

Department of the Interior
Site-Specific Asset Business Plan (ABP) Model Format Guidance

I. Purpose

The Site-Specific Asset Business Plan (ABP) model format provided in this guidance is to aid the bureaus' asset managers in structuring the requirements of the ABP that best support the Bureau Asset Management Plan (AMP). The model format is a tool that defines the general criterion that needs to be reflected in an ABP.

This tool is designed to ensure that bureaus of the Department of the Interior (DOI) have the flexibility necessary to structure ABPs that best meet their mission needs and conforms to the nature of their assets and management structure. The ABP can be adjusted to fit each bureau's organization, program or management structure. Bureaus may prepare an ABP at the field unit, campus and/or regional level. For example, the National Park Service has prepared a pilot ABP at the major national park unit level and the U.S. Geological Survey plans to prepare an ABP for their science center campuses.

II. Structure of this Guidance

This Guidance is comprised of the following components:

- I. Purpose
- II. Structure of the Guidance
- III. Defining an ABP
- IV. Timeframe for ABP Development
- V. Elements of an ABP
 - A. *Strategic Asset Planning*
 - B. *Asset Prioritization*
 - C. *Operations & Maintenance*
 - D. *Project Development*
 - E. *Asset Disposition*
- VI. Systems ABP Support
- VII. Reference Documents
- VIII. Attachments

III. Defining an ABP

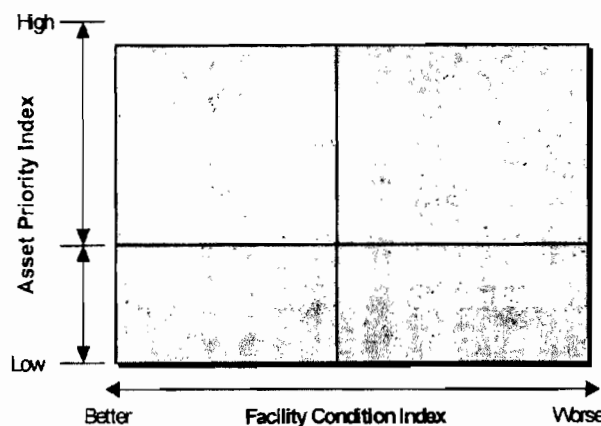
Field employees are on the front lines of a real property life-cycle asset management program and are often the most knowledgeable regarding the condition and components or sub-systems of an asset. They know how important an asset's function is to enabling the mission of the bureau. These front-line employees are responsible for the operation, maintenance and use of these assets ensuring that they are maintained in a safe and efficient manner over their useful life and utilized effectively in support of the bureau's mission.

The ABP will promote a proactive management approach to effectively address and articulate the life-cycle issues and characteristics of a site's asset portfolio. The ABP will also implement the requirements of the Federal Real Property Council (FRPC) and Executive Order 13327 on Federal Real Property Asset Management. ABPs will be developed for field facilities and units.

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At a minimum, ABPs will cover all assets reported in the FRPC's Federal Real Property Profile and all General Services Administration (GSA) assigned facilities. It may also be developed as a decision-making tool to be used during the acquisition process.

An ABP provides facility and regional managers with a micro-level view of a site's assets. The ABP projects a 5 to 10-year snapshot of the assets using the performance metrics of the Asset Priority Index (API), the Facility Condition Index (FCI), utilization, and Operations and Maintenance (O&M) costs to help make informed investment decisions that drive budget distribution.



An ABP is to be used as an annual action plan to help direct resources where they are needed the most: to the assets that best support Department and bureau missions. For example, managers of owned facilities would use the API and the FCI to help make resource allocation decisions (see the adjacent Diagram). For GSA or leased space, managers would use API in conjunction with other metrics such as utilization and/or cost per square foot to ensure that non-owned assets are being utilized effectively.

Standardized business practices are utilized to the extent possible in developing and managing an ABP that help facility staffs manage work orders¹, create staffing plans, package and schedule projects and make decisions about changing or renewing leases or Occupancy Agreements. The overarching goal is to operationalize the Bureau AMP, linking strategy to execution, thereby improving asset portfolio performance.

