

GENERAL SERVICES ADMINISTRATION
OFFICE OF INSPECTOR GENERAL

**Audit of Prospectus Funding
as a Management Control**

**Report Number A030266/P/4/R05004
February 10, 2005**



Date: February 10, 2005

Reply to

Attn of: James Duerre
Regional Inspector General for Auditing
Southeast Sunbelt Region Field Audit Office (JA-4)

Subject: Audit of Prospectus Funding as a Management Control
Report Number A030266/P/4/R05004

To: F. Joseph Moravec
Commissioner, Public Buildings Service (P)

Anthony Costa
Deputy Commissioner, Public Buildings Service (P)

INTRODUCTION

In accordance with the Office of Inspector General (OIG) Fiscal Year 2004 Audit Plan, we initiated a management control review of construction prospectus funding controls within the Public Buildings Service (PBS).

BACKGROUND

The mission of the PBS, a service organization of the U.S. General Services Administration (GSA), is to provide a superior workplace for the federal worker and superior value to the American taxpayer. PBS is the landlord of the civilian federal government, with a total inventory of over 330 million square feet of workspace for a million federal employees throughout the nation.

PBS' services include the construction, alteration, purchase, acquisition, and leasing of federal buildings and space. When the estimated cost of one of these services exceeds the prospectus threshold established by Congress (currently set at \$2.36 million), PBS is required to submit a prospectus to Congress for approval. The prospectus includes the description and location of the project, a list of the impacted tenants, a justification statement, an estimate of the maximum cost to the United States, and a listing of any prior authority and funding. Prospectuses are developed by regional management for approval by PBS National Office for submission to the Office of Management and Budget (OMB). After the OMB review, the prospectus is submitted to the Congressional authorization and appropriation committees. Once the prospectus is authorized and appropriated, the President signs it and it becomes public law.

In recent years, there have been concerns raised regarding the cost growth in the PBS construction program. Many reports and studies have been conducted to address specific areas of concern including prospectus funding, source selection, and project administration (see Appendix B). The cost growth experienced in the PBS construction program results in a need for additional project funding.

OBJECTIVES, SCOPE AND METHODOLOGY

The objective of this audit was to evaluate the controls in place to ensure that project costs do not exceed prospectus appropriations. We did not extend the audit beyond the survey stage because we found that the controls appeared effective in ensuring project costs do not exceed prospectus appropriations. However, we observed significant overruns on the projects and focused on how these overruns were funded. Our work was conducted in the Southeast Sunbelt, Great Lakes, Heartland, and Pacific Rim regions (Regions 4, 5, 6, and 9 respectively).

To accomplish the objectives of our audit, we selected six prospectus projects and reviewed the management controls in place. Our sample included the following new construction projects (see Appendix C for funding and expense summaries): Columbia, SC Perry Courthouse (Region 4), Montgomery, AL Johnson Annex (Region 4), Cleveland, OH Stokes Courthouse (Region 5), Hammond, IN Courthouse (Region 5), St. Louis, MO Eagleton Courthouse (Region 6), and Phoenix, AZ O'Connor Federal Building-Courthouse (Region 9).

To answer the audit objectives, we reviewed guidelines, policies, procedures, prior audits, and studies related to prospectus funding and new construction; held discussions with regional and National Office officials and personnel; reviewed data contained in several databases, including Financial Management Information System (FMIS), National Electronics Accounting Reports (NEAR), Project Information Portal (PIP), and PBS Capital Projects Program; reviewed prospectus project files and related documentation; and interviewed project-related officials. We focused on funding and spending activities through appropriations, escalations, reprogrammings, repairs and alterations, reimbursable work authorizations, and claim settlements and did not perform any analysis of the causes of the cost growth (discussed in Appendix B). The audit was conducted during the period of February 2004 through August 2004 in accordance with generally accepted government auditing standards.

