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EBAP/84/129

June 13, 1984

To: Members of the Executive Board

From: The Acting Secretary

Subject: Leasing of Office Space

The attached paper on proposed leasing of office space has been tentatively scheduled for Executive Board consideration on Friday, June 29, 1984.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. Kaiser (ext. (5)7461).

Att: (1)

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INTERNATIONAL MONETARY FUND

Leasing of Office Space

(Prepared by the Administration Department)

June 13, 1984

In describing the Program of Work in Financial Year 1985, the Managing Director:

".....noted that growing space needs arising from the automation program and some increases in staff numbers may make it necessary during the course of the year to request Executive Board approval for the rental of additional office space."
(EBAP/84/64, 3/30/84, paragraph 15).

This conclusion was based on a recently conducted comprehensive survey of office space which revealed that after taking into account increases in departmental staff ceilings, approved in the budget for FY1985, and conservative estimates of offices needed for consultants and contractual staff, there are only 36 surplus offices currently available either within the headquarters building or under lease at International Square. Technically, there are an additional 14 surplus offices on floors 11, 12, and 13 at headquarters, including 6 "VIP Suites"; however, these are in almost constant use to accommodate office needs of Executive Directors, visiting delegations and other working groups, the External Audit Committee, and special groups connected with the Annual Meetings and meetings of the Interim and Development Committees. It is felt, therefore, that it would be neither convenient nor desirable to plan on locating staff, except on a very short-term basis, in these offices. The available surplus, therefore, is confined to floors 3-10 at headquarters (22 offices) and to the two floors (5 and 6) of leased space at International Square. Moreover, the 36 surplus offices are very unevenly distributed between floors.

The current surplus represents a reserve of approximately 2 percent of the staff ceiling. Even if the space were evenly distributed, it could not be considered sufficient to accommodate the Fund's needs through this financial year. There are a number of factors, in addition to changes in staff ceilings, which influence the availability of spare office space. While there are always some staff vacancies in the Fund which do provide the occasional office for temporary use, this small, transitory reserve is more than offset by a number of requirements for offices over and above those necessary to accommodate the normal complement of staff. For example, the IMF Institute has a growing need for

offices to be used as small seminar and counselling rooms in connection with its steadily increasing enrollment (i.e., 300 participants in calendar year 1982, 412 in calendar year 1983). Moreover, the population of consultants and contractual staff for whom offices must be provided, has been derived from budgeted data which is expressed in man-years of work and, thus, cannot take into account periodic concentrations. We will also need space to accommodate the Legal Assistance Consultant who is presently housed in the World Bank, but starting in August will devote exclusively her services to the Fund staff. Finally, at times, groups of offices to accommodate transients, which are concentrated on floors 11, 12, and 13, are insufficient to meet demands and the overflow has to be housed in makeshift accommodations on other floors. These various factors will tend to erode dangerously the small reserve of space we have at present. We consider a margin below 2 percent as inadequate to provide the requisite degree of flexibility in accommodating future space needs under even the most conservative assumptions.

A block of space comprising 5,064 sq.ft. on the 5th floor of Phase II of the International Square building (1875 Eye Street, N.W.), in very close proximity to space the Fund currently leases, will become available on July 1, 1984. It has been offered for the Fund's consideration at the same rate the Fund presently pays for other leased space (approximately \$26 per sq.ft. per year); in addition, the lease would be made for a period coterminous with the Fund's other leases. Options to renew the lease would also be provided in parallel with the Fund's other leases. This block of space would provide a most desirable increase in the degree of flexibility available to the Fund during the current financial year, and would materially contribute to the maintenance of a 2 percent safety reserve for FY1986. Most importantly, it is the only block of space in reasonable proximity to the Fund's current leasehold which will become available in the foreseeable future.

While it might in theory be possible to wait for a few more months before securing additional space, this alternative would put the Fund at the mercy of the volatile Washington real estate market and might force us to seek space in desperation at the very last minute. In the likely event that no space would be available at that time in the International Square building, the leasing of space elsewhere would result in organizational problems and in the duplication of essential support services such as security, messenger, and telephone services.

It is therefore recommended that the Executive Board authorize the management to enter into a lease with the Oliver T. Carr Company, for this small amount of space. It is currently composed of 5 large offices, 4 small offices, a reception area, and a large interior open space of approximately 1,000 sq.ft. in size. The space is in very good condition and is finished to an entirely acceptable standard. It is planned to use it initially as close to "as-is" condition as possible with a view toward spending no more than \$10 per sq.ft. to prepare the space for Fund

occupancy (for furniture, telephone and electrical service, minor alterations, moving services, etc.). It is envisioned that the space would be allocated for individuals or small self-contained units which do not require a headquarters location or which can function effectively outside the headquarters security envelope (e.g., Fund Legal Assistance Consultant's Office, Grievance Committee Chairman's Office, Retirees' Office, consultants, etc.). The cost of this space in FY1985 would be \$160,360 ($5,064 \times \$26 \times 10/12 = \$109,720$ in rent from 7/1/84 through 4/30/85 plus $5,064 \times \$10 = \$50,640$ for occupancy).

Proposed Decision

In light of the foregoing, the following draft decision is proposed for adoption by the Executive Board:

The management is authorized to enter into a lease for approximately 5,064 sq.ft. of office space at the International Square building (1875 Eye Street, N.W.) and expend funds not to exceed \$10 per sq.ft., to prepare the space for occupancy as outlined in EBAP/84/129. As in the case of previous leases, the lease may, if necessary, include a waiver of the Fund's immunity from suit on matters arising under the lease.