

CASE STUDY



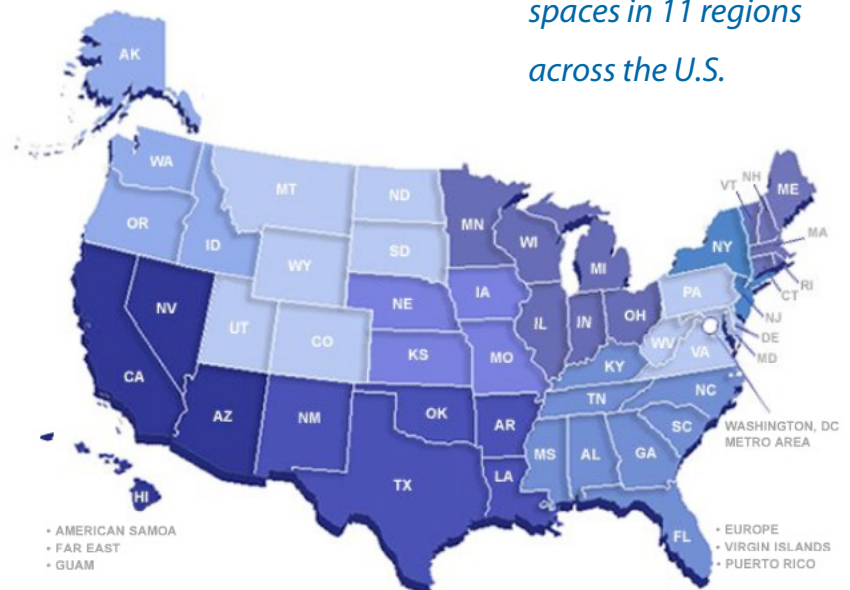
The Largest Public Property Manager in the U.S. Takes a Strategic View of Its Facility Portfolio

Many government organizations and multinational corporations oversee wide-ranging real estate portfolios. However, few are responsible for such extensive property holdings as the U.S. General Services Administration. In addition to its role as the primary procurement arm of the U.S. federal government, supplying equipment, supplies, telecommunications and information technology to other federal agencies, GSA also serves as the government's landlord. In this capacity, it meets the office and other space requirements of 1.1 million federal government employees in 2,100 American communities.

GSA's Public Building Service (PBS), the largest U.S. public real estate organization, oversees an inventory of over 342 million square feet of workspace, comprising more than 1,500 government-owned facilities and 8,000 leased spaces. PBS manages a wide range of property types, including office buildings,

courthouses, post offices and border stations. It maintains more than 400 historic properties, and 100 child care centers. Among some of the better known facilities managed by GSA are the Ronald Reagan Building and the International Trade Center, the largest U.S. federal building after The Pentagon.

GSA's Public Building Service oversees an inventory of more than 1,500 government-owned facilities and 8,000 leased spaces in 11 regions across the U.S.



GSA at a Glance

- Largest public real estate organization in the U.S.
- Divided into 11 regions
- 12,000 employees
- Provides support services for 1.1 million federal government employees
- Manages 1,500+ government owned facilities and 8,000+ leases
- Maintains an inventory of 342 million square feet of workspace

Understanding Facility Condition at GSA

Given the size and range of its building portfolio, maintaining accurate, up-to-date information about the condition of all of the facilities and building systems under its management was a significant challenge for GSA. In order to meet the expectations of Congress that it periodically inspect and document needed repairs and alternations to its buildings, GSA previously completed full Building Engineering Reports on its facilities every five years, and maintained a repository of information about planned five-year work in its Inventory Reporting Information System (IRIS). However, this evaluation process was time-consuming and costly, and resulted in data that was out-of-date almost as soon as reports were completed.

The agency's initial solution to this challenge was the implementation of a set of web-based surveys that enabled field staff in all the GSA's regions to collect consistent information about the condition of the facilities they managed in a central database. Working with VFA, GSA first developed and deployed the web-based Physical Condition

Surveys to collect information about property the agency owned, rather than leased. The surveys further stratified the level of data gathered on each facility according to its mission criticality and current condition. At the most basic level, the surveys captured information such as location, use, square feet and number of floors. At the next level of detail, information was collected about the condition of a subset of a facility's major systems, such as HVAC, electric and roofing systems.

During the initial roll-out of the survey tool, GSA field staff captured information about 182 million square feet of facilities, a little over half of the agency's total portfolio, in two months..

During the initial roll-out of the survey tool, GSA field staff captured information about 182 million square feet of facilities, a little over half of the agency's total portfolio, in two months. The data enabled GSA to calculate an overall Facility Condition Index for each surveyed facility – the ratio of the cost of current facility deficiencies to its replacement value – capturing the total liability for every building, not only the planned five-year work. It also allowed the agency to pinpoint facilities most in need of detailed evaluation, and develop a schedule for more detailed facility assessments.