RESULTS OF AUDIT

The controls appeared effective in ensuring project costs do not exceed appropriations as all of the projects included in our review had new construction obligations less than cumulative authorized funding. However, these projects had average cost growth¹ of over 14 percent (ranging from 5.7 to 23.8 percent). Under congressional authority, PBS funded the cost growth by escalating funds for five out of the six projects in the sample and by reprogramming funds for all of the projects². Additionally, the non-prospectus repair and alterations account and the Treasury Judgment Fund absorbed other costs related to the project. The cost growth for prospectus level construction projects is an important concern for PBS and the implications include the adverse impact on other program areas.

¹ Measured as the excess of new construction obligations as of April 30, 2004 over the original appropriations for site, design, construction, and management and inspection services (considering rescissions).

² Two projects also received transfers to fund security enhancements.

PRIMARY FUNDING FOR COST GROWTH

Escalations

To meet cost growth, PBS has congressional authority to increase the estimated maximum costs of prospectus projects by an amount not to exceed 10 percent, contingent upon savings from other projects. The savings from other projects have decreased substantially³ and the balance has been unable to match the pace of escalation needs. In fiscal year (FY) 2003, PBS had escalations totaling more than \$33 million. In FY 2004, \$17 million had been funded as of December 2003 and the National Office had regional escalation requests for an additional \$120 million.

In December 2003, PBS issued new policy⁴ focusing on the cost effective delivery of the capital construction program. As a component of the new policy, PBS regional offices are expected to obligate up to 25 percent of their BA 54 (repair and alteration) program funds as the first source for the escalation of a project. This reduces the reliance on project savings, but increases the impact the new construction program has on the repair and alteration program.

There is the potential that funding for future escalations will not be available from other project savings because escalation requests exceed available savings; and that as a result of new policy, escalation needs will have a significant impact on the repair and alteration program.

Reprogrammings

In addition to escalations, PBS can also request congressional authority to reprogram funds from a specified source to prospectus projects. Over \$70 million were reprogrammed and applied to the prospectus projects included in our sample. Two significant sources of reprogrammed funds were the repair and alteration (BA 54) and building operations (BA 61) accounts. The purpose of the repair and alteration account is to fund basic repair and alteration work (both recurring and nonrecurring) for GSA's building inventory. The purpose of the building operations account is to fund buildings maintenance, cleaning, security, systems operations and utilities. However, since FY 1999, almost \$40 million from the repair and alteration fund and over \$12 million from the building operations account have been reprogrammed to provide additional funding to the new construction program (BA 51).

These accounts are already straining to meet the existing requirements of their intended programs. The repair and alteration program is facing funding constraints despite concerns that "federal buildings may be deteriorating and becoming functionally obsolete."⁵ In addition, the building operations obligations increased by 31.3 percent from 1995 to 2002 due mostly to an increase in security requirements⁶. The reprogramming of funds from these accounts is significantly reducing the funding available to meet the needs of the intended programs.

³ The current balance of project savings, as of July 2, 2004, is only \$1.6 million (enough to fund only 10 percent of the escalations included in our sample of projects).

⁴ Memorandum from the PBS Commissioner, "Cost Effective Delivery of the Capital Construction Program", dated December 23, 2003.

⁵ U.S. General Accounting Office, Federal Buildings: Funding Repairs and Alterations Has Been a Challenge—Expanded Financing Tools Needed, GAO-01-452, Washington, DC: April 12, 2001.

⁶ U.S. General Accounting Office, General Services Administration: Factors Affecting the Construction and Operating Costs of Federal Buildings, GAO-03-609T, Washington, DC: April 2, 2003.

OTHER COST GROWTH ABSORPTION

In addition to the congressionally authorized sources outlined above, we reviewed how prospectus level projects affect other funding sources such as the repair and alteration account and the Treasury Judgment Fund.

