

Agenda Item: ID# 19-11275 (10:35 A.M.)

Date: 9/19/19

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Additional Information

Agenda Related Item(s) – ID#19-11275 (10:35 A.M.)

Item(s)

Appearance by Jason Sisk to discuss the closure of the IRS Submission Processing Site and free parking at 700 "P" Street building under construction

Contents of Supplement: Newspaper Article

(This material was distributed during the Council meeting.)

Supplemental Information:

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

Americans with Disabilities Act (ADA):

The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, sign language interpreters, assistive listening devices, or translators should be made one week prior to the meeting. Please call City Clerk's Office at 621-7650. Please keep the doorways, aisles and wheelchair seating areas open and accessible. If you need assistance with seating because of a disability, please see Security.

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Wanted: A new landlord for the IRS in Fresno

David Castellon - STAFF WRITER

Nobody likes paying taxes, but maybe somebody would like to own the building where tax returns are processed.

That's the hope of the owners of the nearly 50-acre IRS property at 5045 E. Butler Ave. in southeast Fresno, which is surrounded by chain-link fencing with no signs outside indicating its purpose.

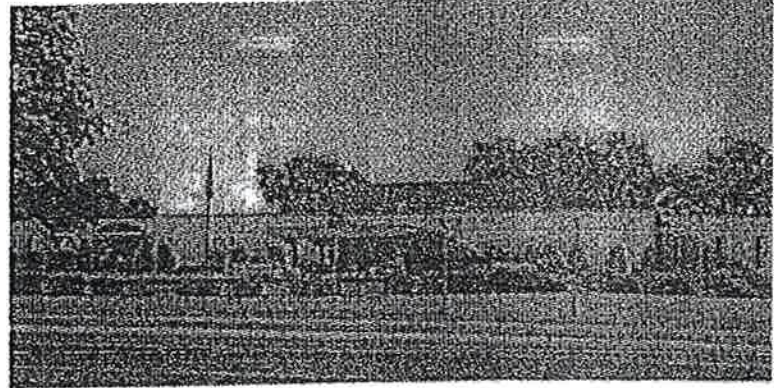
It's no secret that since 1972, the 531,000-square-foot building on the site has been the Internal Revenue

Submission Processing Center, where mailed-in tax returns are processed.

A lesser-known fact is that the federal agency doesn't own the property, but rather leases it from its owner, a real estate investment trust, and the group operating it has put the site up for sale.

"It's going out unpriced," so anyone making an opening bid has a lot of room for making

IRS | 5



CONTRIBUTED | The Internal Revenue Submission Processing Center in southeast Fresno, where mailed-in tax returns have been processed for the past 45 years is up for sale. The IRS plans to vacate the leased building after the end of the 2021 tax season.

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an offer to start negotiations, said Phil Souza, senior vice president for Newmark Grubb Pearson Commercial Real Estate in Fresno, which is representing the trust in the sale.

The site features nearly 13 acres of warehouse and office space under one roof, along with about 2,600 parking spaces.

"It can go to an office user and have applications for industrial [uses]," Souza said, adding that other possible uses include a call center or data processing center.

But whoever buys the site will not be able to convert the property to new uses right away, as the IRS' lease doesn't end until 2021, so "The lease goes with the purchase," he said.

In recent years, the IRS has consolidated its number of centers around the country to process mailed-

in tax returns from 10 to five, and last year the agency announced plans for further consolidation with plans to vacate the Fresno center at the end of the 2021 tax season and shut down two others in Covington, Kentucky and Austin, Texas through 2024.

As for why, "The percentage of individual tax returns filed electronically grew from 58 percent in 2008 to 86 percent in 2015, representing 128 million 1040 forms. The IRS anticipates the trend away from paper filing continuing in future years," states a press release issued by the agency last year.

After the closures, the IRS will have just two sites processing paper tax returns in Ogden, Utah and Kansas City,

Members of the trust owning the Fresno building declined to be interviewed about the planned sale.

David Castellon | Reporter can be reached at: 490-3464 or e-mail: david@thebusinessjournal.com

IRS will spend over \$25 million on this lease between when the building was for sale for \$47 million and when lease expires in Sept. 2021. Very likely could've bought it for considerably less than that & put that money towards the purchase to retain jobs here in Fresno & our Central Valley! 4 of the 5 operations at this site still have seasonal employees working year around without furlough because the workload. Still warrants it! we have the largest labor pool to attract & retain employees for this work as well as the "rest of the U.S." locality pay (lowest) which means there is no reason for us to lose these jobs and the work to Ogden or K.C. except they have a C-5A owned building.

Congress of the United States
Washington, DC 20515

June 19, 2019

Mr. Charles P. Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Commissioner Rettig:

It is our understanding that the IRS facility in Fresno, CA, will stop processing paper tax returns in September 2021. We are concerned about the impact on current IRS employees, including the potential elimination of 1,800 permanent, seasonal, and part-time jobs at the Fresno center. While we strongly believe the IRS should reconsider its plan to cease paper return processing operations in 2021 in Fresno, it is imperative that the Service finds ways to mitigate the adverse impact on the Fresno workforce and our local community.

Rather than mass layoffs, the IRS should consider transitioning impacted employees to roles supporting other functions currently being performed in Fresno, including Accounts Management, Compliance, Call-Sites, and Automated Collection System. Now is the opportunity to begin this realignment and ensure employees are fully trained and prepared for their new duties.

