

# VFA Multi-Government Capital Planning

## Completing the Real Property Puzzle

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# Overview and Capital Planning Drivers

- Globalization
- Outsourcing
- AEC-FM Integration (data commissioning)
- **Executive Order #13327**
- GASB 34/35, FASB, FASAB
- Internet
- IAI/Foundation Classes (BIM)
- Workflow
- Collaboration
- IRM
- COOP/Disaster Planning
- Performance metrics (accountability)

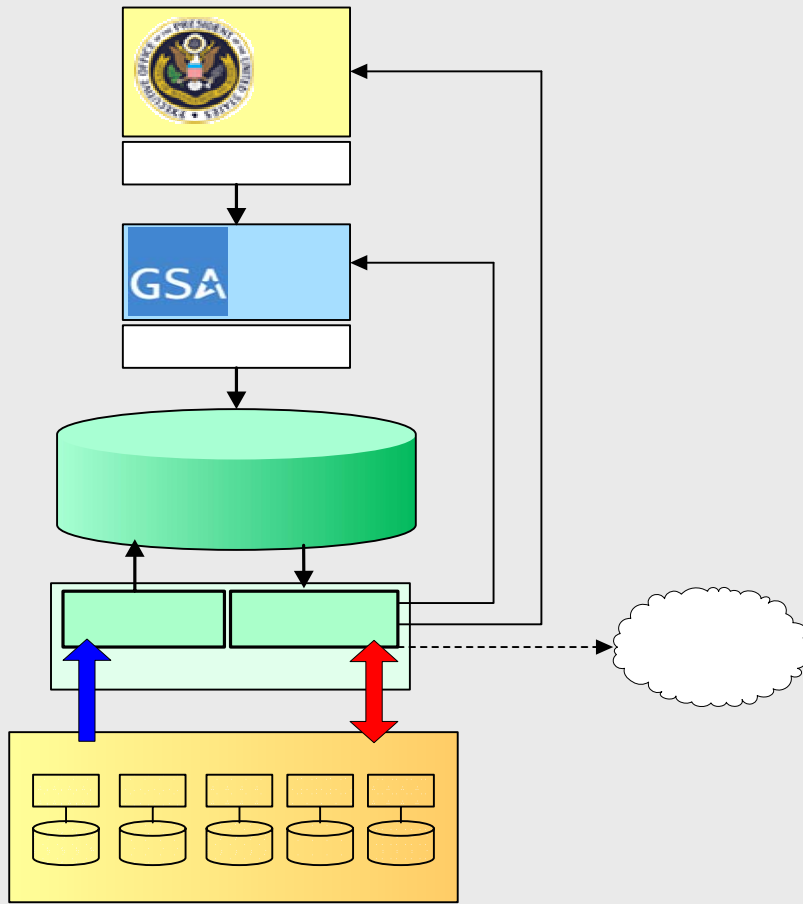
# Executive Order #13327

- **Federal Government Real Property Portfolio Profile:**
  - Portfolio valued at \$326 Billion (2003)
  - 3.3 billion square feet of building space
- 655 million acres of land
- ~90% owned assets, ~10% leased assets;
- \$6 billion annually spent on leasing costs



