



# Consolidation Fund Program

*Reduce your Rent with No-Year Funds*

## Background and Benefits

The annual Consolidation Fund Program allows Federal agencies to apply for no-year funds for shell and tenant improvement (TI) costs on projects that reduce annual rent and improve office utilization rates (UR).

GSA began the Consolidation Fund Program in FY14 as a way to assist our customer agencies with reducing rental costs while optimizing their footprint to fit their work environments.

Since its inception, the program has funded **78 projects** and helped the Federal government **reduce annual rent by more than \$65 million (nearly \$1 million per accepted project).**

## How Does The Consolidation Fund Program Work?

The Consolidation Fund Program follows a structured and transparent process:

1. GSA seeks Consolidation Program funds through our annual budget request
2. After collaborating with GSA, agencies submit projects for consideration via a standard worksheet
3. All submitted projects are scored, ranked, and published on a preliminary short list
4. GSA works with agencies to refine and update their project's business case
5. Final project short list is scored, ranked, and made public

GSA will select enough projects to exhaust expected appropriations and will also maintain a list of contingency projects in the event Congress authorizes additional funding.

## What Types of Projects are Eligible for the Consolidation Fund Program?

Consolidation Fund projects are required to achieve rent savings. In addition, preference is given to projects that achieve an office-only UR of 130 USF per person and an estimated economic payback of less than 7 years.

Project eligibility is based on three categories:

### Cost

- Project results in reduced agency rent
- Agency pays back TI (amortized in rent or via RWA) and funds agency expenses

### Consensus

- GSA and agency agree on submission, scope, schedule, and cost
- There is no scope overlap with prospectuses or exchanges
- There is no schedule risk depending on when funds become available



## Approval

- Spend plan must be approved by GSA, OMB, and Congress
- GSA costs cannot exceed \$20 million per project (this can vary by year)
- Target location is within GSA's inventory (owned or leased)

## What Does (and Doesn't) the Fund Cover?

The Consolidation Fund Program generally covers:

- Shell and TI costs in owned buildings
- Shell and TI costs in leased buildings (financed by the lessor)

Agencies are responsible for repaying TI costs according to GSA Pricing Policy. An agency's general TI allowance is amortized into the rent. A Reimbursable Work Authorization (RWA) can be used for costs exceeding the amount covered by an agency's customization tier.

The Consolidation Fund Program does not generally cover:

- Moving Costs
- Furniture and IT Costs\*

*\*Agencies can take advantage of GSA's Furniture and Information Technology (FIT) program to fund furniture and IT costs.*

## Success Snapshot

In FY13, the Internal Revenue Service (IRS) paid \$8.5 million in rent for more than 277,000 square feet of space in The Ronald Dellums Courthouse and Federal Office Building in Oakland, CA. As mission needs evolved, the agency's vacant and under-utilized space resulted in a 260 UR which far exceeded the agency's target. By implementing the IRS' national workplace standards and redesigning the existing space, the agency formed a plan to vacate and release an entire floor - 25,892 square feet of space. A \$2.2 million Consolidation Fund Program project allowed the agency to move forward and resulted in a 10.7% reduction in the overall space in the building and 42% UR reduction to 152. The subsequent rent savings resulted in a payback period of just 1.4 years. Based on the project's success, the IRS moved into a second phase of rent and space reduction in the same building that has been funded by the FY16 Consolidation Fund Program.

## For More Information

To learn more about the Consolidation Fund Program or begin a project submission, contact your agency's regional or national customer lead.