Articulating the performance metrics helps facility managers detail their business case that results in more efficient spending and enhanced funding opportunities. Desired outcomes of the ABP are:

- Maintaining the good condition of current inventory;
- Using existing assets effectively;
- Making informed decisions regarding acquisitions; and
- Streamlining the portfolio through asset disposition.

¹ Work orders are defined as a set of tasks necessary for the maintenance and/or repair of assets throughout the life-cycle of that asset and are essential elements of maintenance management. Work orders may be prescriptive to the routine maintenance of the asset, reactive to events that damage the asset, or predictive component renewal, thus they track both events that have occurred and work that has been performed.

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Bureaus will develop and utilize the ABP as the third-tier plan for implementing life-cycle asset management principles. Bureaus will develop ABPs for their individual management areas based on portfolio guidance and methodology contained in the second-tier Bureau AMP². The bureau AMP, supported by the ABPs, serves as a building block to update the first-tier DOI AMP.

IV. Timeframe for ABP Development

The bureaus' initial AMP is to be submitted to the Department's Senior Real Property Officer (SRPO)³ by June 1, 2006. This first Bureau AMP will provide a framework, strategic vision and plan of action for effective management that is to be reflected in each ABP. The DOI AMP Implementation Plan calls for each bureau to develop site-specific ABP that will follow the DOI guidance by the first quarter of FY 2007. Starting in FY 2007, asset management plans, practices and accomplishments described in the ABPs will provide the basis for Bureau AMP updates.

V. Elements of an ABP

As with the Bureau AMP, an ABP presents a strategy at the field level that is to be employed by managers at the site to:

- Manage and oversee all bureau real property assets, whether owned, leased, or obtained from GSA or elsewhere;
- Maximize the asset's contribution toward accomplishing the diverse missions of the Department and each bureau; and
- Implement the bureau and Department's strategic goals, and maximize utilization, effectiveness, and efficiency.

An ABP embodies the following principles:

- Recognizes that real property assets are integral to bureau and Department missions;
- Reflects a full life cycle (planning to disposition) approach;
- Complies with Departmental and bureau business practices and policies including the guidance developed in support of the Department's AMP and Executive Order 13327;
- Ensures full and appropriate use of retained assets and the identification and disposal of unneeded assets; and
- Uses applicable industry standard benchmarks and best practices.

² The guidance and structure for Bureau AMP was issued by the Asset Management Team in September of 2005 and can be found at <http://www.doi.gov/pam/AMPTemplate092105.pdf>.

³ The SRPO is also the Department's Senior Asset Management Officer.

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An ABP should have the following five components:

- A. *Strategic Asset Planning* – Strategic asset planning is a process that recognizes changes in mission priorities and the functional needs of assets over time.
- B. *Asset Prioritization* – The prioritization of assets helps managers focus funding to optimize portfolio performance.
- C. *Operations & Maintenance* – For DOI owned and operated assets, the development, prioritization, and management of O&M requirements helps to improve portfolio performance by identifying the true requirement for property maintaining, operating, and sustaining assets at the constructed asset level. For other assets, the focus is on rental costs and efficiency.
- D. *Project Development* – The planning, prioritization, scheduling, funding, and management of all real property projects are part of the project development process. Key project development focus is on maximizing effective use of all real property assets and making the business case whether to change the real property asset in some way to accommodate changes in program requirements. Deferred maintenance and component renewal projects represent a large piece of project development specifically relating to DOI owned and operated real property assets.
- E. *Asset Disposition* – Disposition of an asset results in a change in its status that is accomplished through either employing a disposal option such as sale, demolition, deconstruction or transfer or a retention option such as alteration for another use, doing nothing/hazard prevention or interim leasing. Initiating a disposition program for the asset portfolio ensures that managers are able to properly identify assets that may no longer support the mission, and that could become potential candidates for disposal, thereby freeing up resources for other uses. This applies to all assets, whether owned, or obtained from GSA, leased, or acquired through another means.