Repair and Alterations Account (BA 54)

The new construction programs' impact to the repair and alteration program is twofold; first is by reprogrammings (discussed above) and second is by repair and alteration work completed on newly constructed buildings. PBS' *older* building inventory is the primary emphasis of the repair and alteration account. However, \$19.6 million of repair and alteration funds were spent on the newly constructed courthouses included in our sample within the first two fiscal periods after the buildings' substantial completion. Although a small number of the projects were for emergency repairs, the majority of the expenditures funded alterations, which could have been included in the prospectus project. Some of the significant projects we reviewed are listed in Appendix D. Although regional guidance states that BA 54 funds should not be used for new construction (or work funded by a line item or prospectus level project), we believe many of the repair and alteration projects reviewed should have been included in and paid from the prospectus project. There appears to be an inconsistent separation of project costs and repair and alteration work within PBS.

This raises concerns that some work on prospectus level projects is being deferred to avoid cost growth, but is later performed as a repair and alteration project, thus supplementing the project budget. As the repair and alteration account is the primary source of funds for the basic repairs and alterations for PBS' building inventory and the emergency expenses that arise in federal facilities, the use of these funds on newly constructed buildings detracts from PBS' ability to maintain and improve its older buildings.

Judgment Fund Settlements

Congress established the Treasury Judgment Fund in 1956 to pay in whole or in part the court judgments and settlement agreements negotiated by the Department of Justice (DOJ) on behalf of federal agencies. When contractor claims on projects are settled, they are often paid from the Judgment Fund. After a claim has been settled and paid from the Judgment Fund, PBS is required to seek reimbursement of the Judgment Fund through future appropriations.

Contractor claims usually include requests for payment of unpaid project expenses; in particular, costs relating to unresolved change order work and/or delay compensation resulting from change order work. We found three projects with Judgment Fund settlements with contractor claims that included requests totaling more than \$14 million for unpaid change order work and \$18 million for unpaid delay compensation. As such, the Judgment Fund may be absorbing project costs assignable to the project budget.

CONCLUSION

The funding of cost growth on prospectus level projects has some significant effects on other PBS programs. There is the potential that funding for future escalations will not be available from other project savings and that as a result of new policy, escalation needs will have a major impact on the repair and alteration program. In addition, the reprogramming of funds from the repair and alteration and building operations accounts is significantly reducing the funding available to meet the needs of the intended programs. Finally, there is the potential that the repair and alteration program and the Judgment Fund are being used to absorb project costs.

Some of the identified causes of the cost growth and recommendations to remedy the overruns have been addressed in previous agency and audit reports (see Appendix B); therefore this report makes no additional recommendations. PBS has initiated a more rigorous approach to project management to address cost growth concerns and we believe continued efforts should be made to ensure the construction program does not 1) adversely affect other programs by reducing the funds available to meet the needs of the intended programs and 2) use other accounts to absorb construction project costs.

MANAGEMENT CONTROLS

The controls that ensure project costs do not exceed prospectus appropriations appear to be effective.

Thank you for the courtesies extended to the audit team during our review. If you have any questions or wish to discuss this matter further, please contact me at (404) 332-3338.

<Signed By> James Duerre
Regional Inspector General for Auditing
Southeast Sunbelt Region Field Audit Office (JA-4)

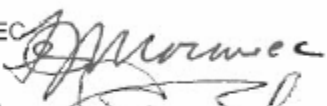
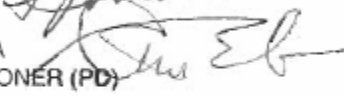
APPENDIX A - MANAGEMENT'S RESPONSE TO DRAFT REPORT



GSA Public Buildings Service

JAN 31 2005

MEMORANDUM FOR JAMES D. DUERRE
REGIONAL INSPECTOR GENERAL FOR AUDITING
ATLANTA FIELD AUDIT OFFICE (JA-4)

FROM: F. JOSEPH MORAVEC
COMMISSIONER (P) 
ANTHONY E. COSTA
DEPUTY COMMISSIONER (PD) 

Subject: Audit of Prospectus Funding as a Management Control
Report Number A030266/P/4/RXXXXX

The Public Buildings Service (PBS) appreciates the opportunity to submit comments on the Inspector General's draft audit report outlined above. As acknowledged in your report, PBS employs effective internal controls to ensure that project costs do not exceed prospectus appropriations.

