



US Department of State Domestic Real Property Portfolio –

Mission Driven Real Estate Strategies

OFFICE OF OPERATIONS (A/OPR)

MAY 16, 2019

April 16, 2019



Agenda



- Why We Need Real Estate
- Portfolio Scale and Diversity
- Translating Mission to Real Estate Strategies
- History and Examples
- Asset Management Challenges
- Future

We provide the physical infrastructure for U.S. Diplomacy worldwide



Domestic Real Property Facts & Figures



- **The State Department occupies about 9 million rentable square feet domestically.**
 - National Capital Region: 7 million rentable square feet over ~70 locations
 - Field: 2 million rentable square feet over ~80 locations
- **Domestic State Department space accounts for about 2% of GSA's total leased inventory**
- **Tremendous Variety of Owned and Leased Arrangements, Operating Agreements, etc.**
 - State Owned and State Direct Leased
 - GSA Owned - Full and Partial Delegations
 - GSA Owned and GSA Leased – Full Service and Net Utilities

Real Estate Portfolio: Overseas and Domestic



Domestic: 150 Locations

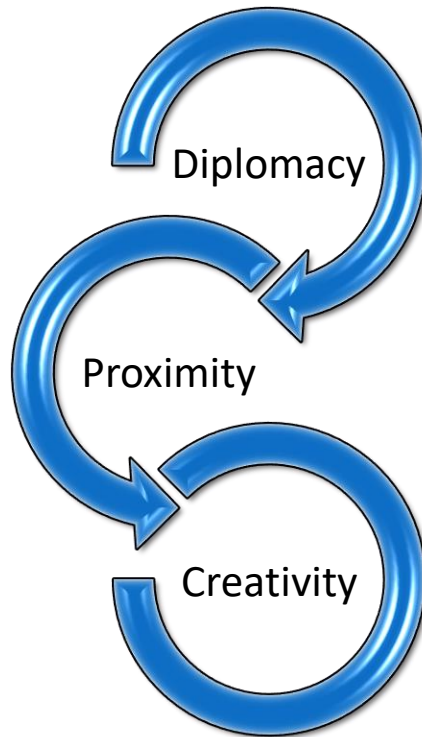
9 million GSF

Overseas: 385 Locations

90 million GSF



Translating Mission to Real Estate



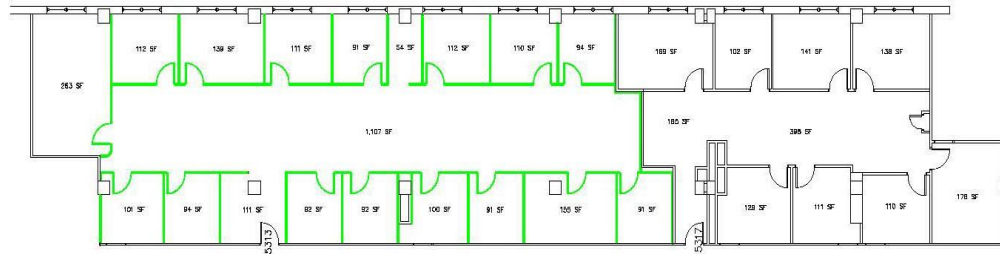
- **Diplomacy requires proximity**
 - Foggy Bottom: Regional & Functional Bureaus
 - Rosslyn: Management Bureaus
- **Proximity requires creativity**
 - Densification
 - Back office relocations
 - Strategic purchases



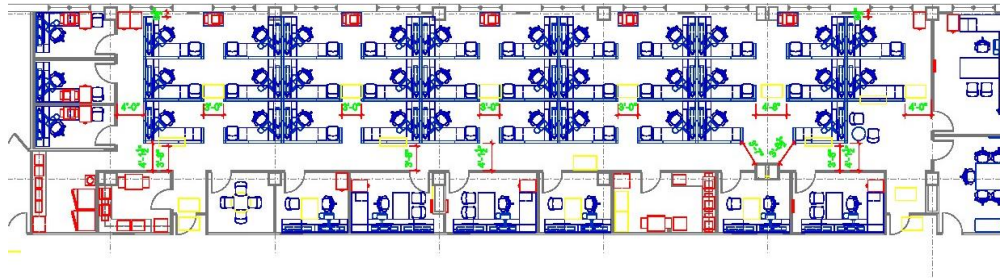
Space Allocation Standards



- Typical floor plan before implementation of Space Allocation Standards (25 seats):



