



**DEPARTMENT OF STATE
U.S. AGENCY FOR INTERNATIONAL
DEVELOPMENT**

JOINT ASSET MANAGEMENT PLAN



FY07 – FINAL SUBMISSION TO OMB

March 31, 2007



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1. Introduction

In January 2003, the Government Accountability Office (GAO) identified the government's real estate and real property as a "high risk" federal program. GAO reported that Federal real property is deteriorating and that key management decision makers lack reliable data. Later that year, the President's Management Agenda was expanded to include a new initiative for improving federal asset management.

On February 4, 2004, President George W. Bush signed Executive Order 13327, Federal Real Property Asset Management, setting expectations and requirements to "promote the efficient and economical use of Federal real property resources in accordance with their value as national assets and in the best interests of the Nation . . ." EO 13327 states that the executive branch departments and agencies of the Federal government "shall recognize the importance of real property resources through increased management attention, the establishment of clear goals and objectives, improved policies and levels of accountability, and other appropriate action."

The Department of State ("Department of State" or "State") and U.S. Agency for International Development ("USAID") have long recognized the critical role their real property assets play in the ability to execute diplomatic and development missions both domestically and abroad. Accordingly, they have developed and implemented a highly integrated real property asset management program that addresses the planning, acquisition, management, and disposition of both organizations' real property assets. Additionally, the Director of the Department of State's Bureau of Overseas Buildings Operations has been formally designated as the Senior Real Property Officer for assets owned/leased by the Department of State.

This individual is accountable for the effective management of the agencies' real properties and coordinates the asset management activities and responsibilities of three organizational entities:

- The Bureau of Administration (A Bureau), which manages the seven major domestic Department-owned properties, as well as partners with GSA on the more than 100 GSA-leased or owned buildings occupied by the Department.
- The Bureau of Overseas Building Operations (OBO), which manages approximately 16,939 owned and leased non-military overseas properties and a capital construction program.
- The U.S. Agency for International Development (USAID), which manages approximately 1,371 properties (both residential and offices) that support international development programs. These properties are not all co-located with



the Department of State. Note that USAID operates under a noticeably more decentralized model than that of the Department of State. Decisions are made at the mission level and approvals, when necessary, are sought at the Agency level. When appropriate, concurrence from the Department of State through the Chief of Mission (COM) is obtained. The Director of USAID's Overseas Management Support Office is ultimately responsible for dedicated assets owned/leased by USAID. This decentralized operational model, for USAID, is efficient because of limited staffing and budgets managed at each mission rather than at USAID/W. Though the missions operate in a decentralized manner, some actions regarding acquisitions and disposals do require USAID/W approval. Specific details are referenced throughout this document.

The Department of State and USAID both adhere to the 15 FAM joint regulations. However, because each agency operates differently, some of the processes in place to address the requirements of the regulations are different. It is for this reason that this real property asset management plan is presented as a joint, rather than "unified" plan. The A Bureau and OBO are organized under the Under Secretary for Management at the Department of State while USAID reports its real property inventory directly through OBO.

The plan integrates each of A Bureau, OBO, and USAID practices and defines specific differences and corresponding adjustments for each as they occur. While these three entities focus on geographically dispersed portfolios, they share similar life cycle issues and challenges. As a result, the plans are directly linked through a single real property inventory system and joint reporting requirements, and share common elements and similar performance objectives.

As mentioned earlier, this plan is a joint effort between the Department of State and USAID. The plan is written from the perspective of the Department of State being the lead agency rather than USAID solely due to the size of the Department of State itself and the number of properties managed by State relative to USAID.

1.1. Common Understandings

This document presents the Department of State and USAID's Asset Management Plan (AMP) as required by EO 13327. It represents the coordinated real property asset management guidance, directives, and programs employed by the Department's A Bureau, OBO, and USAID. Together, they form a comprehensive approach to aligning and managing the real property assets needed to support diplomatic and developmental missions both domestically and abroad.

The A Bureau, OBO, and USAID missions are supported by real estate portfolios that share many of the same challenges. Each is committed to fully supporting Secretary of State Condoleezza Rice in her pledge to ensure that Department employees have the tools



to conduct “Transformational Diplomacy” – the effort of diplomacy not just to monitor, report, and persuade, but to actually transform societies into stable, prosperous, and democratic nations.

Randall Tobias, the Administrator for USAID, has reinvented the agency to deal effectively with development and diplomatic issues jointly with the Department of State, and to ensure that USAID is doing its part to align foreign assistance and foreign policy objectives to meet the agencies’ common goals.

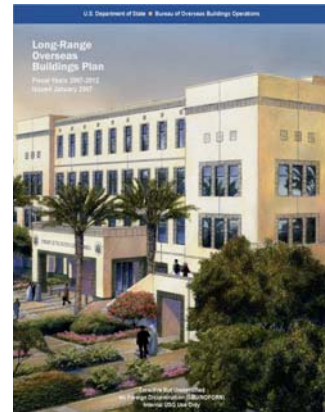
The two organizations understand that development is as essential to U.S. national security as both diplomacy and defense, and realize that real estate serves as one platform upon which Transformational Diplomacy and shared common goals mandates are advanced worldwide.

All three entities share the common goals of:

- providing safe, secure, and functional facilities to support expanding missions and critical business needs.
- modernizing their real property management technology to ensure that it meets the expanding requirements of the Department’s business and the reporting requirements of OMB and the FRPC.
- planning for and managing large-scale renovation and construction programs that require careful planning and significant capital investment.

1. Long Range Planning

Strategies and programs developed in the context of this common mission have been implemented over the past several years that are shared among OBO, the A Bureau, and USAID. The first is the Department of State’s Long Range Planning initiatives. OBO’s Long-Range Overseas Buildings Plan (LROBP) is a comprehensive annual six-year plan that addresses capital security and strategic capital projects, major facility rehabilitation, compound security upgrades, post communications support, and consular improvement programs. OBO plans to produce the LROBP in coordination with its Asset Management Plan and will update the documents annually. This submission of the AMP contains summary information from the most recent edition of the LROBP (FY07-12), which incorporates USAID overseas requirements in New Embassy Compound projects. Similarly, the A Bureau has developed its “Foggy Bottom Consolidation Plan.” This document defines the plans that are driving the consolidation of State’s DC-based occupancy into Foggy Bottom and in close proximity to the Harry S. Truman Main State Building (HST). Appendix A contains summaries of these documents.





2. Performance & Accountability

Another strategy embraced by the Department of State and USAID is the focus on accountability and performance. The Department of State and USAID have adopted a culture of accountability through the establishment of clearly defined goals that touch every function and every level of the organizations. With the goal of striving to operate as a results-based organization, each bureau within State with property management responsibilities has a defined set of performance measures with established targets that measure their financial, operating, construction and customer service performance.

USAID submits an annual Performance and Accountability Report that provides detailed insight into how USAID is meeting its organizational strategic goals. This report provides a complete vision into the performance of USAID as a whole – not by program – and satisfies several mandated reporting requirements including:

- Inspector General Act of 1978
- Federal Managers' Financial Integrity Act of 1982
- Chief Financial Officers Act of 1990
- Government Management Reform Act of 1994
- Government Performance and Results Act of 1993.
- Federal Financial Management Improvement Act of 1996
- Reports Consolidation Act of 2000

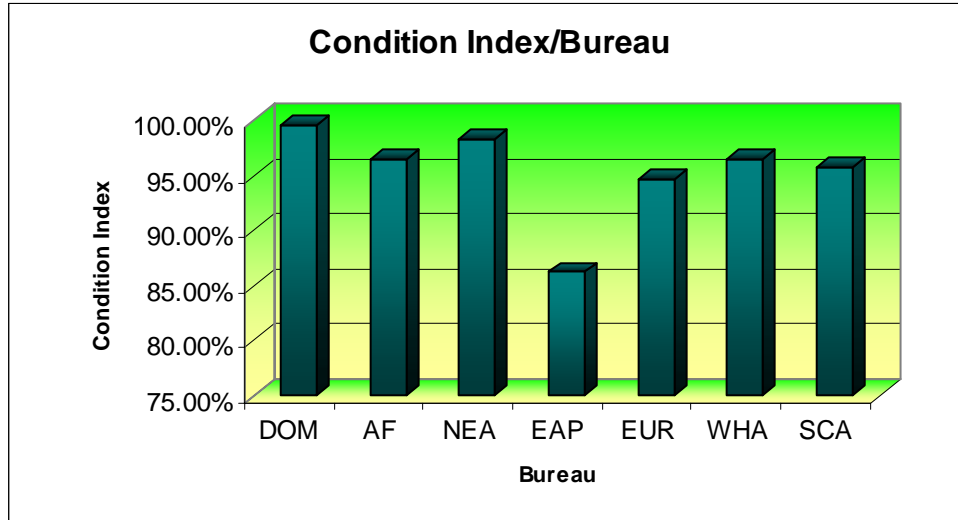
USAID regularly collects and reports performance data against all Agency-wide and country-specific performance indicators that are already in place. The information is provided by missions, regional offices, and pillar bureaus with program implementation responsibilities. The Performance and Accountability Report provides the results of this data collection and gives a very clear indication as to the Agency's performance.

These indicators do not extend into administrative, support, or other non-program areas. Therefore, USAID is now in the process of developing performance measures for the properties that it manages, and has drafted an outline of its FY2007-FY2011 Asset Management Performance Plan in compliance with the Federal Enterprise Architecture. These measures are expected to be implemented by June 2007.

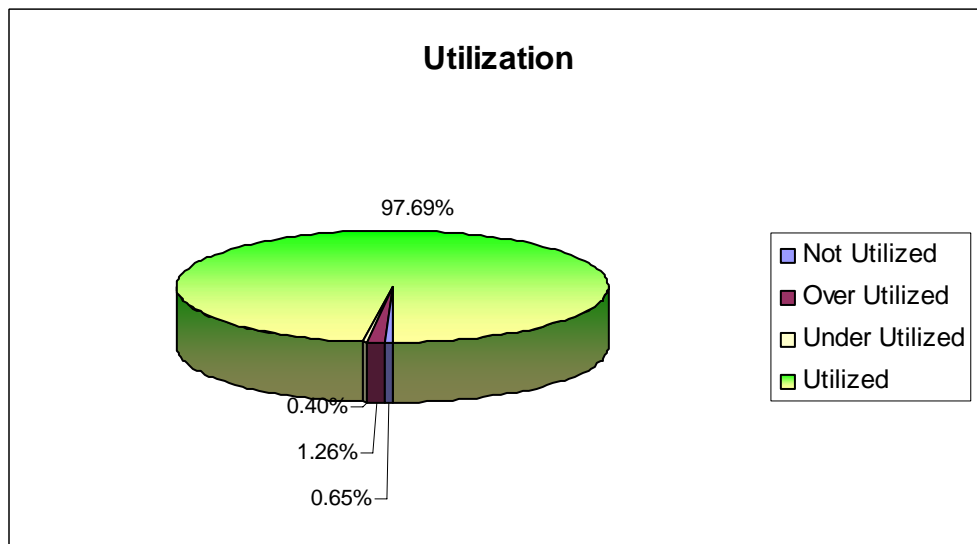
In addition, the Department of State and USAID have adopted and executed the Council's First Tier measures. The four FRPC performance measures have been applied to the Department's and USAID's owned and leased properties using data collected from all missions as of September 2006. Where appropriate, USAID data has been extracted and is presented separately from that of Department of State-owned properties. Both the Department and USAID properties are displayed and distributed by appropriate geographic bureau.



- **Condition Index:** An analysis of all Department of State and USAID properties resulted in individual Condition Indices of 93.95% and 96.56%, respectively, and an overall Condition Index of 94.04%. The chart below reflects the Condition Index for all State- and USAID-owned properties by Bureau. Charts for each agency separately are found in Section 6 of this document.



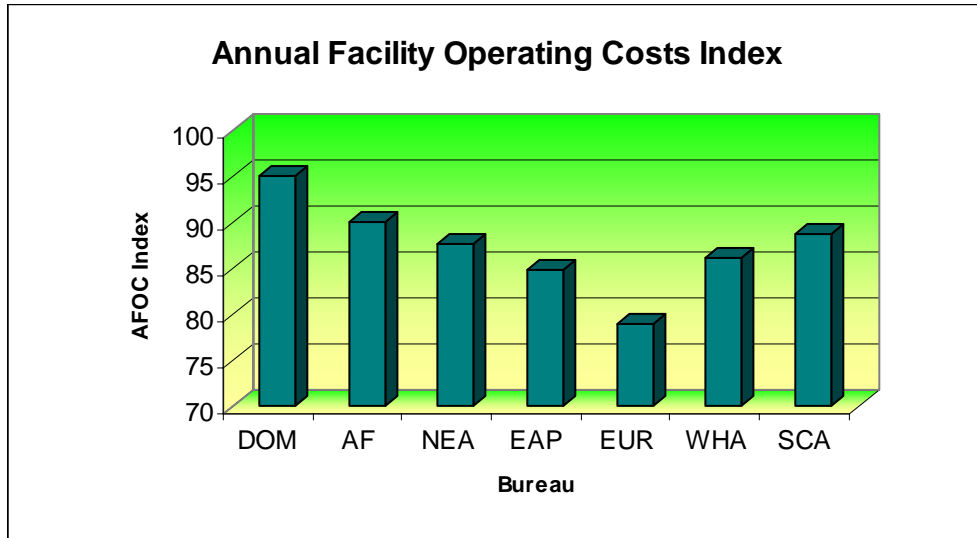
- **Utilization Index:** An analysis of all Department of State and USAID properties demonstrates overall that the properties are characterized by a high rate of utilization, with almost 99.0% classified as either fully utilized or over-utilized. Approximately 0.40% of the portfolio is under-utilized and 102 properties (statistically, 0.65%) are not utilized. The graph below reflects all State- and USAID-owned properties. Agency-specific data is presented in Section 6.



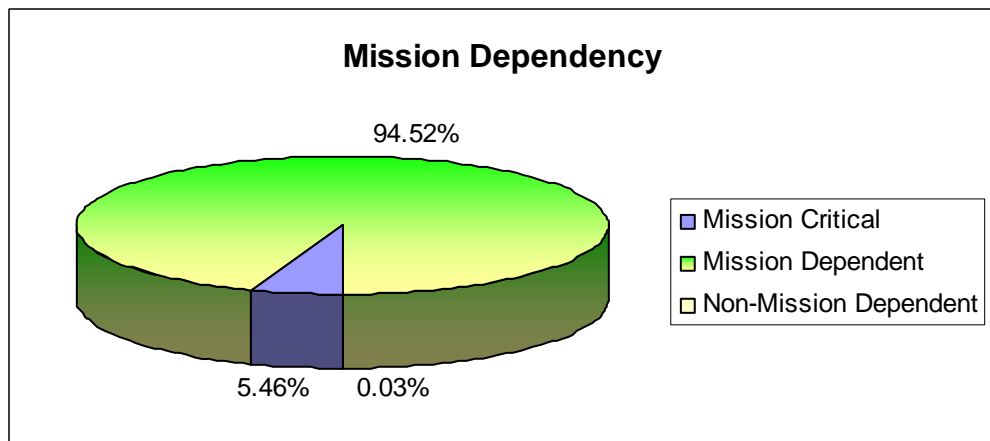


- ***Annual Facility Operating Costs:*** Annual Facility Operating Costs (AFOCs) are handled at the post level and are fairly consistent across most of the Department of State’s Bureaus and USAID properties when viewed in total. This suggests that each region operates and maintains properties within the same cost parameters. AFOCs for each agency specifically will be addressed in Section 6.

The chart below references all State- and USAID-properties’ AFOCs, with agency-specific charts included in Section 6.



- ***Mission Dependency Index:*** An analysis of all Department of State and USAID properties shows that, in total, 5.46% of all properties are designated Mission Critical, while an additional 0.03% are considered Non-Mission Dependent. The remaining 94.52% are classified as Mission Dependent. All Chanceries and Annex Buildings are considered Mission Critical. Classifications of various types of buildings for the Mission Dependency Index are included in Section 6.4.1 of this document. The graph below reflects all State- and USAID-owned properties. Individual agency data is reflected in Section 6.





3. Best Practices

A third area of commonality across the Department and USAID is the implementation of Best Practices derived from the real estate industry, architectural/engineering consultants, and other private and public sector resources. The Department and USAID are committed to implementing best practices in every phase of their businesses. Examples include use of standard embassy designs for new construction programs (see Section 3.1.1.2), an Industry Advisory Panel (Section 6.1), and, where appropriate, the outsourcing of some day-to-day facilities maintenance (Section 4.5.1).

This Asset Management Plan incorporates the Guiding Principles identified by the Federal Real Property Council. The FRPC's 10 guiding principles include the following:

Principle	Reference Section Number
Support agency missions and strategic goals	2.1
Use public and commercial benchmark and best practices	6.1
Employ life-cycle cost-benefit analysis	6.3.2
Promote full and appropriate utilization	6.4.1
Dispose of unneeded assets	5.3
Provide appropriate levels of investment	6.3.2
Accurately inventory and describe all assets	4.1
Employ balanced performance measures	6
Advance customer satisfaction	6.4.2
Provide for safe, secure, and healthy workplaces	2.1

The section numbers corresponding to the Council's principles provide a cross reference within this AMP.

1.2. Plan Contributors

Both the Department and USAID have several programs, mechanisms and processes in place to manage their assets. The LROBP is one in a series of steps that the Department, under the leadership of the Bureau of Overseas Buildings Operations (OBO), has taken to improve the provision of diplomatic and consular facilities.



USAID participates in the LROBP in several ways. OMS staff attends the annual LROBP kick-off meeting each September, at which OBO outlines agencies' roles and responsibilities in the development of NEC scopes. Agencies voice concerns, make recommendations for the overall process and development of the LROBP, and have their questions answered.

Simultaneous to the kick-off meeting, the office of the Under Secretary of State for Management holds a meeting to determine the priority posts for NEC funding. This meeting, known as the "Top 80" meeting involves the Management Bureau (M), Diplomatic Security (DS), Regional Bureaus, and OBO. USAID participates in the "Top 80" planning by working with Regional Bureaus and providing input regarding which posts it believes should receive priority consideration for an NEC. Ultimately, the Regional Bureaus make the recommendations about which posts are added to the Top 80. Finally, USAID reviews the LROBP in draft form.

Once an NEC project is moved to a budget year for proposed funding, OBO develops the project scope and budget. As part of this process, a space requirement program is developed that clearly identifies agencies' space needs in the NEC. USAID is involved in the review and approval of space requirements developed for each post where it is present.

When an NEC project moves through the planning process just prior to the budget year, OBO conducts an Integrated Plan Review (IPR) of the planned NEC. This IPR is held either at post or in Washington, D.C. and involves all agencies at post, OBO staff, and USAID mission staff. In general, OBO treats USAID similarly to other tenant agencies in the LROBP process, but USAID is more involved than other agencies through their participation in quarterly NEC planning meetings with OBO.

The LROBP was created to ensure that planning based on requirements, not funding, was the driving force within the Department. Replacing chanceries and consulates that do not meet stated security standards is only part of the Department's challenge. An equally important task is ensuring that existing buildings are functional throughout their useful life. Anticipating the requirements of the FRPC, the Real Estate section of the FY 2007 – FY 2012 LROBP was expanded to highlight asset management activities. Highlights from the FY 2007 LROBP have been included in this Asset Management Plan (AMP).

1.3. Development of the Asset Management Plan

The asset management plan is organized as follows:

Section 1 – Introduction: Describes the approach and content of this plan.

Section 2 – Agency Missions and Strategic Goals: Addresses both the Department of State's and USAID's missions and their real property support in



implementing those missions and strategic goals; their human capital and organizational structures, decision-making frameworks, and owners' objectives.

Section 3 – Acquisition: Describes how the Department of State and USAID plan for and acquire real property assets, develop their capital plans, identify prioritized acquisition lists each fiscal year, and identify key initiatives to improve financial management and acquisition performance.

Section 4 – Operations: Describes how the Department of State and USAID operate their real property assets through the inventory system, Operations and Maintenance Plans, Asset Business Plans or “Building Block” Plans, and evaluation of assets. Additionally, it describes key initiatives that are underway to improve operational performance.

Section 5 – Disposal: Discusses how the Department and USAID dispose of unneeded real property assets and identify initiatives to improve the pace of disposition. Examples of recent disposals are provided as a frame of reference. Plans for disposals of assets in current and future years are also included.

Section 6 – Performance Measures: Describes how the Department and USAID measure the effectiveness of their activities and performance in regard to acquisition, operations, and disposal of real property assets. It also provides descriptions of each organization's use of private sector “best practices.” This section includes real property performance measures, including the FRPC's four “First Tier” measures.

1.4. Asset Management Plan Required Components

This plan follows the FRPC's template for asset management plans and incorporates the FRPC's recommended components. The following chart provides a quick reference to where these required components are referenced in this AMP:



Integrated Guiding Principles	Sec. 2, 3, 4, 5, 6
Agency Specific Objectives	Sec. 2.4
Periodic Evaluation of Assets	Sec. 4.4
Prioritized Operations and Maintenance (O&M) Budget and Plan	Sec. 4.5
Plan for Basic Repair and Alterations (R&A) Needs	Sec. 4.6
Prioritized Capital Budget and Plan	Sec. 3.1, 3.2
Building Block Asset Business Plans	Sec. 4.3
Continuous Monitoring and Feedback Mechanism	Sec. 4.4, 6.2, 6.3, 6.4, 6.5
Consideration of Socio-economic-environmental Responsibilities	Sec. 2, 3, 4, 5
Adequate Human Capital Support of Asset Management Organization	Sec. 2.2
Common Government-wide Terminology	Sec. 2, 3, 4, 5, 6

The following descriptions summarize how the Department and USAID address these requirements by using the LROBP as a foundation for its asset management activities.

- ***Integrated guiding principles*** – One of the LROBP’s guiding principles is the prioritization of projects in the Capital Security Construction Program based on regional bureau recommendations. The results are integrated with the Department’s budget requests.
- ***Agency-specific objectives*** – The Department’s LROBP includes six program objective memorandums that discuss regional goals. These goals focus on the need for planning, direction, and constancy of purpose for construction and other projects and programs.
- ***Evaluation of assets*** – The Department assesses the value of its assets on an as-needed basis. State’s Real Estate Evaluations Division provides appraisal and appraisal review services to support acquisitions, dispositions, and leases of all international real estate assets, while USAID contracts locally through the mission for appraisal services. Also, Global Condition Surveys, condition assessments, Post Occupancy Evaluations, and the Financial Audit Program provide additional mechanisms for the Department and, in some cases, USAID to evaluate their assets.
- ***Prioritized operations and maintenance (O&M) budget and plan*** – The Department has established an operation and maintenance plan that provides standard procedures and programs for evaluating post maintenance needs. This plan also helps the Department and USAID retain value, delay deterioration, and avoid extensive repairs of their properties.
- ***Plan for basic repair and alteration (R&A) needs*** – The LROBP identifies the Department’s significant R&A projects and provides project scopes, funding requirements, and timeframes for each location. USAID operates in a more decentralized fashion and approaches projects on an as-needed basis with funding provided via each Mission’s budget.



- ***Prioritized capital budget and plan*** – The LROBP identifies capital budget priorities for both Security Capital and Regular Capital projects.
- ***Building block asset business plans*** – Individual Long-Range Facilities Plans (LRFP), which include USAID when co-located with State, serve as the building blocks for the Department’s overall asset management plan.
- ***Continuous monitoring and feedback mechanism*** – Performance measures are reported monthly by all elements of the Department of State. The annual revision of the LROBP is the result of these feedback mechanisms as well as a response to changes in the worldwide environment.
- ***Consideration of socio-economic-environmental responsibilities*** – The LROBP responds to the Department’s sociological, economic, and environmental responsibilities by planning for only what is needed and executing construction cost-effectively, with minimum impacts on natural environments and human habitats.
- ***Adequate human capital support of asset management organization*** – Plans in the LROBP define the types of personnel needed to accomplish the Department of State’s endeavors, including combinations of government employees and outside subject matter experts. USAID also utilizes staffing plans developed by the Regional Bureaus to determine upcoming needs. In addition, all capital security, capital regular, and major rehabilitation program business cases include projected staffing, illustrating the estimated number of USG and locally employed staff expected at posts over a 5-7 year timeframe.
- ***Common government-wide terminology*** – The Department has incorporated the common government-wide, real property terminology, as identified in the FRPC Inventory Committee’s Data Elements and Definitions, into this AMP.



2. Support of Agency Missions and Strategic Goals

2.1. Department of State / USAID Mission

The Department of State and the United States Agency for International Development (USAID) share a common mission: to create a more secure, democratic, and prosperous world for the benefit of the American people and the international community. Since 2004, the Department of State and USAID have jointly prepared a strategic plan, and are working together to execute it. The close collaboration will ensure that our foreign policy and development programs are fully aligned to advance the national security strategy of the United States. Diplomacy and development assistance are critically important tools for building a safer, freer, better world. The employees of the Department of State and USAID serving at home and in approximately 275 diplomatic missions in 188 countries around the world are responsible for carrying out this plan with integrity and professionalism.

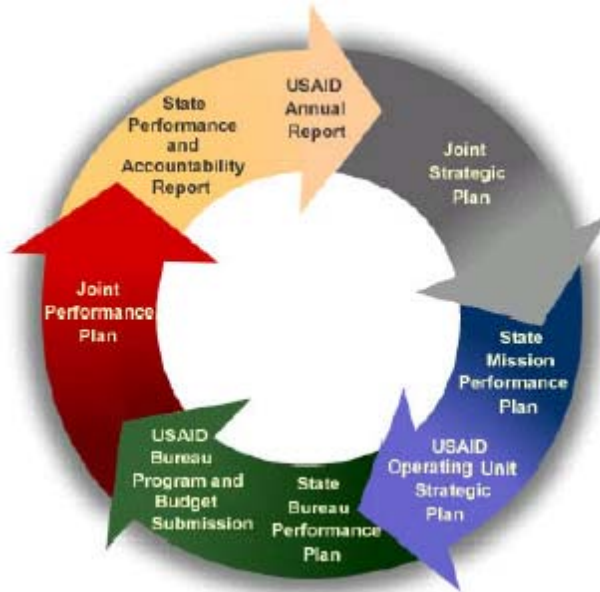
The official framework for the U.S. Government's relationships with foreign governments is diplomacy. U.S. ambassadors and supporting officers promote and protect the interests of our citizens in their work to:

- Promote peace;
- Open markets and opportunities;
- Support freedom, human rights, and democracy;
- Address problems and mutual concerns, such as spread of diseases, pollution, smuggling, and terrorism;
- Provide help for citizens traveling and living abroad;
- Support American businesses abroad;
- Issue U.S entry visas to foreigners for the purpose of tourism, business and educational opportunities, and adoption.



Under the leadership of the Secretary, the Deputy Secretary and the USAID Administrator, the Department of State and USAID have issued a joint Strategic Plan that governs both agencies for fiscal years 2004-2009. This historic Strategic Plan utilizes a revised strategic goal framework that better captures and articulates the agencies' priority goals and objectives, shortening the number of goals to better focus policy and management direction. See Appendix B for a copy of this Strategic Plan.

Department of State / USAID Strategic and Performance Planning



The Department of State and USAID use strategic and performance planning to ensure that they achieve their desired objectives and goals and to link the organizations' objectives and goals to their overall mission, consistent with the Government Performance and Results Act (GPRA) of 1993 and related guidance from the Office of Management and Budget (OMB). Each year, the Department and USAID's overseas missions and Washington-based bureaus submit performance plans, which describe their policy and program goals, priorities and resource requirements by country and then by functional or regional bureau.

Both agencies' performance management processes are driven by senior leadership direction and coordination as described below:



Planning Process	Department of State	USAID
STEP #1 Mission Plans <i>Winter / Spring</i>	Each of the Department's missions prepares a yearly Mission Performance Plan (MPP) that outlines goals, targets and resource requirements for the upcoming fiscal year and reports on performance for the prior year. Most of the MPPs are reviewed by the Assistant Secretary for Resource Management, as well as the regional bureaus.	Each USAID mission prepares a long-range strategic plan identifying key objectives, performance targets and overall resource requirements. Through the Annual Report process, missions report on progress in implementing the plan and resource requirements for the upcoming fiscal year. Data in the Annual Report is included in the MPP. Annual Reports (AR) are reviewed by respective Bureaus and PPC.
STEP #2 Bureau Plans <i>Spring / Early Summer</i>	Following the MPP process, each of the Department's regional, functional and management bureaus prepares a Bureau Performance Plan (BPP) that outlines goals, targets and resource requirements for the upcoming fiscal year and reports on performance for the prior year. All BPPs are reviewed by the Deputy Secretary, in addition to the Assistant Secretary for Resource Management.	Following the AR process, each of the Agency's regional and functional bureaus prepares a Bureau Program and Budget Submission (BPBS) outlining goals, targets and resource requirements for the upcoming fiscal year. The BPBS is reviewed by the Agency Assistant Administrators.
Step #3 Agency Plans <i>Late Summer / Fall</i>	Based on planning and performance information in the MPPs and BPPs, as well as additional budget information, the Department develops its annual Performance Budget, which focuses on the highest priority issues and is consistent with the high-level Strategic Plan.	Based on planning and performance information in the BPBS, as well as additional budget information, the Agency, in conjunction with the Department, develops its annual Performance Budget, which focuses on the highest priority issues and is consistent with the high-level Strategic Plan.

The Department of State and USAID recognize that their domestic and worldwide network of facilities is a critical component of U.S. diplomatic and development readiness. The Department of State and USAID's overseas real property portfolio exceeds \$12 billion in value and includes approximately 18,310 properties. This total includes approximately 1,371 USAID-owned/leased properties that support its foreign development programs. The Department of State's facilities are often occupied by employees of other tenant agencies, including agencies such as the Department of Agriculture to the Broadcasting Board of Governors (BBG). Together, the Department and USAID support over 60,000 U.S. Government employees, and their families, from more than 30 agencies working at embassies, consulates, and other facilities around the world. Domestically, the Department of State occupies 135-owned and leased properties totaling 7.3 million square feet that support bureaus servicing their overseas counterparts.

Domestically, USAID leases one property totaling 3,000 square feet designated as an offsite emergency facility (per FPC 65). The Agency's headquarters and a separate warehouse totaling almost 640,000 square feet are managed by the General Services Administration (GSA) via the Occupancy Agreement (OA) process.

The Department of State and USAID's FY04-FY09 Strategic Plan addresses real property initiatives that support its mission through the achievement of Management and



Organizational Excellence. Three Performance Goals in particular apply directly to real property.

1. Performance Goal 2 – Modernized, secure, and high quality information technology management and infrastructure that meet critical business requirements
2. Performance Goal 3 – Personnel are safe from physical harm and national security information is safe from compromise
3. Performance Goal 4 – Secure, safe, and functional facilities serving domestic and overseas staff

These objectives drive the Performance Plans of both OBO and the A Bureau. . (See Appendices C & D for copies of these Performance Plans.) Further discussion of the existing and drafted measures for both Department of State and USAID is found in Section 6.2 of this document.