A. Strategic Asset Planning

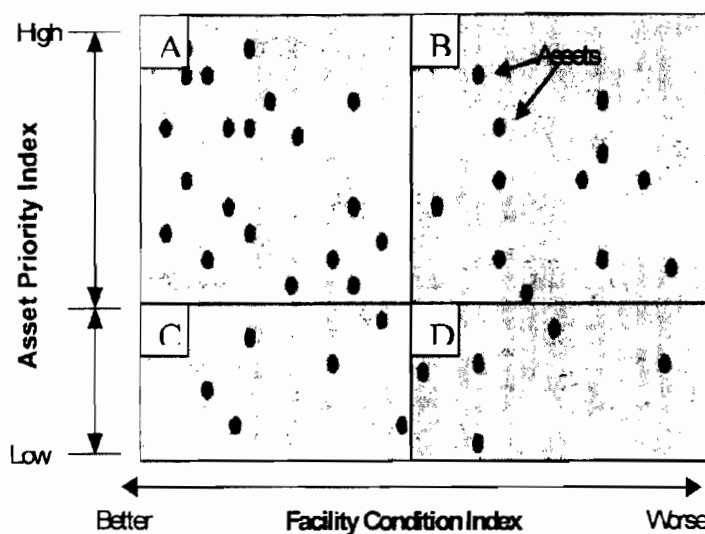
Planning over 5 to 10-years will identify the resources necessary to maintain mission critical assets in good or fair condition. It will also identify project funding necessary to improve the condition of high priority assets and the resources required to operate and maintain that condition over the 5 to 10-year time period, and identify low priority or non-mission critical assets that are candidates for disposition.

Strategic asset planning encompasses all components of the life cycle asset management process and is used as a roadmap to manage, maintain and invest in the asset portfolio. The process of inventorying assets includes assigning Current Replacement Values (CRV), determining mission need and conducting annual and comprehensive condition assessments. As part of that process, a site will be able to develop a 5 to 10-year strategic Site-Specific Asset Business Plan. This plan should be based on the information derived from the other four elements of an ABP: asset prioritization using the API, project development using the API and FCI, O&M using work types including the metric of dollars per unit of measure, and asset disposal using API, FCI, utilization and other factors.

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The 5 to 10-year plans contain information at a site level that essentially states the means by which a facility manager intends to undertake projects and meet O&M requirements. Embedded in the concept of the 10-year plans is the idea that planning for all asset work types over the expected design life provides a window into the total cost of facilities ownership. Through FRPC performance measures—such as the FCI, API, cost per square foot for O&M, and the facility utilization index — facility and asset managers can better make effective resource decisions in an environment of continually constrained budgets.