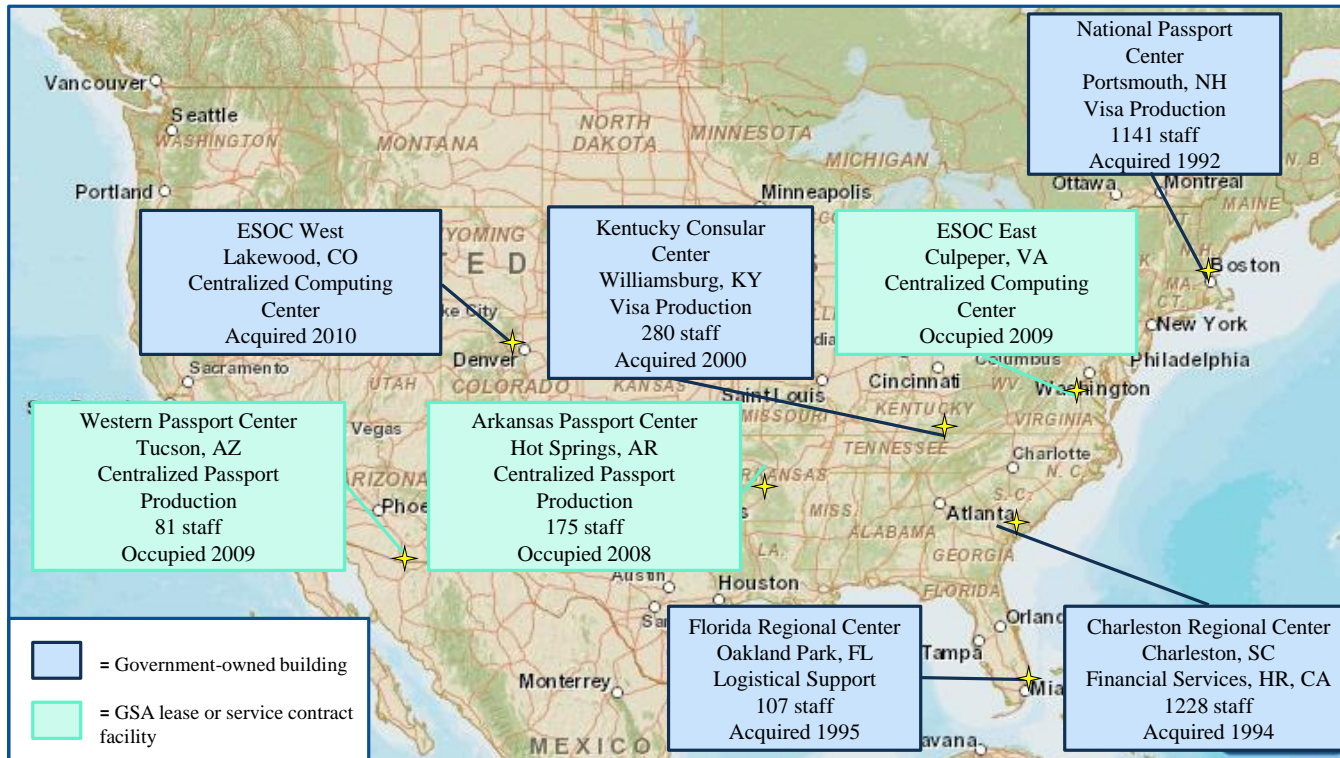
- After implementation (42 seats):



40% Increase in Density!