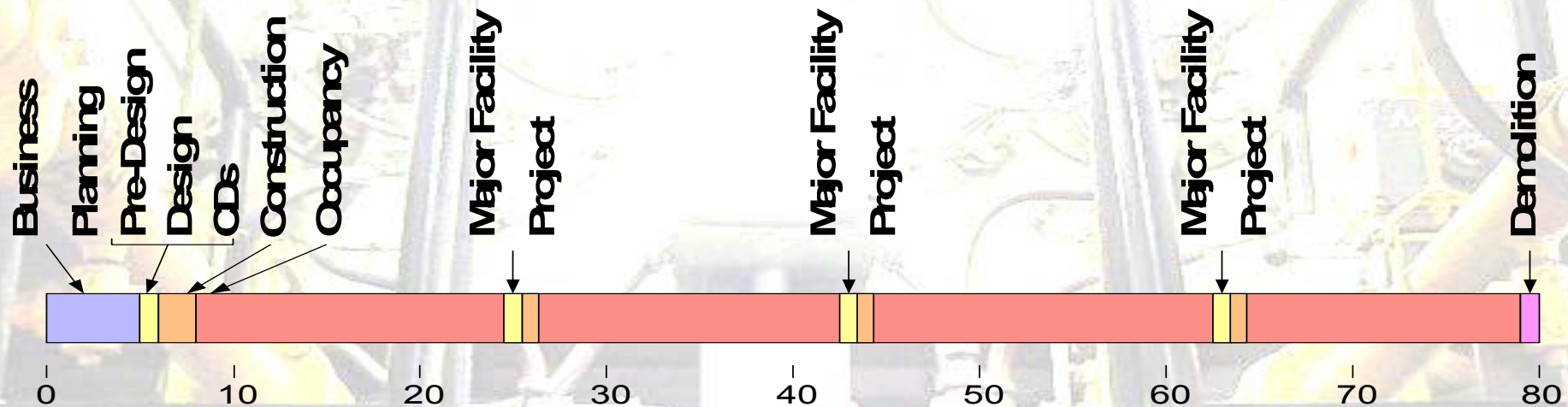
# EO #13327 Key Capabilities

- Created to promote efficient and economical use of the Federal government's real property assets
- Established the position of Senior Real Property Officer (SRPO)
  - Directed the SRPO's to develop and implement asset management plans
- Created the Federal Real Property Council (FRPC)
  - Asset Management
  - Performance Measures
  - Inventory
  - Systems
- Directed the development of agency asset management plans and performance measures
- Directed the establishment of a governmentwide real property inventory database



# Structure

- **Federal Real Property Council (FRPC)**
  - Clearinghouse for best practices
  - Guidance for Improved Asset Management



# Guidance for Improved Asset Management

- Guiding Principles: The Guiding Principles serve as the FRPC's strategic objectives for real property management improvement. Agencies must ensure that all real property initiatives are carried out consistent with these principles.
- Asset Management Plan: Each agency will draft an Asset Management Plan (AMP) that addresses, at a minimum, the FRPC Guiding Principles and the AMP required components. AMPs are subject to Office of Management and Budget (OMB) review and approval. The FRPC guidance includes a "shelf document" that agencies are encouraged to use as a template for drafting the AMP.
- Property Inventory Data Elements and Performance Measures: The FRPC has identified and defined 23 mandatory data elements that will be captured and reported by all agencies. These data elements support the goals of the executive order, as well as the requirements of the Performance Measures Committee.

# Guiding Principles

- Support agency missions and strategic goals
- Use public and commercial benchmarks and best practices
- **Employ life-cycle cost-benefit analysis**
- Promote full and appropriate utilization
- Dispose of unneeded assets
- Provide appropriate levels of investment
- Accurately inventory and describe all assets
- Employ balanced performance measures
- Advance customer satisfaction
- Provide for safe, secure and healthy workplaces

# Data Elements/Measures

- **Primary Data Elements (23)**

- Asset ID
- Location/Address
- Real Property Type
- Real Property Use

- **FCI**

- Legal Interest
- Status
- Historical Status
- Using Organization

- Size
- Value

- Operating costs
- **Data Elements & Performance Measures:**

- Utilization
- **Condition Index**

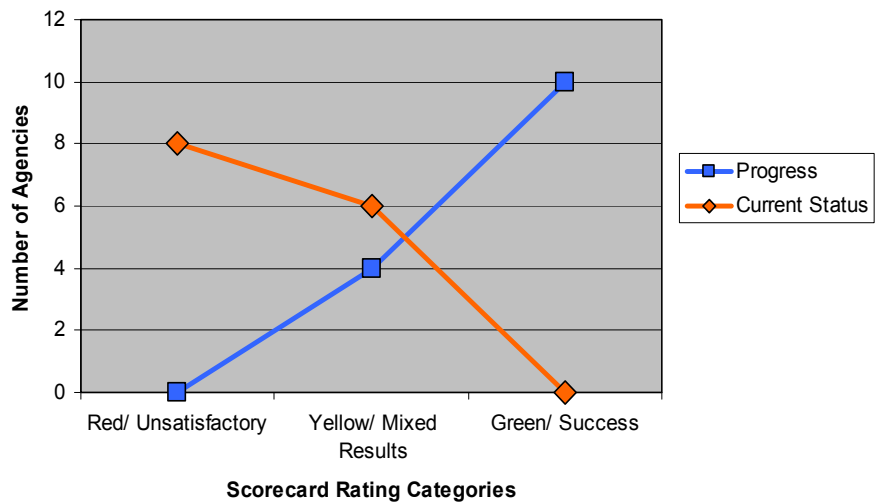
- Mission Dependency
- Annual Operating Costs