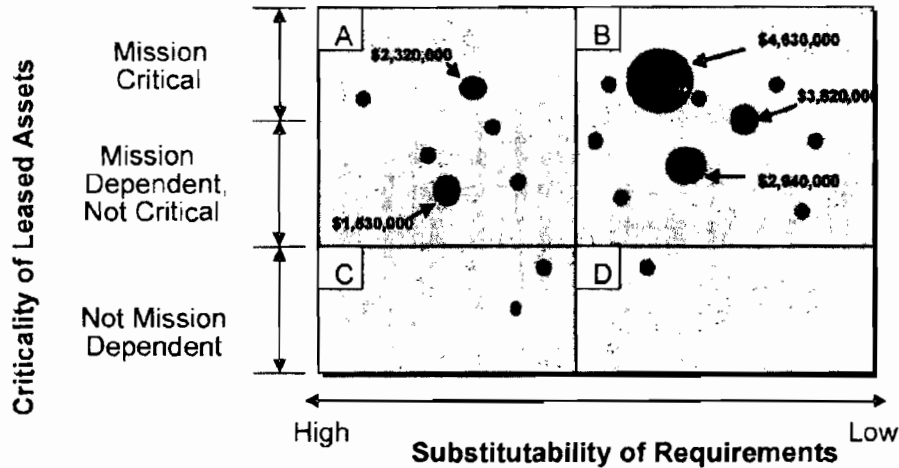
B. Asset Prioritization



This aspect of an ABP explores the relationship among a site's assets. Prioritizing assets based on their importance to mission is one of, and the most significant criteria used in determining where to focus funds. Identifying work orders related to these high priority assets is required to ensure each dollar of funding is spent in the most efficient way. The adjacent diagram shows an example of a distribution of assets at a site. This chart can be a useful tool in presenting the prioritization of owned assets.

For GSA or leased assets, API can be combined with cost, utilization or substitutability metrics to guide planning and decision making on effective use of non-owned assets. A similar quadrant chart as presented above can be developed to identify high-priority assets. Because leased assets are not evaluated for condition, the quadrant chart axes must be modified. One solution is to make the x-axis the "Substitutability of Requirements" component of the API score and the y-axis the "Mission Dependency" component of the API score. (See the following diagram.) In this scenario, the circle diameter would represent annual operating expenses, including rent and O&M. Using this modification, assets in quadrant B are considered most important to the site and/or bureau because they are both "critical" and difficult to "substitute."

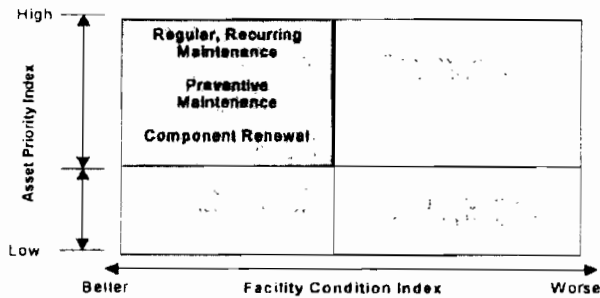
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The use of the API helps managers identify the most important assets, and therefore, provides a logical continuum for which to direct limited funding. In addition, the use of the API is not only important in developing deferred maintenance and component renewal projects. It is equally important when planning for operations, recurring maintenance, and preventive maintenance and changes in asset status (e.g., expansion, consolidation, and disposal).

Fundamental to prioritization is a complete and accurate inventory of a site's assets which includes conducting an API analysis and condition assessments, and developing other asset performance metrics such as utilization, cost per rentable square foot, and asset substitutability. Ultimately, the API when combined with the FCI are two of the most important tools available for managing the total cost of asset ownership because they can be used for making funding decisions for every key work type. The use of the FCI helps managers identify which assets have the greatest repair need.

C. Operations & Maintenance (O&M)



The work types of asset O&M are explored in this part of an ABP. Determining all O&M costs is a key step in life cycle execution and funding processes. The basic management philosophy behind the adjacent diagram is simple: take care of the most important assets already in good condition to prevent them from deteriorating.

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Managing O&M requires an adequate understanding of what is required to fully fund all O&M activities. In many respects, exorbitant deferred maintenance costs are indicative of historically inadequate O&M budgets. By better defining O&M requirements, facility managers can better arm themselves with a more powerful business case in regard to the importance of fully funding O&M work activities. O&M costs can be broken down into the following work types:

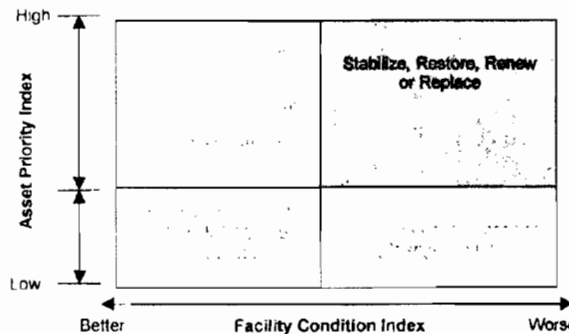
Work Type	Work Type Code	Definition	Examples
Facility Operations	FO	Work activities, performed on a recurring basis throughout the year, which intends to meet routine, daily operational needs	Annual Lease costs, GSA-assigned space costs, janitorial and custodial services, snow and sand removal, solid waste removal, operation or purchase of utilities (water, sewer, and electricity), grounds keeping, etc
Facilities Maintenance	FM	<p>Emergency Maintenance: Unscheduled maintenance repair, to include call outs, to correct an emergency need to prevent injury, loss of property, or return asset to service. These repairs are initiated within a very short time period from when the need was identified, usually within hours.</p> <p>Preventive Maintenance: Scheduled servicing, repairs, examinations, adjustments, and replacement of parts that result in fewer breakdowns and fewer premature replacements and achieve the expected life of facilities and equipment. These activities are conducted with a frequency of 1 year or less.</p> <p>Corrective Maintenance: Unscheduled maintenance repairs to correct deficiencies during the year in which they occur.</p> <p>Recurring Maintenance: Preventive maintenance activities that recur on a periodic and scheduled cycle of greater than 1 year, but less than 10 years.</p> <p>Component Renewal: Preventive maintenance activities that recur on a periodic and scheduled cycle of greater than 10 years.</p>	<p>Downed power lines, flooded facilities, downed trees causing a hazard to pedestrian or vehicle traffic, etc.</p> <p>Preventive Maintenance examinations, lubrication, and minor adjustment.</p> <p>Replace glass windowpanes, repair cracks in walls, replace damaged signage, minor door and window repair, etc.</p> <p>Painting, caulking, sealing, carpet replacements, etc.</p> <p>Removal and replacement of primary systems such as HVAC units, roof coverings, exterior enclosure and windows, etc.</p>

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Work Type	Work Type Code	Definition	Examples
Inspections	IN	Periodic inspections by qualified personnel to fully determine and document the condition of an asset or item of equipment and identify maintenance needs.	Condition assessments: equipment, dam, bridge, seismic safety, environmental compliance, safety and accessibility inspections, etc.
Administrative	AD	Activities associated with general administrative support functions, travel, training, meetings, leave, supervision, budget formulation, etc.	To support documenting administrative needs, plans, and accomplishments that generally support maintenance activities, but are not asset or field station specific.

The requirements of component renewal, an activity listed under the Facility Maintenance work type noted in the chart above, must be identified and included as part of the project development process over a five to ten year period. Planning an asset's component renewal requirements over time helps to prevent equipment failure and the resultant expensive repair and rehabilitation costs. Replacing a component at the end of its design life is a proactive approach to managing assets.

D. Project Development



In this part of the ABP, business practices related to owned real property assets are used to bundle deferred maintenance work orders and component renewal requirements over a 5 to 10-year period to convert them into projects to manage maintenance backlog, or in the case of component renewal, to effectively manage the life cycle of assets. Doing so requires the identification of deferred maintenance priorities including Critical Health

Safety, Critical Resource Protection, Critical Mission, Compliance and Other Deferred Maintenance, together with Component Renewal and in some cases minor Capital Improvements as part of a larger deferred maintenance project. This area focuses on decisions that stabilize, restore or replace assets that are mission critical or mission dependent but are in poor condition.

A strategy for maximizing investment dollars is the use of bundling work orders. Two common methods for reviewing and bundling work orders are:

- (1) Bundling of work orders by asset, or the asset-level approach; (such as bundling the total repair requirements for an individual asset and doing a complete renovation) and
- (2) Bundling of work orders associated by asset components or the component-level approach, (such as repairing all the roofs at a site). If the component-level approach is

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used, the completed work and costs must be reported back to the individual constructed asset.

Using work order bundling provides a mechanism for sorting through the detailed data.