We share your concern regarding cost growth and the impact of utilizing funds intended for other program areas, particularly the BA54-Repairs and Alterations (R&A) account. Taking this into consideration, we have implemented several initiatives to create a more rigorous project management business process:

1. GSA Construction Excellence Program: The Construction Excellence Program is designed to improve the completion of projects on time and on budget; to improve the quality of design and project management expertise; to reduce construction costs, the number of change orders, the amount of claims and litigation and design deficiencies; and to achieve greater uniformity within the GSA building program and greater efficiency in doing business with GSA. Construction Excellence enables GSA to lead the industry in delivering the highest quality construction for best value using best business practices.

PBS conducts two review workshops that are held annually to review Project Management Plans (PMP) at the beginning of each major phase of the design and construction process. The Design Start Workshop and New Construction Start Workshop include reviews of, budgets, schedules, delivery methods, etc. for new projects. We utilize Source Selection of construction contractors using "Best Value" and Past Performance evaluations to ensure the program gets high

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quality construction contractors. In collaboration with the Construction Industry Institute (CII) and other organizations', we use "Best Practices" to improve the GSA's construction program. We evaluate each project and select the most appropriate delivery system; traditional design/bid/build; design/build; or construction manager.

Furthermore, we appoint from the construction industry Construction Excellence Peers who serve on panels at project sites nationwide to evaluate the performance of project teams, and to ensure project team relationships are strong and positive for project success. They typically review projects at the 15 percent completion stage and again at 60 percent completion stage. The Construction Excellence Peers are from the construction industry (i.e., private sector industry experts) and are selected because of their extensive successful construction experience. In addition to the construction Excellence Peers, we perform independent government estimates at 30 percent, 60 percent, and 95 percent of design completion to ensure projects stay within budget. Senior PBS construction personnel perform Final Evaluations of completed construction projects to generate recommendations for the future programs based on the results of the current program.

Construction Excellence efforts include development and improvement of the PBS work force through training programs for project managers using the Project Management Institute (PMI) or Construction Management Association of America (CMAA) certification programs. We also utilize the Project Information Portal system to accurately monitor project performance for schedule, budget, and other performance issues. Project teams also utilize a web-based project management system to permit rapid, real-time communication and coordination among all relevant parties during design and construction.

2. New Construction and R&A Diligence Initiative: The New Construction and R&A Diligence Initiative entails Quality Assurance Reviews and independent cost estimates for a sample of capital projects. These reviews and third-party estimates are intended to ensure that projects are being designed in accordance with national standards and developed in a way that guarantees the budget is adequate to the task. Reviews/estimates will be completed at the final concepts, design development, and construction document phases for each project.

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3. Quality Assurance/Quality Control: In furthering cost effective delivery of the capital program, PBS developed a high-level design review process for the design and construction program. The purpose of this process is to improve the predictability and quality of bid prices in an effort to combat the budgetary problems faced in funding capital construction program contracts. Conceptually, this process verifies that projects, while in the early design stage, are compliant with PBS design standards. When a project is not compliant, the process produces reports to alert senior management of possible design shortcomings such that they can be addressed in a timely manner.

Recognizing that multiple, ongoing oversight, review, and independent checks of projects and cost estimates occur throughout the design and construction phases, the challenge has been to develop an effective, affordable design review process that integrates with and complements other existing checks. While this review process does not supplant or usurp the responsibilities of the regional offices and their design and construction contractors to comply with applicable criteria and standards, it provides senior management with an executive summary-level view of a project's health. The design review should be envisioned as a quick tool for verifying that the architect design submittals comply with PBS requirements.

4. Cost Estimate Reviews: PBS has taken steps to assure projects are being developed within the budget during both the conceptual design development phase and at construction document phase. Throughout each capital project's design phase, PBS conducts independent third-party cost estimates to assure projects are considered independently to be within the approved budget.

In addition, we are developing a protocol to monitor the financial return realized upon completion of prospectus-level projects to compare with the return initially projected. These analyses should help evaluate the success of our project management improvement efforts and guide further improvement.