[www.whitehouse.gov/news/releases/2004/02/20040204-1.html](http://www.whitehouse.gov/news/releases/2004/02/20040204-1.html)

2006

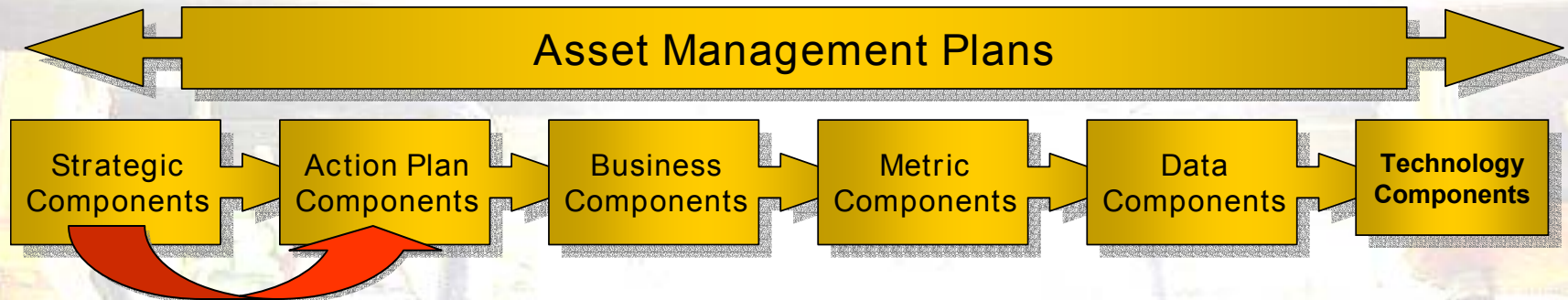
- **BIM**
- **Energy**
- **Sustainment**

**OMB's Real Property Asset Management Scorecard  
June 2005**



	Yellow	Yellow	Yellow	Red	Red
	Yellow	Green	Green	Green	Yellow
	Red	Yellow	Yellow	Red	Red
	Yellow	Green	Yellow	Yellow	Red
	Yellow	Green	Yellow	Red	Red
	Red	Yellow	Red	Red	Red
	Red	Green	Red	Yellow	Red

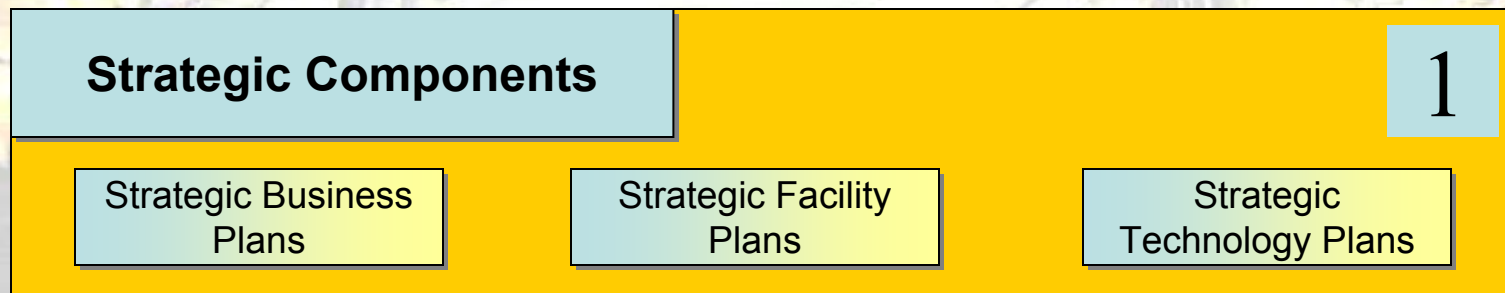
# Linkages – Strategic Plan to the Action Plan



- The Strategic Plan looks out five plus years
  - It defines a direction for the business
  - It provides a reality check for day to day decisions
- The Action Plan looks to turn the Strategic Plan into reality
  - Sets realistic goals and objectives
  - Provides timeframes - schedules
  - Assigns responsibility and accountability
- Relationship - The action plan is driven from the strategic plan - if a connection between the strategic plan and the action plan cannot be clearly documented it does not belong.

