Lease Proposal
RLPO	Real Property Leasing Officer
R/U	Rentable/Usable
SFO	Solicitation for Offers
TM	Territory Managers

1.14.8.2
(09-27-2017)
Effectively Managing and Utilizing Space

- (1) One of the primary goals of the federal government is to manage resources in the most efficient and economic manner practicable. FMSS is required to manage its stewardship funds, which comprise the majority of the FMSS budget, as effectively as possible. Since the stewardship budget consists mostly of rent, one of the ways FMSS can best administer its rent costs is through effectively managing and utilizing space. This can be accomplished by leasing office space that is configured in such a way as to maximize the efficiency of floor plan and furniture layouts.
- (2) GSA is the primary service provider for IRS and in conjunction with the Treasury Department must follow all GSA and other federal provisions for effective asset management.
- (3) The Treasury Department granted delegated leasing authority to IRS in February 2005 and through this program IRS is committed to practices for creating best value in leasing space by ensuring optimal space utilization.
- (4) The Treasury Department requires its agencies to develop and maintain prudent asset management practices that optimize utilization of space.

1.14.8.3
(09-27-2017)
Minimizing Rental Costs

- (1) When acquiring new space, the most obvious means of reducing real estate costs are to lease only the minimally required area necessary for IRS to accomplish its mission at the lowest possible rental rate.

- (2) Rental costs can be further minimized by selecting the most space efficient building possible. Many factors affect the efficiency of a floor plate such that two buildings with the same amount of usable office area may yield significantly different levels of efficiency.

Note: For example, a building with a 20 foot by 30 foot column spacing would be much more efficient than one with a 20 foot by 15 foot column spacing. It is not only the actual area taken up by these extra columns, but the interruption of clear open space required for optimal space planning.

- (3) GSA and delegated IRS lease documents utilize the American National Standards Institute/Building Owners and Managers Association (ANSI/BOMA) international standard (Z-65.1-2010) definition for office area, known as “ANSI/BOMA Office Area” and previously *usable* square feet.
- (4) Other factors such as the age of the building inventory, the requirements of the Business Unit (BU) or the number of leasing opportunities in any market may influence which “space efficient” features can be best utilized.
- (5) An FMSS Territory has the obligation to evaluate potential lease sites based on conditions unique to the territory.
 - a. The Territory should avoid sites where the building core location or other elements of the floor plan preclude IRS from releasing marketable portions of space to GSA. Additionally, space should be configured, if possible, to allow for future release of space with minimal alterations.
 - b. Whenever possible, space on a single, larger and more efficient floor is preferable than space on multiple smaller floors.

1.14.8.4
(07-08-2013)
**Building Conditions
that Affect Space
Efficiency**

- (1) The following are building factors or conditions that should be taken into account when evaluating a proposed office for space efficiency.
- (2) **Floor Plates**
 - a. Full floors measuring 20,000 - 26,000 ANSI/BOMA office area (usable) square feet with a single core are most efficient.
 - b. Full floors measuring 10,000 - 16,000 ANSI/BOMA office area (usable) square feet are typically inefficient.
 - c. Rectangular floor plates with a single center core are most efficient.
 - d. Buildings with curved exteriors are not efficient, especially for workstation layouts.
- (3) **Building Cores**
 - a. Split cores (e.g. stairwells are separated from the main core) may affect space layouts and will result in more circulation space.
 - b. A core not centered on a floor may make it difficult to release marketable space to GSA.
- (4) **Walls & Columns**
 - a. Permanent walls constructed within the interior of a floor may affect optimal open space and office layouts and result in more circulation space.
 - b. Extremely long, narrow runs of space can affect optimal open space and office layouts.

- c. The depth of perimeter columns can affect optimal open space and office layouts since deeper columns can create unusable pockets of space between the columns.
- d. Column dimensions greater than 24 inches x 24 inches will create inefficiencies.
- e. Inconsistent column spacing will usually create inefficiencies.
- f. Column spacing less than 20 feet x 20 feet on center of the column will affect optimal space layout. Newer steel or concrete construction buildings may have clear spans with few to no intervening columns.

(5) Ceilings

- a. A standard GSA Request for Lease Proposal (RLP), previously known as Solicitation for Offers (SFO), prescribes height minimums, but low ceiling conditions will restrict use of space.
- b. Sloped ceilings will restrict use of the space.

(6) Windows

- a. ANSI/BOMA office area (usable) square feet measured from the inside of the dominant feature of the exterior wall, which in most cases is the window glass. When window systems are situated in "deep pockets" of drywall, the result is less usable space.

(7) Mechanical and Electrical System Conditions

- a. Walker duct floor systems for electric and telecommunications receptacles will limit open space and office planning.
- b. Induction units and baseboard heaters along the perimeter of the premises will affect optimal furniture layout.
- c. The main air return duct for a floor usually creates a noisy condition as it enters the mechanical room. The RLP includes noise tolerances, but this specific location may still restrict use of the floor space nearby.

(8) Suite Configuration and Contiguous Space

- a. Irregular suite configurations will impact open space and office layouts.
- b. Locating a requirement in the fewest number of suites within a building is the most efficient and flexible work arrangement.

(9) The following building common area features will not make the tenant premises more or less efficient. However, the existence of these features in a building may increase the Rentable/Usable (R/U) factor and may result in higher rental costs:

- a. The size of the main building lobby.
- b. The floor space pertinent to an atrium or light well.
- c. Common service areas such as building conference facilities, fitness centers and vending areas.
- d. Buildings with an R/U factor greater than 1.15 should be carefully scrutinized especially if the ANSI/BOMA office area (usable) space is not largely efficient.

1.14.8.5
(09-27-2017)
**Market Surveys and
RLP Evaluations**

- (1) The market survey of potential space is integral to ensure that not only will the IRS mission needs be met, but that the government receives maximum value and utilization of the space to be procured.
- (2) Territory staff participating in market surveys must ensure that any potential spaces offered to the government meet the specifications of this IRM as it pertains to space efficiency and potential for efficient layout.
- (3) The standard RLP paragraphs pertaining to a potential building's ability to deliver effective space utilization and mandatory requirements for location and building quality, and other amenities, are:
 - a. "Potential for Efficient Layout (August 2011)"
 - b. "Neighborhood, Parking, Location Amenities and Public Transportation for Inside City Center or Outside City Center (September 2013)"
- (4) If during a market survey, it is found that a potential building clearly does not meet the criteria of IRM 1.14.8.5(3), and is therefore unacceptable due to efficiency or quality concerns, then Territory staff must not concur on the market survey that the building will be solicited. Territory staff should document that GSA was notified in writing that the unacceptable building should not be solicited.
- (5) Once the market survey of potential locations is complete and initial offers are evaluated, territory staff must determine whether IRS space requirements can be met within the square footage offered. If, due to inefficiencies that weren't evident during the market survey; and **it is clear** requirements cannot be met, then the offer is unacceptable. If applicable, Territory staff should document that GSA was notified in writing that the building is unacceptable.
- (6) Once the market survey of potential locations is complete and initial offers are evaluated, if **it is not clear** as to whether IRS requirements can be accommodated, territory staff, as permitted by IRM 1.14.8.5(3) a), should make a request to have the Offeror provide a test-fit layout at the Offeror's expense. Territory staff must evaluate the test-fit layout and make a determination as to whether the space offered is acceptable based on the efficiency of the floor plans. If a determination is made that the test-fit is unacceptable, territory staff should document that GSA was notified in writing that the building is unacceptable.