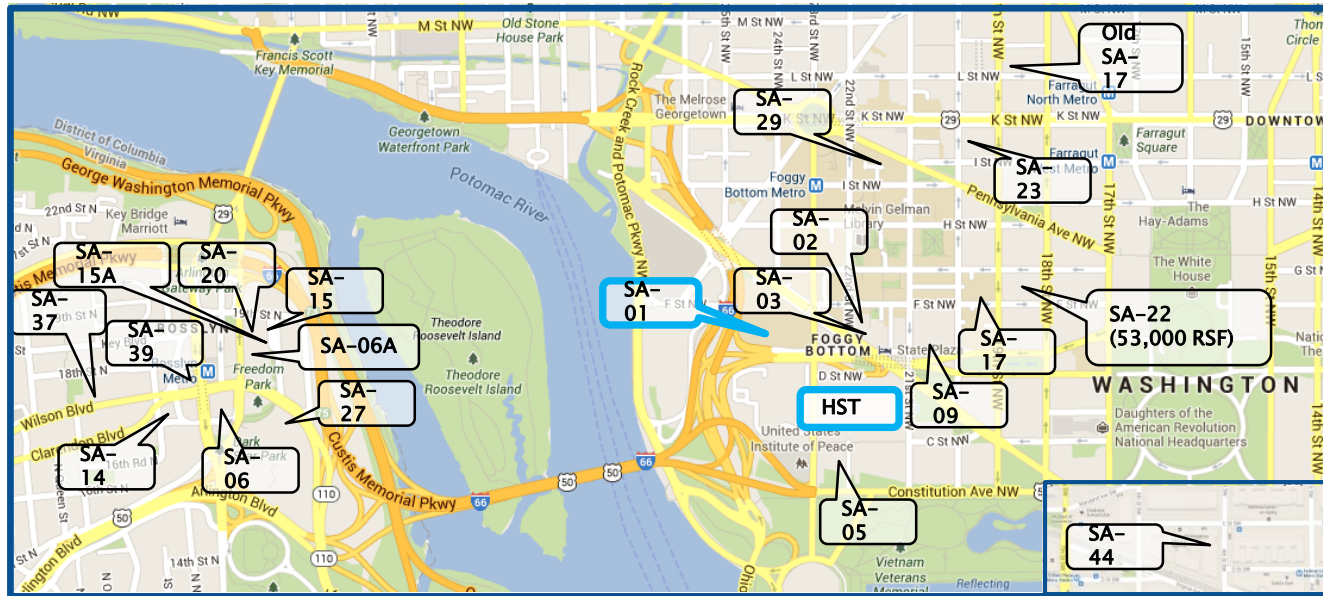


Back Office Functions Relocated Outside the National Capital Region



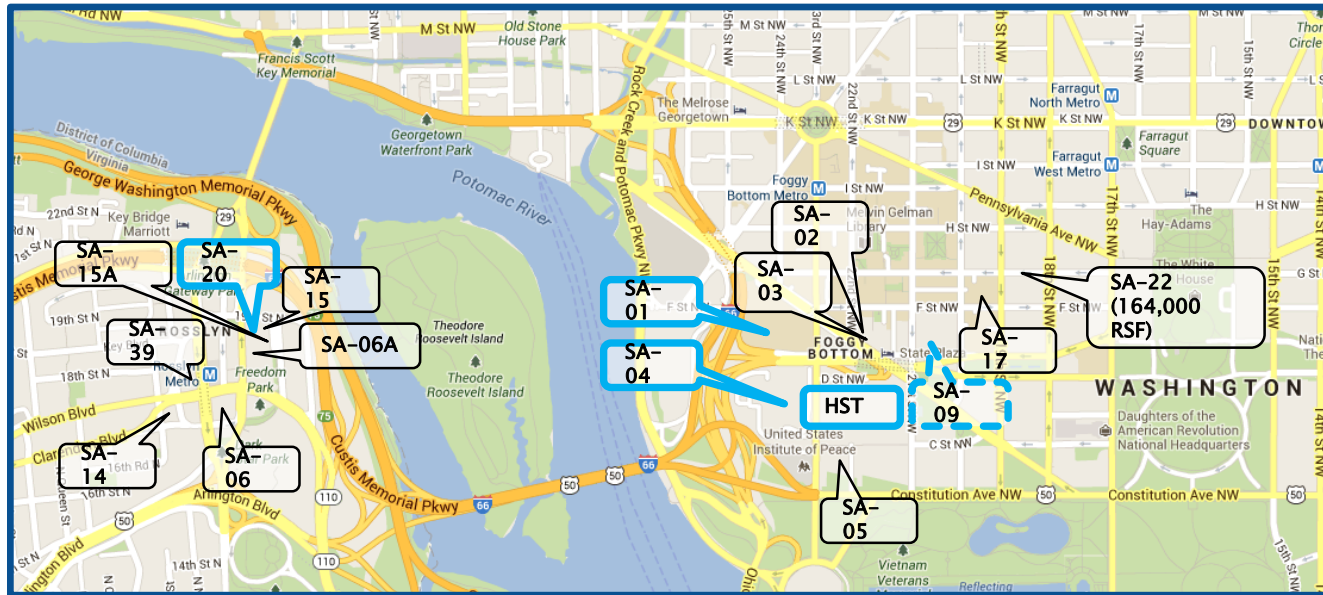


Consolidation Projects: 2012



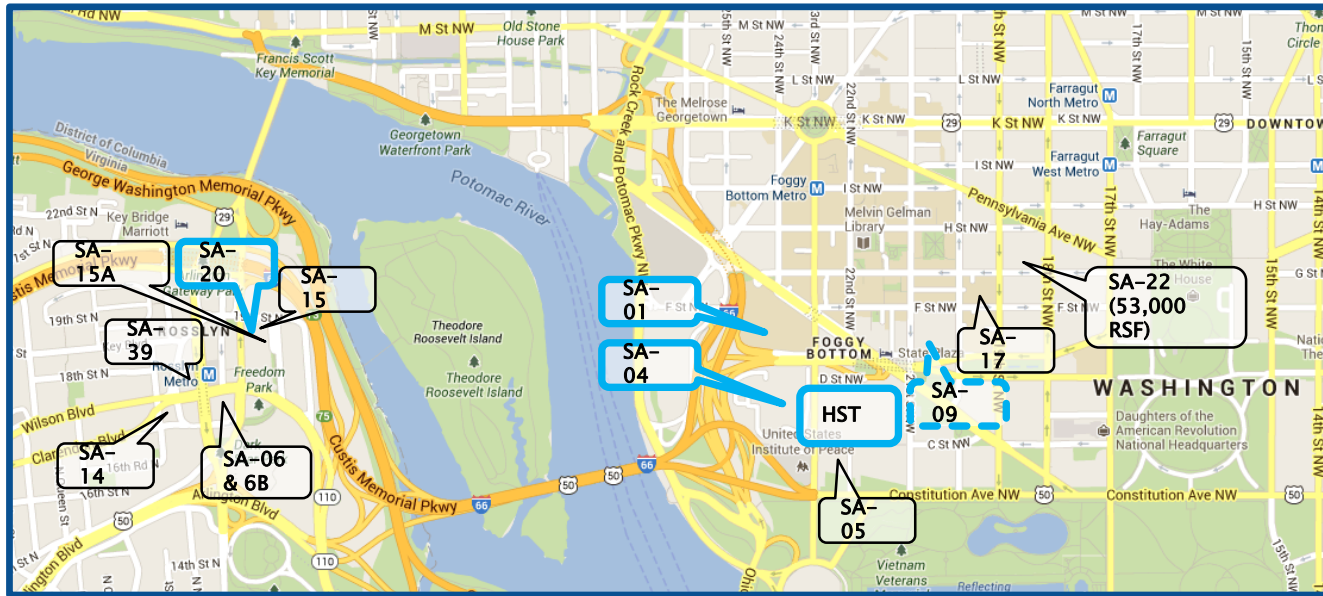


Consolidation Projects: 2018





Consolidation Projects: 2020





Linking Facilities Management to Organization Strategy



- The Department of State's real property portfolio provides the essential physical infrastructure necessary for America to effectively conduct the diplomatic mission at home and abroad.
- **Condition, capability, and performance of the real property portfolio directly effect safety, security and the effectiveness of Diplomacy.**
- Whether owned or leased, facilities represent past decisions that either **enhance** or **constrain** an organization's ability to perform its mission.
- Linking mission outcomes to portfolio Key Performance Indicators connects real property decisions with organizational strategy and objectives; **enhancing performance.**
- **Facilities management is a critical part of any organization's overall long-term strategic plan.**

"Physical facilities can have a large role in determining productivity, supporting innovation, efficiency, employee satisfaction and public perception of the organization. Every dollar invested in maintaining and improving facilities must be analyzed for a return on investment (ROI)."

- IFMA Facility Forecast Reports, 2007 and 2011



Total Cost of Ownership (TCO)



Planning
Acquisition
Project Development
Design
Construction
Commissioning

Operations & Maintenance

Labor/Contracts
RCM/PM
Energy & Utility Management
Measure/Monitor Performance
Technical Support
Space Re-Utilization/Kinetic Environment

Recapitalization

Periodic Assessments/Re-Commissioning
LRFP/EULs
Infrastructure Re-Development
Major Rehab/ Renovation