The Department ensures that its real property asset management is integrated with the ongoing requirements of the occupying bureaus it services in several ways:

1. Through cyclical planning and feedback mechanisms that funnel future space requirements to the appropriate department for review and implementation as required.
2. Regular and frequent meetings of senior management with the Department's largest space users regarding future space needs, facility issues and work on specific projects.
3. Through the ongoing interaction of its senior managers and departmental staff with the management of the occupying bureaus.

The joint Department of State / USAID Strategic Plan also includes two additional shared goals relating to facilities:

- ***Execute the Long-Range Overseas Buildings Plan (LROBP).*** The Department of State and other agencies, such as USAID, DOD, DHS, and DOJ, develop staffing projections and provide those requirements to OBO in support of the Long-Range Overseas Buildings Plan. The Secure Embassy Construction and Counterterrorism Act of 1999 requires collocation on new embassy compounds for all personnel under the authority of the Chief of Mission. (See Appendix E for a copy of this Act.) Accordingly, USAID facilities' needs are integrated with OBO's plans. Together, the Department and USAID work with Congress and OMB to secure funding for construction of new overseas facilities. Chapter 3 of this AMP provides a more detailed description of the Department's activities relating to the planning and construction of new facilities.
- ***Implement Capital Security Cost-Sharing (CSCS).*** The Department currently pays the full cost of constructing new secure embassies and consulates overseas. The Department, with the support of Congress, has asked the other U.S.



Government agencies for a share of the cost of building the overseas facilities based on their overseas staff and space that they occupy. This fits into the President's Management Agenda initiative on a Right-sized Overseas Presence by having all U.S. Government agencies pay a pro rata share of the capital cost of maintaining their staff overseas, which encourages agencies to take into account the full costs of their personnel when considering placing staff overseas.

The AMP will be an integral part of the Department and USAID's strategic planning process. It will help the Department of State and USAID execute its real property agenda providing guidance and measures for the efficient acquisition, management, operation, and disposal of each agency's real property assets. It will help identify and channel resources required to support the Department's growth, in a manner consistent with the President's Management Agenda initiative to rightsize the U.S. Government presence abroad. It provides a framework that ensures U.S. Government occupied facilities are properly maintained and receive capital investment in proportion to its needs. The plan is aligned with the Department's long and short-term budgetary process and will help ensure that investments are made only in those assets required to support transformational diplomacy and development. Its framework is consistent with and clarifies the Department of State's asset investment, utilization and performance goals. It will help identify underutilized or unused assets that represent opportunities for disposal or re-investment. It will identify and track process improvements that will improve the efficiency of the providers and users of real property assets. Through effective utilization of assets for service and financial objectives, the asset management plan will ensure that the opportunity cost for holding property is reduced and that investment needs are aligned with the Department's strategic needs.

The following subsections present the missions of the Department of State, A Bureau, and USAID.

2.1.1. Department of State Bureau of Overseas Buildings Operations' Mission

The Department of State is committed to ensuring the United States Government's overseas diplomatic readiness. As called for in its Strategic Plan, diplomatic readiness requires the appropriate infrastructure and operating capabilities that enable employees to pursue policy objectives and respond to crises. The work of diplomacy is difficult and often dangerous. The U.S. Government owes it to those on the "front lines," carrying out this vital work, to provide a safe and secure working and living environment.

The Secretary of State has directed that the Director of OBO, working with appropriate elements of the Department and other U.S. Government agencies, serve as the single Real Property Manager for U.S. diplomatic and consular real property abroad. OBO's task is to provide appropriate and well-maintained real property assets in support of the Department's and other agencies' overall missions. This means providing U.S.



diplomatic and consular missions and other agencies overseas with secure, safe, and functional facilities to assist them in achieving the foreign policy objectives of the United States.

OBO's mission, programs and strategies contribute to the Department's strategic objective of strengthening diplomatic and program capabilities and to its strategic goal of ensuring that a high quality workforce is supported by a modern and secure infrastructure. With a real estate portfolio that exceeds \$12 billion in value and includes approximately 18,310 properties, OBO's mission is critical to over 60,000 U.S. Government employees and their families from more than 30 agencies, at over 175 embassies and consulates. They depend on OBO's ability to effectively and efficiently plan, acquire, manage, and operate their places of work and, in many cases, their homes.

Since 2001, OBO has reinvented itself as a performance-based organization. OBO is focused on achieving results and becoming fully accountable at every level to ensure that the organization's stakeholders and customers receive the very best value. OBO has embraced the culture of accountability with clear goals throughout the organization. OBO has performance measures at the division, branch, and position levels. These measures assess the organization's results against established targets.

The following chart illustrates OBO's real property core competencies as well as the bureaus and offices that manage these endeavors.



The Department's Core Competency	Oversight Bureau/Office
Long-range facility requirements planning for replacement facilities and major facilities renovations.	Office of Planning and Development (OBO/PD)
Real estate support of U.S. missions worldwide in asset management, acquisitions, disposals, lease management, housing, policy support, records management, and real property application support.	Office of Real Estate and Property Management (OBO/RE)
Management of all aspects of design, construction, security, and commissioning of new, functional capital construction projects worldwide. PE manages the execution phase through its 5 Divisions: Construction and Commissioning (CC); Design and Engineering (DE); Interior and Furnishings (IF); Security Management (SM); and Special Projects Coordination (SPC).	Office of Project Execution (OBO/PE)
Services and funding for the operation and maintenance of existing overseas facilities, including the management of leasehold and maintenance/repair accounts and projects, implementation of safety, health, and environmental regulations, as well as field engineering and fire prevention support.	Office of Operations and Maintenance (OBO/OM)
Services related to financial and policy functions.	Office of Resource Management (OBO/RM)

2.1.2. Department of State Bureau Of Administration's Mission

The mission of the Bureau of Administration (A Bureau) is "Making diplomacy work through effective, innovative, administrative programs and services."

Within A Bureau, three specific offices are engaged in the planning, management, and operation of the Department's domestic real estate, the office of Real Property Management, the Office of Facilities Management Services, and the Office of Special Projects, but policies related to all are coordinated by the Bureau of Administration, Office of Operations. Note that USAID's domestic properties are managed by the Facilities Management Division, Office of Administrative Services (M/AS/FMD) in coordination with GSA and commercial landlords, not A Bureau.

The depth and breadth of the real estate expertise and resources within these A Bureau offices is extensive. The domestic owned portfolio constitutes 1 million square feet of the Department's entire seven million square foot owned and leased domestic portfolio.



A Bureau has managerial responsibility for the Department’s entire domestic portfolio. As a result, a considerable degree of real estate expertise is resident within the Department of State, including leasing, occupancy planning, space management, project management, facility operations, environmental/health and safety, etc. Outside expertise complements the in-house team and is engaged: 1) On a project-by-project basis; 2) As part of their operating strategy; and/or 3) When it is more cost effective to outsource the required service. The in-house core competencies and outsourced services for the three offices are depicted below:

In-house Core Competencies and Outsourced Services

Real Property Management	Facilities Management Services	Special Projects
In-house	In-house	In-house
<ul style="list-style-type: none"> ▪ Lease Negotiation ▪ Lease Administration ▪ Architectural design ▪ Space Planning ▪ Occupancy Planning ▪ CAD System ▪ Construction Management ▪ Strategic Planning ▪ Contract Administration ▪ Space Utilization/Planning ▪ Asset Management 	<ul style="list-style-type: none"> ▪ Operations and Maintenance ▪ Environmental, Health and Safety ▪ Technical Services: <ul style="list-style-type: none"> ○ HVAC ○ Electrical ○ Fire/Life Safety ○ Elevator ○ Strategic planning ▪ Project Management ▪ Emergency Response ▪ Energy Management ▪ Contract Administration ▪ Strategic Planning ▪ Construction Management 	<ul style="list-style-type: none"> ▪ Project Management ▪ Special Project Consulting ▪ Strategic Planning ▪ Contract Administration ▪ Strategic Planning ▪ Construction Management
Outsourced	Outsourced	Outsourced
<ul style="list-style-type: none"> ▪ Architectural design review ▪ Construction Management 	<ul style="list-style-type: none"> ▪ Facility Management ▪ Cleaning, Grounds Maintenance, Snow Removal ▪ Operation and Maintenance of equipment and building systems Work ▪ Specialty Contracts; space alterations; repair, upgrades 	<ul style="list-style-type: none"> ▪ Architecture ▪ MEP Engineering ▪ Construction Management ▪ Interior Construction

Real Property Management pertains to the planning and oversight functions associated with acquiring and maintaining real property assets. Facilities Management Services refers to the activities associated with operating buildings. Special Projects refers to



construction, renovation, and building repair and alteration of large-scale projects like the several-hundred million dollar Harry S. Truman building renovation.

2.1.3. USAID's Mission

Under Secretary Rice's leadership, the United States has reformed its organization, planning and implementation of foreign assistance in order to maximize the impact of our foreign assistance dollars to achieve U.S. foreign policy objectives and improve the lives of those around the world. New leadership has been established with the creation of a Director of United States Foreign Assistance, who serves concurrently as the Administrator of the United States Agency for International Development (USAID). In this capacity, the Director of Foreign Assistance has developed a new Strategic Framework for U.S. Foreign Assistance, within which the Department of State and USAID are developing a fully integrated process for foreign assistance policy, planning, budgeting, and implementation. For the first time in our nation's history, all \$20.3 billion of U.S. foreign assistance under authority of the Department of State and USAID, as well as resources provided by MCC, are being applied to the achievement of a single overarching goal—transformational diplomacy:

To help build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread poverty and conduct themselves responsibly in the international system.

The new Strategic Framework for U.S. Foreign Assistance articulates a strategy for achieving this goal, focusing on five objectives that together address the underlying causes of persistent poverty, despotic governance, insecurity, and economic stagnation:

- **Peace and Security:** These are necessary conditions for further political, economic, and social progress;
- **Governing Justly and Democratically:** Effective, accountable, democratic governance is a vital foundation for sustainable progress;
- **Investing in People:** Human capacity must be strengthened and poverty and disease addressed in order to promote and sustain success;
- **Economic Growth:** Economic progress and poverty reduction are critical underpinnings of sustainable development; and
- **Humanitarian Assistance:** The United States maintains its long-standing commitment to alleviate human suffering and respond to destabilizing humanitarian disasters.

The Department of State and USAID have jointly developed common definitions and indicators to describe, account for, and evaluate our foreign assistance programs and their impact in achieving the objectives of the strategy. A new budget and performance tracking system will house budget and planning data that will allow us to track objectives



to programs, dollars, and results. Performance evaluations will allow us to further refine and focus our foreign assistance dollars.

Strategic Principles

1. Integrate planning based on the totality of U.S. Government resources. The fragmentation of foreign assistance across multiple agencies, offices, and bureaus risked uncoordinated strategies, inadequate accountability, and the misdirection of resources. In building the FY 2008 budget, planning was integrated, seeking the most complete picture of U.S. activities and programs by country and region. To that end, interagency teams were assembled and tasked with ensuring that resources were coordinated, mutually supportive, targeted to the achievement of shared objectives, and able to maximize existing U.S. investments. For FY 2008, these resources included all programs and activities under the authority of the Secretary of State, in coordination with resources managed by the MCC.

2. Maximize country progress. The new Strategic Framework for U.S. Foreign Assistance categorizes each country receiving U.S. foreign assistance based on common traits, and places them on a trajectory to achieve the transformational diplomacy goal. The FY 2008 request reflects a focus on the specific gaps and obstacles countries face in moving from one country category to another, and identifying the target objective or objectives appropriate to the individual country context. The ultimate intent is to support recipient country efforts to *move from a relationship defined by dependence on traditional foreign assistance to one defined by full sustaining partnership status.*

At USAID, the Overseas Management Staff (OMS) within the Bureau for Management is responsible for centralized management of the USAID real property program overseas. The responsibilities of OMS include:

- Evaluating and approving USAID Mission requests for acquisition and/or construction of real property;
- Managing USAID's Property Management Fund;
- Preparing long-range plans for USAID overseas property acquisition and disposal; on average, there are three acquisitions and one disposal each year.
- Monitoring USAID acquisition, leasing, and property management practices overseas covering approximately 1,371 properties;
- Serving as official repository for USAID deeds and leases overseas;



- Advising USAID Missions on a wide range of problems involving real property acquisition, use, disposition, construction, renovation, and capital improvements;
- Acting as liaison between USAID and the Department of State's Overseas Buildings Operations (OBO).

The USAID Mission Director at each post is responsible for implementing all policies and procedures relating to the USAID real property program, including:

- Annually certifying to the Chief of Mission (COM) that all USAID-owned and/or leased properties are properly managed and utilized;
- Submitting to M/OMS the annual Real Property Inventory (RPI) report and certification of each of USAID's approximately 1,371 real property holdings; and
- Submitting to M/OMS a revised Housing Profile when significant changes have occurred at post.

Additionally, at each post, the USAID Executive Officer (EXO) is responsible for assisting the Mission Director in administering the USAID real property program, including implementing all policies, procedures, and regulations pertaining to real property. The EXO is discussed further in Section 2.3.1.

The USAID organizational structure provides the foundation for USAID to effectively and efficiently achieve its goals of providing humanitarian and transition assistance, promoting sustainable development abroad, responding to natural and man-made disasters, and addressing key global problems. The agency's organizational structure and organizational units must reflect and directly support the Agency's five core values – managing for results, customer focus, teamwork and participation, empowerment and accountability, and valuing diversity – as well as the following general organizing principles:

- a) **Flattening and De-layering:** Agency organizations must have no more than three organizational layers, no more than four supervisory levels, and a minimum of reporting and clearance levels;
- b) **Simplification:** Agency organizations must avoid unnecessary complexity and layering in designing organizational units;
- c) **Teamwork and Teams:** Agency managers are responsible for determining when a team is the appropriate structure to staff a particular work task. All agency organizational units are required to operate according to principles of teamwork;
- d) **Participation:** While the authority and scope of these directives are limited to the boundaries of USAID, agency organizational units should make an effort to build



and use expanded teams and virtual team membership consisting of relevant development partners such as other bilateral donors, international finance institutions, and international organizations, as well as key stakeholders such as our NGO partners, contractors, and host country governments, and major USAID customer representatives to ensure their participation and contribution to agency goals and objectives.

USAID's organizations are built around teamwork as an important mechanism for integration and participation. By enabling various specialties within a mission, bureau or independent office to work together, and by supporting partnerships between field and Washington-based experts, the agency is better able to identify and agree upon objectives, effectively utilize resources, and bring maximum expertise to problems. Managers are responsible for examining the type of work required and the nature of the desired result when considering a team-based management approach. Although the current agency organization emphasizes teamwork, a team structure may not always be the most effective means of achieving work objectives. It is the responsibility of managers to determine the optimum organizational structure that most effectively accomplishes the mission of the organization and the agency.

At USAID, teams are built, to the greatest extent possible, using the following characteristics to ensure their effectiveness:

- a) **Results-Oriented:** Teams are formed around shared and understood goals and objectives. Goals are cooperatively structured to enable the best possible match between individual goals and team goals.
- b) **Empowerment:** Teams are given the authority, responsibility, and resources necessary to achieve objectives and make effective decisions. Participation and leadership in parallel teams are distributed among group members; authority is equalized and shared.
- c) **Mutual Accountability:** Team members hold themselves accountable for the team's goals and for performance and results.
- d) **Customer-Oriented:** Team goals/objectives are set with a focus on customers.
- e) **Multi-functionality:** Complementary skills and multi-functional membership are emphasized by drawing parallel team members and, to some extent, permanent team members, with the knowledge, skills, and expertise to respond to customer needs and achieve desired results, from across functions.
- f) **Information Sharing:** Open and accurate expression is emphasized. Information must be shared in a transparent manner.



- g) **Incentives:** Incentives and awards are used to reward team accomplishments, as well as individual initiatives. Members are held accountable for their performance and receive constructive feedback. Risk taking is encouraged.
- h) **Self-Management:** Parallel teams internally solve normal management problems, for example, distribution of work, interpersonal conflicts, employee absences, performance issues, discipline, etc. Roles and responsibilities are clearly defined.
- i) **Performance Measures:** Teams must have a means of assessing progress toward achievement of objectives and identifying reasons for failure or delinquency.

Although USAID and the Department of State are separate organizations, both report to the Secretary of State, per Section 1522 of the Foreign Affairs Reform and Restructuring Act of 1998 (22 U.S.C. 6592). Therefore, a joint effort ensures that the two organizations focus on achieving common goals, finding economies of scale, and promoting new synergies. Once policy direction is established, funding resources are aligned to meet the objectives.

As described earlier, USAID and the Department of State share the same foreign policy goals and a joint strategic plan that aligns foreign policy and development assistance to support the national security strategy of the United States. To implement the strategic plan, the Department and USAID established a Joint Policy Council and Joint Management Council (JMC) in late 2003. These joint councils are discussed in depth in Section 2.2 below.

2.2. The Joint Strategic Plan

The Department and USAID share a common mission. It is to create a more secure, democratic, and prosperous world for the benefit of the American people and the international community.

To succeed in accomplishing that mission, the agencies have jointly prepared a strategic plan covering FY2004-FY2009. Working together under the auspices of this plan will ensure that the Department's foreign policy programs and USAID's development programs are in complete alignment to advance the National Security Strategy of the United States.

The Joint Strategic Plan outlines the shared goals and priorities of two operationally separate organizations, and to meet those goals, the Strategic Plan must be executed by the Department and USAID in a collaborative and coordinated way. To ensure that happens, the Plan dictated the creation of an oversight council the Joint Management Council (JMC).



JOINT MANAGEMENT COUNCIL

The JMC was created to set the direction for increased management coordination, to help develop and implement strategies and priorities articulated in the Joint Strategic Plan, and to monitor progress of the initiatives.

The JMC is directed by an Executive Committee, which is co-chaired by the Under Secretary for Management and the USAID Deputy Administrator. The Executive Committee is supported through the work of a Directorate and six working groups, each co-chaired by Deputy Assistant Secretary (DAS) level officials. Their focus is on common management issues affecting operations in Washington, DC, as well as the field such as:

- Financial Management;
- Human Resources;
- Information Technology;
- Logistics and Administration;
- Procurement; and
- Shared Services.

A Facilities Working Group was part of the original JMC structure, but has been recently moved to an “Ex Officio” role. In this role, the Working Group participates in JMC activities through an ad hoc basis. The Facilities group continues to work on specific joint initiatives detailed below:

Over the past two years, the JMC has made progress on the integration of property management and shared services. Through a JMC shared services study, USAID and the Department are working to eliminate duplication of services related to warehousing and use of personal (i.e., furniture and equipment) property overseas.

Additionally, the Foreign Affairs Reform and Restructuring Act of 1998 called for the establishment of a single housing pool for all agencies at overseas posts where USAID previously managed a separate housing pool. This recent decision by the Deputy Secretary requires an Interagency Housing Board (IAHB) and revalidates the framework for post management of pooled housing. Under this new policy, all short-term leased (STL) government housing other than designated housing is considered pooled for the purpose of assignment to all overseas agencies. This means that any residence in the pool will be assigned by the IAHB on the basis of position rank and family size and that no pooled STL housing will be reserved or held for any particular agency. USAID-owned (GO) and long-term-leased (LTL, ten years or more) housing may continue to be independently managed by USAID. Assignments to these residences may be determined



by USAID management but must be reported to and ratified by the IAHB. All housing assignments must conform to all post and interagency housing policies.

2.3. Human Capital and Organization Infrastructure

The Department of State accomplishes its mission through a network of diplomatic and consular posts around the world and a workforce comprised of Civil Service and Foreign Service employees. Overseas, Foreign Service officers are representatives of the United States; analyze and report on political, economic and social trends in the host country; and respond to the needs of American citizens abroad. The U.S. maintains diplomatic relations with approximately 188 countries and also maintains relations with many international organizations, adding up to a total of approximately 275 posts around the world.

In the United States, the Department of State occupies and operates seven major facilities. Approximately 5,000 professional, technical, and administrative Civil Service employees work along side Foreign Service officers serving a stateside tour, compiling and analyzing reports from overseas, providing logistical support to posts, keeping the Congress informed about foreign policy initiatives and policies, developing programs and initiatives, communicating with the American public, formulating and overseeing the budget, issuing passports and travel warnings, and more.

Appendix G provides a detailed description of the various Bureaus and Offices of the Department of State as well as the Department's organizational chart.

As of September 30, 2006, USAID's total workforce of 8,015 consisted of 2,413 U.S. direct hires (1,498 located in the U.S. and 915 assigned overseas.) This number includes a total of approximately 5,342 foreign service nationals and personal service contractors. The remaining 260 staff are a combination of Fellows and other-agency support staff assigned to USAID missions. USAID is headquartered in Washington, D.C., and maintains 107 field missions and programs in 98 countries.

Human Resources developed a comprehensive workforce planning model that projects future staffing needs in all employment categories and offers flexibility in response to changing circumstances. The model is a highly flexible tool that can be adjusted to reflect a variety of organizational, business, and staffing scenarios that USAID management mandates. It is integrated into the Agency's strategic planning and budget process and is used to guide budget reviews.

USAID staff work in close partnership with private voluntary organizations (PVOs), non-governmental organizations (NGOs), universities, foundations, private businesses, and other U.S. Government agencies, as well as foreign governments and indigenous organizations. Since USAID is focused on providing foreign assistance to developing and transitional countries, the organization is not located in all countries in which the Department of State has embassies or consulates. Additionally, through the partnerships



with NGO's, USAID does not need to establish a permanent presence on the ground in some locations.

Appendix H provides a detailed description of the various USAID programs and functions, as well as USAID's organizational chart.

Under the President's direction, the Secretary of State is responsible for the overall coordination and supervision of U.S. Government activities abroad. A "mission" is a United States office abroad that is designated by the Secretary of State as diplomatic in nature. Missions to countries and international organizations are headed by Chiefs of Mission who most often are the Ambassador appointed by the President. They are considered the President's personal representatives and, with the Secretary of State, assist in implementing the President's constitutional responsibilities for the conduct of U.S. foreign relations.

The Chief of Mission in the foreign country represents their home government at an embassy. The word "embassy" refers to the accepted presence of one government within another government's capital city. It is also used to refer to the embassy building, or a group of buildings, enclosed within a compound, or scattered throughout the city. The U.S. mission in a given country may also include offices in other major cities, which are referred to as consulates or consulates general, depending upon the breadth of responsibilities at the post. The word "chancery" refers specifically to the main embassy building, the official seat of the ambassador. It is the building in front of which we raise the flag of the United States and display the Great Seal. These symbols of our country, and the buildings they adorn, are frequently targets of anti-American acts. Of imminent concern is the security of the buildings where we have our official presence and wherein our diplomats work.

The nature of our national interests in the different countries of the world vary from one country to the next, although some common trends emerge across all six geographic regions – Africa, East Asia and Pacific, Europe, Near East, South Asia, and the Western Hemisphere. Our diplomatic facilities provide the platform from which U.S. Government affairs and interests are advanced. The increase in terrorism, the need to strengthen our borders, the expansions of programs abroad (through DHS, CDC, DEA, FBI) and the need for more stringent security controls over the visa process have all contributed to altering the Department's, and USAID's, operational and physical plant requirements.

The size and makeup of a mission is directly derived from U.S. Government foreign policy goals, interests, and initiatives for the specific country or the region. During the planning process for each new embassy project and using the Department's new guide to developing staffing projections, the ambassador and the country team evaluate their new and existing goals, interests and initiatives as they relate to security in the country and overall mission of the post to determine the resources needed to implement their goals over the next 5-7 years. The participants evaluate regionalization and rightsizing opportunities. These opportunities are further explored and approved by the Department and the tenant agencies' headquarters. Additionally, the Department and OMB are



developing additional guidance that will advance the President's Management Agenda initiative to rightsize our presence abroad.

2.3.1. Rightsizing and Regionalization

The Office of Rightsizing the U.S. Government Overseas Presence (M/R) at the Department of State was established in 2004 with the following responsibilities:

- designing the enterprise architecture for the United States' overseas presence;
- developing internal and interagency mechanisms to better coordinate, rationalize, and manage the overall deployment of U.S. Government overseas staff;
- enforcing a uniform rightsizing framework, as defined by the GAO;
- linking overseas staffing levels to firmly established foreign policy priorities;
- moving forward on regionalization initiatives; and
- ensuring that rightsizing standards are applied systematically to final planning estimates for the staffing and design of all new mission facilities.

The GAO's definition of rightsizing is, "...aligning the number and location of staff assigned overseas with foreign policy priorities and security and other constraints." Rightsizing results in both reductions and increases in staff at embassies and consulates. It can also result in a change in the mix of staff as well.

The mission of the particular post and the staff needed to support that mission drive the facility requirements at each post. These requirements must then be validated based on overall foreign policy priorities, security concerns, and resource constraints. Predicting those future requirements is difficult at best, yet sound planning and prudent judgment requires that it is done. From initial planning, through the budget approval process, to construction and move in, an NEC project can take five to seven years. To ensure that the future facility is the right size, the Department has incorporated specific steps in the planning process.

The Rightsizing Guide, developed by M/R to conduct the rightsizing analyses of the U.S. Government's Overseas Presence, has been reviewed by the Office of Management and Budget and includes the following:

- Rightsizing Procedures – The booklet is a summary of general rightsizing principles and the considerations that posts should make in conducting rightsizing analyses. It also includes formatting instructions for the completed report. Because the report goes to OMB and Congress, and the Department must often provide summary statistical analyses of its overseas presence, it is important that these reports, text and data, be easily comparable post to post as well as easily aggregated.



- Matrix – The Services Matrix allows for a simple graphic exploration of the International Cooperative Administrative Support Services (ICASS)-like services at post and possible areas of duplicative or non-essential activities.
- Competitive Sourcing Template – This template responds to the Department’s requirement from the Office of Management and Budget (OMB) to conduct a Performance and Rating Tool (PART) on Competitive Sourcing at every post world-wide over the next four years.
- Report Template – A common format is important when dozens of reports a year will be forwarded to OMB and Congress. The ability to easily extract information on a post or combine the information on several posts is an important requirement of the format. Following the instructions for the format ensures that all the information required is included.

In order to meet requirements set out by Congress, M/R has divided all missions into five-year bands during which they must conduct rightsizing exercises in conjunction with the OBO security construction program – rightsizing staffing for proposed projects. The Department has adopted five performance targets in ICASS in conjunction with the Office of Management and Budget’s PART. Competitive sourcing is a methodical way of evaluating whether services deemed not inherently governmental should be performed using government employees or contractors.

In addition, the Department’s guidelines require that staff projections be coordinated with all agencies at post, and that the regional bureaus do likewise with agency headquarters. The final approved projections reflect the match of staffing levels to U.S. national interests and strategic goals at the post and in the region. Similarly, the exercise requires posts and bureaus to consider regionalization opportunities as they put together their staffing projections. The Department is developing a Regionalization Enterprise Architecture that will re-engineer business processes and management of regional services to shift work, and thus positions, out of individual posts to regional service centers or the United States.

2.3.2. USAID Organizational Structure

An Administrator and Deputy Administrator head USAID, both appointed by the President and confirmed by the Senate. In Washington, USAID's major organizational units are called bureaus. Each bureau houses the staff responsible for major subdivisions of the agency's activities.

USAID has both geographic bureaus (which are responsible for the overall activities in the countries where we have programs) and pillar bureaus (that conduct agency programs that are world-wide in nature or that cross geographic boundaries.)

The agency's geographic bureaus are:



- Sub-Saharan Africa (AFR)
- Asia and the Near East (ANE)
- Latin America & the Caribbean (LAC)
- Europe and Eurasia (E&E)

USAID's pillar bureaus are:

- Global Health
- Economic Growth, Agriculture, and Trade Administrator
- Democracy, Conflict, and Humanitarian Assistance

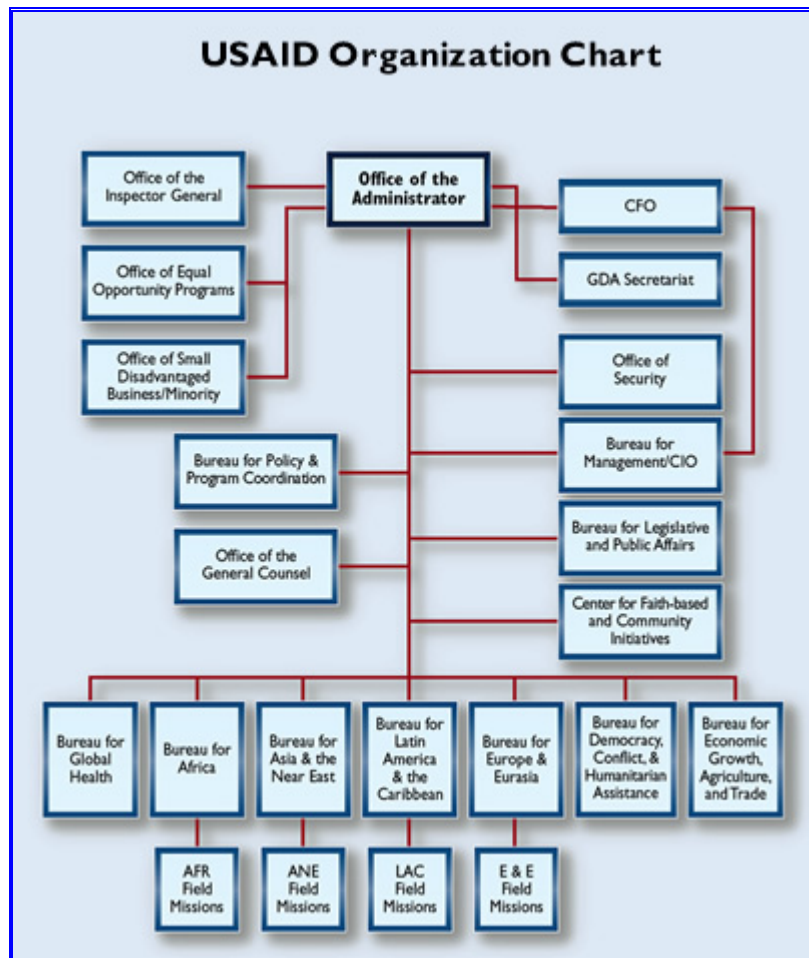
In addition, certain major headquarters functions are also assigned to bureaus. Headquarters bureaus are:

- Management (M)
- Legislative and Public Affairs (LPA)
- Policy and Program Coordination (PPC)

Each bureau is headed by an Assistant Administrator, appointed by the President and confirmed by the Senate.