We believe these and other ongoing initiatives within PBS will facilitate continuous progress in the management and funding of prospectus-level projects. These efforts will also preserve the availability of BA54-R&A funds for below-prospectus work needed in government controlled buildings: (1) reducing the need for reprogramming funds, and (2) reducing the need to invest funds within several years of completing a new construction project.

Again, thank you for the opportunity to comment on the draft report. Should you have any questions, please contact Mr. William H. Matthews on (202) 501-0638 or Mr. Leslie Shepherd on (202) 501-1888.

APPENDIX B - COST GROWTH CONCERNS

In recent years, there have been concerns raised regarding the cost growth in the PBS construction program. As a result, many reports and studies have been conducted to address these concerns.

PROSPECTUS FUNDING

Several reviews had findings indicating that prospectus projects may be insufficiently funded at project inception. One cause of this could be poor cost estimates included in the prospectus submittal. In June 1994, the General Accounting Office (renamed the Government Accountability Office) reported that over 50 percent of new construction contracts had cost growth that exceeded the five percent contingency that GSA provides for contract modifications.⁷ In addition, GSA's own commissioned cost escalation study recommended an increase in contingency funds to account for the extended period before construction start and changing market conditions. The study also recommended that GSA evaluate its cost estimates because most construction contract bids exceed GSA estimates. Another cause to insufficient funding at project inception is the variance between the prospectus submittal and Congressional appropriations, as evidenced by the following chart:

Table 1. Comparison of Prospectus Requests and Prospectus Appropriations

<i>Project Name</i>	<i>Prospectus Request</i>	<i>Prospectus Appropriation</i>	<i>Difference</i>
Columbia, SC Perry CT	\$ 55,961,000	\$ 51,429,000	\$ (4,532,000)
Montgomery, AL Johnson Annex	48,335,000	53,638,000	5,303,000
Cleveland, OH Stokes CT	170,537,000	156,805,000	(13,732,000)
Hammond, IN CT	59,061,000	54,980,000	(4,081,000)
St. Louis, MO Eagleton CT	230,863,000	225,863,000	(5,000,000)
Phoenix, AZ O'Connor FB-CT	107,141,758	120,000,000	12,858,242
Total Difference			\$ (9,183,758)

SOURCE SELECTION

A recent GSA Office of Inspector General (OIG) report⁸ partly attributed the significant number of construction claims experienced on projects to PBS not choosing the most suitable construction contractor in the source selection process. Another OIG audit⁹ concluded that source selection needed to incorporate more effective techniques.

PROJECT ADMINISTRATION

Project administration of PBS projects was also considered an important factor in the delivery of a successful prospectus project. Several areas for improvement were noted in OIG reports and include

⁷ U.S. General Accounting Office, General Services Administration: Better Data and Oversight Needed to Improve Construction Management, GAO/GGD-94-145, Washington, DC: June 27, 1994.

⁸ Audit of the Southeast Sunbelt Region Public Buildings Service's Administration of Construction Projects in Regard to Claims, Report Number A020055/P/4/R03002, November 12, 2002.

⁹ Audit of PBS's New Construction Program, Report Number A030103/P/R/R04004, March 3, 2004.

change order processing, schedule analysis and enforcement, occupancy agreements, and accounting controls for project costs (Report Number A030103).


APPENDIX C - PROJECT SUMMARY

Our review included six prospectus courthouse projects. The funding and expenditures that were included in the scope of our review are summarized below.

Notes regarding project summaries:

- Appropriations include funds provided for the site and design and construction prospectuses.
- Reprogrammings include funds reprogrammed from all sources.
- BA 54 expenses are limited to repair and alteration projects completed during the construction period and within the two first fiscal periods after substantial completion.
- BA 61 expenses were not reviewed and were extracted from Financial Management Information System (FMIS) and National Electronic Accounting Report (NEAR).
- BA 80 expenses were limited to reimbursable work performed during the construction phase.
- Judgment fund settlements only include resolved claims; three projects still have pending claims.