Decommissioning/Disposal



ISO 55000 Framework for Success



Strategy & Planning



Asset Information & Systems



Asset Management Decision Making



Human Capital



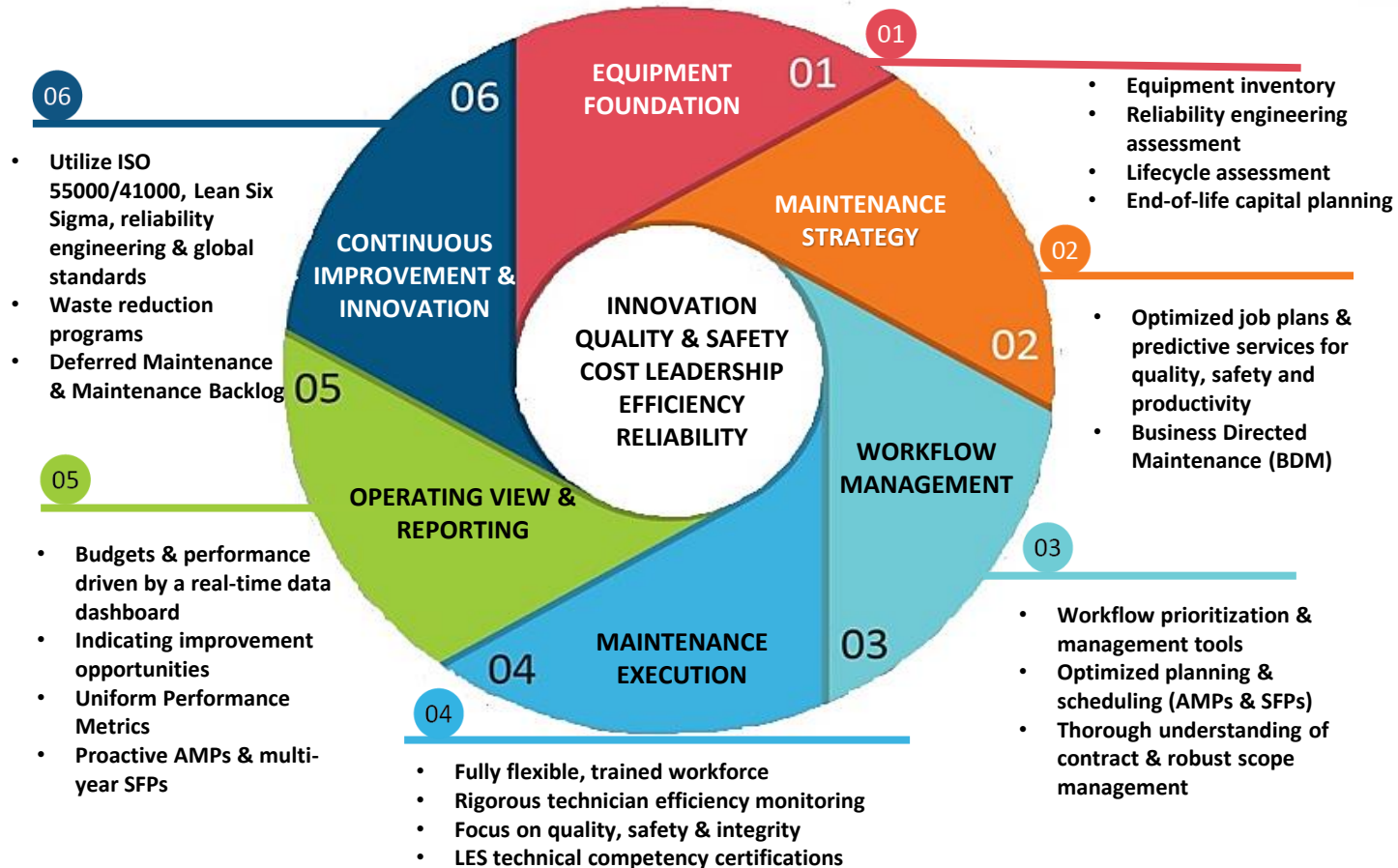
Life Cycle Delivery



Risk Monitoring & Management



O&M Optimization





Road to Gold





Future Projects



○ Upcoming Projects:

- Charleston, SC Parking Garage
- Walter Reed Redevelopment
- NFATC Classroom Building
- Northern Virginia Lease Consolidation



Questions?



“After you have done a thing the same way for two years, look it over carefully . After five years, look at it with suspicion. After ten years, throw it away and start over.”

- Alfred Edward Perlman

“The definition of insanity is doing the same thing over and over and expecting different results.”

- Albert Einstein