In addition to these bureaus, USAID has several independent offices that carry out discrete functions for the agency. These offices are headed by directors who are appointed by the USAID Administrator. USAID's Independent offices are:

- Office of the Executive Secretariat (ES) & Chief of Staff
- Office of Equal Opportunity Programs (EOP)
- Office of the General Counsel (GC)
- Office of Small Disadvantaged Business Utilization (OSDBU)
- Office of Security (SEC)
- Office of the Inspector General (IG)
- Office of Development Partners



USAID Organizational Chart

The USAID organizational structure, outlined in ADS 102, provides the foundation for USAID to effectively and efficiently achieve its goals of providing humanitarian and transition assistance, promoting sustainable development abroad, responding to natural and man-made disasters, and addressing key global problems. The Agency's organizational structure and organizational units must reflect and directly support the Agency's five core values – managing for results, customer focus, teamwork and participation, empowerment and accountability, and valuing diversity – as well as the following general organizing principles:

- **Flattening and De-layering:** Agency organizations must have no more than three organizational layers, no more than four supervisory levels, and a minimum of reporting and clearance levels;
- **Simplification:** Agency organizations must avoid unnecessary complexity and layering in designing organizational units;



- **Teamwork and Teams:** Agency managers are responsible for determining when a team is the appropriate structure to staff a particular work task. All Agency organizational units are required to operate according to principles of teamwork; and
- **Participation:** While the authority and scope of these directives are limited to the boundaries of USAID, Agency organizational units should make an effort to build and use expanded teams and virtual team membership consisting of relevant development partners, key stakeholders, and major USAID customer representatives to ensure their participation and contribution to Agency goals and objectives.

Management of Organizations

In accordance with Agency policy, the following principles of organization management must be used to manage USAID organizations:

- **Results Focus:** Agency organizations must enable USAID staff to manage in order to achieve identified results in the most effective and efficient manner possible. Bureaus/Independent Offices must be organized around the Agency's mission in order to best achieve Agency goals to contribute to U.S. Government foreign policy interests. Managers must ensure that functions are clearly and completely defined.
- **Responsibility and Authority:** Responsibility should be assigned to the lowest organizational level at which it can be effectively discharged, and authority must be delegated consistently with assigned responsibility. Lines of authority and assignments of responsibility are to be clearly delineated.
- **Integration:** To improve the ability of the Agency to address development challenges in a more collaborative and cost-effective manner, managers are encouraged to use matrix management techniques, such as expanded Strategic Objective (SO) teams, to obtain the personnel resources and expertise from across USAID Bureaus, Offices, and Missions needed for specific projects.
- **Workloads must be equitably distributed.**
- **Functions, responsibilities, and resources** must be combined to form the fewest number of components practicable with no more than four supervisory levels per Bureau/Independent Office. When operational requirements and staffing levels justify dividing an organization, the minimum number of sub-elements is two.



- **Home Base:** All personnel must have a "home base" in a formal organizational unit.
- **Subdivision of Organizations:** Organizations may be subdivided formally or informally.

USAID's organizations are built around teamwork as an important mechanism for integration and participation. By enabling various specialties within a Mission, Bureau, or Independent Office to work together, and by supporting partnerships between field and Washington-based experts, the Agency is better able to identify and agree upon objectives, stretch limited resources, and bring maximum expertise to problems.

At USAID, teams are built, to the greatest extent possible, using the following characteristics to ensure their effectiveness:

- **Results-Oriented:** Teams are formed around shared and understood goals and objectives. Goals are cooperatively structured to enable the best possible match between individual goals and team goals.
- **Empowerment:** Teams are given the authority, responsibility, and resources necessary to achieve objectives and make effective decisions. Participation and leadership in parallel teams are distributed among group members; authority is equalized and shared.
- **Mutual Accountability:** Team members hold themselves accountable for the team's goals and for performance and results.
- **Customer-Oriented:** Team goals/objectives are set with a focus on customers.
- **Multi-functionality:** Complementary skills and multi-functional membership are emphasized by drawing parallel team members and, to some extent, permanent team members, with the knowledge, skills, and expertise to respond to customer needs and achieve desired results, from across functions.
- **Information Sharing:** Open and accurate expression is emphasized. Information must be shared in a transparent manner.
- **Incentives:** Incentives and awards are used to reward team accomplishments, as well as individual initiatives. Members are held accountable for their performance and receive constructive feedback. Risk taking is encouraged.



- **Self-Management:** Parallel teams internally solve normal management problems, for example, distribution of work, interpersonal conflicts, employee absences, performance issues, discipline, etc. Roles and responsibilities are clearly defined.
- **Performance Measures:** Teams must have a means of assessing progress toward achievement of objectives and identifying reasons for failure or delinquency.

The USAID organizational structure outlined above allows decisions to be made at the mission level whenever appropriate and is elaborated throughout this document. A USAID Executive Officer (EXO) exists at each mission to accommodate and facilitate this practice.

The EXO is responsible for the administrative management of the USAID Mission in the following functional areas:

- Program support;
- Budgetary planning;
- Management analysis and planning;
- Human resources management;
- Administrative and general services, including property management;
- Contract management;
- Coordination of Embassy administrative support;
- Administrative support to contractors;
- Security and safety;
- Travel and transportation; and
- Information resources management

Generally, the EXO works with State's Embassy management officers on matters pertaining to U.S. Mission management, interagency collaboration, and services procured through ICASS. In addition, the EXO is a member of several interagency committees including the Interagency Housing Board (IAHB), the local ICASS council, the Mission Performance Plan (MPP) review committee, the Property Survey Board, and others.

2.3.3. Real Property Management Organizational Structure

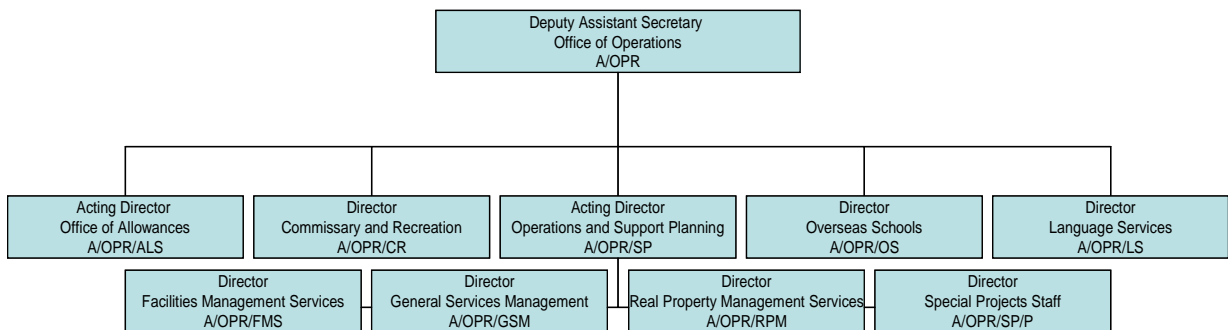
Although the A Bureau and OBO at the Department of State, and USAID acquire real property under different legal authorities, all adhere to the policies and procedures for management of real property overseas in the Foreign Affairs Manual (15 FAM, See Appendix U). The agencies have undertaken several steps to ensure cooperation, including:



- the designation of a single Senior Real Property Officer;
- the formulation of a single Asset Management Plan;
- the use of a single real property inventory system;
- the implementation of common performance measures; and
- the use of common budgeting procedures.

2.3.3.1 A Bureau Organizational Structure

The responsibility for domestic real property resides with State’s A Bureau. In addition to managing the acquisition, construction, operation/management and disposition of property for the Department of State, A Bureau supports the Department’s domestic mission by providing the following programs: supply and transportation; equipment acquisition and logistics; language services; diplomatic pouch and mail services; official records, publishing, and library services; support for overseas education; safety and occupational health; small/disadvantaged business utilization; and executive travel abroad.



Bureau of Administration (A Bureau) Organizational Chart

Within A Bureau, the Office of Operations, headed by a Deputy Assistant Secretary (DAS), is responsible for real property. Under the Office of Operations is the Office of Domestic Operations, with direct responsibility for the acquisition, operations and management, construction and disposal of the Department’s domestic property.

In total, the Office of Domestic Operations is responsible for 132 assets totaling approximately 7.5 million square feet. Properties are classified into four types as depicted below:

**Four Property Types***

Type of Property	# of Properties	Sq. Ft. (millions)
<i>GSA-Owned Functional Space</i>	30	2.2
<i>GSA-Leased Functional Space</i>	76	4
<i>Department of State-Owned Functional Space</i>	19	1.26
<i>Department of State-Owned Lots</i>	7	n/a
Total	132	7.05

*As of November 2005

In the Washington metropolitan area, Department personnel occupy approximately 6.9 million square feet housed in 4 GSA-owned buildings, 11 State-owned buildings, and 45 GSA-leased properties. Outside Washington, DC, Department personnel occupy 1.1 million square feet in 26 GSA-owned buildings, 7 State-owned buildings and 36 GSA-leased properties.

Within Domestic Operations, three offices are engaged in the planning, management, and operation of the Department's domestic real estate, the office of Real Property Management, the Office of Facilities Management Services, and the Office of Special Projects. Descriptions of these offices and their functions are provided below:

- **Office of Real Property Management (RPM)** - RPM's mission is to provide the Department professional services related to the management of domestic real property, by providing quality space that meets the needs of the bureaus to allow successful completion of their missions. This office provides a complete range of property management services to the Department for its domestic properties. These services include the acquisition, design and construction of all domestic space.

The services provided by RPM are available to all Department bureaus and personnel housed in the Harry S. Truman Main State Building (HST), Department of State Annex (SA) buildings located in the Washington metropolitan area, and approximately 65 other locations throughout the United States primarily serving Passport Services and Consular Affairs and Diplomatic Security (DS).

In other buildings, the Department has established various arrangements with GSA, varying from lease management and oversight responsibility agreements to full Memoranda of Understandings (MOUs). GSA and the Federal Protective Service (FPS) provide building security in coordination with the Bureau of Diplomatic Security (DS).

The RPM office consists of two divisions: Assignment and Utilization (AU) and Design and Construction (DC):

- **The Assignment and Utilization Division (A/OPR/RPM/AU)** – AU is responsible for the procurement of all domestic space, owned or leased. It



works with each bureau at the Department of State to define their requirements and determine how best to meet them. AU researches solutions, develops plans, gains approval and then implements space solutions on their behalf. As a planning standard, the AU Division reviews space requirements to ensure conformity to an overall utilization consistent with current GSA and FMR standards. After the space need is validated, the standard practice to satisfy the space need is to review any vacant and available blocks within the Department's own control; then to consult with GSA to determine whether it has any space vacant and available inventory that meets all requirements, including location. When there is no current inventory to absorb the requirement, AU works with GSA to satisfy the need through leasing. AU works closely with GSA to execute agency strategies on behalf of the bureaus utilizing its services. The AU Division is the principal point of interface with GSA on space requirements, both owned and leased.

AU provides space utilization surveys and studies, gathers space requirements, develops floor plans, and assists in the selection of finishes, furniture and other interior space considerations. The aim of AU is to improve utilization and office efficiency, while providing attractive and professional work environments to the various offices and bureaus of State. Currently, the Division is comprised of eleven professionals.

- ***The Design and Construction Division (A/OPR/RPM/DC)*** – DC handles a variety of design and construction functions including management of domestic construction projects ranging from office space build-out of a few hundred square feet with project budgets less than \$100,000, to two to three hundred thousand square feet of new construction projects with \$25 million to \$30 million budgets. Depending on project complexity and scope, DC may handle all phases of design and construction in-house, working with AU for space planning and Bureau-occupant contact. In the case of larger scale projects, DC will retain the services of architects and engineering firms contracted through GSA, with design review functions remaining in-house at RPM. Project delegation between AU and DC is conducted at the Division Chief level.

DC ensures that renovations are performed in a timely manner, in accordance with appropriate life safety and building codes and handicapped accessibility requirements. The construction staff coordinates with Information Resource Management and Diplomatic Security staff on all projects. Currently, DC consists of fourteen professionals.

- ***Office of Facilities Management Services (FMS)*** –FMS is responsible for operating and maintaining the entire domestic owned and many of the GSA-owned facilities occupied by Department employees in the United States. A



delegation of authority has been granted by the GSA for a number of buildings in their inventory, authorizing the Department (under A/OPR/FMS) to operate and maintain these facilities. FMS provides occupational health, environmental and safety oversight in all Department-occupied domestic facilities. The FMS staff includes experts in numerous facilities-related disciplines, including property management, energy conservation, contracting, and construction management. FMS also has technical staff knowledgeable in the operation and maintenance of building HVAC, electrical, and fire/life safety management systems. Contractors are responsible for providing and managing all administrative and technical services, materials, supplies, and equipment for the operation, maintenance and repair of plumbing, mechanical and electrical equipment and systems. Approximately 60 government employees and over 400 contract employees work in FMS. There are three divisions within FMS:

- ***Washington Area Division*** operates and maintains the Harry S. Truman (HST) Building, Blair House, and the International Chancery Center (ICC). In addition, it provides technical support including quality assurance programs, audit, procurement and capital planning support to all domestic property teams. Its technical staff reviews domestic construction and renovation projects to ensure they meet local, state, and national codes and are available to trouble-shoot facilities related problems at all domestic properties.
- ***Regional Area Division*** operates and maintains Columbia Plaza, Beltsville Information Management Center, George P. Shultz National Foreign Affairs Training Center (NFATC), Florida Regional Center (FRC), Charleston Regional Center (CRC), Kentucky Consular Center (KCC) and the Portsmouth Consular Center (PCC).
- ***Domestic Environmental and Safety Division*** oversees all environmental, health and safety programs for domestic-owned and GSA-delegated properties. It monitors compliance, handles reporting and provides technical support to onsite facility teams. It develops and implements policies and programs to protect employees and visitors from environmental and occupational safety and health hazards. It manages fire/life safety training and conducts health, safety and environmental hazard programs at properties. And, it responds to employee concerns about environmental, occupational health and safety issues, including indoor air quality, ergonomic issues and fire/safety concerns.
- ***The Special Projects Division (A/OPR/SP)*** – SP is responsible for large scale, large dollar projects impacting GSA-owned/Department-occupied and Department-owned/occupied facilities. These projects usually involve new developments or large-scale renovations. They can also be projects requiring sophisticated project management expertise that impact multiple Department-occupied facilities. Typically, the projects are confined to work in and around

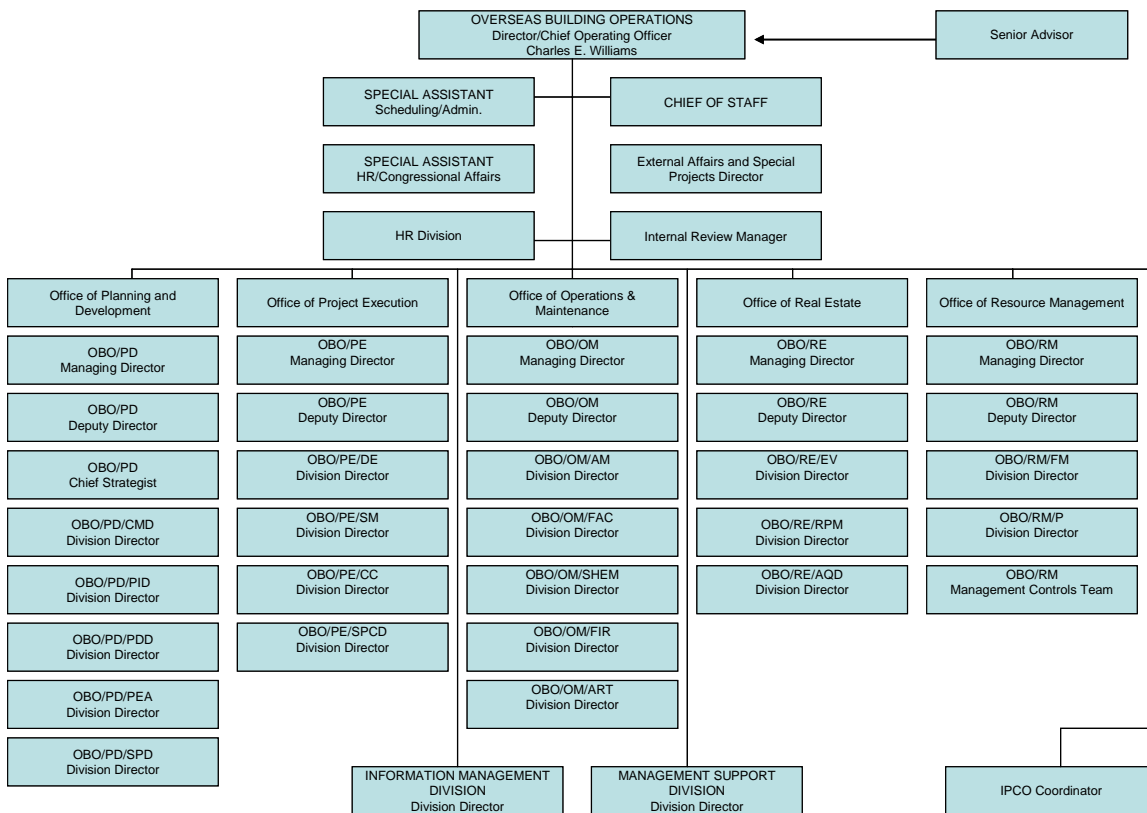


Washington, DC. Examples include the renovation of the HST Building and special security programs including integrated perimeter security programs and blast window replacement projects.

SP provides direct support to the DAS for Operations through the Managing Director of Domestic Operations on major projects and initiatives impacting the Department’s domestic portfolio. It addition to overseeing major construction work, it gets involved in special projects, studies and surveys affecting A Bureau. Duties include: coordinating administrative requirements of A/OPR with the Office of the Executive Director, monitoring compliance with Office of Inspector General recommendations, analyzing organizational problems and developing solutions, and implementing changes that cross organizational lines.

2.3.3.2 OBO Organizational Structure

OBO has 1,200 associates located in the Central Office and overseas that contribute to real property asset management and operations. The OBO organizational chart is presented on the following page. Its organizational structure, with primary office responsibilities, is described below.





- **OFFICE OF THE CHIEF OF STAFF:** The Chief of Staff coordinates and integrates activities for OBO Senior Staff, provides timely analysis and input on critical issues to the Director, reviews and comments/clears all data going to the Director, and initiates and tracks tasks assigned to Senior Staff. The Chief of Staff also provides the Director with support during all field visits; and provides supervision and oversight for the Special Assistants, to include legislation, interagency contacts, Results-Based Organization initiatives, business processes and external affairs.
- **SPECIAL ASSISTANT – SCHEDULING/ADMIN.:** The Special Assistant for Scheduling and Administration serves as the Personal Assistant and Special Assistant for specific tasks to the Director and Chief Operating Officer of the Bureau of Overseas Buildings Operations. The individual has the responsibilities for all of the Director's day to day activities, schedule, read-ahead for Ambassadors and briefings. In addition, the Special Assistant is the sole scheduler for all of his trips, working with Post around the world on his personal visits. In addition, the Special Assistant works closely with the Director of Human Resources on special personnel actions that come to the attention of the Director. The Special Assistant is the protocol officers for OBO activities and special events which involve the Director.
- **SPECIAL ASSISTANT – HR/CONGRESSIONAL AFFAIRS:** The Special Assistant for Congressional & Business Affairs coordinates OBO's interaction with the Department, the Office of Management and Budget, and the Congress on long-range planning and funding for OBO capital projects and on OBO management issues involved in transition to a results-based organization, such as procurement, personnel, and rewarding outstanding performance. The individual additionally oversees the HR division which provides technical personnel advice and guidance for all OBO employees-Civil Service, Foreign Service, and Personal Service Contractors; classifies, recruits, and places employees.
- **HUMAN RESOURCES DIVISION (OBO/RM/HR):** The Human Resources Division (OBO/HR) provides human resources advice and guidance to all OBO employees worldwide, Civil and Foreign Service, as well as Personal Services Contractors. RM/HR is also responsible for classification, recruitment, staffing/placement actions, position management, employee relations issues, performance management issues, post allowances issues (i.e. SMA, SND, Post Differential, Danger Pay, etc.), as well as coordinates OBO's employee recognition awards ceremony, and coordinates all mandatory training programs for the bureau.
- **INTERNAL REVIEW MANAGER:** Another key and critical addition to the Director's staff is an internal review and operations analyst strategist. This advisor is responsible for cross-cutting reviews and operational analyses to provide evaluation feedback to the Director and staff. With this critical management element in place, OBO has a management system that covers the planning



through evaluation and feedback. This staff function is critical to the results-based organization concept.

- ***EXTERNAL AFFAIRS AND SPECIAL PROJECTS DIRECTOR:*** The Special Assistant for Interagency Affairs and Special Projects serves as Special Liaison and coordinates OBO's interaction with other Government Departments, agencies, and entities that are the Department's tenant agencies overseas; supports and coordinates the Federally-chartered Industry Advisory Panel; plans, coordinates, and implements an annual OBO Industry Day; assumes duties and responsibilities for front office business in the absence of the Chief of Staff; and coordinates special or ad hoc projects.
- ***OFFICE OF PLANNING AND DEVELOPMENT (OBO/PD):*** The Office of Planning and Development is OBO's pivotal management element, which is charged with ensuring that a correct, coordinated, and structured planning process captures all of the requirements for effective programs and projects. This planning process focuses on the development and execution of OBO's six year Long-Range Overseas Building Plan (LROBP). There are 118 positions in PD. PD consists of the following five divisions:
 - ***Cost Management Division (OBO/PD/CMD)*** provides professional products and services that support and guide decisions in economical program development for OBO mission as a trusted steward of the public interest.
 - ***Planning Integration Division (OBO/PD/PID)*** manages the acquisition planning phase of Capital and major Non-Capital projects. PID ensures that projects in the planning phase are adequately documented and that all critical factors such as acquisition strategy, applicable criteria, and management decisions that might impact the project's basic objective are considered. The executed project shall be the result of a coordinated and agreed to scope, schedule, and budget. Responsibilities include: Acquisition Management, Solicitation Management, RFP Management, Pre-Bid Management, Source Selection Management, Project QA Management, PE Integration to RFP process, Process Validation, and Performance Criteria.
 - ***Strategic Planning Division (OBO/PD/SPD)*** manages the overall OBO long-range planning process, including preparation of the LROBP and related budget justifications for facility replacements and major renovations, and validating the planning process through Post Occupancy Evaluations of new construction and major renovation projects.
 - ***Project Development Division (OBO/PD/PDD)*** develops definitions of major projects by developing space requirements programs, and providing Long Range Facility Plans.
 - ***Project Evaluation and Analysis Division (OBO/PD/PEA)*** manages the planning of major OBO projects from their initial inception to their handoff to



the Project Execution Office, and is the authoritative source of cost engineering within OBO. It directs the development of each project's scope, schedule, budget, and method of execution, ensuring that each project is comprehensively planned. PEA's portfolio currently consists of 115 projects in planning with an estimated value of over one billion dollars.

- **OFFICE OF REAL ESTATE (OBO/RE):** In managing over 16,000 properties at approximately 275 diplomatic missions abroad, RE supports the real estate needs of U.S. Missions worldwide with high quality, professional service in asset management, acquisitions, disposals, lease management, housing policy support, records management, and Real Property Application (RPA) support. RE is comprised of 41 positions, and has three divisions, Real Property Management, Acquisitions and Disposals, and Evaluations:
 - **Acquisitions and Disposals Division (OBO/RE/AQD)** manages the real estate sales and purchase programs and the new embassy compound site acquisition program; negotiates purchase, sale, build/lease, and major lease transactions; and provides general international real estate guidance to U.S. missions overseas.
 - **Evaluations Division (OBO/RE/EV)** conducts and/or certifies property appraisals, undertakes market studies, analyzes investment opportunities, develops related business cases, and tracks worldwide realty trends.
 - **Real Property Management Division (OBO/RE/RPM)** develops and oversees housing policies, administers the lease waiver program, and safeguards property records.
- **OFFICE OF PROJECT EXECUTION (OBO/PE):** This office, comprised of 611 positions, manages all aspects of the execution of OBO's major design and construction projects. Design, engineering, construction, furnishings, and security are carried out by the following five divisions:
 - **Design and Engineering Division (OBO/PE/DE)** serves as the OBO authoritative source on facility design and engineering issues as they relate to the functionality, security, and safety of the Department's overseas facilities. This division conducts site surveys, prepares statements of work for design projects, and reviews and approves project designs and specifications prepared by post or state-side consultants for conformance to fire-life safety codes and building standards. This division also manages the energy conservation program and provides seismic facility assessments.
 - **Construction and Commissioning Division (OBO/PE/CC)** manages major construction projects, providing on-site management personnel, and provides related services to ensure that projects are completed on time, within budget, with proper safety and security, and according to contract terms.



- ***Security Management Division (OBO/PE/SM)*** serves as OBO’s primary liaison with Diplomatic Security; implements construction and technical security policies and standards; procures, deploys, installs, and maintains security equipment for construction projects; and manages physical security upgrade programs and security personnel at construction projects.
- ***Special Projects Coordination Division (OBO/PE/SPCD)*** is responsible for the planning, design, construction, and commissioning of new, safe, secure, and functional capital construction projects worldwide that are uniquely complex due to security issues.
- ***OFFICE OF OPERATIONS AND MAINTENANCE (OBO/OM)***: The mission of OM is to provide services and funding for the operation and maintenance of existing facilities at all overseas posts, and serves as posts’ main point of contact within OBO. There are 330 staff positions in OM. OM manages this program through its five divisions:
 - ***Facilities Management Division (OBO/OM/FAC)*** provides American Facility Managers, technical assistance, and support for managing and maintaining diplomatic facilities abroad-including maintenance and condition inspections, preventative maintenance program development, and engineering and hands-on technical support. The division manages several specialized programs, with some contractor support, including roof, generator, power conditioning equipment, and elevator systems repair/replacement activities, and hazardous materials abatement.
 - ***Fire Protection Division (OBO/OM/FIR)*** manages a fire protection program to reduce the loss of life and property by promulgating fire/life safety standards and policies, investigating fires, and supplying fire protection systems and equipment and monitoring their integrity.
 - ***Safety, Health, and Environmental Management Division (OBO/OM/SHEM)*** plans, coordinates, and administers the Department’s overseas safety, health, and environmental management (SHEM) program-to include policy development, program audits, training, environmental health and safety hazard identification, and investigation of major accidents, injuries, and environmental incidents.
 - ***Art in Embassies Program (OBO/OM/ART)*** plans and implements international cultural communications through displaying original American art in U.S. ambassadorial residences; coordinating the selection, packing, shipping of art work; arranging for insurance; and monitoring worldwide exhibitions.
 - ***Area Management Division (OBO/OM/AM)*** seeks to improve international cultural communications through the display of original American art in U.S. ambassadorial residences. The division coordinates the selection,



packing, and shipment of art work; arranges for insurance; and monitors worldwide exhibitions.

- **OFFICE OF RESOURCE MANAGEMENT (OBO/RM):** In support of all other OBO entities, this 114-position office carries out the bureau's primary financial, human resources, policy, and public relations functions. The division is made up of three relatively small divisions:
 - **Financial Management Division (OBO/RM/FM)** provides accounting, budgeting, and financial management services, to include vendor payments, for all OBO programs; formulates annual budget submissions; and directs the financial planning and resource allocation process in the bureau.
 - **Policy and Programming Division (OBO/RM/P)** serves as the central focal point for furnishing OBO information to external entities, such as Congress, The Department's Inspector General's Office, GAO and OMB; for developing bureau policies; and for providing coordination and informational assistance to other OBO divisions.
- **INFORMATION MANAGEMENT DIVISION(OBO/IM):** This division provides information management support for all of OBO. IM provides Information Technology planning, oversight, business solutions, and infrastructure maintenance and support for OBO. This division also provides posts with technical support for the OBO applications in PASS (RPS & WOW) and manages the OBO Information Systems Security Program.
- **MANAGEMENT SUPPORT DIVISION (OBO/MS):** This division provides support to all of OBO, including facility and equipment service and repair, property inventory, passport and visa services, management of expendable supplies, office security, and other administrative duties.

2.3.3.3 USAID Bureau for Management Organizational Structure

The responsibility for real property management at USAID resides within the agency's Bureau for Management. This Bureau provides centralized program and management support services for the Agency. The Bureau of Management (M Bureau) is divided into the following organizational units.

- **The Office of the Assistant Administrator (AA/M)** serves as the Agency's principal advisor on matters relating to management and administration. AA/M houses an Assistant Administrator and two Deputy Assistant Administrators who oversee and provide general policy and direction to subordinate Management Bureau offices. AA/M administers a program of centralized support for Agency operations worldwide that includes personnel management; accounting and



finance; management policy, control, and audit coordination; administrative services; procurement policy and operations; information resources management; and overseas support, as well as encouraging business systems' modernization throughout the Agency. In addition, AA/M ensures the integrity of administrative, financial, and information resources management operations; is the Agency's designated Chief Information Officer (CIO); and oversees the Chief Financial Officer (CFO) and the Procurement Executive.