COLUMBIA, SC PERRY CT (NSC93001)

Funding:			Expenditures:	
Appropriations	\$ 51,429,000		BA 51 – New Construction	\$ 63,653,338
Escalations	750,000	BA 54 – Repair & Alteration	-	
Reprogrammings	11,650,000	BA 61 – Building Operations	1,875,391	
Transfer	1,872,000	BA 80 – Reimbursable Work	1,930,648	
TOTAL FUNDING	\$ 65,701,000	BA 90 – Design & Construction	-	
		Judgment Fund Settlements	-	
		TOTAL EXPENDITURES	\$ 67,459,377	

MONTGOMERY, AL JOHNSON ANNEX (NAL94001)

Funding:			Expenditures:	
Appropriations	\$ 53,638,000		BA 51 – New Construction	\$ 60,115,423
Escalations	5,363,000	BA 54 – Repair & Alteration	6,015,000	
Reprogrammings	1,249,000	BA 61 – Building Operations	3,840,087	
TOTAL FUNDING	\$ 60,250,000	BA 80 – Reimbursable Work	2,360,170	
		BA 90 – Design & Construction	2,915,685	
		Judgment Fund Settlements	13,178,171	
		TOTAL EXPENDITURES	\$ 88,424,536	


CLEVELAND, OH STOKES CT (NOH94001)

Funding:			Expenditures:	
Appropriations	\$ 156,805,000		BA 51 – New Construction	\$ 191,786,059
Escalations	-	BA 54 – Repair & Alteration	160,883	
Reprogrammings	27,932,000	BA 61 – Building Operations	11,412,010	
Transfer	8,000,000	BA 63 – Energy	393,684	
TOTAL FUNDING	\$ 192,737,000	BA 80 – Reimbursable Work	9,062,300	
		BA 90 – Design & Construction	-	
		Judgment Fund Settlements	1,450,000	
		TOTAL EXPENDITURES	\$ 214,264,936	


HAMMOND, IN CT (NIN92001)

Funding:			Expenditures:	
Appropriations	\$ 54,980,000		BA 51 – New Construction	\$ 59,900,823
Escalations	2,150,000		BA 54 – Repair & Alteration	2,243,083
Reprogrammings	5,842,120		BA 61 – Building Operations	6,179,088
Rescission	(2,500,000)		BA 80 – Reimbursable Work	4,629,374
TOTAL FUNDING	\$ 60,472,120		BA 90 – Design & Construction	7,471,821
			Judgment Fund Settlements	-
		TOTAL EXPENDITURES	\$ 80,424,189	

ST. LOUIS, MO EAGLETON CT (NMO92001)

Funding:			Expenditures:	
Appropriations	\$ 225,863,000		BA 51 – New Construction	\$ 249,817,625
Escalations	4,086,300		BA 54 – Repair & Alteration	9,426,549
Reprogrammings	20,300,000		BA 61 – Building Operations	8,457,435
TOTAL FUNDING	\$ 250,249,300		BA 80 – Reimbursable Work	2,615,723
			BA 90 – Design & Construction	2,069,289
			Judgment Fund Settlements	65,000
		TOTAL EXPENDITURES	\$ 272,451,621	

PHOENIX, AZ O’CONNOR FB-CT (EAO3600)

Funding:			Expenditures:	
Appropriations	\$ 120,000,000		BA 51 – New Construction	\$ 114,030,705
Escalations	2,999,604		BA 54 – Repair & Alteration	1,736,878
Reprogrammings	3,200,000		BA 61 – Building Operations	5,769,438
Rescission	(12,137,000)		BA 80 – Reimbursable Work	2,596,691
TOTAL FUNDING	\$ 114,062,604		BA 90 – Design & Construction	1,305
			Judgment Fund Settlements	11,919,248
		TOTAL EXPENDITURES	\$ 136,054,265	

APPENDIX D - SIGNIFICANT REPAIR & ALTERATION PROJECTS

Montgomery, AL Johnson Annex

Project Description	Amount of Repair and Alteration Funds
Building exterior granite façade	\$ 6,000,000