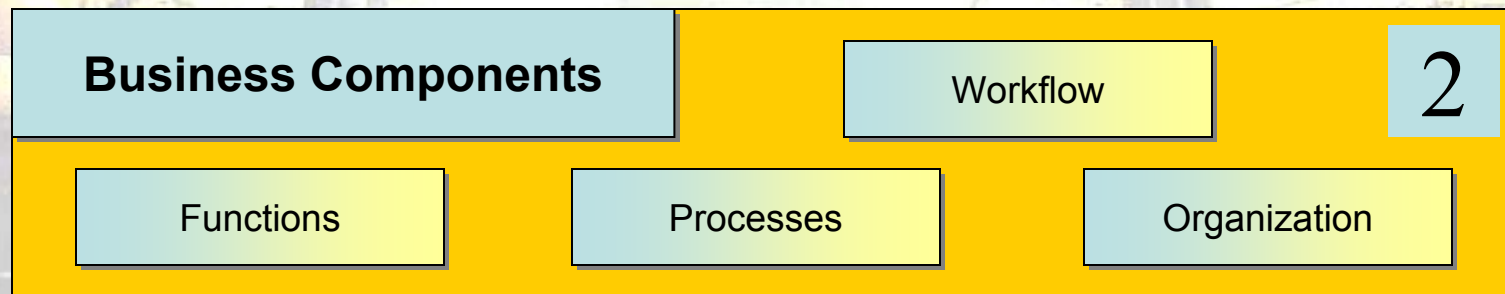
# Strategic Components

- The Strategic Business Plan
  - How is the Corporation or Agency defining its strategy?
- The Strategic Facility Plan
  - How does the AMO's Strategic Plan support the Business Objectives?
- The Strategic AMO Technology Plan
  - How does Technology enable the strategic objectives of the business and the AMO



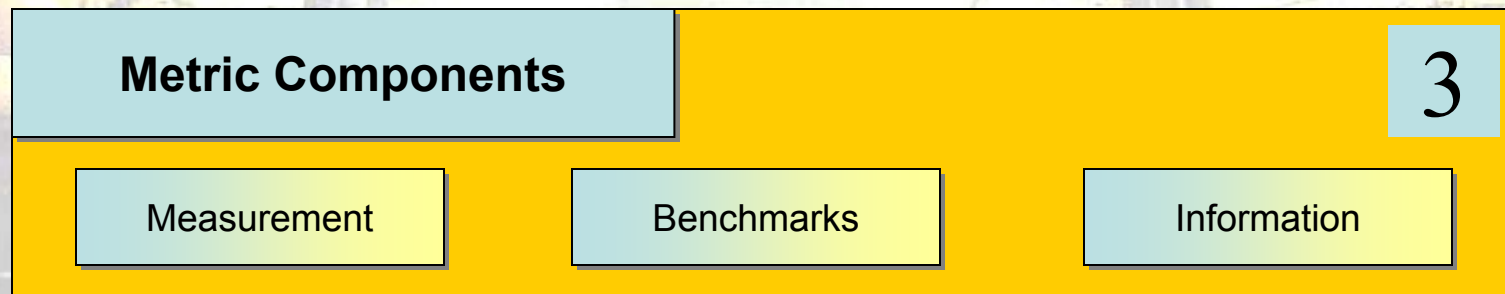
# Business Components

- What are the functions assigned to the AMO?
- What processes have been developed to accomplish these functions?
- How do these processes relate to the organization?
- How is workflow integrated into the business process?