In addition to paper tax return processing, Fresno is home to a number of important functions, including customer service and enforcement operations. Transitioning impacted employees into these roles will not only expand the capacity of the IRS to carry out its enforcement and taxpayer service responsibilities, but also allow the Fresno facility to retain the expertise of its paper processing employees. These employees have provided years of services to the IRS and our country and have played a vital role in the administration of our nation's tax system. Rather than displacing them, the IRS should consider all opportunities to bring new work to Fresno and retain their valuable knowledge and experience.

Retaining the dedicated and experienced employees processing paper returns is critical in light of the dramatic cuts to the IRS workforce over the past 9 years. Since FY 2010, the IRS has lost more than 23,000 full-time employees, which is straining the ability of IRS employees to carry out their enforcement and taxpayer service responsibilities.

The aging of the IRS workforce is further exacerbating the dire staffing situation at the Service. More than 30 percent of the IRS workforce will be able to retire by 2020, presenting the Service with the difficult challenge of replacing thousands of workers and the institutional knowledge they take with them each year. The retirements of some of the

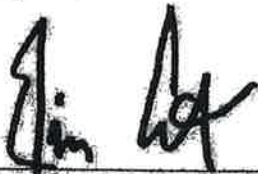
Service's most experienced personnel, including those working in Fresno, will only further stress the current IRS workforce already straining under a rising workload.

Finally, we ask that all affected workers be treated fairly and have access to career counseling services. The hardworking men and women at the Fresno facility have dedicated years of service to the IRS and the local community. They are skilled employees who are vital to our nation's tax system and our region's economy. It is important that they are provided with options to continue their careers at the IRS and receive priority standing when applying for positions with other federal agencies.

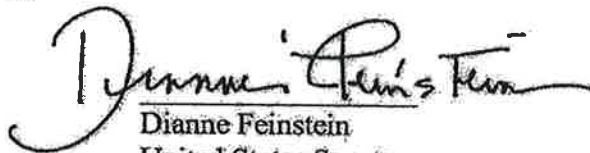
As we approach 2021, we look forward to working with you to identify additional opportunities for new work at the Fresno facility that minimizes the impact on the dedicated and experienced employees processing paper returns.

Thank you for your prompt attention to this matter. We look forward to your response.

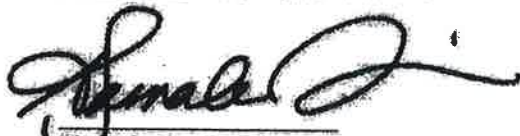
Sincerely,



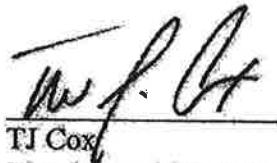
Jim Costa
Member of Congress



Dianne Feinstein
United States Senator



Kamala D. Harris
United States Senator



TJ Cox
Member of Congress



COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

July 25, 2019

The Honorable Jim Costa
U.S. House of Representatives
Washington, DC 20515

Dear Representative Costa:

Thank you for your letter of June 19, 2019, requesting information on our proposed plans for Submission Processing (SP) Operations in Fresno, California. I'm pleased to provide you with an assessment of our progress in providing opportunities to impacted employees.

We value our employees in all locations. With three major SP sites consolidating (Cincinnati, Ohio in 2019; Fresno, California in 2021; and Austin, Texas in 2024), IRS leadership is committed to help our impacted employees make informed decisions about their future. We continue to gather lessons learned in Cincinnati, as we turn our attention to similar challenges in Fresno.

On May 10, 2019, the Fresno National Treasury Employees Union (NTEU) was officially notified of the SP consolidation, and negotiations began in June. The Fresno NTEU has expressed an interest in having similar mitigations that were granted in Cincinnati such as Voluntary Early Retirement Authority/Voluntary Separation Incentive Payments, and Reassignment Preference Notices.

We developed the "Think Submission Processing First" campaign to encourage our business units to consider eligible SP employees when their managers are hiring and making decisions on placement of new work. Coordination between business units, and efforts to help employees apply for jobs, are a priority in everyday operations. With Fresno, we have two more years to continue this communication and help SP employees transition into positions outside of SP or careers outside of the IRS.

We are partnering with all IRS organizations and other government entities to offer job fairs. Our efforts included a community career that the Fresno campus recently hosted. Participating organizations included security firms, the Fresno Unified School District, Fresno County, City of Fresno, U.S. Departments of Veterans Affairs and Homeland Security. IRS organizations included Accounts Management, Automated Under Reporter, Automated Collection System, and Campus Collection functions. We estimate that over 600 employees attended the event.

At the announcement of SP consolidation in September 2016, Fresno SP had approximately 3,000 employees. As of April 2019, the total is down to approximately 1,700. This reduction is attributable to new job placements and separations from the IRS, including retirements and resignations.

We continue to work with all the consolidating sites to ensure that we do everything we can to support our impacted employees, and we look forward to providing you future updates on our efforts.

I hope this information is helpful. I am sending a similar letter to your colleagues. If you have any questions, please feel free to contact me, or a member of your staff may call Leonard Oursler, Director, Legislative Affairs, at 202-317-6985.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles P. Rettig". The signature is written in a cursive, flowing style with some loops and flourishes.

Charles P. Rettig