- ***The Overseas Management Staff (M/OMS)*** supports the management functions that underpin USAID's field offices overseas. In that effort, M/OMS serves as business advisor to AA/M and M Bureau Offices in promulgating sound management choices. M/OMS is responsible for the following:
 - Represents the field at senior and working levels with several organizations outside USAID regarding numerous administrative management issues that impact field offices;
 - Represents USAID at the Interagency Working Group of the International Cooperative or Administrative Support Services (ICASS) to ensure equity in financial and administrative dealings with the Department of State and other agencies participating in ICASS;
 - Represents the Agency with the Department of State, Bureau of Administration, to ensure that USAID operational management standards and needs are represented in interagency regulations and procedures;
 - Represents field Missions and regional Bureaus with OBO by providing the appropriate office and residential space needs for employees overseas;
 - Formulates policies on the technical qualifications, recruitment, performance, training, and retention of all Executive Officer (EXO) personnel and recommends assignment of EXOs;
 - Arranges for coverage of gaps in EXO positions with temporary personnel and oversees and manages the selection, development, orientation, and training of newly appointed EXOs and new entry professionals (NEPs);
 - Provides assistance to geographic Bureaus in opening or closing overseas Missions;
 - Evaluates Mission administrative and logistics services through periodic on-site reviews;
 - Conducts periodic training for U.S. and FSN staff on operational management topics such as ICASS, motor pool, and warehousing;



- Works with the field Missions to establish standards, policies, and procedures for overseas Mission operations and for the use of overseas administrative resources;
 - Provides guidance and support for all administrative management personnel overseas;
 - Advises and counsels Missions on the establishment and implementation of enhanced technology and administrative systems; and
 - Manages overseas nonexpendable property and serves as the operational manager of the Agency's overseas real property program (FAA 636c) and the Property Management Fund.
- ***The Office of Administrative Services (M/AS)*** provides logistical support services and administrative services in USAID. M/AS is comprised of four divisions.
 - **Office of the Director (M/AS/OD)** establishes policies, standards, and guidelines for administrative and logistical support services and oversees the development and provision of such services; serves as the Agency's environmental executive; serves as the Agency's Freedom of Information Act (FOIA) and Privacy Act (PA) Officers; conducts long-term planning for Agency facilities and other logistic and administrative support requirements; and administers the occupational safety, environmental health, emergency preparedness, recycling, parking, and metrication programs.
 - **Facilities Management Division (M/AS/FMD)** is responsible for the operation of the agency's domestic real property portfolio among other services. M/AS/FMD provides the following services as they relate to domestic real property management:
 - Project coordination for construction, space management and design, and relocation/consolidation activities, including moving property and personnel;
 - Manages domestic real property;
 - Acquires, controls, and distributes personal and nonexpendable property;
 - Negotiates with private sector organizations and the General Services Administration (GSA) on acquisition and leasing arrangements for USAID/W real property;
 - Advises the senior property official in developing property management policies and programs;



- Coordinates the agency Occupational Safety and Health Program (OSHA); and
 - Manages the emergency preparedness program through the development of policies and procedures and providing oversight of these functions. It encompasses the function entailed within the Emergency Preparedness Program, Continuity of Operations Plan (COOP), providing technical guidance and monitoring compliance with government policy.
- **Travel and Transportation Division (M/AS/TT)** establishes USAID travel and the transportation policies, provides policy guidance, and manages the travel of USAID employees and the transportation of personal and household effects.
- **Information and Records Division (M/AS/IRD)** provides technical and policy direction and training in the areas of records management, directives development and dissemination, mandatory and systematic declassification, information collection activities, reports and correspondence management, the Privacy Act (PA), and the Freedom of Information Act (FOIA).
- ***The Office of Management Policy, Performance and Administration (M/MPPA)*** advises and supports the Assistant Administrator, Bureau for Management, and the Program Management Office in planning, guiding, and assessing USAID’s business transformation; communicating with the Bureau for Management and other Agency entities on progress in achieving transformation; and providing administrative and management advice and assistance to the Bureau regarding organizational structure, position, and personnel management, office systems and automation, and administrative support services. M/MPPA has a broad role in agency operations including:
 - Preparing the M Bureau’s annual budget submission, to include implementing the decisions of the AA/M on allocation of resources; authorizes obligating documents; and tracks and monitors obligations and expenditures;
 - Develops, analyzes, and disseminates management policies and practices affecting multiple offices, cutting across management areas, or having significant implications for USAID’s programs;
 - Develops and implements standards and metrics to assess the impact and effectiveness of USAID’s business services;
 - Conducts management studies and evaluations of USAID’s organization, business processes, and functions;



- Ensures that business improvements are effectively institutionalized and communicated; and
 - Ensures that management policies and procedures support USAID’s broader program goals and objectives.
- ***The Office of Information Resources Management (M/IRM)*** is responsible for the planning, acquisition, management, maintenance, and policy formulation of all information resources and telecommunications operations within USAID.
 - ***The Program Management Office (M/PMO)*** manages all projects and activities that support the Agency and Bureau Business Transformation agenda, including tracking Bureau actions responding to the President’s Management Agenda (PMA) and the Department of State/USAID collaboration on joint management issues, particularly Enterprise Architecture and Information and Communications Technology (ICT).
 - ***The Office of Acquisition and Assistance (M/OAA)*** oversees the procurement function of USAID.
 - ***The Office of Human Resources (M/HR)*** oversees the human resources function of the Agency.
 - ***The Office of the Chief Financial Officer (M/CFO)*** directs USAID financial management operations worldwide.

As previously described, the Overseas Management Staff (OMS) is the office directly responsible for the operations and management of USAID’s real property assets. This office serves as business advisor to AA/M and M Bureau Offices in promulgating sound management choices. It represents the field at senior and working levels with several organizations outside USAID regarding numerous administrative management issues that impact field offices; represents USAID at the Interagency Working Group of the International Cooperative Administrative Support Services (ICASS) to ensure transparency and equity in financial and administrative dealings with the Department and other agencies participating in ICASS; and represents the Agency with the A Bureau to ensure that USAID operational management standards and needs are represented in interagency regulations and procedures.

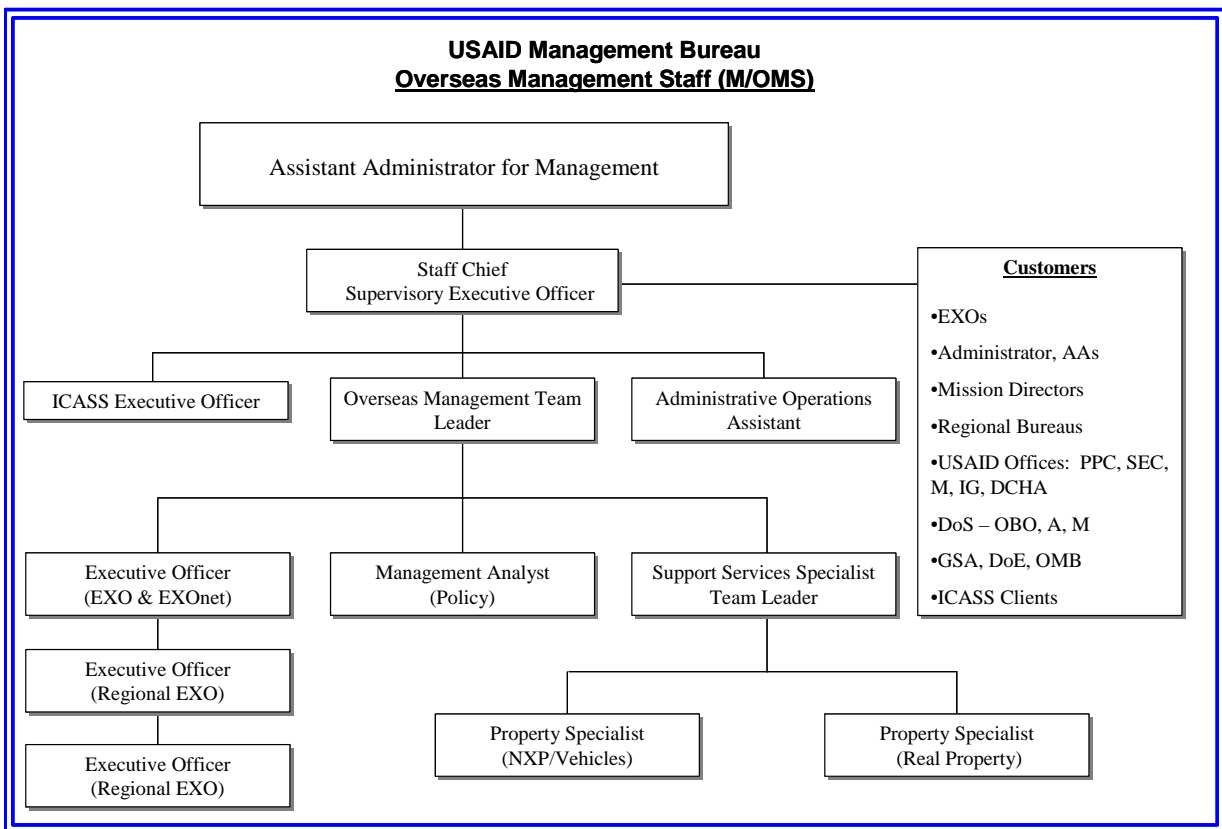
M/OMS represents field Missions and regional Bureaus with OBO, by providing the appropriate office and residential space needs for employees overseas; and formulates policies on the technical qualifications, recruitment, performance, training, and retention of all Executive Officer (EXO) personnel and recommends assignment of EXOs. OMS arranges for coverage of gaps in EXO positions with temporary personnel and oversees



and manages the selection, development, orientation, and training of newly appointed EXOs and new entry professionals (NEPs).

The Staff provides assistance to geographic Bureaus in opening or closing overseas Missions; evaluates Mission administrative and logistics services through periodic on-site reviews; conducts periodic training for USDHs, PSCs and FSN staff on operational management topics such as ICASS, motor pool, and warehousing; and works with the Missions to establish standards, policies, and procedures for overseas Mission operations and for the use of overseas administrative resources. OMS provides guidance and support for all administrative management personnel overseas; advises and counsels Missions on the establishment and implementation of enhanced technology and administrative systems; manages overseas nonexpendable property; and serves as the operational manager of the Agency's overseas real property program and the revolving fund.

The graphic below outlines USAID's M/OMS organizational structure.



Overseas Management Staff Organizational Chart



2.3.4. Personnel Requirements

According to State and USAID policies, a project plan is required for all Department of State projects. Each plan, regardless of scope, includes the following elements: goals and objectives, tasks, schedules, task assignments, resources, estimated costs, and expected results. In order to properly execute, the Department employs via direct hire or outsourcing the necessary human capital needed to manage its projects. Both agencies have identified those specialties required for the full life cycle management of their respective projects. These include architects, engineers, interior designers, real estate specialists, facility managers, and others. The Department's staffing model is to directly employ those with these skill sets, while USAID typically outsources these requirements or works directly with OBO to access staff that possesses these skills.

While the personnel are available, they must be recruited, trained and retained, kept current in the field, and rewarded. Appropriate steps are being taken to address requirements through the use of innovative attraction and retention programs for qualified specialists that reduce impediments to recruitment. There are four categories of programs – Staffing, Recruitment, Training, and Career Development. Examples of initiatives that the Department is using in each category include:

- Staffing:
 - Use of personal services contractors to fill voids when direct hires are not available;
 - Use of limited non-career appointments to fill projected vacancies for overseas positions;
- Recruitment:
 - Active recruitment through job fairs;
 - Maximum use of existing hiring flexibilities;
- Training:
 - Close coordination with the Department's Career Development and Assignments Division to train Foreign Service Officers to meet engineering requirements overseas;
 - Unique training curriculums;
- Career Development:
 - Establishment of career ladders, including internship programs to acquire staff early in their professional careers and train them;
 - The Department's first program for reimbursement for professional credentials;



- Establishment of career paths for specialists that permit them to seek advancement not only to the top technical jobs in the Department, but also to top administrative/management positions, both domestically and at overseas posts and regional centers.

These measures provide the Department with the skills pool it requires to better meet the needs of successful project life cycle management.

Although USAID policy requires a project plan only for projects over \$500,000 in value, USAID follows the same project plan requirement as the Department of State in practice. The two agencies differ, however, in how they execute their plans. Whereas the Department directly employs expatriate specialists required for the full life cycle management of its projects (architects, engineers, etc.), USAID contracts with local specialists or requests assistance from OBO for these functions. This approach creates significant cost savings by eliminating travel, lodging, and other expenses associated with expatriate staff. USAID coordinates closely with OBO in developing and executing its project plans. OBO often reviews USAID project plans, depending on the scope of work, project complexity, cost, and level of skill and experience available at the USAID Mission. The Facility Maintenance Officer (FMO) at post reviews plans that are not reviewed by OBO Headquarters in Washington. In all cases, OBO makes ultimate decisions regarding projects on OBO-held property, and security-related projects always require the approval of the Regional Security Officer (RSO).

USAID has also placed a strong emphasis on the strategic management of its human capital. To address the agency's most critical workforce and competency gaps, USAID developed a five-year Human Capital Strategic Plan to support and complement the Development Readiness Initiative outlined in the Joint Department of State-USAID Strategic Plan. The purpose of this initiative is to ensure the availability of a ready-workforce prepared to address future development and humanitarian assistance needs, while directly addressing the human capital goals of the President's Management Agenda. The Human Capital Strategic Plan addresses five objectives:

- A high-performing workforce achieved;
- Staff strategically aligned with agency priorities;
- A more flexible workforce established;
- A diverse workforce created; and
- Increased human resources capacity to support USAID's mission.

The agency is taking a proactive approach and has been successful in revitalizing its workforce by attracting new talent, increasing training, and providing performance incentives. Examples of these accomplishments include:

- Hired new employees with mission critical skills through the Development Readiness Initiative to align workforce skills to business requirements.



- Saved \$836,000 in taxpayer funds through on-line training enabling employees to complete nearly 2000 web-based courses to enhance job performance.
- Trained nearly 1000 employees on Executive and Senior Leadership to enhance career development opportunities.
- Streamlining employee performance evaluations and linking rewards to results to boost staff morale, motivation, and performance.
- Given the expected increase in retirement of Executive Officers over the next several years, M/OMS has placed particular emphasis on hiring and training new EXOs to manage projects overseas. Since FY 2003, M/OMS has hired and trained 19 new EXOs. USAID's Human Capital Strategy has a direct effect on its real property needs, as increased recruitment efforts lead to growing facilities requirements overseas.

2.4. Real Property Asset Management Decision-Making

For both domestic and overseas properties, apart from the day-to-day operational decisions made at the facility level, all asset management decisions are made centrally at the Department of State headquarters. The level at which they are made depends upon a variety of factors including: scope of the decision, dollar value of the decision, number of people affected, visibility within the agency, etc. Generally, decisions can be categorized into four types:

- 1) Decisions to acquire or dispose of property;
- 2) Decisions regarding capital reinvestment;
- 3) Decisions regarding departmental initiatives or programs; and,
- 4) Day-to-day operating decisions.

2.4.1. A Bureau Decision Making

Regardless of the level at which a decision is made, A Bureau follows the organizational objectives set forth by its mission and laid out in its strategic plan. Specific objectives are described in Section 2.4. Decision-making for the Department's domestic assets is not linked to OBO and foreign-based assets or to USAID's domestic properties.

Decisions related to the acquisition/disposition of owned space almost always involve long-term commitments and a significant expenditure. As such they always involve senior managers from A Bureau and the occupying bureaus. Major acquisitions are made at the highest levels of the organization. An investment committee per se does not exist within A Bureau. Investment decisions regarding the acquisition of property, whether to



own or lease are made jointly, in concert with the occupying Department of State bureau, often with support from the GSA.

Requests for additional space originate from a variety of sources, and are usually communicated directly to RPM from the geographic or functional bureau requiring the space. For example, the Secretary of State initiatives require space for staff within HST. A Bureau's decision-making process is further explained in Section 3 of this document. Once the space need is defined and validated, RPM researches different options, with the goal of presenting the requestor with multiple alternatives. As part of their review, they analyze the feasibility of each alternative, documenting the advantages and disadvantages of each. The process culminates in a recommendation that outlines the associated costs, issues, schedule and all other Department considerations. A Bureau presents its recommendation to the Department of State bureau at a level in accordance with its import.

Decisions regarding investments to upgrade or replace facilities' infrastructure are made centrally within FMS (see 20 year capital improvement schedule in Appendix I). Requirements are identified at the asset level, either from a facility condition assessment conducted by FMS personnel on inspections, or by on-site building managers (See Section 4.4 and 4.6 of this document). Long term capital improvement plans are prioritized based upon a variety of factors including the strategy for the asset, occupying bureau's requirements, changes to code/law, physical urgency and economic justification. Once prioritized, the capital reinvestments needs are reviewed by the FMS Director and approved by the Deputy Secretary for Operations and submitted as part of A Bureau's overall financial plan.

If appropriations are less than requested, FMS allocates funds based upon the prioritization schedule laid out in the 20-year capital improvement schedule. Should funding be unavailable, projects may be phased across multiple budget years.

Decisions regarding new capital investment and new initiatives or programs affecting property operations are made at the Director level. The process for these decisions is coordinated with the managers and experts in the field to determine the value of the program under discussion. In some cases, these new programs or initiatives are mandatory, such as changes in code compliance--e.g. ADA or heart defibrillator installation; in other cases, they are new Federal programmatic initiatives established through Executive Order or by statute. Consistent with their operating strategy, FMS standardizes practices across its portfolio, leveraging its resources and sharing departmental best practices.

Day-to-day operating decisions are made at the facility level. FMS's Operations and Maintenance Plans are based upon a strategy that provides standard operating practices and centralized support to its onsite property teams. Each Operation and Maintenance Contract imposes a contract deliverable that requires the contractor to develop and submit to the COR for approval, a "Building Operation Plan". These plans are site specific. As part of this strategy, FMS hires and deploys highly qualified property managers. Given



their knowledge and experience, and the centralized support framework in which they operate, most day-to-day operating decisions at the facility level are made by the assigned Building Manager (see 20 year capital improvement schedule in Appendix I).

2.4.2. OBO Decision Making

OBO has Policy and Procedures Directives in place that regularize and document the decision-making process. A Project Authorization Document (PAD) is required to authorize capital construction projects. A Policy and Procedures Directive outlines the process that must be followed when documenting project information for the approved scope, budget, and schedule for capital projects.

The Strategic Planning Division issues an initial PAD for each capital project when Congressional approval has been received for the budget or the Department's financial spending plan. It is OBO policy that no funding commitments (obligation or expenditure) for capital projects will be made before the issuance of a Project Authorization Document (PAD). The PAD, which is the official OBO documentation for a capital project, will reflect the project's scope, budget, and schedule for each funded OBO capital project. Clearance is required by the OBO Director.

A Project Authorization Memorandum (PAM) is a formal, permanent OBO record that documents the critical summary data associated with OBO's non-capital projects. The PAM data includes the project scope, schedule, budget, and accountability (clearances). An OBO Policy and Procedure directive explains the procedures for managing the PAM process (excluding PAM amendments). It describes when a PAM is necessary, how one is developed, and which offices are required to participate in such development. A PAM is required for non-capital projects that equal or exceed a total estimated funding cost of \$500,000 and have their planning and execution managed by OBO headquarters. Clearance is at the Managing Director level.

OBO has established dollar thresholds and approval levels for requisitions of equipment, supplies, and services to ensure that accountability for the expenditure of funds is fixed at the appropriate management levels. The policy is captured in OBO Policy and Procedures Directives. The originating division director must approve all requisitions for equipment, supplies, and services with an estimated cost of less than \$250,000. The appropriate managing director must approve all requisitions with an estimated cost between \$250,000 and \$999,999. The Director/Chief Operating Officer must approve all requisitions with an estimated cost of \$1,000,000 or more.

Generally, the post, bureau, DS and respective tenants are involved in the decision-making processes. The OBO Director is the ultimate decision maker, reporting to the Undersecretary for Management. The threshold for obligations is limited by specific legislative authorities. OBO works with USAID as a tenant agency and works with the A Bureau on procurement, soft targets program, domestic space, as well as preparation of



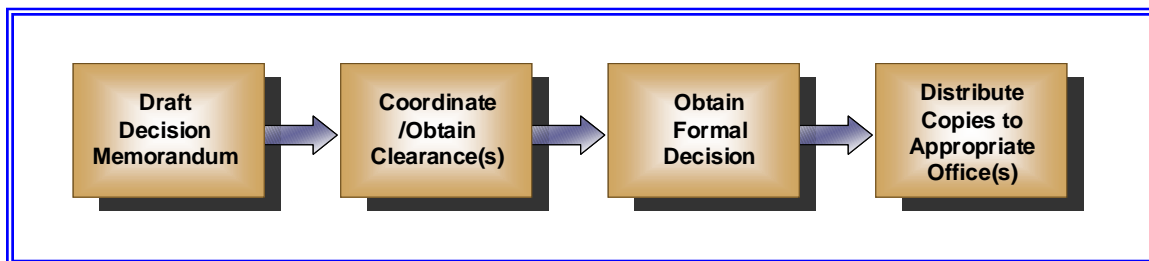
the asset management plan. OBO also works with USAID on the Joint Management Council.

The Department of State uses decision memorandums to explain the issues, options and assist Department managers in making well-founded decisions. Each management decision and action is based on a documented business case. An example of a recent business case is included in Appendix J.

Formal procedures are in place for drafting a decision memorandum. Short, concise memoranda are encouraged, with decision papers being limited to one to two pages. A particularly complex issue with additional discussion or background may require attachments. Short paragraphs containing facts and a general discussion may include background, current status, options for resolutions, implications of those options, and other pertinent information, such as reference to a Presidential Management Agenda initiative. A paragraph making a business case (justification) for the preferred option(s) is essential. A formally prepared “Business Case” that already incorporates the elements of a decision memorandum may be submitted on its own or may be included as an attachment. A “conclusion” paragraph may or may not be required, depending on whether the previous material intuitively leads one to arrive at a conclusion. Finally, recommendation(s) will track with the specific issue(s) for decision and contain an “approval” and “disapproval” line under each recommendation. A sample decision memorandum format can be found in Appendix K.

Decision papers are coordinated and cleared with those who have useful knowledge of the issue(s), those who may be affected by the decision rendered, and all managing directors with divisions that may be affected by the decision, including USAID when appropriate. Clearances and drafters are displayed on a separate page. For example, major real estate acquisitions are cleared within OBO, by the regional bureau, and by Diplomatic Security.

Once management has made its decision(s), the drafter of the decision paper is responsible for sending copies of the memorandum to the appropriate offices. For example, within OBO, a copy of the memorandum is placed in the OBO Guidelines, Standards, and Policies folder of OBO Link, OBO’s internal knowledge management system. This process flow is shown in the graphic below.



Decision Making (Memorandum) Process



2.4.3. USAID Decision Making

USAID derives its authority from the Foreign Assistance Act of 1961. (See Appendix L)
The original statute includes two primary programs:

- (1) A Development Loan Fund whose primary purpose was to foster plans and programs to "develop economic resources and increase productive capacities" (i.e., a significant amount of capital infrastructure); and
- (2) A Development Grant Fund, to focus on "assisting the development of human resources through such means as programs of technical cooperation and development" in less developed countries. It is this Act that gives USAID its full authority.

Similar to OBO's decision-making procedures, USAID uses decision or action memorandums as its preferred tool in its decision-making process.

In general, the decision process for acquisitions or disposals begins either with initiation by M/OMS or at the field-level. USAID headquarters performs all regulatory functions, ensuring a system of checks and balances. For instance, USAID headquarters ensures that a Chief of Mission (COM) approval has been obtained.

All of USAID's policy directives and required standard operating procedures are outlined in the agency's Automated Directives System (ADS). The ADS is USAID's directives management program. Agency policy directives, required procedures, and other general material are drafted, cleared, and issued through the ADS. Agency employees must adhere to these policy directives and required procedures.

The ADS is divided into six policy, or functional, series:

- Series 100 -Agency Organization & Legal Affairs
- Series 200 -Programming Policy
- Series 300 -Acquisition & Assistance
- Series 400 -Personnel
- Series 500 -Management Services
- Series 600 -Budget & Finance

ADS chapters 520 and 526-539 specifically reference Overseas Management Support policies. ADS 527 outlines the responsibilities of the Mission Executive Officer and ADS 535 provides the directives for Real Property Management Overseas. The directives in the ADS and 15 FAM collectively guide the decision-making processes for USAID actions. The table on the following page outlines the decision and approval thresholds for USAID acquisitions, disposals, maintenance, repairs, and security-related improvements.



	Owned	Leased	
		Short-Term	Long-Term
Residential	<p>Acquisition – Mission must present a business case and obtain M/OMS approval for all real property purchases. Also requires approvals of RSO, COM, and OMB.</p> <p>Disposal – Approvals required from COM and M/OMS; SEC is included in all communication.</p> <p>Maintenance & Repair – M/OMS approval required if any of the conditions listed in 15 FAM 641 apply.</p> <p>Security – Any security-related modifications are done at the direction of the RSO, in coordination with SEC and M/OMS. The Mission funds minor work, and SEC funds major upgrades to facilities and systems. For unusually large expense (very rare), M/OMS uses its Property Management Fund.</p>	<p>Acquisition – Field decision if value of lease is less than \$25,000/year; Requires M/OMS approval if value exceeds \$25,000/year. In either case, lease must be approved by the RSO and IAHB. Also, a POSHO Inspection is required. Mission has the authority to spend up to \$5,000 per property on non-security related “make ready” expenses.</p> <p>Disposal (Lease Termination) – Mission can terminate with approval of RSO and IAHB.</p> <p>Maintenance & Repair – M/OMS approval required if any of the conditions listed in 15 FAM 641 apply.</p> <p>Security – Any security-related modifications are done at the direction of the RSO as a condition of his approval of the lease; RSO funds these modifications. SEC also funds security-related improvements in high-risk areas.</p>	<p>Acquisition – Long-term leases, defined as 10 years or more, are considered owned properties and require the same approvals (M/OMS, RSO, COM, and OMB).</p> <p>Disposal – Same approvals required as disposal of owned property (COM and M/OMS).</p> <p>Maintenance & Repair – M/OMS approval required if any of the conditions listed in 15 FAM 641 apply.</p> <p>Security – Any security-related modifications are done at the direction of the RSO, in coordination with SEC and M/OMS. The Mission funds minor work, and SEC funds major upgrades to facilities and systems. For unusually large expense (very rare), M/OMS uses its Property Management Fund.</p>
Functional	<p>Acquisition – Mission must present a business case and obtain M/OMS approval for all real property purchases. Requires approvals of RSO, COM, and OMB. Also requires review by OBO and USAID SEC.</p> <p>Disposal – Approvals required from COM and M/OMS; SEC is included in all communication.</p> <p>Maintenance & Repair – M/OMS approval required if any of the conditions listed in 15 FAM 641 apply. The Mission funds the work unless it is an unusually large expense (very rare), in which case M/OMS uses its Property Management Fund.</p> <p>Security – Any work done is under the direction of the RSO and SEC; SEC provides funds.</p>	<p>Acquisition – Missions must seek M/OMS approval for lease of any functional space, regardless of cost.</p> <p>Disposal – Missions must seek M/OMS approval for disposal of any functional space; must also be cleared by COM.</p> <p>Maintenance & Repair – Missions must seek M/OMS approval for repair or improvements to all functional space, regardless of cost.</p> <p>Security – Any work done is under the direction of the RSO and SEC; SEC provides funds.</p>	<p>Acquisition – Long-term leases, defined as 10 years or more, are considered owned properties and require the same approvals (M/OMS, RSO, COM, and OMB with review by OBO and SEC).</p> <p>Disposal – Same approvals required as disposal of owned functional space (COM and M/OMS).</p> <p>Maintenance & Repair – M/OMS approval required if any of the conditions listed in 15 FAM 641 apply. The Mission funds the work unless it is an unusually large expense (very rare), in which case M/OMS uses its Property Management Fund.</p> <p>Security – Any work done is under the direction of the RSO and SEC; SEC provides funds.</p>



2.5. Owner's Objectives

The foundation for developing their asset level strategies lies in the Department of State's and USAID's establishment of a set of *qualitative* owner's objectives specific to their portfolios. A separate set of *quantitative* owner's objectives is expressed in the Department's long-term outcome goals and performance targets discussed in Section 6. For now, USAID aims to meet the same performance goals set by the Department, but that should change once USAID finalizes its own performance measures.

The established *qualitative* owner's objectives include:

- Assets must support a current Federal mission need;
- Assets must be economically sustainable;
- Assets must meet serviceability standards and customer needs;
- Physical condition will be maintained to reflect market standards;
- Reinvestment will target performing assets; and
- Asset level business plans and strategies must be updated annually.

These owner's objectives are the foundation for developing an asset level strategy. The Department of State's asset management framework involves understanding and balancing customer needs and risks with market dynamics and the condition and performance of its assets. The Department has defined its real property objectives at a very high level in order to ensure integration with their overall mission. In response to worldwide security concerns, these objectives are characterized by the need to address safety and security issues with the potential to impact its facilities, systems and personnel. Implicit in the Department of State's 2005 Strategic Plan, but not directed specifically at real property, is the requirement to operate efficiently and cost effectively. Both of these broad based objectives are captured in the Department's objectives as described below:

- Mission Support – Provide quality space that meets the needs of the bureaus and allows them to successfully complete their missions.
- Safety & Security – Ensure that the Department of State occupied properties meet the safety and security requirements required to protect the personnel, systems and infrastructure essential to each bureau's mission.
- Maintenance and Care of Assets – Maintain assets in a manner that aligns with the strategy for the property ensuring that its economic life and operation meet the needs of the occupying bureaus.



- Cost Effective – Operate at costs reflective of market standards.
- Environmental, Health and Safety – Ensure that environmental, health and safety programs meet regulatory requirements and address the needs of building occupants and visitors.
- Emergency Preparedness – Ensure that all property management personnel and building occupants are effectively trained, drilled and will respond appropriately in the event of emergency situation.
- Critical Infrastructure – Ensure that infrastructure supporting mission critical systems operate in peak condition with no unintended shutdowns or failures.
- Energy/Conservation Programs – Continuously advance energy management and conservation strategies improving the Bureau’s “Green” standing in all areas.

These objectives are integral to the strategy for operating and maintaining the Department’s owned portfolio. They guide the central staff and the facility teams as they develop and implement programs across the portfolio and for each asset. They are reviewed annually and adjustments are made as required.



3. Acquisition of Real Property Assets

The Department of State is responsible for building and maintaining the facilities for approximately 275 diplomatic and consular posts overseas and also owns or maintains facilities in the United States. Many of those facilities do not meet current diplomatic security and life safety standards, and are in poor condition, overcrowded, and poorly equipped. As a result of efforts begun after the 1998 Embassy bombings in Nairobi, Kenya and Dar es Salaam, Tanzania, all embassies have improved physical security, but many posts still do not meet essential security standards for setback and/or blast protection.

In some locations, USAID operates in various types of separate facilities. Of USAID's 107 worldwide missions, 56 operate in facilities not co-located with their Department counterparts. Nineteen of these are located separate from the embassy in a commercial facility while 37 are located separate from the embassy in a stand-alone building. While most of the stand-alone buildings do not meet current security requirements, some do, such as Cairo, Egypt; Pretoria, South Africa; and Podgorica, Serbia and Montenegro. Where USAID and the Department of State are located in the same facility, they are in one of three types of compounds: one that has not yet been brought up to current Department standards; a secure Inman Facility compound; or a secure New Embassy Compound. In the latter case, USAID is generally located in the chancery if it has a small presence, defined as fewer than 100 desks. If USAID has a large presence (100 desks or more) it may be located in a separate building on the compound. This type of facility is called a New Embassy Annex (NOX). USAID's location within an NEC depends on when the NEC was constructed and whether funding became available before or after implementation of the Capital Security Cost Sharing Program.

The Secure Embassy Construction and Counterterrorism Act of 1999 (SECCA) (see Appendix E) states that when selecting sites for new United States diplomatic facilities abroad, all U.S. Government agencies (except military installations) shall be located on the same compound. If any personnel do not plan to relocate to the new embassy site, a collocation waiver may be required in order to comply with the act.

If a USAID post is justified in its need to acquire functional space to improve its security posture until an NEC is built, the post must meet the requirements of SECCA and the Overseas Security Policy Board (OSPB) standards implemented by DS. Appendix M contains a copy of the standards. This would generally be the case depending on the



specific security situation at the mission. USAID would look to acquire space to improve its security posture until an NEC is built. The funds used to acquire or build the required interim facility come from the Interim Office Building (IOB) fund. The IOB Fund is discussed in detail in subsequent sections.