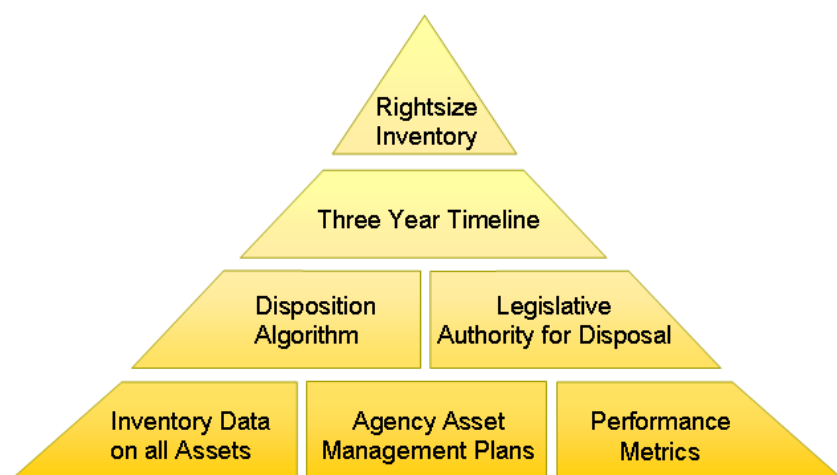
With a baseline of facility condition information in place, and a mechanism for keeping it up-to-date, GSA realized the value this data could add in the ongoing process of formulating and refining its asset management plans. However, the survey system lacked sophisticated analysis tools to enable this evaluation. Therefore, as detailed facility assessments were conducted on identified properties, GSA employed VFA facility software, which supports the collection of similar building and system data as the web surveys, to also enable scenario planning and projection of the impact of different investment levels on facility condition and long-term funding needs.

Evolving Requirements for Federal Real Property Management

This analytic capability, coupled with reliable information about facility conditions, has become increasingly important as federal requirements for real property management have evolved. Federal property management guidelines issued in 2004, under the President’s Executive Order 13327, require that U.S. federal agencies follow specific guidelines to promote efficient and economical use of real property assets and accountability in their management.

It requires each federal agency to determine what it owns, what it needs, and what it costs to manage its real properties. Based on its evaluation of this information, each agency must develop and implement an asset management plan consistent with the goals and objectives set forth in its overall strategic plan. This plan prioritizes actions to be taken – with associated costs – to improve the operational and financial management of an agency’s real property inventory. The Order also requires agencies to measure progress against their asset management goals based on specific performance measures including utilization, condition index, mission dependency, and annual operating and maintenance cost.

With a baseline of facility condition information in place, and a mechanism for keeping it up-to-date, GSA realized the value this data could add in the ongoing process of formulating and refining its asset management plans.



The Federal Real Property Management Initiative Framework is based on a foundation of detailed data about real property assets, an Asset Management Plan that aligns with an agency’s mission, and established performance parameters.

Related Information

- VFA.auditor™ Product Overview
- VFA.auditor™ Federal Real Property Management Survey Overview
- VFA Federal Sector Overview

About VFA, Inc.

VFA helps organizations strategically manage their facility portfolios with Capital Planning and Management Solutions (CPMS™) that combine software, assessment services and business process consulting. Organizations in government, education, healthcare and corporate markets employ VFA solutions to manage over two billion square feet of real estate.

Contact us to learn how VFA can help your organization to optimize its facilities investment.

In the U.S.: (800) 693-3132

In Canada: (888) 685-3757

On the Web: www.vfa.com

Email: info@vfa.com

Achieving Improvements in Real Property Performance

GSA has become a acknowledged leader in implementing the Executive Order 13327 on Real Property Asset Management, taking a prominent role on the Federal Real Property Council. It became the first agency recognized for achieving and maintaining “Green” status on the President’s Management Agenda scorecard, which rates the progress of agencies in implementing policies promoting more efficient use of federal resources.

In fiscal year 2006, GSA demonstrated significant results in rightsizing its portfolio. It met or exceeded Federal

Real Property Council standards for facility conditions in over 75 percent of its inventory. Meanwhile it maintained operating costs at approximately 4.2 percent below market and reduced energy consumption 4.4 percent below the 2005 baseline.

Since the end of fiscal year 2006, GSA has also reduced vacant space from 9.2 percent to 7 percent, significantly below the 2006 industry average rate of 11.6 percent. By eliminating underutilized facilities, including the demolition of 52 facilities totaling

over 15 million square feet, GSA has avoided approximately \$588 million in reinvestment liabilities, providing additional reinvestment dollars for core facilities to support its long-term customer requirements.

Today, GSA is a leader among both public and private sector organizations in ensuring real property assets are maintained in the appropriate condition, at the appropriate cost to help its tenant agencies carry out their missions and that unneeded properties are disposed of in an efficient manner.

GSA became the first agency recognized for achieving and maintaining “Green” status on the President’s Management Agenda scorecard.

It has the processes and systems in place to advance its long-term goal of achieving a viable, self-sustaining inventory of government-owned facilities.

The Web-based surveys GSA developed with VFA have evolved into a suite of surveys, based on the VFA.auditor™ platform, that not only federal agencies but all types of organizations can use to collect baseline data about their real estate assets.