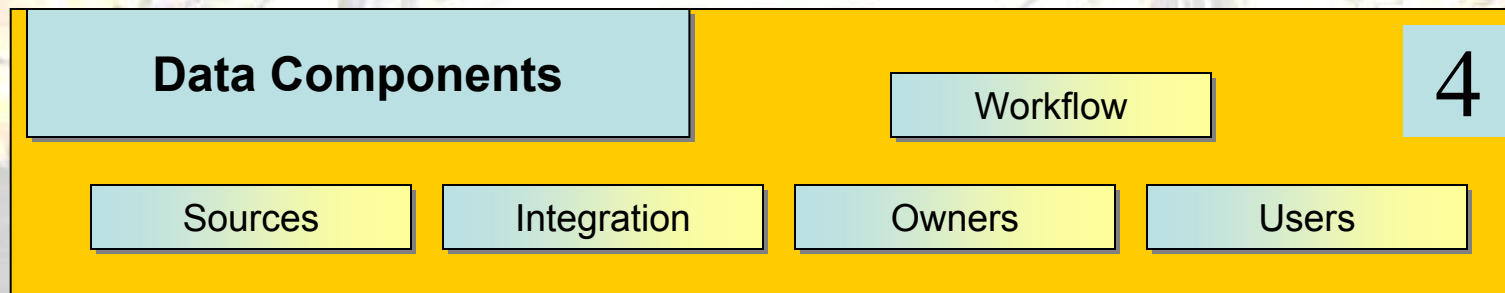
# Metric Components

- Can each of the processes be measured?
- Have benchmarks been assigned to each process?
- What information is required to track the progress of each process?



# Data Components

- What is the source of the information?
- How can this information be integrated into the enterprise architecture?
- Who owns the information - accountability and responsibility?
- Who are the users of the information?
- How does it fit into the workflow?



# Technology Components

- What applications manage the information?
- How are the owners and users trained to work on the information?
- How is the technology integrated with the business workflow?



Evaluation of Facility Condition Index Programs and Associated IT Requirements at NIH and CDC

# Evaluation of Facility Condition Index Programs and Associated IT Requirements at NIH and CDC

## Policies and Recommended Practices for FCA for the Department and OPDIV/HHS Components



October 2004 – September 2005

# Assessment Approaches

## *Two Recognized Methods*

### 1. Condition Assessment Surveys (FCI)

#### Visual On-Site Assessment

$$\text{FCI} = \frac{\text{Deferred Maintenance}}{\text{Capital Replacement Value}}$$



### 2. Total Life-Cycle Cost Methods (FRI)

#### Desktop Exercise

$$\text{FRI} = \frac{\text{Renewal Requirements}}{\text{Capital Replacement Value}}$$



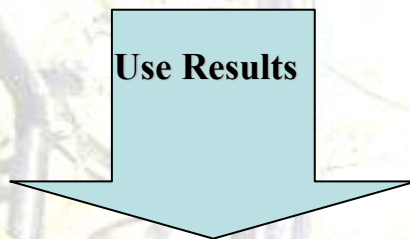
OMB Mandated  
OMB Compliant  
Low Cost  
Projects

## Assessment Approach

### *Proposed Process:*

#### 1. Strategic View = Total Life Cycle Analysis

- Perform Annually for ALL Buildings



WHY?

#### 2. Tactical View = Facility Condition Assessment

- Perform Annually at Selected Buildings  
(5-Year Max Interval)



# Proof of Concept

**43 bldgs, 285K SF, \$72M replacement value, average FCI=83%.**

**Subcontract to assessment & technology vendor**

**Strategic assessment (some results)**

**Used component renewal analysis to create future capital expenditure forecast**

**SA used to select tactical assessment targets**

**SA lower cost and reduced TA effort by 20%**

**FRI values indicated large immediate backlog, large requirement in 2014**

**Tactical assessment (some results)**

**416 systems reviewed. Total FCI = 90.1%, other metrics slightly below targets, general improvement since previous assessment**

**Recommended improvements to component costing methods & analysis of renewal funding levels**

- Integrated Guiding Principles
- Agency-Specific Owner's Objectives
- Periodic Evaluation of All Assets
- Prioritized Operations and Maintenance and Capital Plans
- Identified Resource Requirements to Support Plans
- "Building Block" Asset Business Plans in Agency Portfolio Context
- Continuous Monitoring and Feedback Mechanism
- Consideration of Socio-Economic-Environmental Responsibilities
- Adequate Human Capital Support of Asset Management Organization
- Common Government-wide Terminology

# Ten Guiding Asset Management Principles

- Support agency missions and strategic goals
- Use public and commercial benchmarks and best practices
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