If the space does not meet collocation or setback requirements, the post must then submit a comprehensive waiver request package for approval. The waiver request package must include a statement from the RSO and COM detailing the need for the waiver and how the acquisition of the space will address the Mission's security posture or advance USAID's strategic development objectives. The Mission must also provide detailed responses to more than 40 questions about the space. The Physical Security Standards Waiver Package Checklist is attached in Appendix N.

For USAID, the decision to seek a collocation waiver for any functional space requirement would be made by the Mission Director with concurrence from the COM. The Regional Security Officer (RSO), the USAID Office of Security (SEC), Diplomatic Security (DS), and OBO would review the waiver request.

Facilities excluded from the collocation requirement include: 1) off-site facilities owned and operated by the host-country government, where the agency must remain in that space to accomplish their mission; 2) space obtained to support a short-term international conference or meeting; 3) non-office sites where technical operations are conducted such as laboratories; 4) facilities occupied by Peace Corps volunteers; 5) English language schools, only if the staff are not employees of the U.S. Government and the school is not declared as a Diplomatic Facility; 6) Voice of America (VOA) relay stations; or 7) VOA correspondents on official assignment.

The Department of State and USAID acquisitions originate with and are driven by regional requirements in support of the missions. New and expansion space acquisitions for the Department and USAID are satisfied in one of four ways: 1) New Construction; 2) Acquisition of new property; 3) Renovation of existing owned facilities; or, 4) Leasing.

The Department's space requirement program (SRP) is generated by OBO's Projects Development Division (PDD). The process of developing an SRP begins with the development of accurate staffing projections. All agencies at a post that are planned for an NEC develop their staffing projections, and clear those projections with their agency headquarters. For USAID, needs are identified through the development of staffing plans under the direction of the relevant USAID regional bureau and are validated by the Assistant Administrator of that regional bureau. When the COM is satisfied that the post's overall staffing projections are correct and meet the post's Mission Performance Plan (MPP), the staffing pattern is submitted to the Department regional bureau for review and approval.

For budget-year projects, the staffing is also forwarded to the Department's Management Bureau (M), Office of Rightsizing (M/R) along with a post-developed rightsizing report. M/R's review includes consideration of the total staffing request, as well as whether



efficiencies can be achieved by merging the Department and USAID management functions into one office. Once M/R is satisfied that all issues are addressed and staffing counts and patterns are correct, the revised information is sent to OBO for entry into its database, and subsequent development of a space requirements program.

In the case of both agencies, space requirements are determined in consultation with the post staff and other occupying agencies. Requirements are mapped against Standard Embassy Design (SED) parameters and any requirements that are outside the documented standards would require the submission of a full-scale business case analysis of those needs. SEDs are discussed in detail in Section 3.1.1.2.

Existing space inventories are then reviewed to determine whether any blocks of vacant space, or soon-to-be vacant space, are available to fulfill the requirement. For expansion requirements, office adjacencies and comparative criticality of program missions play a part in determining whether the expanding office will “bump” another group into new space, or whether the expanding office will move in part, or entirely into new quarters.

Expansion or reconfiguration of existing owned facilities is a second method for accommodating new program initiatives or growth. Expansions to existing owned facilities are completed based upon a number of criteria including: 1) The long-term strategy for the asset; 2) The availability of adjacent land; 3) The cost of construction as compared to other acquisition alternatives; 4) The benefits stemming from the adjacency; and 5) Consideration of Socio-Economic-Environmental Responsibilities. Recent examples include the renovation of the HST Building and the program to expand the NFATC in support of the Foreign Service Institute.

Less frequently, the Department of State will acquire property excess to the needs of another Federal agency by transfer, as in the case of Consular Affairs in the Portsmouth, New Hampshire Consular Center (PCC) and Resources Management in the Charleston, South Carolina Regional Center (CRC). The Department remains open to the opportunistic transfer of underutilized Federal real property from other agencies, if - when the occasion presents itself - there is alignment with the Department’s needs in terms of asset location, size, condition, adaptability to use/functionality, proximity to transportation links, and viability of the local labor markets for the Department’s intended use. The timing of bureau requirements is often a factor in the decision to acquire and own additional property. Given that Federal property transfer opportunities present themselves without much advance notice, the Department does not plan for these types of acquisitions, but rather evaluates each opportunity on its own merits.

For overseas projects, OBO has established priority goals in support of diplomatic readiness — security, new construction, maintenance of assets, and asset management. OBO addresses these four goals in a comprehensive, multi-year fashion through the LROBP. The objective of the LROBP is to provide a priority-based approach to upgrade and/or relocate overseas diplomatic facilities in need of security, life/safety, or operational/functional improvements. The current Plan covers the period extending from FY07 – FY12 and includes USAID requirements.



The LROBP is one of a series of steps that the Department is taking to improve the provision and maintenance of diplomatic and consular facilities. The Department has realigned and reorganized its real property operations to ensure clear lines of responsibility, authority, and accountability. OBO, A Bureau and USAID now operate with the best practices of a customer-focused organization. OBO has also developed performance measures for each of its divisions, with USAID working to finalize its own now.

Additionally, Congress authorized the Department to implement a Capital Security Cost Sharing (CSCS) Program. In FY 2005, the first year of the five-year phase-in of the program, the CSCS Program provided for agencies under Chief of Mission (COM) authority to contribute funds on a per capita basis for all authorized positions in diplomatic and consular facilities overseas. The program utilizes this source of funds to accelerate the design and construction of approximately 150 new secure embassy and consulate compounds over the next 14 years, at a total cost of \$17.5b. (See Section 3.2.5 for additional details about this program.)

OBO's LROBP identifies, prioritizes, and schedules projects to meet the security and operational requirements of the overseas posts. In most cases this will require the construction of a new compound or complex consisting of several buildings. These new embassy and consulate compounds (NEC) include, as appropriate: a chancery or consulate building, a support annex for GSO/motor pool/shop functions, a warehouse, Marine Security Guard Quarters (MSGQ), and, where they have a presence of more than 75 FTEs or contract personnel at post and such size requires separate facilities for USAID or other agencies. Occasionally, the complex may include staff housing units and recreation centers.

Each geographic bureau initiates the planning process by providing OBO with an overview of U.S. presence in the regions, a validation of each post's staffing projections with each agency's headquarters, and a prioritization of their posts to be included in the plan. This effort includes a critical examination of the size of the facility to be built or renovated as it appropriately reflects policy requirements and regional activities. Bureau priority preferences are subjected to a rigorous "business case" analysis, linking security vulnerability, the need to replace or upgrade buildings, and the ability to execute the projects within the proposed timeframe.

The LROBP identifies those embassy facilities most in need of replacement due to unacceptable security, safety, and/or operational condition. The Plan is a product of ongoing consultations among all stakeholders, including OMB and Congress. The Plan not only establishes the size and cost of Department of State facilities, but also presents the rationale for the U.S. Government's presence at the various locations and the business cases for the new facilities. The Plan also targets major renovations/upgrades of existing facilities and/or relocation to preexisting facilities that the Department can retrofit to meet its needs.



USAID does not have a separate plan for any of its properties and adheres to the planning process defined in the LROBP. However, there are instances that occur outside of the LROBP timeline where functional property must be obtained by USAID. These interim office buildings can be funded through the Interim Office Building Fund.

The Interim Office Building (IOB) Fund is an appropriation of funds to USAID to be used on a case-by-case basis to purchase or construct interim office buildings at high priority security threat posts where the USAID mission is not collocated with the Embassy or where the asset need is not covered under the LROBP. The intent of the money is to improve security in a given location if a new facility cannot be built in the near term. This pool of money is not fiscal year-specific and is available to the agency on a limited basis. Additional details about the IOB are located in sections 3.1.1.5 and 3.2.6.

3.1. Capital Plan for Major Projects

Capital planning and budgeting within the Department for the domestic portfolio is principally confined to repair and replacement, for the current set of properties that are either State-owned or GSA-owned and delegated to State. For State-owned properties, FMS maintains a 20-year long-term capital schedule that addresses the refurbishment and infrastructure needs of the domestic portfolio (see 20 year capital improvement schedule in Appendix I).

USAID is in the process of implementing a Total Infrastructure Facilities Management (TIFM) system called ARCHIBUS/FM to formalize its facilities planning. The purpose of the ARCHIBUS/FM implementation is to improve USAID's domestic physical asset utilization and efficiency. This will result in lowering the agency's Total Cost of Ownership (TCO) through significant cost reductions associated with maintaining the domestic portfolio as well as extending the life of the asset through more efficiently maintained, tracked and utilized space.

This tool will give the agency the ability to plan ahead more proactively and more accurately than before, and will minimize unnecessary capital expenditures. It will enable USAID to conduct master planning, as opposed to operating based on a "just in time" planning philosophy, as it does in most overseas operations. ARCHIBUS/FM will ultimately help USAID put into action a cost-recovery plan, whereby the different USAID programs will be billed for specific services or use of assets, helping to offset the costs and operating expenses associated with these capital projects.

Capital funding for major projects is secured on a project-by-project basis with expenditures often extending over multiple years. For major capital projects at GSA-owned Department of State properties-such as the Main State Building-the Bureau of Administration works with GSA providing project justification and construction and design specifications and conducting design review and oversight. GSA works with the



Department of State's personnel to develop and submit annual funding request packages to Congress for appropriations from the Federal Buildings Fund.

Should the Department handle a capital project on its owned property, it secures funding directly from Congress, and conducts project management either in-house or with a third service provider and/or GSA.

Similarly, for capital projects at GSA-owned USAID domestic facilities – such as the agency's space at the Ronald Reagan Building – the Facilities Management Division (M/AS/FMD) obtains funding through the standard Congressional budgeting process, and then coordinates with GSA to complete the work.

Obtaining funding for capital projects associated with the USAID commercially leased properties (e.g. initial build-out required to make the space useable) is also handled through the agency's standard budgeting process, with the work performed by external contractors.

Domestic capital projects are not currently coordinated between State and USAID. Each operates and manages its properties as appropriate for the function of that space. However, processes are currently being evaluated to improve collaboration and coordination between State and USAID systems for both domestic and overseas properties.

All domestic projects, both GSA and State led, are reviewed by A Bureau's management and submitted as part of the requesting Bureau's annual Performance Plan (BPP). At the same time, other Bureau's customized real property needs, such as office features, fixtures and equipment, are included in their BPP unless dictated by the Department. Depending upon the size and cost of the project, review and approval may extend through the Office of Resource Management (RM) to the Deputy Secretary of State. For renovation projects funded by GSA, the funds are held and disbursed by GSA. Whether funding by GSA or directly by State, RPM meets weekly to review and update its project-tracking sheet for State-related design and construction projects in federally owned or leased space assignments approved at the RM or Department Secretary level. A Bureau currently utilizes an internally developed project tracking system.

Funding in support of major overseas projects comes from three primary sources: (1) Congressional appropriations to the Department of State's Embassy Security Construction and Maintenance (ESCM) account, (2) proceeds of sale from excess and/or underutilized property holdings, and (3) the CSCS Program Fund.

Congressional appropriations comprise the largest source of funding for the Department's real property initiatives. The Department's request to Congress is formulated based on the proposed building program as outlined in the LROBP. Once the appropriation is received, the Department prepares a financial plan that details the use of the funds. Any deviation from the plan requires Congressional approval. Additional funding for projects



comes from the proceeds of sales from excess and/or underutilized property holdings. The Department of State and USAID manage an extensive portfolio of approximately 18,310 real estate properties throughout the world with a value well in excess of \$12b. Many of these properties have appreciated in value. For example, a residential property in Oslo that was purchased in August of 1995 for \$276,025 was sold in January of 2005 for \$535,011. Some properties no longer serve the needs of post, having become excess due to staffing changes, neighborhood alterations, and the passage of time. These properties are identified and sold, providing net revenue from the proceeds of sale.

Through 2004, USAID received separate appropriations from Congress for the construction of annex buildings on new embassy compounds. Funding for annexes was provided as follows: 2003 - Nairobi, Kenya; 2004 - Kampala, Uganda; 2004 - Phnom Penh, Cambodia; 2004 - Conakry, Guinea. With the adoption of the CSCS, funding for future annex buildings will come from this program – not from separate appropriations.

Currently, all capital construction and major improvements funded by USAID follow the same regulations as the Department of State, outlined in 15 FAM 1010, with the following exceptions:

1. USAID has at its disposal a fourth funding option for overseas capital projects – the use of local currency trust funds that are established by the host country. Real property acquired with these trust funds must be for the use of USAID personnel unless a special use agreement is negotiated with the host government.
2. Contracting for USAID-funded or trust-funded construction/capital improvements will be handled by USAID contracting officers applying USAID contracting regulations. The exception to this policy is if the construction is on Department of State-owned land, in which case OBO would be responsible for selection of specific contractors and construction management.
3. Under Section 636(c) of the Foreign Assistance Act of 1961, funds are available to USAID to construct or acquire outside the United States assets for the living quarters, office space, and other supporting facilities for the use of personnel carrying out activities authorized by the Act. M/OMS must approve the expending of Section 636(c) funds that requested for use for recreational facilities. Further, any changes to the scope of an approved 636(c)-funded project require the review and approval of M/OMS prior to the start of the proposed changes. Finally, all legal documents associated with real property acquired with 636(c) funds must be forwarded to M/OMS.

OBO and USAID acquire and dispose of real property under different legal authorities. OBO operates under the provisions of the Foreign Buildings Act of 1926, as amended, and USAID operates under the provisions of the Foreign Assistance Act of 1961, as amended, for both short-term lease and purchase authority using the Agency's OE budget. However, both agencies adhere to the policies and procedures for disposal of real property overseas in 15 FAM 500 through 534 of the Foreign Affairs Manual.



Through FY 2010, sales of Department of State properties are expected to average about \$15 - \$30 million per year. In recent years, proceeds have been earmarked for specific capital projects and the acquisition of housing, reducing OBO's ability to address other needs at posts. The organization is confident that with a robust capital appropriation, combined with the implementation of the Capital Security Cost Sharing Program, the proceeds of sale from excess or underutilized properties can be directed solely to non-capital construction purchases. This plan proposes to annualize the housing investment program on a permanent basis, as an initiative to manage the owned realty portfolio on a business-like basis, and to provide for the housing needs of U.S. Government employees overseas.

Additionally, USAID has authority per 636(c) to deposit the sales proceeds of its real property purchased overseas into a property management fund. The average revenue generated by USAID proceeds of sale of real property is \$200,000. Proceeds from these sales of real property are not returned directly to the respective missions for their use, but are retained for centralized agency utilization. USAID's Overseas Management Staff oversees and manages this fund.

The LROBP outlines the program plans and the projected sizes and costs for each overseas project. The Department's annual budget request provides a more detailed explanation of the sources and uses of funding for various projects and programs. OBO is responsible for reviewing and adjusting the specific funding levels by source annually to reflect, among other factors, prior-year appropriations, budget decisions and cost sharing decisions, as well as actual sale proceeds and expenditures. A copy of OBO's prioritized capital plan for FY2007 can be found in Appendix O. Components of the Capital Plan include New Construction, Repair and Alterations (R&A), and Leasing. These topics are discussed in the sections to follow.

Since FY2000, OBO has provided Exhibit 300s for each overseas capital construction project in compliance with A-11 regulations. Included in the Exhibit 300 is a discussion of the methodology for computing the earned value performance data (EVPD), as required in Section I.H.1. The process for the determining the EVPD is described by OBO as:

The EVPD is determined from the original baseline cost, scope and schedule established during the planning of the project. Monitoring the achievement of goals is the responsibility of the Integrated Project Team (IPT). The Team uses a performance-based management system that identifies the tasks and costs, regularly compares them to work actually completed, costs incurred and expended, and establishes deviation from the baselines. To accomplish this, the Team uses several headquarter and field generated reports, utilizing Microsoft Project, Access and Primavera Project Planner software. The reports automatically identify the project indicators with a variance of 10%. All reports are analyzed as each phase is completed, at regular IPT meetings, and at monthly project meetings with senior management.



In addition, the Construction and Commissioning Division responsible for overseeing the execution of the project also uses its performance-based management system to ensure that cost, schedule and performance goals are met. The construction contractor will provide cost, schedule and performance information that will be evaluated by the on-site Project Director, and then passed to the OBO Project Director for review. This information is also shared with the IPT. This information is compared to baseline cost and schedule milestones. In addition, projects are reviewed during the monthly Project Performance Reviews chaired by the Director/Chief Operating Officer of OBO. Variances greater than 10% are reported through the Exhibit 300 update process, as required by the A-11 regulations.

3.1.1. New Construction Major Projects-Security Construction Projects

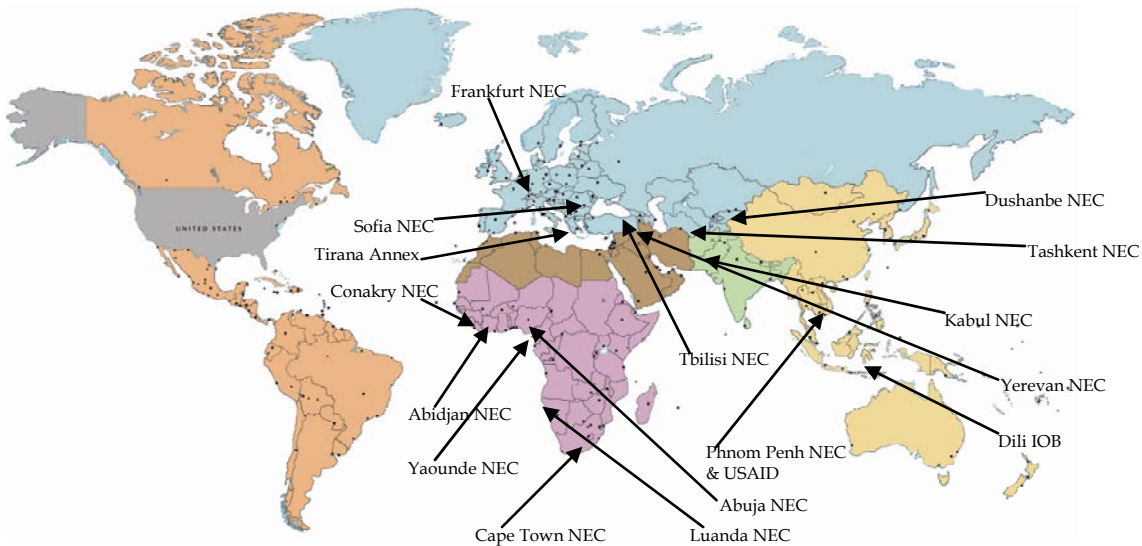
The new construction program at the Department of State addresses program requirements that serve a Federal need that cannot be readily met with existing Federal assets or assets available in the private sector. The prioritization of these projects is done in close coordination with the customer or program area with the requirement. For new construction at the most vulnerable posts, the priorities within the LROBP are drawn from the Priority List of Diplomatic Facilities for Replacement as mandated in Public Law 106-113. This list, reviewed and updated every year by the Department, reflects the best understanding of those facilities most vulnerable to a wide variety of security threats. There are currently approximately 150 posts on the list for which PL106-113 allows expenditures of any project in the “Top 80”.

For the most part, USAID no longer undertakes new major construction projects. With the implementation of the Capital Security Cost Sharing (CSCS) Program, new construction of USAID facilities now occurs almost solely within New Embassy Compounds (NECs). These projects are prioritized by OBO, and USAID currently has no input in this prioritization process, though M/OMS desires a more active role in the process. In certain circumstances, the Interim Office Building (IOB) Fund (see Section 3.2.6 for further details) may be used for facility construction projects.

The following map depicts those major projects completed in FY05 and FY06 for both the Department of State and USAID.



Capital Projects Completed in 2005 and 2006



Capital Projects - 2005-2009

Project Location	Project Type	Status/Completion Date	Award Date
Dili IOB	IOB	Complete	FY03
Sofia NEC	NEC	Complete	FY01
Yerevan NEC	NEC	Complete	FY01
Abidjan NEC	NEC	Complete	FY02
Luanda NEC (Reg/Asset Mgt)	NEC (Reg/Asset Mgt)	Complete	FY01
Cape Town NEC	NEC	Complete	FY02
Abuja NEC	NEC	Complete	FY02
Phnom Penh NEC	NEC	Complete	FY02
Kabul NEC (Reg/Asset Mgt)	NEC (Reg/Asset Mgt)	Complete	FY02
Tbilisi NEC	NEC	Complete	FY02
Frankfurt NAB	NAB	Complete	FY03
Tashkent NEC	NEC	Complete	FY02
Yaounde NEC	NEC	Complete	FY02
Dushanbe NEC (Reg/Asset Mgt)	NEC (Reg/Asset Mgt)	Complete	FY02
Conakry NEC	NEC	Complete	FY02
Tirana Annex	Annex	Complete	FY03
Phnom Penh USAID	USAID	Complete	FY04
Jerusalem Annex	Annex	FY07	FY04
Athens Annex	Annex	FY07	FY04
Astana NEC	NEC	Complete	FY03
Bamako NEC	NEC	Complete	FY03
Beijing NEC	NEC	FY08	FY03
Bridgetown NAB	NAB	Complete	FY03
Freetown NEC	NEC	Complete	FY03
Kingston NEC	NEC	Complete	FY03



Nairobi USAID	USAID	Complete	FY03
Accra NEC	NEC	FY07	FY04
Algiers NEC	NEC	FY07	FY04
Belmopan NEC	NEC	Complete	FY04
Kathmandu NEC	NEC	FY07	FY04
Managua NEC	NEC	FY07	FY04
Lome NEC	NEC	Complete	FY04
Panama City NEC	NEC	FY07	FY04
Rangoon NEC	NEC	FY07	FY04
Conakry USAID	USAID	Complete	FY04
Kampala USAID	USAID	Complete	FY04
Berlin NEC (Reg/Asset Mgt)	NEC (Reg/Asset Mgt)	FY08	FY04
Port-Au-Prince NEC	NEC	FY08	FY05
Accra USAID	USAID	FY07	FY05
Bamako USAID	USAID	FY07	FY05
Bogota Annex	Annex	Complete	FY05
Ciudad Juarez NEC	NEC	FY08	FY05
Kathmandu USAID	USAID	FY07	FY05
Khartoum NEC	NEC	FY08	FY05
Kigali NEC	NEC	FY08	FY05
Kingston USAID	USAID	FY07	FY05
Managua USAID	USAID	FY07	FY05
Mumbai NEC	NEC	FY08	FY05
Quito NEC	NEC	FY08	FY05
Skopje NEC	NEC	FY08	FY05
Baghdad NEC (Supplemental)	NEC (Supplemental)	FY07	FY05
<i>Beirut NEC</i>	NEC	<i>FY09</i>	<i>FY06</i>
<i>Brazzaville NEC</i>	NEC	<i>FY09</i>	<i>FY06</i>
<i>Djibouti NEC</i>	NEC	<i>FY09</i>	<i>FY06</i>
<i>Guangzhou NEC</i>	NEC	<i>FY09</i>	<i>FY06</i>
<i>Harare NEC & NOX</i>	NEC & NOX	<i>FY09</i>	<i>FY06</i>
<i>Johannesburg NEC</i>	NEC	<i>FY09</i>	<i>FY06</i>
<i>Khartoum NOX</i>	NOX	<i>FY09</i>	<i>FY06</i>
<i>Libreville NEC</i>	NEC	<i>FY09</i>	<i>FY06</i>
<i>Skopje NOX</i>	NOX	<i>FY08</i>	<i>FY06</i>
<i>Surabaya NEC</i>	NEC	<i>FY09</i>	<i>FY06</i>
<i>Abuja NOX</i>	NOX	<i>FY08</i>	<i>FY06</i>
<i>Tblisi NOX</i>	NOX	<i>FY08</i>	<i>FY06</i>
<i>Suva NEC</i>	NEC	<i>FY09</i>	<i>FY06</i>
<i>Koror NOB (regular/strategic)</i>	NOB (regular/strategic)	<i>FY09</i>	<i>FY06</i>
<i>Kolonia NOB (regular/strategic)</i>	NOB (regular/strategic)	<i>FY09</i>	<i>FY06</i>
<i>Karachi NEC</i>	NEC	<i>FY09</i>	<i>FY07</i>
<i>Italics are pending projects/dates</i>			

The law for the Capital Security Cost Sharing (CSCS) Program permits the Department to use funds authorized under the Security Authorization for any of the top 80 posts on the priority list. OBO works closely with the regional bureaus at the Department of State to identify those posts within the top 80 that have the most compelling cases for replacement. The Department also considers such factors as emerging operational requirements, the condition of existing facilities, new site availability, and overall project



“do-ability” (i.e. ability to execute the project at the locale). The goal is to eventually replace or substantially upgrade all posts that do not meet security, safety, and/or functionality standards.

The LROBP has also identified the facilities that must be replaced at posts not ranked in the current top 80. This program is known as the Regular Capital Construction Program. These posts have compelling operational or other requirements that must be addressed. They are funded, when possible, from the non-security capital portion of the OBO appropriation.

Because domestic space needs are normally satisfied through new leasing activity, the A Bureau does not typically include new construction in its annual Fin Plan. Occasionally, through special legislation – e.g., as in the case of the NFATC – construction funding becomes available through A Bureau to meet domestic operations’ space needs. Additionally, for owned properties already within the portfolio, well-documented expansion requirements for high-profile programs or initiatives also, on occasion, secure support and approval for new construction funding. The A Bureau works with GSA to secure funding from the Federal Buildings Fund.

For both of the foregoing, a detailed program of requirements for the space need is developed, and a narrative justification for the project is prepared, along with appropriate cost estimates and 30-year present value cost analyses of alternatives. The project is proposed for inclusion in the Financial Plan, and then carefully scrutinized by each organizational echelon within the Operations Directorate of the Bureau of Administration. The project must then gain successive approval from: the Assistant Secretary for Administration (A), Under Secretary for Management (M), Assistant Secretary for Resource Management (M) CFO, and finally the Deputy Secretary of State (D) before it is forwarded as part of the Department’s budget request to OMB. Typically, a committee of senior executives (with the composition changing each year) reviews all budget requests, including major capital projects, as part of the approval process by the M organization.

3.1.1.1 Prioritization Process

The prioritization of the Department and USAID’s capital projects is a single, phased process. A consistent and rational methodology is applied to rank the projects. Developing the phased site acquisition and design and construction schedule is a multi-step process involving the Bureau of Diplomatic Security, the regional bureaus, and OBO. USAID can influence these decisions through discussions with the regional bureaus. From the point of view of the Department of State, the current state of security, or threat level, is the primary determination factor.

A general description of the prioritization process follows below:



- The Bureau of Diplomatic Security (DS) completes an annual physical security evaluation of all U.S. overseas posts. This security evaluation listing is the basic information used to develop the Priority List of Diplomatic Facilities for Replacement (Replacement List), which is required under PL-106-113.
- The Replacement List is updated annually. By congressional mandate, the posts in the Replacement List are prioritized and listed in bands of 20. Congress has further authorized spending security capital funds only on the top 80 posts. Posts that have received full funding for their NEC and for which construction has begun on the new facilities are removed from the list. Senior Department management, including the regional bureaus, use DS's security evaluation and other factors, such as the number of USG employees at post and other agencies' concerns, to nominate new posts to move into the Top 80 Replacement List. Non-Department agencies are encouraged to work with the regional bureaus to identify candidates to move onto the list. These nominations are forwarded to the Under Secretary for Management and the Secretary for their approval and inclusion in the Replacement List. This list is then provided to Congress.
- The next step is for each regional bureau to annually rank all posts within its region that are in the Top 80 Replacement List. They use such additional factors as threat, survivability, staffing trends, regional interests and functionality. This effort results in a prioritized list for the Department of State's capital security projects for each of the six regional bureaus. Each year, as new posts are added, these posts usually go to the end of the bureau's priority list.
- OBO combines the prioritized lists from the different regional bureaus into one master list. With the help of its Planning and Real Estate offices, OBO determines if a site already exists on which to build or when a new site could be acquired. When necessary, OBO reschedules the list based on any available capital security funding covered each year by the LROBP, opportunities or problems in acquiring a site, and constraints on the ability of construction companies to work in a particular country at the planned time.
- This prioritized and scheduled listing of posts/projects then becomes the Capital Security portion of the LROBP.
- The Department may use its other type of capital funds, regular capital funds, to replace any posts not in the top 80 Replacement List that have compelling operational or other requirements that must be addressed. These posts are included in the Regular Capital portion of the LROBP.

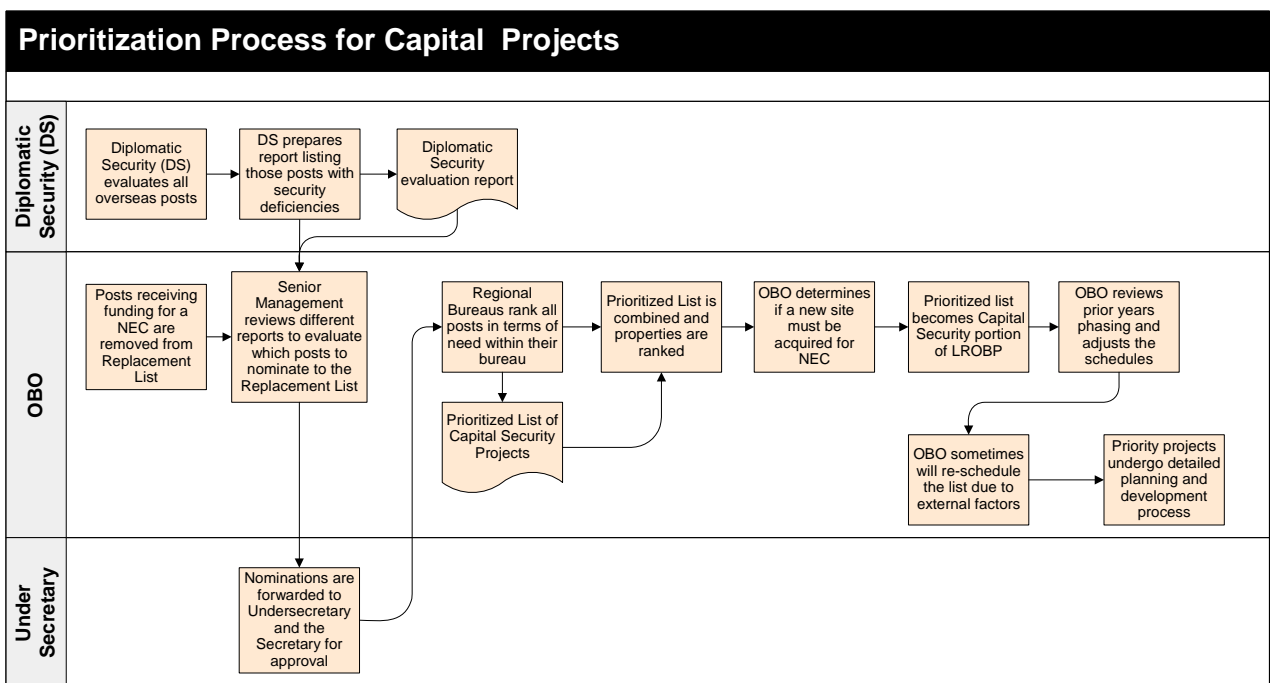
OBO revisits the prior year's phasing and adjusts the schedules accordingly, moving the lower ranked projects further out and advancing other projects as appropriate. Once the priority projects in need of a major capital improvement are identified, they undergo a detailed planning and development process to determine how the new project will meet the needs and requirements of the post. The Department's prioritization for the domestic



portfolio includes repairs, replacements, and upgrades for some new construction, such as several new buildings on the NFATC campus.