Hammond, IN Courthouse

Project Description	Amount of Repair and Alteration Funds
Court alterations	\$ 500,000
Millwork and architectural upgrades	415,081
Lighting control changes	300,000
Office area build-out	289,389
Landscaping	167,762

St. Louis, MO Eagleton Courthouse

Project Description	Amount of Repair and Alteration Funds
Initial space alterations (includes multiple projects)	\$ 2,064,283
Miscellaneous repairs and operation	1,300,000
Post occupancy services	1,011,479
Curtain wall repairs	1,000,000
Post occupancy repairs and punch-list items	992,000
Modifications	375,939
Terminal fan unit repairs	140,000
Camera installation	137,000

Phoenix, AZ O'Connor Federal Building-Courthouse

Project Description	Amount of Repair and Alteration Funds
North atrium enclosure	\$ 691,000
Motorized metal rollup panels	192,248
Entrance ramp security enhancements	181,620

APPENDIX E - GLOSSARY OF TERMS

<i>Appropriations</i>	An authorization, by an act of the Congress, to incur obligations and to make payments out of the U.S. Treasury for specified purposes.
<i>Budget Activity (BA)</i>	A two-digit code that represents the area of activity the transaction is being charged against. Budget activity is a mandatory coding element for all financial transactions.
<i>Budget Activity (BA) 51</i>	Construction and Acquisition of Facilities - The acquisition of new facilities, extension of existing facilities and conversion of older facilities through construction, including site investigation and acquisition; preparation of drawings and specifications; and management and inspecting with funds appropriated by Congress, on a project by project basis, in response to a prospectus submittal for new construction or building acquisition.
<i>Budget Activity (BA) 54</i>	Repair and Alterations (R&A) - Repair and alteration projects below prospectus threshold in GSA owned buildings including design, construction, management and inspection. R&A projects may involve initial space alterations for tenants, repairs of building structure or systems, remodeling/modernizing building spaces or systems, improving technology or appearance or resolving safety deficiencies.
<i>Budget Activity (BA) 61</i>	Real Property Operations – Provides funds to operate all Government-owned and leased facilities that are maintained and operated by GSA. Services under building operations include: cleaning, protection, maintenance, payments for utilities and fuels, grounds maintenance, and elevator operations. Other related support services include: various real property management and staff support activities, such as space acquisition and assignment, moving Federal agencies as a result of space alterations that provide better utilization of space in existing buildings, on-site inspection of private contractor's building services and operations, and various highly specialized contract administration support functions.
<i>Budget Activity (BA) 63</i>	Energy rebates – Receipt of cash rebates from utility companies.
<i>Budget Activity (BA) 80</i>	Non-Recurring Reimbursable Work Authorizations - Part of the Reimbursable Program under which GSA provides services with a clearly identifiable cost that are above the

standard level of service provided to Federal agencies and private-sector tenants in GSA-operated buildings. GSA is reimbursed for these services through reimbursable work authorizations (RWA's).

Budget Activity (BA) 90

Design and Construction Services Direct - provides funding for management and inspection (M&I) and design services for new construction projects, repair and alteration (R&A) prospectus and non-prospectus projects, and non-project-specific technical services. This includes funding for salaries and related benefits for the Office of Real Property Development personnel in the regions and in the Central Office, payments under architectural and engineering (A/E) contracts, and all related costs such as travel, printing, advertising, and defense of claims against the Government.

Escalations

Appropriations language provision that the limitation enacted for each line item project may be increased up to 10 percent of the prospectus, given available savings from other projects.

Judgment Fund Settlements

Awards made on behalf of GSA to settle contractor claims when the Contract Disputes Act is elected.

Reprogrammings

Funds that are reprogrammed from a specified source to the prospectus project with congressional approval.

Rescissions

Funds deducted from the prospectus project by the Congress.

Transfers

Congressionally transferred funds from a specified source to the prospectus project.

APPENDIX F - REPORT DISTRIBUTION

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