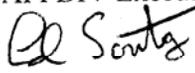




June 30, 2004

TO: Director, Office of Intergovernmental Affairs
Director, Program Support Center
Regional Directors
OPDIV/STAFFDIV Executive Officers

FROM: Ed Sontag 
Assistant Secretary for Administration and Management

SUBJECT: Approval of Space Requirements for New Leases or Lease Modifications in
Regional Offices

This is to reiterate Departmental policy regarding leasing new space or adding space to an existing lease in Regional Offices. Currently, Departmental policy requires approval of the Program of Requirements (POR) for space by the Office for Facilities Management and Policy (OFMP), Office of the Assistant Secretary for Administration and Management (ASAM), Office of the Secretary (OS), "...at the time the POR is assembled." We want to ensure that any issues related to space requirements will be addressed prior to expenditure of funds for design, fit-out, or construction. The existing policy also requires OFMP approval "... if an approved acquisition requires additional space due to building characteristics discovered during design and layout." A copy of the policy is attached.

Recently, we were informed of an increase to the initial POR for a Regional Office that occurred without OFMP approval. The increased space would cost the Department several million dollars over a 10-year lease duration. We are currently assessing potential remedies to resolve this situation. Our first effort is to provide you with a list of responsibilities for each official or organization involved in the initiation, review or approval of the acquisition of new or additional leased space for regional offices. They are as follows:

1. **OFMP/ASAM:** The OFMP promulgates overall space policy; including fit-out standards, leasing, physical security, and safety policy. OFMP must approve all leases from a maximum space use and physical security standpoint. Generally, OFMP will review documents twice, first at the pre-solicitation stage ("at the time the POR is

assembled”) and after the specific building is known and floor plans and security requirements are completed for the selected property. OFMP will issue written approval of the maximum approved space.

2. **Program Support Center (PSC)/ASAM:** The PSC is responsible for the Regional Offices leasing process, including interfaces with the General Services Administration (GSA), Regional Offices’ staff, design architects, construction contractors, communications, and equipment and furniture suppliers. The Director, Property Management, Administrative Operations Services within the PSC signs the lease or Occupancy Agreement on behalf of the Department. PSC assures that space utilization conforms to Departmental policy and assures that users are aware of the policy. PSC does not have authority to waive policy requirements. During the operational phase, PSC collects rent from occupants, makes payment to GSA, and manages space issues and reconfigurations.
3. **General Services Administration (GSA):** The GSA acts as the HHS agent to acquire space and provides property and contracting expertise. GSA is the space provider for Federally-owned and -leased space. Generally, GSA or a GSA contractor handles day-to-day local activities pertaining to the lease. This includes collecting and integrating user requirements into a POR, issuing a solicitation and evaluating offers, making the award, soliciting for and managing a design contract for fit-out work, soliciting for and managing the fit-out construction contract, and during the operational phase making rent payments to the owner and overseeing the lease administration (from a contractual standpoint) or the building itself (if a Federal Building).
4. **Regional Directors (RDs) and OPDIV/STAFFDIV Senior Regional Officials (SROs):** The RDs’ and SROs’ space (offices) must be sized such that the RDs and the SROs can effectively accomplish their jobs. However, they should also set an example by keeping space within standards and by taking advantage of joint use space where possible rather than setting aside large amounts of exclusive-use space for conference rooms and similar spaces. Also, the RD should be co-located with the Regional Office’s staff rather than on a separate floor. When space planning activities are underway, the RD and the SRO should take every opportunity to encourage cooperation among HHS Regional Office components, especially to identify conference room, break room, library, and other special spaces that can be shared across components. This can save significant space and taxpayer dollars. The amount of exclusive-use special space can usually be reduced if components understand that adequate joint use space will be available and how it will be managed.

However, stakeholders must understand that only PSC has **the authority** to contract with GSA and designers on regional office space planning issues and is the only office with procurement **authority** to direct GSA or contractors regarding the design work.

Please share this memo with appropriate staff, including OPDIV/STAFFDIV managers, facility contacts, or others who might become involved in the space acquisition process. Waste of taxpayer dollars through the rental of excessive space will not be tolerated. Questions regarding Departmental property policy should be directed to Mr. William Stamper, Deputy Assistant Secretary for Facilities Management and Policy. Questions or requests regarding regional office space should be submitted to Ms. Heather Ransom (301-443-5283), Director, Division of Property Management, at the PSC.