If it is determined that a USAID mission needs to utilize monies from the IOB fund, accessibility to the property/asset, and economic analyses (ROI, cost-benefit analysis, etc.) are now factored into the prioritization process. The Mission’s security posture and current threat level, however, remain the primary determinant of whether to move forward.

The following flow chart represents the prioritization process for capital projects, as described above:



3.1.1.2 Compound/Building Size and Cost Estimation

OBO and USAID determine the size of a given structure based on the functions to be performed in the building and the number of people who will occupy it. A Bureau’s owned portfolio does not currently contain assets equivalent to OBO’s compounds, and thus is not included in this section. Regional bureaus, working with posts and tenant agencies, develop staffing projections 5-7 years out for each function at each post in the LROBP. After this initial assessment, OBO develops a Space Requirements Program (SRP) using the staffing projection data collected in the needs assessment. The SRP includes the number of desk and non-desk positions and describes sizes, locations, functional adjacencies, and special requirements. The cost estimate for those facilities is then determined. The result is a small, medium or large SED. Examples of new facilities built in 2005-2006 for two of the categories are:



- Large: Yerevan (\$76.4M)
- Medium: Conakry (\$67.3M)





The facility components that comprise an NEC and a SED project are provided below:

- ***New Embassy/Consulate Compound (NEC)***: An embassy or consulate compound serves many needs beyond providing office space for diplomats. It is a complex comprised of a number of buildings and support features. Generally an NEC includes:
 - New Office Buildings (chancery or consulate)
 - General Services Operations (GSO) Support Buildings (motor pool, warehouse (WHE), shops, shipping & receiving, and other support functions)
 - Marine Security Guard Quarters (MSGQ)
 - Utility systems and parking facilities
 - Perimeter Security Systems (Compound Access Control system (CAC), Personnel Access Control system (PAC), anti-climb/anti-ram wall with lights, surveillance equipment)
 - USAID or other separate office annex, when appropriate
 - Recreational facilities
- ***Standard Embassy Design (SED)***: OBO has developed a cost-saving initiative that standardizes the design for chanceries and consulates. This initiative, called the Standard Embassy Design (SED), includes three basic designs for the main office building on a compound: small, medium, and large. Standard designs have also been adopted for MSGQs and annex office buildings. OBO adjusts the SED to meet site and post-specific requirements. It accomplishes this by adding standard size bays, 81 gsm in size, to a small, medium, or large SED to satisfy building size requirements.

Some posts do not fit into the small, medium, or large categories. There are a number of very small posts whose facility needs can be met through special considerations. OBO has developed a super small standard embassy design (SED) concept to meet facility needs at these posts; candidate posts are identified in the LROBP. Likewise, posts exceeding the normal range for a large NEC will still be planned using the SED concept. These special SED posts are also identified in the plan.



SED project parameters are shown below.

 Super Small SED	NEC General Construction Costs: ~ less than \$30 Million* Chancery/Consulate General Size: ~ less than 2,000 gsm General Planning Duration: ~ 6 months General Design/Build Acquisition Duration: ~ 6 months General Design and Construction Duration: ~ 15 months General Commissioning Duration: ~ 2 months General Total Project Duration: ~ 29 months
 Small SED	NEC General Construction Costs: ~ less than \$50 Million* Chancery/Consulate General Size: ~ up to 4,300 gsm General Planning Duration: ~ 6 months General Design/Build Acquisition Duration: ~ 6 months General Design and Construction Duration: ~ 15 months General Commissioning Duration: ~ 2 months General Total Project Duration: ~ 29 months
 Medium SED	NEC General Construction Costs: ~ \$73 Million* Chancery/Consulate General Size: ~ between 4,300 and 7,400 gsm General Planning Duration: ~ 6 months General Design/Build Acquisition Duration: ~ 6 months General Design and Construction Duration: ~ 24 months General Commissioning Duration: ~ 2 months General Total Project Duration: ~ 38 months
 Large SED	NEC General Construction Costs: ~ \$94 Million* Chancery/Consulate General Size: ~ between 7,400 and 11,300 gsm General Planning Duration: ~ 6 months General Design/Build Acquisition Duration: ~ 6 months General Design and Construction Duration: ~ 28 months General Commissioning Duration: ~ 2 months General Total Project Duration: ~ 42 months

3.1.1.3 Cost Estimation for New Embassy Compounds

OBO develops cost estimates for all projects in the LROBP using current-year dollars and then escalates to the midpoint of construction. Even though NECs are constructed as single projects, the costs for the chancery or consulate, GSO/WHE Annex, MSGQ, and stand-alone annex buildings for USAID and/or other functions are all calculated separately, but included in the rolled-up total cost estimate for the project. The costs are charged back, through the Capital Security Cost Sharing Program, to the agency occupying the space on the NEC. Appendix P provides details from the LROBP for the Antananarivo, Madagascar NEC.

Costs that apply to the entire NEC, such as project supervision, common areas, perimeter, construction security, parking, and site development, are included in the

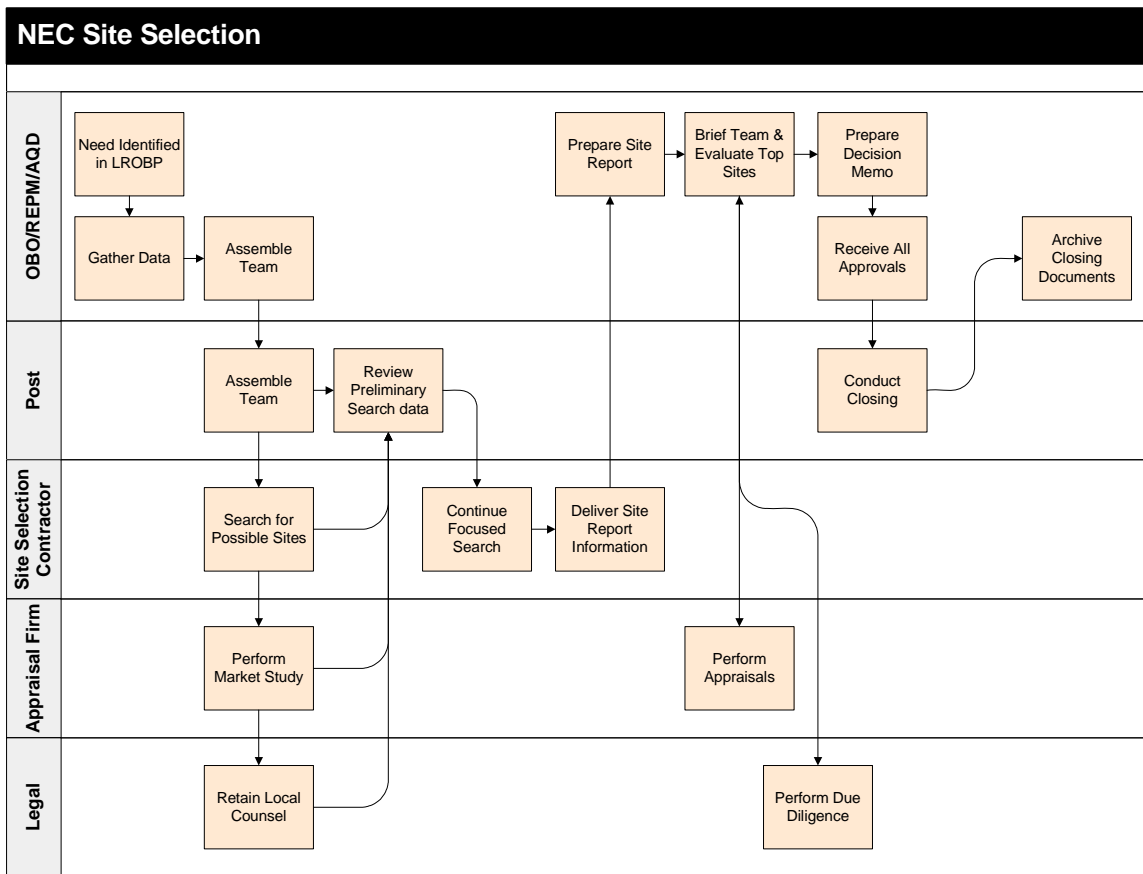


chancery/consulate cost. Value Added Tax (VAT), where it is appropriate, is also shown separately. Projects that exceed \$100 million or a large SED (11,300 gsm) due to extraordinary security cost or operational needs are considered Special NEC projects. Categorizing projects allows OBO to take advantage of standardized designs, thus reducing time and overall costs. Details of the categories are shown below. When determining small, medium, or large categories based on cost, site, VAT, and USAID stand-alone annex buildings are not included in the calculations.

When USAID requires fewer than 100 desk positions, they are located in the chancery building with the Department of State. When 100 desks or more are required, USAID may be housed in a New Embassy Annex (NOX) on the NEC. Final planning for USAID space is a joint discussion done during the planning phase.

3.1.1.4 Site Selection for New Embassy Compounds

The following high-level flow chart represents the site selection process for new embassy compounds:





3.1.1.5 Site Selection for USAID Properties Outside of the NEC – Interim Office Buildings

The need to acquire a property designated as an IOB facility is driven by the requirement to provide secure, safe, and functional facilities for USAID personnel. With respect to site selection for the IOB, security is the primary deciding factor and the post must meet the requirements of SECCA and the Overseas Security Policy Board (OSPB) standards implemented by DS. Appendix M contains a copy of the standards.

The IOB selection process in a given location is done under the direction of the Department of State's Regional Security Officer (RSO) at post. The selection process includes looking for commercial office space that will enhance the agency's security profile. This process is completed through a combination of methods. For example, local real estate agents are often used to search for potential facilities, as is advertising in local newspapers, plus the USAID mission staff continually looks for options that meet the needs of the mission. Market and rental analysis are generated with the help of local experts as a means to make sure selected locations are within the current price range in a particular part of the city. As potential locations are identified, the mission and the RSO rate each facility as it relates to security, fire/life safety, seismic considerations, cost, accessibility, and other things concerning the selection process. As part of the approval process, USAID's Office of Security and the RSO jointly conduct a final site analysis of each property to determine the best location. The goal is to find facilities less costly than current facilities, but which enhance USAID's security posture. More often than not, the best location is also the most expensive given the lack of overseas buildings that are constructed to appropriate standards as it relates to strength, seismicity, setback, fire/safety, and controllable parking areas.

If the space does not meet all the security requirements, the post must then submit a comprehensive waiver request package for approval. The waiver request package must include a statement from the RSO and COM detailing the need for the waiver and how the acquisition of the space will address the Mission's security posture or advance USAID's strategic development objectives. The Mission must also provide detailed responses to more than 40 questions about the space. The Physical Security Standards Waiver Package Checklist is attached in Appendix N.

In addition to the SECCA and OPSB requirements, USAID's Office of Security has implemented its own set of building site selection guidelines to be used as the initial determinants for selecting an IOB site. These are highlighted in the graphic below.



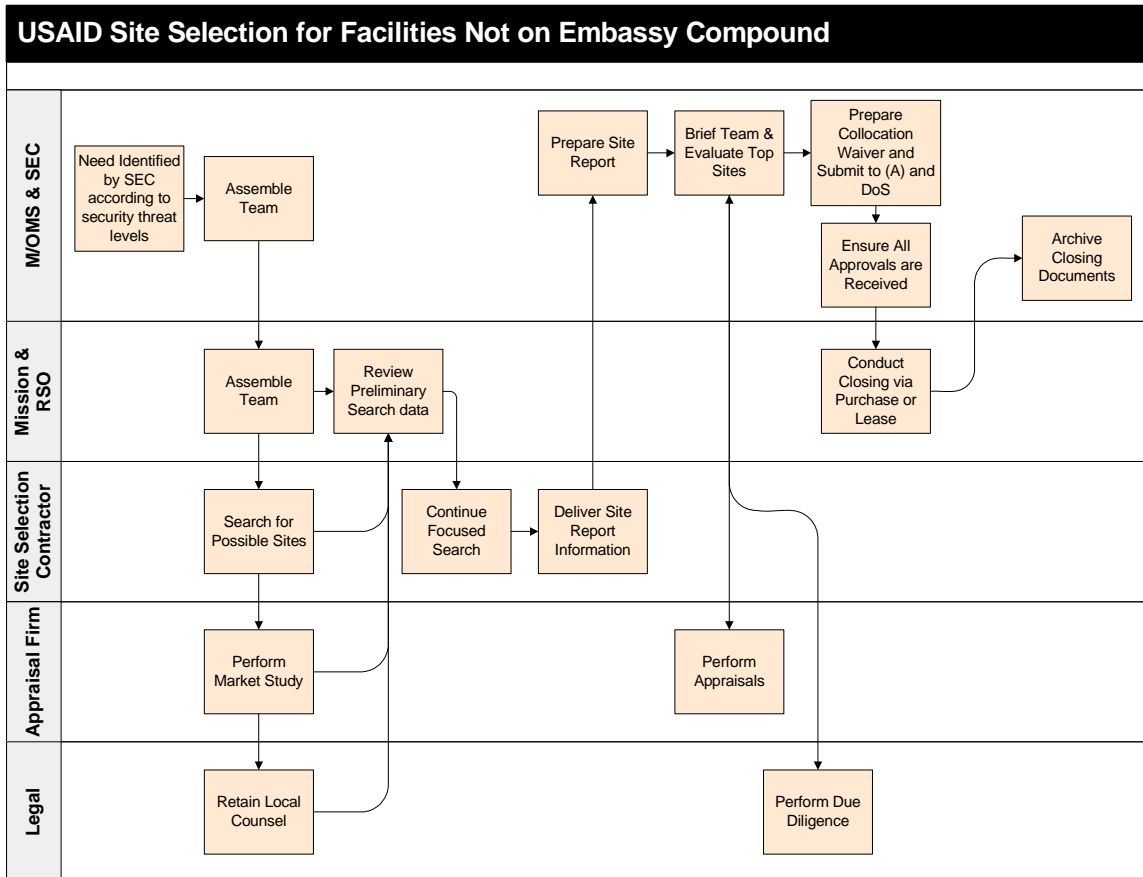
Evaluating Commercial Office Buildings

When evaluating commercial office buildings for office space, the following guidelines should be followed:

1. Look for a building with 100-foot setback.
2. Lease floor space above the 3rd floor, furthest away from the street.
3. Ensure that your occupancy will not be more than 25% of the total building population.
4. If more than one floor or multiple sections of one floor is required, the floors need to be contiguous.
5. Make sure there are at least two egresses not including the elevators.
6. Landlord will need to furnish “as built” A&E drawings for SEC & OMS to evaluate the building’s structural integrity.
7. Identify the other tenants that occupy the building.
8. Determine what the floor load capacity is for each floor under consideration for leasing.
9. Confirm that the elevator is large enough and has the load capacity to lift oversize equipment.
10. Inspect and confirm the function of fire and safety equipment in the building. Determine the distance to the local Fire Department.
11. Determine the location of public parking. Is it possible to control these parking areas?
12. Identify and locate any environmental hazards or dangerous materials in close proximity to the building.



The following high-level flow chart represents the site selection process for Interim Office Buildings.



3.1.2. Residential Acquisition

The Department and USAID own approximately 3,575 of the 14,568 residential units they occupy – approximately 24.5%. Further broken down, 3,415 units are owned by the Department of State and the remaining 160 are owned by USAID. One thousand of these owned units are concentrated in Seoul, Tokyo, and Berlin; excluding these capitals, the U.S. Government currently owns about 19% of its residential housing. To reach a target of 40% ownership, the Department would have to purchase 2,252 residential units. At an average cost of \$350,000 each, and a program reinvestment of approximately \$26 million per year, this ownership target could be achieved in 30 years. Owning more housing will make leasehold budget planning less subject to unexpected disruption from exchange rate fluctuations, rapid inflation, and economic growth.



OBO conducts annual top-down housing needs studies to identify posts to determine if investment is warranted; OBO includes USAID in its studies. The two agencies use slightly different criteria for making the lease/buy decision, however. OBO uses a number of criteria to screen posts to see if they are candidates for investment. The primary criterion for ownership is return on investment. Whether leased or owned, the property must be functional and appropriate, but the decision to own housing is largely based on economics and security. The second criterion is the ownership ratio, that is, the percentage of the housing pool that is owned by the U.S. Government. Next, posts where rents have been rising are flagged, and post may also be evaluated for housing purchase when there are operational needs that affect housing. Another criterion is whether the purchase process in the host country is transparent. That is, if laws governing property transfers are established and enforced, it is viewed favorably when evaluating purchases in that country.

USAID's authority to purchase property is derived from the Foreign Assistance Act of 1961 and is governed by the provisions of 15 FAM 460. USAID has four main considerations in making the lease/buy decision: cost, payback period on investment, security, and expected "graduation date." In its analysis of cost factors, USAID considers both the gross cost of each option as well as the expected payback period. Usually, a payback period of 3-5 years is desirable for purchased property. Security decisions are ultimately made by USAID for USAID-specific assets, but always with the concurrence of the Chief of Mission and Regional Security Officer. Finally, USAID analyzes the lease/buy decision in light of the time it expects to remain in a particular country, or the time until it "graduates" from the country.

While both the Department and USAID evaluate at some level all of these factors, USAID targets their evaluation more heavily at three specific factors: security, cost, and expected graduation date. Posts that are identified according to these criteria are subsequently investigated further for the economic desirability of housing purchases.

In locations where housing for the Department of State and USAID employees is managed jointly, USAID is included in OBO studies regarding the purchase of residential properties. For example, in 1994 and 1995, USAID and the Department jointly constructed a 16-unit housing compound in Tirana, Albania; four units were funded by USAID, and the remainder was funded by the Department. A similar project took place in 2002 in Nairobi, Kenya, but the 60-unit compound there was a design/build/lease project where USAID agreed to lease 12 units and the Department the remainder. In locations where USAID manages its housing separately, USAID does conduct separate acquisition studies, but the entire process, including COM and RSO approvals to purchase property, is shared openly with the embassy.

Once they pass the test of economic feasibility, they are typically included in an annual housing investment plan to recycle worldwide proceeds of sale into housing reinvestment. In 2004, the Department invested \$14.4 million in staff housing purchases compared to USAID's \$200,000 investment in a single property in Dar es Salaam.



3.1.3. Repair and Alterations Major Projects

OBO's Area Management (AM) office conducts a data call to collect major rehabilitation requirements from posts. Once the data is collected, AM weighs the requirements in order to develop a list of priority projects from which those deemed most likely to succeed are selected for the next budget year cycle, based on anticipated funding. In this best practices effort, scoring and appropriate weighting is performed for each project, based on five factors: (1) fire/life safety; (2) condition/age of building system; (3) speed of deterioration; (4) impact on operations; (5) and "do-ability" in the fiscal year. USAID participates by communicating their concerns to chiefs of missions. These concerns are then included in overall mission requirements.

In addition to major rehabilitation projects, each post is eligible for maintenance and repair funds. Posts submit these requirements for funding as needed. USAID maintenance funds are included when USAID is co-located with the Department of State.

When USAID is not co-located, USAID performs its own evaluations on its owned property. If certain maintenance or repair is needed, the EXO includes the cost of the repair in the next fiscal year budget request to USAID/W. If the maintenance or repair is not due to normal wear and tear, funding may be provided from the Section 636(c)-created Property Management Fund (PMF) that M/OMS controls. The PMF is maintained from USAID's proceeds of sale of real property obtained under Section 636(c) and is used to buy replacement property or for special maintenance and repairs. For example, when the embassy was bombed in Dar es Salaam, the USAID-owned mission director's residence, which was located next to the embassy, was severely damaged by the blast. PMF funds were used to rebuild the premises.

The Department recognizes the U.S. Government's substantial investment in existing facilities and that it has been entrusted as the steward of these facilities. Over time, however, these facilities age and need to be updated or have their major components (roofing systems or air handling machinery), replaced. Many of the Department's facility deficiencies are being addressed through major renovation projects, rather than through the more costly route of constructing new buildings. Although the Department plans to replace those facilities that face the greatest security risk, most of the Department's more than 5,350 government-owned and long-term leased overseas properties will have to be maintained for many decades into the future. Accordingly, the Department's LROBP contains a number of major renovation and upgrade projects where the decision has been made to remain in the current facilities. In these cases, the Department believes that a significant renovation project, including security upgrades, is the most cost-effective means to address security, safety, and operational needs.

For the Domestic Portfolio, as described earlier, FMS has a 20-year long-term capital schedule that addresses the building equipment/systems and infrastructure needs. Close adherence to the Plan enables the Department to project capital budgeting needs in a fashion that promotes peak operating performance for building systems, maximum useful



economic life of assets, and the provision of modern, functional, quality space for Department of State end-users. USAID -M/AS/FMD, in coordination with GSA, handles asset management of USAID's domestic properties.

Each year based upon facility assessment feedback from property teams and specific requests, FMS prioritizes its more immediate capital needs for presentation to the Assistant Secretary for Administration and inclusion in the A Bureau's annual Fin Plan. Once approved, capital funds are spent based upon the money allocated and in accordance with their prioritization. Although funding varies, FMS typically spends \$3.5 million per year on the upgrade and/or replacement of building equipment/systems and facility infrastructure. Un-funded projects are carried over into future years. The 20-Year long-term capital schedule is updated annually (see 20 year capital improvement schedule in Appendix I). A few examples of this year's projects include: Columbia Plaza (SA-1) chiller overhaul (\$200,000); International Chancery Center (ICC) roof replacement (\$100,000); Beltsville Information Management Center (BIMC) cooling tower replacement, 3 each (\$300,000), and upgrade to underground fuel storage tanks (\$100,000); Charleston Regional Center, roof replacement (\$200,000); and Portsmouth Visa & Passport Center roof replacement ((\$300.00) and fire alarm upgrade (\$100,00).

The refurbishment of office space is managed separately from infrastructure upgrades. Office restacking projects and space refurbishments are accomplished at the request of the occupying bureau. As the principal beneficiary, they are responsible for funding the project. Paying for the improvement helps ensure that quality of the project is in line with the occupants' needs and that the right level of investment is made. It also ensures that the user will care for the improvement going forward. RPM personnel are involved in space reconfigurations and rely on FMS personnel at the property location to implement the refurbishment plans. Restacking projects and space refurbishments are generally known a year or two in advance but are not specifically carried in the Bureau of Administration's long-term budget.

In 2005, the Department's Deputy Secretary of State, Richard L. Armitage sent a memo dated 1-18-05 to all Under and Assistant Secretaries stating that the Department's renovations domestically should be executed and funded centrally by the Bureau of Administration. Mr. Armitage's financial allocation decision demanding financial responsibility covered four areas, one of which was in the area of Renovations. In 2006, the Building Advisory Committee (BAC) was developed and chartered in direct response to this change of policy.

The BAC Charter ensures that the Department of State's funds are appropriately managed by fully reviewing and approving or disapproving domestic renovation projects over \$50K, regardless of source of funds. Through centralized management the Department can better ensure that its resources are fully applied to the most critical and technically justified renovation requirements.



The BAC operates under the authority of the 1 FAM authorities of the Bureau of Administration, including responsibilities for domestic real property and facilities management, and the 1 FAM authorities of the Bureau of Resource Management, including responsibilities for financial resource management. The BAC function also is consistent with relevant sections of 6 FAM 1700.

For the overseas portfolio, the Department's Major Rehabilitation Program has been incorporated into the LROBP. The Major Rehabilitation Program renovates, rehabilitates, replaces, and upgrades systems in order to extend the life of the building, ensure continued serviceability, provide a safe and secure environment, and allow for the efficiencies of new technologies and changing workloads. With the average age of U.S. Government-owned buildings overseas exceeding 40 years, the number of buildings that could benefit from major rehabilitation is extensive. However, only those buildings with the greatest need and highest priority are placed in the LROBP. The current list of major rehabilitation projects can be found in the Capital Plan in Appendix O.

Each major rehabilitation project has its own set of challenges and must be performed in the operational environment of the overseas post, while Department personnel continue to do their jobs. Additionally, the Department generally has limited resources for this major rehabilitation program so each year it must prioritize its projects in order of the most critical need or defers projects to the out-years and /or packaging projects into smaller units.

OBO surveys buildings on a regular basis, and identifies and prioritizes improvement and upgrade requirements. A central feature of the Major Rehabilitation Program is the combining of requirements - electrical, mechanical, space layout, etc. - into a single project. This is the preferred method for addressing rehabilitation requirements since it facilitates economies-of-scale, minimizes intrusions on post operations, and ultimately saves money. Often these projects are linked to separately funded security upgrades to provide a nearly complete overhaul of the post.

Replacing the support systems within a building is expensive and disruptive to the building occupants. Often, offices must be moved into swing space for extended periods of time. Other special challenges that add considerable costs to major rehabilitation projects include installation of new systems to meet modern fire and life safety codes (e.g., sprinkler systems), special security standards, hazardous materials abatements in older buildings, seismic upgrades, historical preservation issues, and accessibility improvements to meet Americans with Disability Act requirements. The schedules and cost estimates for projects included in this program are subject to change resulting from unforeseen conditions, political developments, and operational considerations. Even with extensive planning, site studies, and pre-design work, followed by a well-planned project design, unforeseen conditions often arise during the construction phase.



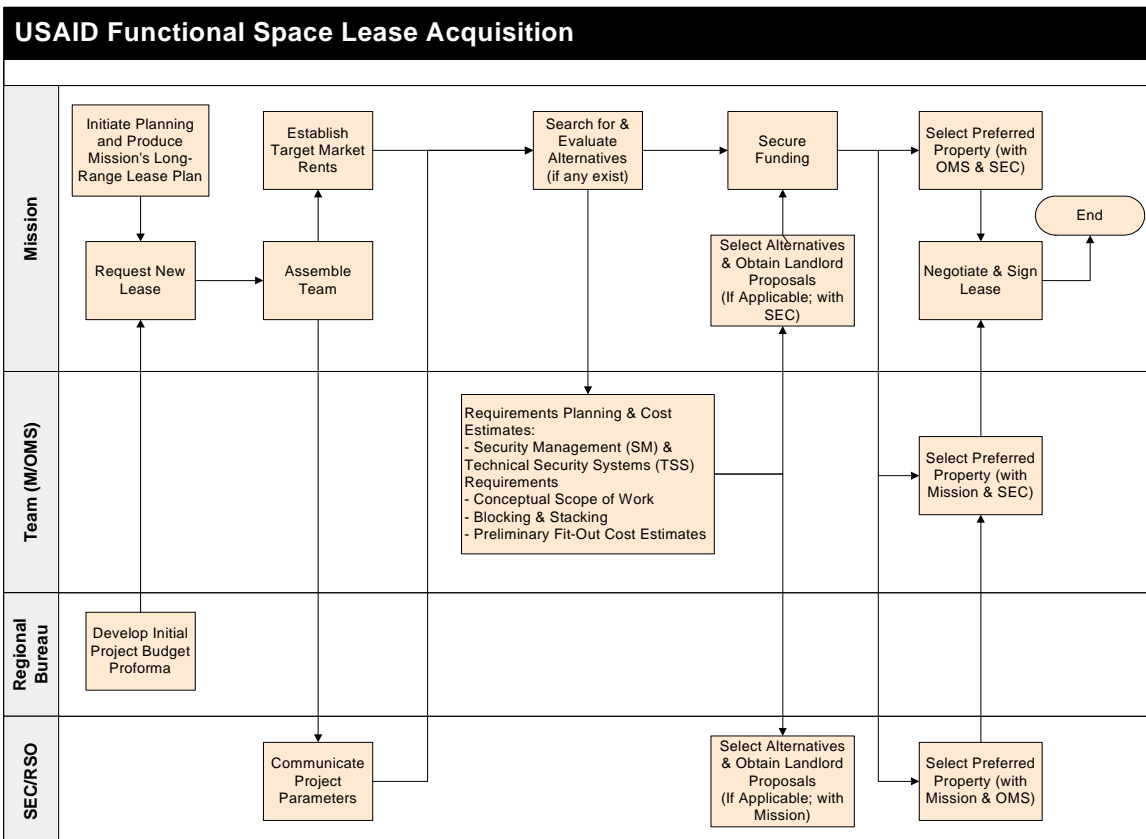
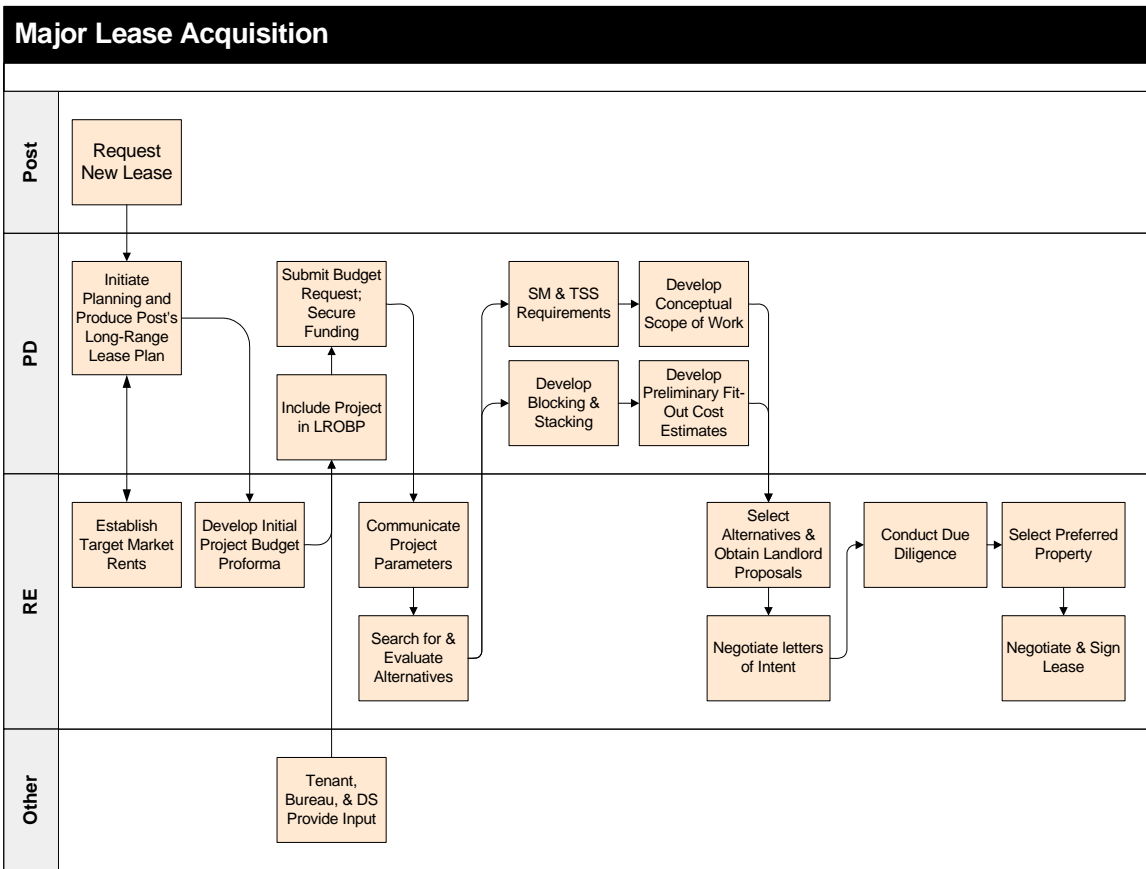
3.1.4. Acquisition of Major Leases

As noted previously, the Department of State and USAID lease the majority of both their domestic and foreign properties. Although there are advantages to ownership – such as flexibility with customization of the properties and stability against rate fluctuations, inflation, and unpredictable cost escalation – leasing is the primary method of acquisition. Leasing is especially prevalent with residential properties or in situations where inadequate or less than secure office space exists at a post.

