



## Agency Priority Goal Action Plan

# Leased Building Operations

### Goal Leader:

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# Overview

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## Goal Statement

- GSA will generate savings for taxpayers by negotiating 55% of the lease office space agreements at or below market rates in FY 2018 and FY 2019.

## Challenge

- GSA strives to be below commercial office space leasing market rates for every transaction, yet it can be difficult to do so with the complexities of the Government marketplace. Additional Government lease standards and requirements can increase the costs of a Government lease transaction compared to the commercial market. This makes attainment of 55 percent target an ambitious goal.

## Opportunity

- Negotiating leases below market costs results in cost savings for customer agencies and the American taxpayer.
- Cost avoidance in rent can be reallocated to mission delivery services to the public.

# Goal Structure & Strategies

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GSA will achieve lease cost savings for the American taxpayer by successfully executing the following strategies:

- o Capitalizing on opportunities to reduce square footage and engage in longer lease terms when they allow GSA to obtain more favorable rates.
- o Increasing the use of the force multiplier tools, both the Automated Advanced Acquisition Program (AAAP) and the GSA Leasing Support (GLS) services contract, to maximize staff resources, increase competitive advantage, and ultimately, to increase lease replacement rates.
- o Improving the planning process to ensure timely replacement of expiring leases. Timely replacement increases GSA's leverage, which means more favorable rental rates and fewer costly lease extensions.
- o Implementing a National Portable Warrant Program within GSA to more efficiently utilize GSA's leasing workforce, allowing GSA to better balance workload across the nation.

# Summary of Progress – Q4 FY 2018

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- At the end of the fourth quarter of FY 2018, GSA negotiated 44 percent (262 out of 590 transactions) of leases at or below market rates, an increase from Q3 FY 2018 results. Even though the majority of individual transactions were above market costs, the total aggregated GSA lease costs were five percent below market lease costs.
- The majority of office markets in the United States are rising or peaking, making it difficult for GSA to procure below market rates.
- To improve performance, GSA continues to focus on increasing usage of longer lease terms, reducing the number of extensions, increasing the use of workforce-multiplier tools such as AAAP and GLS, and implementing training on tools and policies which contribute to cost avoidance.

# Key Milestones

Fostering, developing, and implementing our core strategies will require process re-engineering, change management, and knowledge management projects and initiatives. Below are the key milestones that will enable us to achieve our goal of reducing leasing costs.

Key Milestone	Milestone Due Date	Milestone Status	Comments and discussion of progress, changes from last update, anticipated barriers, or other issues related to milestone completion
Increase utilization targets for AAAP and GLS	Q1 FY 2018	Complete	FY18 targets were developed and communication for each region based on the projected workload. Targets were increased from FY 2017 to further emphasize the use of these tools. When performance was lagging in Q1, GSA further increased these targets in Q2. GSA achieved its AAAP and GLS targets in FY18.
Implement a lease term decision matrix to guide the usage of longer lease terms in leases	Q1 FY 2018	Complete	A new decision matrix was developed in FY18 to increase the usage of longer lease terms which leads to more favorable rates. The guidance was developed, disseminated, and training was provided to the leasing community nationwide. Use of longer term leases is monitored monthly. The average term for FY18 leases increased compared to FY17.
Review regional lease cost avoidance plans	Q3 FY 2018	Complete	GSA has reviewed each region's plan to replace expiring high-value leases. In these reviews, GSA focused on increasing the use of the tools, procuring longer lease terms, and getting timely requirements; resulting in rates below market and cost avoidance to the American taxpayer and Customer agencies. Regional visits have occurred with every region to review the plan and recurring deep dive meetings to review progress towards achieving the plans are occurring each month.
Implement the National (Leasing) Warrant Program	Q3 FY 2018	Complete	GSAM Class Deviation (CD) 2018-02 and Leasing Alert 2018-02 to provide operational guidance to facilitate the management of National Leasing Warrants were developed and issued. GSAM Class Deviation 2018-03 has also been issued. It replaces GSAM CD 2018-02 and now adds National Warrants for the 1102 Series. National Leasing Warrant holders were nominated and vetted and all official National Leasing Warrants have been issued.
Measure AAAP and GLS usage against FY18 targets	Q4 FY 2018	Complete	GSA achieved the AAAP and GLS goals in FY18. FY19 goals were developed and communicated for these two programs.
Implement training on cost savings strategies	Q4 FY 2018	Complete	GSA has developed and administered a robust training program for the leasing community to aid in achieving its goals. A national training on longer lease terms was held in January. Training on market rates and FY18 measures, including lease cost savings, were held in April and May, respectively. All regions and broker partners were trained on the new initiative.

# Key Indicators

By enhancing operations, GSA strives to increase the percentage of lease transactions that are at or below market costs.

