

# Provide a Modern Workplace for DOL National Office

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## Project Background

The Department of Labor's (DOL) Frances Perkins Building (FPB) is a 42-year old non-historic building that is owned by the General Services Administration (GSA) and operated under an Operations and Maintenance Delegation to DOL for day-to-day operations and maintenance (e.g., utilities, custodial services, non-infrastructure facility repairs, and minor renovation including painting, carpets, and office changes). DOL and GSA have been working together since October 2014 to provide a modern workplace for the Department's headquarters in Washington, DC, a need that was determined based on excessive costs to maintain and rent the building, an increasingly inefficient building design, and negative impact on mission. DOL is seeking a solution that takes advantage of its willingness to consolidate up to 6,700 personnel in FPB and four leased locations into one location, which ultimately removes the requirement for significant repairs to existing FPB infrastructure, provides the agencies and their staff with efficient space, and reduces the footprint and related real estate costs.

## Cost

Over the years, the DOL costs of maintaining the FPB have progressively increased with the age of the building and the cost of rent paid by DOL to GSA. (b) (5)

(b) (5) for approximately 2.2 million ft<sup>2</sup> in the National Capital Region. Consolidation of DOL offices to reduce the footprint to approximately 1.44 million ft<sup>2</sup> would result in significant cost savings for the Government.

## Efficiency

Because of the inefficiency of the building design and limited opportunities to modernize the workspace, the DOL National Office is spread between several buildings in the National Capital Region. The FPB alone contains approximately 1.4 million ft<sup>2</sup> of space; however, only 970,000 ft<sup>2</sup> is usable. Opportunities to modernize the FPB to be more optimal in terms of office space and other special spaces (e.g., meeting space) remains limited. A modern office building would allow for more collaborative spaces and would accommodate a modernized DOL workforce, such as those that telework regularly and require less physical office space.

A modern office building would also allow for more efficient use of utilities, such as zoned heating and cooling to ensure reasonable office temperatures are maintained year-round while minimizing cost. Currently, the FPB has a binary system that is either on or off – causing extreme temperature variations throughout the building during working hours and the inability to cost-effectively heat or cool a particular office or portion of the building during non-working hours (e.g., end of year procurement activities or other special projects).

## Mission Need

The DOL National Office is not co-located into one cohesive physical location. The Agency Heads of the Bureau of Labor Statistics (BLS) and the Mine Safety and Health Administration (MSHA), as well as their staff, are physically located outside of the FPB in their own rented space. There have been challenges

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when working to implement departmental initiatives inclusive of all agencies or to establish one departmental culture in support of the DOL mission due in part to these physical barriers.

Several DOL agencies also require modular conference spaces to hold large events for compliance and other mission-related training and activities. The FPB has limited space for events such as these and the space that is available is not modernized to easily accommodate requests (e.g., break-out rooms, wireless Internet for visiting DOL staff from regional/field locations). Although there is preference to conform agency activities to fit into the FPB, agencies spend substantial funds to facilitate events at locations that have these modern capabilities. .

Lastly, a large volume of DOL employees have commented on the poor quality of the workspace in the DOL headquarters Frances Perkins Building, to include: aging infrastructure, climate control, and the need for improved modern capabilities. . The Federal Employee Viewpoint Survey (FEVS) further supports employees' negative sentiments about the FPB<sup>1</sup> to support the performance of their jobs.

## Project Milestones

Despite numerous obstacles throughout the planning process, the Department has actively pursued every opportunity to accelerate this project in coordination with GSA.

### *Completed*

#### **Expression of Interest from Real Estate Market for Exchange Project**

GSA recommended the Department pursue a building exchange, similar to the FBI J. Edgar Hoover Building exchange, as a means of disposing of the current property and acquiring a new building/location. This exchange construct was proposed as a means of securing a modern workplace without appropriated funds, which was judged to be more timely and practical than the traditional renovation of the existing building. The traditional federal renovation approach is determined by GSA and DOL to be: too lengthy (i.e., extends the project to 2031 in the best case scenario); too expensive (i.e., five renovation phases that involve swing space leases and other activities is estimated at more than \$1 billion); and too risky (i.e., assumes continual funding for the project and no lapse in appropriations in any given year, which is unlikely).