Note that while the processes are generally the same, the USAID mission – in another demonstration of its’ decentralized operational model – is responsible for managing most of the steps during the acquisition process. OBO handles almost exclusively the entire acquisition process for the Department of State. For USAID, OMS is only brought into the planning process to coordinate requirements; Security is involved in site selection; and the Regional Bureau assists with initial project budgeting. All other steps are coordinated via the EXO at the mission.

As outlined in 15 FAM 300, leases in excess of \$25,000 per year are considered “Major Leases” and require the prior approval of OBO for Department of State properties and of the M/OMS office for USAID leases prior to the document being signed at the post.

The high-level flow charts below represent the general procedures followed by the State and USAID in acquiring major leases.

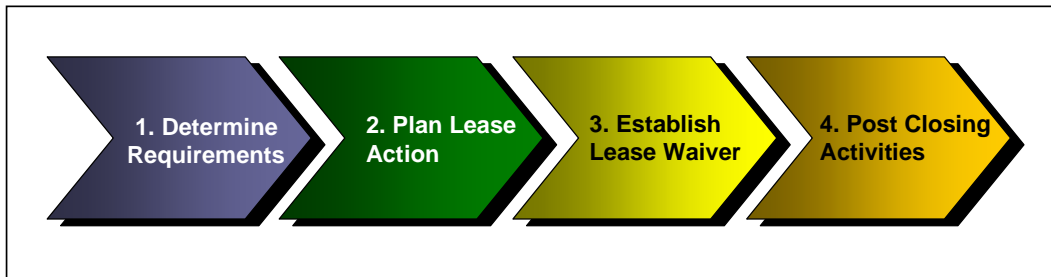




The following sections further describe the Department’s domestic and overseas leasing policies and procedures for residential and non-residential properties.

3.1.4.1 Residential Leasing Policies and Procedures

The principal housing objective of the Department of State and USAID is to provide safe and secure housing that meets the personal and professional requirements of all U.S. Government employees. Leasing is the primary method of obtaining residential properties. The Department of State and USAID use a four-step process in acquiring their leased properties.



Four Step Acquisition Process

Step 1 - Determine Requirements

The governing body that oversees housing requirements at each post is the Interagency Housing Board (IAHB). For details on the IAHB, see 15 FAM 212.2. The IAHB – comprised of representatives of each USG agency that is located at a post – is responsible for overseeing the implementation of the housing policies and ensuring that they are applied fairly to all employees. As described earlier, the IAHB also handles the management of the new USAID and Department of State initiative that allows for a single, unified housing pool. Per 15 FAM 261, housing is considered pooled except designated residences and USAID housing when independently managed by USAID.

Where USAID independently manages its housing program, USAID mission personnel generally do not occupy Department of State-held government-owned/long-term leased (GO/LTL) housing unless USAID has contributed to the acquisition of the property. In these instances of separate Department of State–USAID housing, USAID independently manages its housing program in compliance with 15 FAM and IAHB post policies.

IAHB responsibilities will vary according to post location and size, but always include:

1. Managing the post housing program



2. Reviewing the existing USG-held housing, ensuring retention of appropriate and cost-effective housing in the post housing pool. Such reviews are to be supported by periodic market surveys.
3. Establishing maximum rental rates or costs for housing.
4. Approving the assignment of housing.
5. Reviewing requests for residences that exceed the space standards or the established rental control ceiling.
6. Researching local laws pertaining to rent control and retaining copies of these laws.

The IAHB uses two tools to aid in identifying and leasing new residential properties. The first tool is a housing profile, to track existing properties and anticipated needs at each post. The second tool is market surveys, which provide the IAHB and post with market information for these anticipated requirements. Posts can also use the RPA database for historical and current information about its leased properties. These tools are further described in section 3.2, *Acquisition Initiatives*.

Step 2 - Planning the Leasing Action

In order to plan for the lease, the Department or USAID begins by determining the space allowance. When an individual residential requirement is anticipated, the first step taken by a post is to determine the space allowance standards and any specialized needs of the new requirement. Housing size is based on the position rank, family size, and locality.

After post performs the initial assessment of residential space needs, OBO's Acquisitions & Disposals Division (AQD) decides, in consultation with post, whether the residential lease search warrants the hiring of local experts, mainly a real estate broker and local counsel. For USAID, the EXO decides whether the residential lease warrants the hiring of local experts. Employing an agent to obtain a lease is not prohibited, but is discouraged unless absolutely necessary because there is no cost advantage to the U.S. Government. Brokers or other rental agents are paid out of the same fund from which the post's basic residential lease payments are made.

The post conducts a market survey to locate residences that fit the housing need. Multiple methods are employed to conduct a market survey of available properties. These include, but are not limited to: utilizing newspaper classifieds, advertising the need, touring the market to locate "For Rent" signs, or using local contacts and listing services. If a local broker is used, the broker will usually conduct the market survey and supply post with a list of candidates.

When enough residential choices are found, the candidates are narrowed down to include approximately 5-10 that best fit the residential need. Post and the local broker visit and inspect each property. Post reviews all vital information about the site, including:

- Housing specifics (number of bedrooms, bathrooms, types of utilities, and condition of overall residence)



- Any needed upgrades (carpeting, paint, appliances)
- Any security concerns (Regional Security Officer (RSO) will inspect the property to verify security standards)
- Neighborhood specifics (proximity to the embassy, restaurants, shopping)
- Availability

Step 3 - Lease Waiver

Per 15 FAM 321, the Department and USAID require a lease waiver approval for all residential leases over \$25,000 per year. The lease waiver waives the \$25,000 per year cap on residential leases and offers a detailed analysis of the property, including the preliminary terms of the lease. Further, any deviations from the model lease format must be outlined in the lease waiver request.

Step 4 - Post-Closing

After closing, the landlord is typically responsible for registering the lease with the local jurisdiction. The final step in the leasing of a residential property is for post to send all required lease documents to the archives within one month. Prior to sending them, the post translates these documents to English if in a foreign language. The table below outlines the specific documents the Department of State and USAID require following the execution of a lease.

State – Long-term leases	State – Short-term leases	USAID - Long-term leases
Lease and lease renewals	Copy of new lease, renewal, or renegotiated lease	Electronic version of signed lease
Amendments	Amendments	Amendments
Decision memoranda		
Blueprints, plans, photographs, surveys		
Plans and cost documentation for construction that increases the value of the property		
Other contract and agreement amendments		
Termination and Acquittance Agreement		

USAID does not require any documentation be sent to OMS for short-term leases unless there were modifications to the lease language, or the lease cost exceeds \$25,000 per year. In both instances, a lease waiver must be obtained prior to its execution. The required documentation is to be forwarded to OBO/RE/RPM for Department of State leases, and to M/OMS for USAID leases. Electronic versions (PDF files) of the lease



documents are retained by M/OMS due to space constraints. A process to evaluate the effectiveness of lease costs for the Department and USAID housing below the \$25,000 annual lease costs threshold is currently under development by both agencies.

3.1.4.2 Non-Residential Leasing Policies and Procedures

The Department of State, USAID, and other Federal agencies occupy functional (non-residential) space in almost every country around the globe. The USG preference is to construct or own its functional facilities; however, a significant portion of its non-residential space is leased through host governments and private landlords. When a new non-residential requirement is anticipated, the post is expected to assist and sometimes lead the process of leasing non-residential space. Much of the general leasing process is similar to that of the process for residential properties. This section will address some of the specific unique procedures that OBO and USAID follow for leasing non-residential space. The processes are initiated by OBO or USAID, depending on the primary occupant of the space, but all efforts are coordinated with the RSO, FMO (Facility Management Officer), and COM. For a graphical representation of the USAID acquisition process, refer back to the USAID process map in Section 3.1.4.

Space Requirements Program

When post management initiates a request for a lease for a non-residential property, one of the primary tasks is to perform a non-residential needs assessment. One aspect of this is the development of projected staffing data by the post, submitted and cleared through the regional bureaus and agencies' headquarters, and provided to OBO or M/OMS. In addition to staffing, this assessment also takes into account other concerns, such as security requirements, communication needs, and space functionality. It gathers information from not only the post, but also from other USG tenants as well as other Department of State divisions, such as Diplomatic Security.

After this initial assessment, a Space Requirements Program (SRP) is developed using the staffing projection data collected in the needs assessment. The SRP includes the number of desk and non-desk positions and describes sizes, locations, functional adjacencies, and special requirements. This analysis forms the basis for the lease acquisition process.

Evaluation Criteria

On complex leases that may have substantial fit-out requirements, a selection team is formed to evaluate the properties identified by the broker and post. When reviewing the properties, the team follows a list of evaluation criteria to determine which property will best meet the needs of the post. The evaluation criteria include:

1. Site Location
2. Project Design / Specifications
3. Security



4. Financial
5. Project Risk

3.2. Acquisition Initiatives

The following section highlights the space acquisition initiatives for Department of State and USAID. Domestically, when A Bureau has a need for new space, it looks to GSA to provide procurement services. Major Lease Acquisition planning and execution is discussed in Section 3.1.4 of this document.

3.2.1. Housing Profile and Real Property Application Database

The housing profile is maintained by the IAHB and represents the preferred mix of residences to meet a post's long-term housing needs. On those posts where USAID independently manages its housing, USAID establishes a separate housing profile adhering to the policies and criteria outlined in 15 FAM 200.

Post housing needs are tracked in the housing profile that is determined by analyzing post demographic and position structure. Keeping an accurate and updated housing profile is important. By providing an analysis of demographic and position changes, the profile gives a post an indication of the types of housing needed in the near future.

The RPA database tracks the property controlled by the U.S. Government at a post. Posts provide updates in the database with accurate information on all owned and leased residences, including rental rates, lease terms, occupancy rates, and other vital required information. This database can be used to view all properties and compare property information to current market conditions.

The difference between the post housing needs, as described in the profile, and the inventory controlled by a post, as noted in the RPA, indicates the over- or under-supply of housing held by a post and provides the basis for acquisition or disposal actions.

3.2.2. Annual Market Survey of Housing

The Department of State and USAID posts must conduct a market survey, at least annually, in countries with housing market data. The post uses survey results to develop housing profiles, establish rental ceilings, and document conditions related to the availability and cost of suitable housing, as well as to support the request to OBO or USAID for leasing residential property. USAID annually reports on and certifies its properties as tracked in the RPA database to the COM.



3.2.3. New Construction, Rehabilitation, and Leases

The Department of State and USAID’s construction and rehabilitation initiatives for the next five years are described in the primary planning document, the LROBP. Appendix O provides a list of the Department’s specific planned projects and their corresponding schedule and cost. The following chart summarizes those initiatives:

Type of Project	Amount
Capital Security Projects	\$7,517,400,000
Strategic Capital Projects*	\$205,000,000
Build-to-Lease	\$11,000,000
Major Rehab Projects	\$528,500,000
Compound Security Projects	\$238,000,000
Lease Fit-Outs	\$141,300,000
Total	\$8,641,200,000

* Formerly “Capital Regular Projects”

To facilitate future years’ budget planning by USAID regional bureaus, USAID will coordinate with OBO in the design and construction planning of each NEC in order to improve budgeting associated with the operation of NEC facilities, such as utilities, security, maintenance and ICASS costs.

The result of this initiative is to enable the Department & USAID to get a realistic projection of costs associated with the annual operation of NECs (maintenance, security, utilities, etc.) to facilitate USAID budget planning for future years. The benefit of USAID relocations to NECs is to provide secure, safe facilities for USAID personnel to conduct the business of the USG in high threat posts.

Department of State/USAID New Construction/Planning Milestones Year 0 - FY2006

Milestone	Due Date
OBO to incorporate into the design and construction planning a process to provide USAID missions co-located in NECs with est. annual operation cost for maintenance, security, utilities, etc.	Q3 Action complete
Analysis of the impact on USAID regional bureaus’ budgets.	Q3 Action complete
USAID regional bureaus incorporate the estimated share of costs for	Q3 Action



NEC facility operations and maintenance into their FY 2007 and 2008 O.E. budget submission to PPC for approval by A/AID.	complete
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Year 1 - FY2007

Milestone	Due Date
Analyze OBO cost projections covering NEC facility operations versus USAID actual facility operating costs	Q2 Action complete
Inform OBO of results of the analysis and identify any costs issues that may not previously been factored into the OBO cost projection formula.	Q4

Year 2 - FY2008

Milestone	Due Date
Analyze utilization and other performance measure factors (excluding condition index) for all USAID co-located in NECs	Q2
Research completed NEC projects to determine whether they meet USAID program needs	Q4
DoS and USAID develop a joint analyses report whether new buildings are meeting the purposes for which constructed.	Q4

Year 3 - FY2009

Milestone	Due Date
Refine OBO cost projections covering NEC facility operations and maintenance to better facilitate budget planning for this cost	Q2
Obtain and analyze NEC O&M costs. Incorporate costs into regional budgets submissions.	Q4

3.2.4. Build-to-Lease

In most cases, to satisfy facility needs, OBO leases existing property, purchases existing property, or buys land and builds. In some cases however, funds may not be available to buy or build and a suitable existing product to lease may not be available in the local market. In such cases, a build-to-lease (BTL) delivery solution may present an attractive, if not the only, method to meet our requirements.

A “build-to-lease” project is a user-initiated transaction in which a developer, selected competitively on the basis of responses to Requests for Proposals, enters into an agreement with the user (in this case the U.S. Government) to (1) acquire land, (2) design, finance and construct one or more buildings, improvements and/or infrastructure



that satisfies the users requirements on the developer's land, and (3) leases the end product to the user in a typical landlord-tenant relationship. Build-to-lease projects must make sense from an operational, financial and security perspective. The BTL approach is most appropriate, in our circumstances (OBO-U.S. diplomatic facilities overseas) for housing or unclassified office space needs. Build-to-lease transactions represent a promising approach for the Department to deliver safe, secure, and functional facilities overseas where other traditional delivery solutions are not readily available or affordable.

The need for housing facilities for U.S. Government personnel is well documented. Many current facilities do not meet the most basic security requirements, and there is limited funding to correct the deficiencies. Personnel may be living in housing that has fundamental fire, life safety, or seismic deficiencies. Frequently no facilities or housing that meet either basic or U.S. Government standards are available on the market. The build-to-lease mechanism provides a means of filling this need with limited government funds. As further evidence of the need, there have been over 25 requests for build-to-lease projects from various posts over the past three years. Completed residential build-to-lease projects include a compound with an ambassador's residence and 17 staff houses in Belmopan, Belize and two joint Department of State-USAID efforts, one in Tirana, Albania and another in Nairobi, Kenya. Currently, there is a planned build-to-lease initiative in Mumbai, India for a 40-unit apartment project.

There are some drawbacks: (1) BTL agreements are typically more favorable to the landlord than our standard lease, and (2) it can take over a year to bring a project on-line.

Essential elements of an affordable build-to-lease solution are a stable economic environment and willing/able developers. Since most projects of this type are financed with long term debt, developers need to be able to finance all or substantial portions of the project - which can be difficult if not impossible and very expensive in riskier political/economic circumstances.

The build-to-lease solution represents an important acquisition initiative. The Department believes the build-to-lease approach can be an efficient, affordable and productive method in situations where there are no adequate existing facilities available for rent or purchase.

3.2.5. Capital Security Cost Sharing Program

A recent addition to the Department's funding sources is the Capital Security Cost-Sharing (CSCS) Program. In 1999, the Overseas Presence Advisory Panel (OPAP) Report stressed universal right-sizing and for all agencies to share in the capital costs for new facilities. That same year, the Secure Embassy Construction and Counterterrorism Act of 1999 mandated collocation of staff under Chief of Mission (COM) authority in NECs. In 2002, the President's Management Agenda called for establishing mechanisms to link agency policies on overseas presence; integrating right-sizing into workforce plans; and linking personnel assignment to construction planning.



The CSCS Program was added to the Secure Embassy Construction and Counterterrorism Act of 1999 and was approved by the President and Congress on December 8, 2004 in the FY 2005 Consolidated Appropriations Act. The CSCS Program is designed to serve two important policy objectives stressed by both the Administration and Congress:

- (1) Accelerate funding for urgently needed secure, safe, and functional facilities for all U.S. Government employees overseas, cutting the projected time to completion for 150 NECs from 26 to 14 years, and
- (2) Provide a financial incentive for each agency to right-size and regionalize its overseas presence, by requiring it to share the cost of “providing new, safe, secure United States diplomatic facilities.”

The CSCS Program will generate a total of \$17.5 billion to fund approximately 150 NECs over 14 years (beginning with a five-year phase-in period) from FY 2005 through FY 2018. After the five-year phase-in period has ended, the CSCS Program will provide annual funding of \$1.4 billion. These funds are used exclusively for NEC construction – not for renovation, maintenance, or other security enhancement projects.

Under this program, each agency with an overseas presence in U.S. diplomatic facilities (including USAID) will pay, based on their worldwide overseas positions (both number and type of authorized and planned overseas positions). Greater per capita costs apply to the COM and Controlled Access Area (CAA) positions, while lower per capita costs apply to the non-CAA and non-office positions.

The Department, as the single real property manager for all U.S. diplomatic and consular facilities, has been designated as the administrator of this program. The Department has worked with each of the 30 Federal agencies with an overseas presence to verify the total number of its authorized and planned positions and the amount it should include in its FY 2007 budget to cover its CSCS Program fees.

3.2.6. Interim Office Building (IOB) Fund

As part of the congressional budget request submitted annually, USAID receives an appropriation of funds called the Interim Office Building (IOB) Fund. These funds are used on a case-by-case basis to purchase or construct interim office buildings at high priority security threat posts where the USAID mission is not co-located with the embassy, or where the asset need is not covered under the LROBP. The intent of the money is to improve security in a given location if a new facility cannot be built in the near term. This pool of money is not fiscal year-specific and is available to the agency on a limited basis.

These funds are considered Operating Expense funds, and are separate from the Capital Investment Fund (CIF) account that is used exclusively for new office building



construction on embassy compounds. The CIF account is the funding source for the USAID contributions to the CSCS.

USAID is conducting assessments of the vulnerability level of its missions. These studies often lead to the decision to relocate to interim office facilities and/or to purchase or construct interim office buildings at priority security threat posts where the USAID mission is not co-located with the Embassy or USAID mission needs are not covered under the current LROBP. FY 06 projects include Guatemala, Abuja, Rabat and Monrovia. FY 07 projects for evaluation are Tegucigalpa and Gaborone.

USAID Relocations to IOB Milestones

Year 0 - FY2006

Milestone	Due Date
USAID (SEC) provides assessment on vulnerability levels of missions.	Q2 Action complete
USAID (M/OMS) analysis of facility vulnerability assessment in conjunction with the five year LROBP projects list. USAID develops IOB options for USAID facilities in locations deemed highly vulnerable by USAID/SEC and that are not co-located with the Embassy or are not covered under the LROBP. The IOB options and analysis will factor in condition index and mission dependency.	Q4 Action complete

Year 1 - FY2007

Milestone	Due Date
Develop budget projections for identified options	Q3
Evaluate options and make a determination based on the most feasible and cost effective option (each option weighs condition index and mission dependency performance measures)	Q4

Year 2 - FY2008

Milestone	Due Date
Schedule meeting(s) between OBO, Diplomatic Security (DS), and M/R for review and approval of selected USAID overseas facilities as determined by USAID/SEC	Q2
Obtain interagency consensus for USAID IOB placement on LROBP	Q4

Year 3 - FY2009

Milestone	Due Date
Move USAID IOB priorities into scheduling for the LROBP (Rabat, Tegucigalpa, Gaborone)	Q4



3.2.7. Department of State/USAID Interagency Housing Board (IAHB)

The Department of State (OBO) and USAID plan to update the 15 FAM housing regulations, and to develop training materials clarifying the responsibilities and roles of post officials who serve on the IAHB. Under the new IAHB policy, all STL government housing other than designated housing is considered pooled for the purpose of assignment to all overseas agencies.

The milestones of this initiative support the creation of a single overseas housing program as part of the Department/USAID JMC Business Plan to increase collaboration between the agencies to achieve greater efficiencies and eliminate the reduction of services. USAID does not anticipate there will be any surplus assets resulting from the pooling of USAID residential short-term leases into the Department's overseas housing portfolio. The single overseas housing pool program should enable the USG to maintain a more controlled portfolio that will result in maximum usage of properties USG-wide. The assumption of the creation of a single overseas housing pool is that it will generate cost savings.

USAID missions continue to manage their housing portfolio efficiently. Missions will continue to acquire properties that are in good condition and require minimal maintenance and repair over the term of the lease. Missions conduct residential inspections periodically as set up by the post to ensure properties are maintained in good condition. The missions conduct periodic housing market surveys to assist them in negotiating leases within a set range based on local rental rates. Also, missions develop and maintain housing profiles to ensure they are acquiring the right number of leases to accommodate the missions' workforce (housing eligible) and family profile needs based on the criteria in 15 FAM 200.

Department/USAID IAHB Milestones

Year 0 - FY2006

Milestone	Due Date
State (OBO) and USAID (M/OMS) issues FAQs on the Unified Overseas Housing Pool Program.	Q4 Action complete

Year 1 - FY2007

Milestone	Due Date
OBO and M/OMS collaborate on development of a Draft FAQ paper and circulate for interagency clearances.	Q1 Action complete
Final FAQs issued to posts worldwide via a DoS ALDAC.	Q1 Action



	complete
OBO and M/OMS develop draft training guidance and circulate for interagency clearances.	Q3

Year 2 - FY2008

Milestone	Due Date
State (OBO) and USAID (M/OMS) complete development of training materials for interagency housing boards (IAHB.)	Q4
Final version of training materials issued to posts worldwide via electronic media and announced through a worldwide General Notice and posting on the DoS' and USAID's web sites.	Q4

Year 3 - FY2009

Milestone	Due Date
State (OBO) and USAID (M/OMS) document number of inquiries received on IAHB before and after guidance issued	Q2
State (OBO) and USAID (M/OMS) collaboratively survey field customers and Counselor opinion on whether post training is effective and solicit suggestions for improvements. Compare the results of the survey with the last IAHB survey conducted by Headquarters in 2004.	Q4



4. Operations of Real Property Assets

The operations phase of the Department of State's real property assets involves making decisions regarding maintenance and reinvestment as well as monitoring administration of leases and servicing agency needs. Critical information is needed on all assets to support operational decision-making. RPA is an automated real property inventory database that includes data on the real property managed worldwide by the Department of State (both domestic and overseas), USAID and other foreign affairs agencies. As a consolidated worldwide database, headquarters RPA is updated with posts' data submissions.

4.1. Inventory and Describe Assets

This Asset Management Plan addresses the operations of approximately 18,310 Department of State and USAID properties, located both domestically and internationally. Within this total, there are approximately 1,371 properties managed by USAID. The following sections provide a general description of the Department and USAID's properties.

The Department uses the Real Property Application (RPA), an automated data inventory system to support the management of U.S. Government real property abroad. RPA serves as the primary source of information for all real property holdings managed and maintained by the Department of State and USAID. This includes real property for all U.S. Government agencies abroad under the authority of the Chief of Mission, with the exception of U.S. military bases, as well as domestic Department of State properties.

The RPA data contains information on the approximately 18,310 Government-owned and leased properties in about 275 posts worldwide. The database contains an extensive number of fields including property information, property use, acquisition cost, construction cost, and lease information, including the current term and annual rental rate. All of the new 24 elements required by the Federal Real Property Council are now incorporated into the RPA database. Data referenced for overseas assets throughout this AMP report has been extracted from the RPA.

The database is maintained at Department of State headquarters, but automatic bi-weekly updates are run to update the main database with changes from the posts. The posts are



required to update and report real property actions in the RPA system. OBO’s property information is provided electronically in an annual report to GSA’s Federal Real Property Profile database, and the Real Property Performance database. The Department expects to electronically submit the new 24 data elements as required by the FRPC in XML format.

RPA serves as the standard worldwide real property management system for the Department, including USAID. It is used as the “place of record” for all property related information.

The RPA allows integration with other Departmental systems allowing the seamless exchange of data that pertains to other operations within the Department of State and USAID. For example, if an internal work order is required at a specific post, an entry must be made into the Work Order system. For that work order to be created, the request must be associated with a valid Department of State property record within the RPA.

The screen capture below shows a valid RPA property record.

The screenshot displays the 'Edit Real Property Application r1.02.02' window. At the top, the 'Post' is 'ZUG'. The 'Property ID' is 'X 1001' and the 'Status' is 'Active'. The 'Property Name' is 'CHANCERY' and the 'Agency' is 'STATE'. Below this, there are tabs for 'Property', 'Office', 'Residential', and 'Ancillary', with 'Property' selected. The main form area contains various fields: 'Prop Address' (ROYAL COURT, 101 ROSSLYN), 'Property Use' (OFFOBC), 'Gross Size' (0,745.00 Sq. Meters), 'Net Size' (3,716.00 Sq. Meters), 'Year Constructed' (1965), 'Date First Acq' (06/15/1965), 'Acq Method' (Purchase), 'Acq Cost' (800,000), 'Date Purch.' (03/03/1998), 'Appraisal Type' (Professional), 'Appraisal Value (US\$)' (1,250,000.00), and 'Appraisal Date' (07/02/1996). At the bottom, there are buttons for 'Print Screen', 'Save', and 'Exit', along with a 'Lock Mode' checkbox.

Sample screen from the Real Property Application (RPA)



4.1.1. Department of State Domestic Properties

The Department of State's domestic owned property portfolio consists of seven locations sitting on 162 acres with facilities totaling approximately 1.17 million square feet. The improvements have an estimated replacement value of \$232 million (based upon escalated historic construction costs), with annual operating costs of approximately \$13 million (including cleaning, utilities, repair and maintenance, management and administrative costs). Approximately \$3 million is invested annually in capital improvements for the addition, repair and/or replacement of infrastructure (e.g., roofs, chillers, generators). A table summarizing the domestic owned portfolio is outlined in the chart on the following page.

The domestic owned properties serve multiple Department of State bureaus and are used for a variety of purposes. Two sites, Portsmouth, New Hampshire Consular Center and Kentucky Consular Center are processing centers for Consular Affairs, which contracts with outside suppliers to process visas and passports. The Florida Regional Center (FRC) and the International Chancery Center – Federal Building SA-33 (ICC) are multi-use facilities supporting multiple federal entities. FRC serves five bureaus in support of their Latin and South American operations. ICC serves both Department of State and Homeland Security providing support and security for the Washington, DC area chanceries and foreign diplomats. One site, the NFATC, resembles a college campus and provides educational facilities for the Foreign Service Institute (FSI) whose primary mission is training for the Department's Foreign Service and Civil Service employees. The CRC is RM's center for providing financial services to the Department's overseas operations. It also houses a new passport-processing center for Consular Affairs. BIMC has a confidential mission.

Property	Size	Acres (+/-)	Acquisition Year(s)	Escalated Construction Value	Annual Operating Costs FY04	Mission Support
Beltsville Information Management Center, Beltsville, MD	98,000	54	1985-1990	\$39,000,000	\$1,582,456.34	Computer center and communications
ICC Federal Building SA-33, Washington, DC	170,000	1	1996	\$18,000,000	\$ 53.33	Chancery support
George P. Shultz National Foreign Affairs Training Center: 4000 Arlington Blvd., Arlington, VA	431,380	72	1993	\$121,000,000	\$4,572,085.70	Diplomatic orientation and training
Charleston Regional Center Naval Base (CRC), 1969 Dyess Ave. Charleston, SC	249,200	20	1995-2000	\$27,000,000	\$2,371,090.16	Resource Management accounting/finance, passport processing



Florida Regional Center (FRC) 4000 N. Andrews Ave, Oakland Park, FL	54,000	2	1995	\$3,400,000	\$566,356.16	Regional support to diplomats servicing Central and Latin America
Portsmouth Consular Center (PCC), Pease AFB, 31 Rochester Ave., Portsmouth, NH	117,000	6	1992-1994	\$19,000,000	\$1,651,422.15	Visa and passport processing
Kentucky Consular Center (KCC) 3505 U.S. Hwy. W Williamsburg, KY	50,500	7	2000	\$4,300,000	\$144,117.16	Visa processing
Totals	1,170,080	162		\$231,700,000	\$10,887,581.00	

Summary of the Domestic Owned Portfolio of the Department of State

While disparate in function, all are either fully utilized or will soon be. All are classified as “Mission Critical” and viewed as long-term holds. Both classifications drive their maintenance and capital investment programs. All are very well maintained with virtually no deferred maintenance. A comprehensive maintenance strategy is in place and is executed by qualified building managers in the field and supported centrally by teams of facility management specialists. A well-funded capital investment program exists and ensures upgrades to building infrastructure and repairs are made on a timely basis.

In terms of mission support, excellent working relationships have been cultivated and exist between RPM, FMS and the occupying bureaus. Both groups work closely to support their short- and long-term housing requirements while managing the property to ensure that their day-to-day needs are met.

Considerable investments including multi-million dollar additions/renovations have been made to CRC, PCC, NFATC and KCC over the past ten years. The CRC and PCC facilities took advantage of military base closures to opportunistically acquire land and six facilities. Five were substantially renovated, one was razed and a new building constructed. NFATC has built classrooms, administrative and support space over 350,000 square feet and renovated another 50,000 square feet to support the needs of NFATC. Currently, they have plans to add another 60,000 square feet of classroom, dining, and childcare space to support a burgeoning training requirement. KCC was substantially renovated in 2000, and a 10,500-square foot addition was added in 2004 in response to anticipated growth in visa demand. The ICC Federal Building (SA-33) was constructed in 1990, and continues to undergo interior renovations to support its occupying bureaus. A second building was attached to BIMC in 1990, and storage space in the basement continues to be converted to useable office and support space. In the past 15 years, only FRC has not been substantially renovated.