Attachment

ATTACHMENT



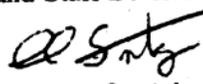
DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Assistant Secretary for Administration and Management
Washington, D. C. 20201

July 14, 2003

TO: Operating and Staff Division Heads

FROM: Ed Sontag 
Assistant Secretary for Administration and Management

SUBJECT: Maximum Utilization Rate for Office and Related Space

Attached is a copy of the HHS Utilization Rate policy which was forwarded to you in draft form by my memo of January 27 for your distribution to your bargaining units for their review and possible negotiation. That process is now completed, and the policy is hereby implemented effective today. It will be incorporated into the HHS General Administrative Manual in coming weeks as we undertake a general review and update of those issuances.

Please forward copies of the attachment to those in your agencies who are responsible for space acquisitions and assignments for their use beginning immediately. All previously issued HHS directives, policies, or issuances on this subject are hereby superceded.

Attachment

Department of Health and Human Services
Office of the Secretary
Office of the Assistant Secretary for Administration and Management

POLICY: Office and Related Space Utilization Rate (U/R)

GSA's REQUIREMENTS

Title 41 CFR Part 102-79, titled "Assignment and Utilization of Space," the General Services Administration (GSA) requires the Department to promote maximum utilization of Federal workspace, consistent with mission requirements, to maximize its value to the Government. In addition, Title 41 Part 102-74, titled "Facility Management," states, in part, that the management, operation, and maintenance of buildings and building systems must: (a) be cost effective and energy efficient; (b) be adequate to meet the agencies' missions; and (c) meet nationally recognized standards.

PURPOSE

Based on these requirements, the Department of Health and Human Services (HHS), Office of the Secretary (OS), Office for the Assistant Secretary for Administration and Management (OASAM), provides the following policy to all Operating Divisions (OPDIV) and Staff Divisions (STAFFDIVs) components which acquire office and related space either directly by lease, construction, or purchase, or through the General Services Administration (GSA) or other agency on their behalf, or which undertakes renovations or construction to reallocate space in existing facilities. This document establishes a maximum allowable space utilization rate. OPDIVs and STAFFDIVs should consider the overall mission and grade structure of the organization when establishing the Program of Requirements (POR) to assure the most efficient and economic use of space. The Program of Requirement is the document in which an agency first defines and establishes its overall space requirements. Space utilization rates below the maximum are strongly encouraged.

POLICY

The maximum space allowable for planning and occupancy purposes is 215 useable (as defined by the Building Owners and Managers Association) square feet per person on average. Persons are defined as budgeted FTEs and contractors on-site, including vacancies for which recruitment has been approved. This standard refers to total space (office plus associated storage and special space), and applies to all acquisitions not already advertised, as well as to new construction and renovations not yet at an approved final design stage.¹ It does not include building and floor common areas (public elevator lobbies, corridors, restrooms) and GSA or HHS joint use areas. No private office shall exceed 350 usf.² All proposals for acquisition of office type space which

¹ An exception to this maximum utilization rate are acquisitions of field office space for 5 or fewer employees in cases where no blocks of space are offered which meet the requirement, after all competitive procedures are exhausted. Other HHS offices in the area, if any, shall first be contacted to see if space may already be under lease which will accommodate the requirement.

²Offices of over 250 usf are reserved to agency heads or equivalents, or department level officials (Deputy Assistant Secretary or higher).

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exceed this maximum utilization rate and/or include HHS joint use space, will require prior approval from OASAM's Office for Facilities Management and Policy (OFMP). Requests for approval to acquire space should be explained in a memo transmitting the subject Program of Requirements (POR) to the OFMP Director, who is the Deputy Assistant Secretary for Facilities (DASF), at the time the POR is assembled. If an approved acquisition later requires additional space due to building characteristics discovered during design and layout, approval of the OFMP is required before moving to acquire the additional space.

For purposes of this directive, Special Space includes the following:

- LAN rooms
- break/kitchen rooms
- telephone rooms or closets
- copy rooms
- reception areas
- libraries
- training rooms (non-staffed)
- meeting rooms

HHS Joint Use applications may include the following (with prior justification and approval):

- cafeterias/vending stands
- day care facilities
- Health Units
- data centers (shared by installation)
- fitness centers
- travel offices
- credit unions
- conference centers (shared by installation)
- training centers (staffed full time)
- Libraries (staffed full time)
- printing and reproduction units (staffed full time)

EFFECT ON PRIOR POLICY

All existing policies inconsistent with the provisions of this policy (i.e., Office and Related Space Utilization Rate) are superseded.

EFFECTIVE DATE

This policy directive is effective upon date of signature.



Ed Sontag
Assistant Secretary for
Administration and Management, OASAM, OS

Date: 7/14/03