GSA released the Request for Expression of Interest (REOI) and a Notice of Intent (NOI) to the market on December 21, 2015. Responses were received on January 27, 2016 from several viable offerors interested in the exchange project. Meetings with these offerors have occurred over the past several months further confirming their interest in the exchange. On September 9, 2016, additional information was provided to the offerors by GSA for market research purposes to gauge their interest in the exchange, specifically: 2016 site survey, title and massing study; summary of DOL requirements; and 2014 Environmental Site Assessment (ESA) Phase I. Additional studies (i.e., updated ESA Phase I, an ESA Phase II, if necessary, and a structural engineering report) will be provided to the offerors, once completed.

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<sup>1</sup> The FEVS includes a question (#14) that asks the employee to rate the “physical conditions (e.g., noise level, temperature, lighting, cleanliness in the workplace) [that] allow employees to perform their jobs well.”

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## **Project Documentation**

An appraisal of the Frances Perkins Building in the spring of 2016, as well as a title search, site survey and massing study (i.e., how much building density the site can accommodate) were conducted by DOL and GSA. Also completed was the DOL program of requirements (POR), which details the Department's building and space needs. DOL has facilitated numerous meetings with GSA (i.e., interior designers and architects) and departmental stakeholders, to include Administrative Officers and agency leadership, to gather their input on current and projected space utilization based on mission and other agency-specific requirements. This information was combined with feedback from the employee listening sessions and other employee engagement mechanisms (e.g., annual GSA Building Tenant Survey) to inform the Department's requirements for a modern headquarters site. To illustrate the level of effort involved—the POR is some 400 pages and includes numerous additional exhibits.

## **Financial Model & Business Case**

A joint-GSA/DOL panel reviewed the offerors interested in the DOL exchange project and determined that all were viable candidates for bidding on the exchange offer. GSA is proposing that the next step as a Request for Qualifications (RFQ) that would only look at the financial and organizational capabilities of potential offerors. DOL believes that GSA should directly issue a Request for Proposal (RFP) to allow the market place to respond and provide proposals on the validity of the exchanged model. Evaluations of contract vendor financial and organization qualifications, therefore, would take place as part of the RFP process. GSA stopped progress at this juncture due to a variety of concerns: lessons learned by GSA from the Federal Triangle South project (which was cancelled earlier in the year by GSA because the offers were determined to be financially unacceptable), the perceived low appraisal value of the Frances Perkins Building property, and GSA's reluctance to further test the market. DOL escalated this issue to GSA and OMB leadership. As a result, a financial model was developed to estimate the value of the exchange option to inform a business case. The business case evaluated four options: 1) full renovation of the FPB; 2) exchange FPB for a new facility; 3) long-term lease solution; and 4) interim lease solution with purchase option. Although GSA recommended to pursue the interim lease solution with purchase option, DOL was able to demonstrate that the FPB exchange could result in a surplus and was worth pursuing. On September 7, 2016, OMB convened a meeting with senior leadership and determined to move forward with the FPB exchange.

## *In-Process*

### **RFP – Phase I**

GSA has agreed to initiate a two-phase procurement strategy for the FPB exchange, beginning with issuance of the RFP – Phase I on December 19, 2016. In order to issue the RFP – Phase I solicitation, GSA has agreed to the following preparative activities: complete the REOI procurement process to identify the short list of viable sites that meet the qualifications for exchange with the FPB; notify the offerors of selection to proceed to next phase of the procurement process; and initiate the NEPA process on the selected sites. Following the qualification of offerors in review of the RFP – Phase I submissions, and completion of the draft the Environmental Impact Statement (EIS) for each site, GSA will issue the RFP – Phase II, estimated for summer of 2017.

(b) (5)

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