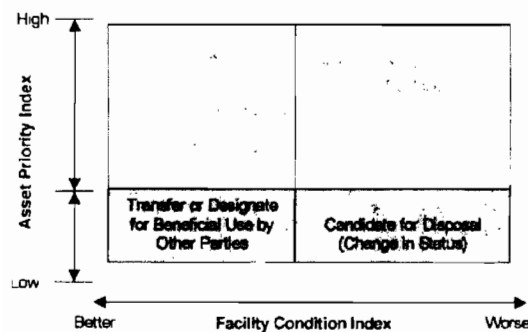
Component renewal projects can be created following a process that is similar to the prioritization processes used for deferred maintenance work order bundling. Component renewal work orders are an important element of life cycle management. Replacing a component at the end of its design life is a proactive approach to managing assets. Understanding component renewal needs also is a critical aspect of documenting and accounting for total life cycle costs, or the total cost of facilities ownership.

During project development, it may be deemed necessary to consider replacing an asset rather than improve, repair, restore or stabilize it. Direct leases, new GSA space assignments or capital improvements that include new construction and alterations or expansion, may be a better solution to maintaining an asset's function rather than investing in deferred maintenance reduction. These projects normally need more lead time and more extensive planning and may involve additional land as the asset footprint may change.

Project Development is the best methodology for compilation of the DOI 5-Year Deferred Maintenance & Capital Improvement Plan (5-Year Plan). Project focus should be on the highest priority assets and the assets with the greatest need. The 5-Year Plan provides a mechanism to rank these projects for funding using established criteria. The 5-Year Plan will rank these projects by Critical Health Safety, Critical Resource Protection, Critical Mission, Compliance and Other Deferred Maintenance categories. Projects that are completed ahead of schedule, rewritten due to a significant change in scope or no longer required will be re-ranked annually.

In addition, each year, the bureaus will develop a five-year space plan, identifying projects with the highest priorities and greatest needs for GSA space assignments and direct leasing actions, steps that will be taken to reduce space and/or lease costs, potential opportunities for furthering collocation with other entities, and critical requirements in reaching stated objectives.

E. Asset Disposition (Changing the Status of an Asset)



Highlighted in this area is the recognition that an asset no longer supports the mission of the site or bureau or that has reached the end of its useful life. It is at this point in an asset's life-cycle that a manager should consider asset disposition. In this part, the disposition of an asset is considered which can result in:

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- The disposal of an asset and removal from the inventory; or
- Retention of the asset with a change in its status within the inventory.

The disposition of an asset requires a pro-active process, beginning with asset selection using the performance metrics. Each asset that is considered for disposition must go through the process described in the diagram above.

Given the nature of the demands and constraints placed on DOI organizations, there simply are not enough resources to adequately fund all assets in the inventory. The business case for disposal is clear: limited resources to fully support even the most important assets, an overextended asset inventory put severe strain on O&M budgets. Reducing deferred maintenance backlog is not a realistic endeavor if a substantial portion of the asset inventory will never receive project funding. Finally, a smaller asset inventory makes the achievement of FCI goals more attainable (due to reduced replacement values).

One important issue surrounding asset disposition is the concern that a bureau could inadvertently dispose of an asset that has historical or other significance. Therefore, each asset that is considered for disposal must go through the process described in the attached diagram. A Departmental disposition policy has been developed to assist with the asset disposition process.

When it is decided that an asset is still needed to meet critical mission needs but its condition is such that replacement is the best option for the government, the bureau should do the following:

- Include in the replacement project budget and plan, the planned method of disposal and any associated costs or anticipated proceeds from transfer or sale, and
- With funding available for disposal, dispose of the original asset. This process ensures that the deferred maintenance on the original asset is actually eliminated.

Assets of historic significance that require preservation treatment are exceptions to the disposal requirement.

Systems ABP Support

Plans will be formulated and maintained utilizing the Facility Management System (FMS) and the Financial and Business Management System (FBMS). These web-based information systems allow bureau staff to store and manipulate data about each asset and each asset type in the real property inventory. The FMS and FBMS will be automatically linked with asset inventory information; performance measures data, and financial and accounting information.

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References Documents

Asset Management Plan - July 2005

Asset Management Plan Template

Asset Priority Index Guidance

Sustainment Cost Template for Constructed Assets

Attachment

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DOI ASSET DISPOSITION PROCESS