RPM continues to improve its customized database application, the Integrated Real Property Management System (IRPMS), which it will use to track and report property and project information. Built on a Sequel Server database using PowerBuilder front-end software, the IRPMS system will capture and deliver leased, owned, and project data to the desktop of Operations and Support Planning personnel. The system has two parts:

- ***Owned/Leased Property Application*** – The application will capture and store all of the important data associated with a property, whether it is leased or owned. Examples include the name, location, size, use, age, occupying bureau, etc. For rental properties it includes rent obligations to private sector landlords, lease dates, multiple lease reference numbers, special terms and conditions, etc. It will track obligations from tenant agencies at the building. Lease data will come from GSA’s monthly data feeds and will be pushed into the system. Independently, system administrators will add owned property data and will be able to add or edit data fields. The system is designed and care is taken not to override updated information. The initial version of this application is estimated to be 99% complete.
- ***Project Management Application*** – The project management application is still under development and is approximately 70% complete. This application will capture project data including all funding obligations for a project as it moves through its various phases. It will also be used to capture and report project status. The system can be used to track clients obligations issued through the RWA process.

Although the two applications serve different purposes, common property/lease data fields link them. While the initial design is nearing completion, it is envisioned that this system will continue to be modified and modules that improve functionality for its users will continue to be added.

4.1.2. Department of State Overseas Properties

The Department of State’s foreign property portfolio contains almost 17,000 properties making up almost 6.8 million square meters (72.6 million square feet) of functional and residential space. The properties can be found in about 275 different posts worldwide. The following matrix shows a breakdown by Building, Land and Structure property types against Residential, Office and Other property uses:

United States Embassy and Consulate Worldwide Real Estate Holdings	Building	Land	Structure	Total
Residential	13,015	849	0	13,864



Office	1,165	469	0	1,634
Other*	970	192	279	1,441
Total	15,150	1,510	279	16,939

* Other properties include warehouses, institutional uses, service, school, vacant lots, storage and communication sites.

4.1.3. USAID Domestic Properties

The USAID domestic portfolio consists of three properties, the responsibility for which falls on M/AS/FMD. Two of the properties – USAID Headquarters space at the Ronald Reagan Building (RRB) and a support storage warehouse – are managed and maintained through Occupancy Agreements with the General Services Administration. The remaining property was acquired via USAID direct authority and is a standard full-service commercial lease. Because management of the building is handled via different authorities and means, specific sections of this AMP may address only specific USAID domestic assets.

USAID’s non-GSA properties occupy building space that accounts for no owned acreage by USAID. The property totals just 1,619 square feet, with replacement/ construction value at \$700,000. Estimated annual operating expenditures are just under \$44,000.

The RRB and support storage warehouse properties are rented via GSA Occupancy Agreements and account for an additional 637,661 square feet of occupied space with annual operating expenditures of more than \$34 million.



A table summarizing the domestic owned portfolio is outlined in the chart below.

USAID FULL-SERVICE COMMERCIAL LEASES						
Property	Size (sq. ft)	Acres ¹ (+/-)	Acquisition Year(s)	Escalated Construction Value	Annual Operating Costs FY06 ²	Mission Support
Emergency Relocation Site (ERS) (location classified)	1,619 ³	n/a	2004	\$700,000	\$43,700	Continuity of Operations (COOP)
Totals	1,619			\$700,000	\$43,700	
USAID FULL-SERVICE GSA OCCUPANCY AGREEMENTS						
Ronald Reagan Building, 1300 Pennsylvania Ave., Wash., DC.	627,671	n/a	1997	\$6,300,000	\$33,923,121	Agency Headquarters
7250 Fullerton Road, Springfield, VA	9,990	n/a	2000	\$0 ⁵	\$105,278	Support warehouse
Totals	637,661			\$6,300,000	\$34,028,399	

Summary of the Domestic Portfolio of USAID

- (1) Property is commercially leased; no acreage associated with property
- (2) Anticipated for FY06
- (3) An additional 1,926 square feet will be available to USAID upon ERS activation at a cost of \$300 per day.
- (4) Estimated buildout/make-ready costs inclusive of all infrastructure costs
- (5) No buildout/make-ready costs due to GSA constructing this warehouse to exact USAID specifications.

4.1.3.1 USAID Commercial Leases

The ERS property was leased in 2004, and was acquired in response to Presidential Decision Directive (PDD) 67 which declared that all Federal Agencies would create a Continuity of Operations Plan (COOP). A COOP plan is designed to mitigate the impact and provide for an orderly recovery from disruption by ensuring that essential functions continue; protecting essential systems, equipment, records, and assets; and organizing the recovery and reconstitution from an emergency.

USAID's COOP adheres to the associated requirements outlined in Federal Preparedness Circular 65 (FPC-65) that states that each agency designate an Emergency Relocation Site (ERS) to be prepared and activated in the event of a disruption.

Site-specific information concerning the ERS is considered Sensitive and is maintained by M/AS. USAID's ERS facility has the appropriate physical security, access control, and logistical and infrastructure support to handle minimum essential operations in a threat-free environment. There is sufficient space and equipment to sustain minimum operations for an indefinite amount of time.

The ERS is considered "Mission Critical" and is a long-term hold property. The lease is full-service resulting in minimal intervention on the part of FMD beyond the normal facility monitoring. The ERS facility is in a stand-down mode and will only be activated



when a disruption occurs, and the currently unoccupied space will move into a more actively monitored state once build-out has been completed.

4.1.3.2 USAID GSA Occupancy Agreements

As stated above USAID has acquired two facilities for its operations using GSA Occupancy Agreements. The largest of USAID's properties, the Ronald Reagan Building (RRB), was acquired in 1997 with a new occupancy agreement executed in October 2000 for a period of 10 years and serves as the agency's headquarters. USAID occupies approximately 627,671 square feet of this building, the total square footage of which exceeds 3 million square feet. The GSA agreement is considered a full-service lease with standard operating services provided by GSA for 10 hours per day. Provided services include cleaning, grounds maintenance, utilities, maintenance and operation of building systems, and building equipment maintenance.

All other services beyond the standard suite offered by GSA, such as renovations, repairs, and alterations, are provided on a reimbursable basis via the GSA Reimbursable Work Authorization (RWA).

Since federal agencies are responsible for funding their own programmatic needs and costs, it follows that those agencies should use their appropriations to pay the cost of work performed on their behalf by GSA. The actual costs associated with those services must be recouped by GSA and are managed through the use of the RWA.

Other required-use services provided by GSA are included in the monthly rental paid by USAID. These include security services classified as "basic security" such as Federal Protective Service representation, and "building specific security" such as USAID's share of operating and amortized capital expenses associated with the RRB security equipment.

The second property acquired through GSA is a storage warehouse used to house security-related items in support of the agency's overseas requirements. This property was acquired in 2000 and covers almost 10,000 square feet. Operations and maintenance of the property is under the direction of GSA. For this facility, charges for electricity and gas are reimbursed to GSA separately from the monthly rent payments. Charges associated with repairs, alterations, and renovations are managed through the RWA.

USAID currently uses GSA's work order management system, Maximo, to coordinate service needs of both facilities. This GSA-based system, however, does not interconnect with other USAID agency systems so it is limited in its effectiveness as a planning or tracking tool for USAID. In addition to Maximo, USAID also uses Remedy, Excel and CAD. Due to the lack of integration between these applications and agency-wide systems, the implementation of ARCHIBUS/FM is warranted and is currently in progress.



4.1.4. USAID Overseas Properties

As noted earlier, USAID manages approximately 1,371 properties located in field missions and programs in 98 countries. These properties include office buildings, warehouses, and personnel housing. In terms of the management of these properties, USAID operates in the same manner as the Department, following the guidelines in the Foreign Affairs Manual (FAM) addressing property acquisition, disposal, operations and maintenance, and repairs and alterations. USAID acquires, operates, maintains, and disposes of properties in full compliance, coordination, and verification with the Embassy, COM, and Department of State. Each of these topics will be discussed in detail in the forthcoming sections of this AMP.

All overseas USAID properties are included in the FRPP inventory system utilized by the Department. The following matrix shows a breakdown of Building, Land and Structure property types against Residential, Office and Other property uses as reported in FRPP:

U.S. Agency for International Development Overseas Real Estate Holdings	Building	Land	Structure	Total
Residential	1,142	52	0	1,194
Office	81	16	0	97
Other*	58	7	15	80
Total	1,281	75	15	1,371

* Other properties include warehouses, institutional uses, service, school, vacant lots, storage and communication sites.

4.1.5. Historic Preservation Requirements

Of the approximately 16,939 properties managed by the Department of State, it owns or has under long-term lease a majority of the properties worldwide. Among those, the Department of State holds title to over 150 properties that are historically, architecturally, or culturally significant. Building types include chanceries, residences, office buildings, staff apartments, a gardener's house, and a guesthouse. The Department also has a significant collection of fine and decorative arts in its inventory.

Within the domestic owned portfolio, there are only two known historically designated buildings, located on the NFATC campus. The buildings are being preserved in



accordance with the National Historic Preservation Act and appropriate implementing regulations issued by the Secretary of the Department of the Interior.

Seven evaluation criteria were used by OBO's Cultural Resource Committee (CRC) to validate the inventory as culturally significant:

- Designation or Acknowledgement by a foreign government as a significant property
- Part of the United States' overseas heritage
- Association with a significant historical event or person
- Important architecture and/or by an important architect
- Distinctive theme or assembly
- Unique object or visual feature
- Archaeological site

Of the 1,371 overseas and two managed domestic USAID properties, none are classified as historically, architecturally, or culturally significant. The majority of the USAID properties are standard office space, warehouses, parking lots, and general personnel housing. However, if at any time in the future, the opportunity arises where a culturally significant designation is required, it would be USAID's objective to adhere to the evaluation criteria developed by the CRC, as well as the host government requirements for the use or acquisition of such properties.

OBO seeks to properly manage, protect, and preserve all historically, architecturally, or culturally significant U.S. Government overseas property under its control. It institutes maintenance and protection practices for these properties that are compatible with the host-nation's preservation statutes that preserve the property's historical, architectural, and cultural integrity, and that provide the maximum benefit to the U.S. Government. OBO carries out historic property management activities that neither damage nor degrade the property or its diplomatic or monetary value, and that are financially prudent and necessary to meet the Department's needs for secure, safe, and functional facilities.

OBO manages and protects historically, architecturally, or culturally significant property through the following methods:

- preservation of the existing state (repair);
- restoration (reviving the original concept or legibility);
- rehabilitation (modernization without adaptive alteration), and;
- reconstruction (whole use of new compatible materials and traditional techniques).



OBO has adopted The Secretary of the Interior's Standards for Department of State overseas properties identified as cultural resource property, and plans and implements its maintenance, rehabilitation, and construction projects in accordance with these standards. The Standards, which are codified as 36 CFR Part 68 in the July 12, 1995 Federal Register (Vol. 60, No. 133), pertain to historic buildings of all materials, construction types, sizes, and occupancy and encompass the exterior and interior, related landscape features and the building's site and environment as well as attached, adjacent, or related new construction.

4.2. Asset Documentation

Within the A Bureau, information regarding the domestic owned properties is located within the three Operations and Support offices in accordance with their responsibilities. Generally, RPM contains all information related to the decision to lease or purchase the property including project feasibility studies and recommendations, sale and lease documents, title, etc. RPM also houses and operates the CAD system and maintains project files for property they manage. RPM maintains a briefing book that provides an overview of each property including its history, occupying bureaus, pictures and maps. SP has information and files related to the large-scale development and renovation projects they manage. FMS maintains a technical library that contains information related to the operation and maintenance of the properties, including construction drawings, consultants' reports, property audits, procurement records, contract files, etc. Also, through their involvement in property redevelopments and renovations they maintain complete sets of project records. In addition, FMS ensures that the facility team managing each property maintains up-to-date working files that support the operation of the property including as-built drawings, equipment inventories and engineering studies.

In terms of the Department of State's overseas properties, OBO is responsible for the management and safeguarding of all title, deed, long-term lease documentation, as well as documentation for short-term leased functional properties and designated housing. All original deeds and long-term leases are kept in a secure file storage area at headquarters. Copies of all short-term leases are also kept on file. Prior to acquiring new properties, formal appraisals are completed and filed.

For USAID properties, all overseas properties are documented in OBO's RPA system. When USAID needs property information, it requests a report from OBO. The report is then generated and sent to USAID for its review and use. To ensure that all properties are well documented in the RPA system, USAID maintains a cuff record of its assets. In order to create greater efficiency in its record keeping, USAID is currently working with OBO to obtain access to the Department's RPA system for both headquarters and missions, allowing them to input and view property records. Currently, USAID staff is able to access the RPA system by using a PC at the embassy with the assistance of the Department of State staff. The system is currently a locally stored database, but OBO is



developing a web-enabled version that can be accessed remotely through the Department of State's intranet site, "OpenNet." The new version of the database is currently in the Department approval process and is scheduled to be rolled out to all embassies worldwide by the end of calendar year 2005. Currently, about 90% of all USAID facilities have access to OpenNet and will be able to access the web version of RPA, with the remaining 10% gaining access "over time". Per the Department of State-USAID Three-Year Timeline recently submitted, all USAID facilities should have access to the RPA by 4Q07.

Five years ago, all lease documentation was kept at USAID headquarters. However, this proved to be inefficient and space consuming. The current USAID practice is that electronic copies of all major leases, meaning those in which the annual cost is greater than \$25,000, are retained by M/OMS whether the lease is for functional or residential space. Further, all non-standard or otherwise modified leases – whether short-term or long-term – are retained electronically by M/OMS. Standard short-term leases and those less than \$25,000 are retained by each mission and are provided to M/OMS by request.

There are two exceptions to this practice:

- (1) When official building space is directly leased through a private organization within the host country, due to the sensitive contractual agreements, the original lease agreements are maintained at USAID/W with copies kept at the mission in country.
- (2) Original documentation for all USAID-owned property, including property titles, is kept at USAID/W.

An overview of information maintained by the Department and USAID is outlined below:

- ***Department of State - Real Property Management***
 - Lease Files – RPM is responsible for current and expired lease files that include lease documentation, justification studies, correspondence between landlords, lease build-out information, insurance certificates, etc.
 - Briefing Book – The office maintains a "Briefing Book" that provides an overview of the all the Department of State's domestic real estate including the owned properties. In addition to a brief description of the property, the Briefing Book contains the property's history, occupying agencies, a map, site plan, pictures and Gantt chart depicting major improvement projects.
 - CAD Drawings – All of the buildings are contained in the RPM's CAD system. A full-time operator is charged with keeping the system up-to-date. Drawings are provided to other offices as needed.



- Centralized File System – FMS maintains a central filing system that contains basic information about the property and important documents including: project justification, studies, sale and title information, legal descriptions, metes and bounds surveys, pictures, site plans, etc.
- **Department of State - Facilities Management Services:** FMS tracks operating data in the following two ways:
 - **Located Centrally:** FMS has extensive records on each facility and maintains a technical library of all property information. An overview of their information is described below:
 - Construction Records – FMS maintains construction drawings, as-builts, submittals, specifications, payment records and construction contracts for all construction activity in its properties.
 - Engineering Studies – FMS maintains copies of all engineering and consulting studies performed on their properties including roof surveys, masonry inspections, electrical coordination studies, etc.
 - Environmental Records – Domestic Environmental and Safety maintains copies of all environmental studies, reports, filings, etc.
 - Contracts – FMS has copies of all service contracts, including O&M contracts, custodial, elevator, and other agreements held directly between the Department and the vendor.
 - Equipment Records – FMS maintains copies of OEM manuals and equipment cut-sheets, as they are made available from the properties.
 - Property Audits and Surveys – Copies of property audits and occupant surveys are maintained centrally.
 - **Located at the Facility:** Each facility team is responsible for maintaining documentation related to the care and maintenance of its facility. Included in the list of requirements are the following items:
 - Equipment List – List of mechanical equipment including chiller, boilers, generators, UPS equipment, pumps, motors, fans, etc. Depending upon where each property is in its conversion to a computerized Preventive Maintenance (PM) program, the inventory is contained in the Maximo Asset Management System or on an Excel spreadsheet. The goal for FMS is to have all equipment cataloged in the Maximo system by the end of 2005. Included are basic operating data, serial numbers and other faceplate information. RPM also uses the Maximo system to track funds remitted by other Bureaus for projects and for Reimbursable Work Authorizations (RWAs) sent to GSA. The Maximo system is only deployed through FMS.



- Contract Files – Properties are responsible for maintaining copies of all maintenance contracts, including the O&M contract and supplemental agreements. Included in this file are scopes of work, correspondence, insurance certificates, etc.
- Requested Work Authorization (RWA) – RWAs are kept chronologically providing a history of additional work authorizations for each property by contractor.
- Drawings – Each property is required to have a set of “as-built” construction drawings. One-line schematics are in place in main mechanical spaces and electrical equipment rooms.
- Equipment Files – Each major piece of equipment should have a separate file that contains cut-sheet information on the equipment, specifications, schematic drawings and warranty information.
- Engineering Reports – Properties are required to keep copies of all engineering reports on file. Included are reports such as environmental impact studies, roofing surveys, façade inspections, etc.
- Material Safety Data Program – Each property is responsible for maintaining an MSD program including inventory of materials, their locations and the MSD sheets for each material.
- ***USAID – Overseas Management Staff and Missions:***

OMS and the individual missions maintain the original or copies of all facility documentation. Each facility team is responsible for maintaining documentation related to the care and maintenance of its facility.

- Lease Files – OMS maintains electronic versions of current and expired lease files including lease documentation, justification studies, correspondence between landlords, lease build-out information, insurance certificates, etc. As previously described, original versions of special-case leases are maintained by OMS as well. Each Mission maintains original, signed standard leases.
- Centralized File System – OMS maintains a central filing system that contains all important documents including: project justification, studies, sale and title information, legal descriptions, metes and bounds surveys, pictures, site plans, facility blueprints, etc.
- Construction Records – construction drawings, as-builts, submittals, specifications, payment records and construction contracts for all construction activity in its properties.



- Engineering Studies –copies of all engineering and consulting studies performed on their properties including seismic studies, roof surveys, masonry inspections, electrical coordination studies, etc.
- Contracts – copies of all service contracts, including O&M contracts, custodial, elevator, and other agreements held directly between USAID and the vendor.
- Equipment List – List of mechanical equipment including chiller, boilers, generators, UPS equipment, pumps, motors, fans, etc. Included are basic operating data, serial numbers and other faceplate information.
- Equipment Files – Each major piece of equipment should have a separate file that contains cut-sheet information on the equipment, specifications, schematic drawings and warrantee information.
- Contract Files – Properties are responsible for maintaining copies of all maintenance contracts, including the O&M contract and supplemental agreements. Included in this file are scopes of work, correspondence, insurance certificates, etc.
- Requested Work Authorization (RWA) – RWAs are kept chronologically providing a history of additional work authorizations for each property by contractor.
- Drawings – Each property is required to have a set of “as-built” construction drawings. One-line schematics are in place in main mechanical spaces and electrical equipment rooms.
- Engineering Reports – Properties are required to keep copies of all engineering reports on file. Included are reports such as environmental impact studies, roofing surveys, façade inspections, etc.
- Material Safety Data Program – Each property is responsible for maintaining an MSD program including inventory of materials, their locations and the MSD sheets for each material.

4.3. Asset Business Plans

The Department of State and USAID each have a comprehensive business strategy for the acquisition, development, care, maintenance and disposition of its overseas assets that is shared between the offices responsible for its execution. Rather than formal, written asset business plans for their domestic real property assets, both the Department and USAID rely upon this overall strategy, for making all business decisions, both with



respect to individual properties and between properties, as well as the portfolio as a whole.

From an operating perspective, the assets in their respective portfolios are viewed as long-term holds supporting mission critical operations. Consistent with this outlook, operating strategies have been developed for the portfolio that are tailored to each asset depending upon its condition, the occupying bureau's missions and/or need for capital reinvestment. The overarching goal for the entire portfolio is to maintain the facilities in a first class condition in order to extend the life of the asset. As most facilities house critical systems environments, all infrastructures are kept in excellent repair, redundant systems are in place and regularly tested, and operating teams are prepared to support all bureau requirements.

For Department of State domestic properties, the IRPMS system (described in Section 4.1.1), CAD, Maximo, and financial systems comprise the information management systems that house and account for the data used by the RPM and FMS to operate and manage the properties. IRPMS will allow RPM and FMS to consolidate their building operational data. Its database functionality will allow the offices to report on assets individually or as portfolios and is the first step toward the production of automated business plans. IRPMS is maintained by RPM staff uploading GSA's Rent on the Web monthly billing data from its STAR system. It is envisioned that this system will be linked to OBO's real property inventory system.

With respect to USAID domestic properties, a combination of Excel tracking spreadsheets, Maximo, CAD, and USAID financial systems make up the information systems to track and manage each asset. As discussed previously, there is no integration of these systems, and until the ARCHIBUS/FM implementation is completed there will be no seamless transfer or tracking of information.

For overseas properties, as previously discussed, the RPA database tracks the property controlled by the U.S. Government at a post. Posts provide updates in the database with accurate information on all owned and leased residences, including rental rates, lease terms, occupancy rates, and other vital required information. For posts that require assistance with security, space planning, rehabilitation projects, etc., the Department prepares a Long-Range Facility Plan as its asset business plan that includes details on every agency at a particular post. The Facility Plan is a definitive document that collects all data relevant on a compound or post for use in the future planning of its renovation and reconfiguration. The Long-Range Facility Plan is a critical document that is used in updating the Long-Range Overseas Building Plan. See Appendix Q for an example of a Long-Range Facility Plan.



4.4. Periodic Evaluation of Assets

The Department places a significant emphasis on the periodic evaluation of its real property assets. It uses these data and assessments to establish the strategy for its operations and maintenance plan and to prioritize its improvement projects.

4.4.1. Department of State Domestic Properties

The following practices are utilized by FMS to assess the condition and value of State's domestic owned assets.

- ***Daily/Weekly Property Tours*** – Part of each facility team's standard operating practices are regular inspections of the properties. In most cases these occur daily. They are a quality control measure designed to proactively identify maintenance and housekeeping issues. Facility personnel and contract personnel are required to complete these inspections. For the property's mechanical contractor, they are required to inspect all mechanical, electrical, fire/life safety systems and walk through critical equipment areas such as computer facilities. Many of these areas require regular equipment readings and the completion of maintenance logs.
- ***Annual Property Inspections*** – FMS conducts an annual audit of each of the domestic owned properties. The inspection is designed to evaluate the O&M Contractor's performance and to tour the property and assess its condition and maintenance practices. Generally accomplished in one to two days, a team from Main State travels to the property, meets with the facility management team and tours the property.
- The audit team formally reviews the O&M contractor's performance, gauging whether the property's maintenance contractor is in compliance with the terms and conditions of their contract. Further detail on the scope of services outsourced to O&M contractors is provided in Section 2.1.2 of this document. Properties must be maintained to a certain standard as defined in their contract. The audit grades the maintenance contractor's performance in the following areas:

**Audit Review Items**

Staffing Levels	Inventory Levels
Service Call – Completion and Response	Hazardous Material Practices
Timeliness of Repairs to Building Equipment	Safety & Health
Building Tour Completions	Special Contract Requirements
Qualification of Contractor Employees	Custodial Services
Continuity of Operations	Grounds Maintenance
Operation, Maintenance and Repair of Equipment	Government Inspection Letter

In addition to evaluating the contractor’s performance, the audit provides an opportunity for the facility team to communicate their concerns related to the operation and physical condition of the property. Audit results are discussed with the responsible building manager and contractor’s project manager, to resolve all issues and concerns. Furthermore, contractors are required to submit a “Corrective Action Plan” to prevent recurrence of the noted deficiency(s). Depending on the severity, follow-up audits are performed. The meeting and tour identify any deferred maintenance, future equipment upgrades/replacement, code issues, and other issues that require support from Main State.

- **Facility Assessment Report** – The property teams in conjunction with representatives from Main State are responsible for completing a Facility Assessment Report. Updated annually, teams from Main State visit and inspect each property focusing on the property’s infrastructure. The Facility Assessment Report supports and provides justification for each year’s annual capital expenditures. It is used to update the 20-Year Long-term Capital Plan.
- **Functional Replacement Value** – FMS is reviewing measures to calculate the functional replacement value of each asset. The calculation will be used to gain better insight into the cost of replacing its assets and used to compute the Facility Condition Index.
- **Property Appraisals** – As long-term holds, the assets in the domestic owned portfolio do not require annual appraisals.
- **Financial Performance** – The financial performance of each asset and the portfolio of domestic owned properties are measured monthly. FMS generates



financial reports that provide summary and expense detail in the following categories: 1) Cleaning, 2) Utilities, 3) Mechanical Operations and Maintenance, 4) Other Building Management, and, 5) Administrative. These reports are reviewed centrally and available to the building managers online. Expenses are compared to budget and prior year periods for variation from plan or historical expenditures. Prior year expenditure and expense patterns are used when formulating future year budgets, on an asset level, portfolio level and for the bureau in total.

4.4.2. USAID Domestic Properties

All USAID's domestic properties are fully serviced by the landlord or managing entity; therefore, FMD does not undertake condition assessments, property valuations, or other means of valuation for the properties. These assessments would be coordinated through the landlord.

However, the following practices are utilized by FMD to assess the immediate condition of USAID's domestic properties.

- **Daily/Weekly Property Tours** – Part of each facility team's standard operating practices are regular inspections of the properties. In most cases these occur daily. They are a quality control measure designed to proactively identify maintenance and housekeeping issues.
- **Periodic Property Inspections** – For the GSA-leased facilities, FMD and GSA conduct periodic inspections to evaluate the condition of typical cyclical upkeep items such as paint, carpet, and general maintenance repairs. For USAID-leased assets, FMD conducts quarterly inspections for the same.

GSA personnel are required to complete inspections of all mechanical, electrical, fire/life safety systems and complete a walkthrough of critical equipment areas such as computer facilities. Many of these areas require regular equipment readings and the completion of maintenance logs.

4.4.3. Overseas Properties

The Real Estate Evaluations Division (EV) of OBO provides appraisals, appraisal reviews, as well as advisory and consulting services to support acquisitions, disposals, and leases of all international real estate assets. The Division valued \$614 million in property in FY2006 for acquisitions and disposals. OBO values Department of State-owned assets on an as needed basis for sales, purchases, leases. EV commissions international real estate companies to prepare appraisals, and employs a staff of



professional real estate appraisers and analysts to review and reconcile real property appraisals. EV also supports U.S. posts abroad in identifying and hiring local real estate appraisers and consultants. EV prepares financial analyses to support real estate decision-making, undertakes real estate market studies, and develops financial models to compare real estate alternatives to determine which is most advantageous for the U.S. Government.

USAID holds considerably less owned property than the Department of State. Currently, USAID owns or long-term leases approximately 116 functional space (non-residential) properties valued at \$76.4 million. This total excludes the fifty-year leased CAFE (Compound Across From Embassy) facility in Kabul valued at \$14.2 million, which includes housing and office space. Since FY00, USAID has had only one disposal with a value of \$200,000, and a total of five acquisitions valued at just under \$5.4 million.

USAID contracts with property appraisers familiar with the local market to conduct valuations of the properties the agency wishes to sell. These are conducted only when the property is being readied for sale.

Representatives of OBO, OIG, and GAO make periodic inspections of U.S. Government-held properties and may make recommendations concerning management, operation, fire and life safety, and maintenance practices, as well as recommendations for new acquisition or construction projects. During routine post inspections, OBO area management officers visit representative samples of U.S. Government-held properties, both offices and residences of the Department of State and USAID, as well as other agencies. In addition, post officials must inspect all Government-owned /long-term leased (GO/LTL) properties at least annually.

OBO also utilizes specific programs to evaluate the effectiveness of the Operations portion of the life cycle of asset management. The following section provides details on these programs.

- **Financial Audit Program.** The Financial Audit Program was initiated in 1991 as a way for the Department to monitor the use of funding at the posts. This program serves several purposes:
 - It ensures that funds are being used for the purposes that headquarters intends, not ways that the post feels to be appropriate.
 - It monitors the use of assets at the post and ensures that their use is compliant with usage requirements and constraints established by the Department.
 - It ensures that funds that are not fully depleted at posts are returned to the Department.

The funding that is distributed to posts for maintenance and repair is considered no-year funding, and thus can be redistributed if it is not fully used for its original



purpose. OBO collects these unused funds and re-assigns them on a prioritized basis.

The Financial Audit Program was originally designed to assess the operations at the top 30 posts that receive the largest amounts of funding. Six posts per year were reviewed over a period of five years. Now the program reviews 15-20 posts per year and has conducted audits in approximately 70 countries. OBO has found that it is frequently the smaller posts where these audits can be most effective as the smaller size lends itself better to a more complete education on the importance of sound financial management.

Following the audit visit and the complete analysis of a post's financial operations, a report is generated and a formal letter is sent from OBO to the management council at the post. These reports convey any potential findings and recommend any changes that OBO deems necessary.

The Financial Audit Program has proven to be a very effective program for OBO both in terms of ensuring the correct usage of funding at a post as well as collecting and redistributing funds to be used in the most productive manner across all OBO properties.

- **Post Occupancy Evaluations.** The Post Occupancy Evaluation (POE) is a program to evaluate new facilities. OBO sends personnel to a new facility 18 months after it has been operational to evaluate how its design and construction is meeting the needs of the post. USAID is included in this evaluation for facilities where USAID space was constructed along with the Department of State building. As part of this review process, there are three main areas that OBO assesses during the POE:
 - Physical: OBO determines if the building's design and construction is one that improves or impedes operational efficiency.
 - Operational: The operational evaluation entails reviewing equipment that was installed to operate the building. The equipment is reviewed to determine if it is meeting its goals and is easy to maintain.
 - Personnel: This portion of the review examines whether the people maintaining the property have been adequately trained.

After reviewing the new facility, a report is produced and the findings of this report are used as a means of improving the design and construction of future buildings. POEs are particularly effective as they allow OBO to learn from its mistakes as well as build on its successes.

USAID also has in place specific programs to evaluate operational effectiveness of its assets. Mission Management Assessments are conducted at each mission on



a 5-year cycle and are used to evaluate the mission from a program perspective. Other programs in place include:

- **Management Services Reviews:** As part of the every five-year Mission Management Assessment, the use of the Management Services Review (MSR) at the mission-level provides an in-depth assessment of all segments of administrative management services at each mission. The assessment focuses on the entire spectrum of Executive Office Support Services. It is not meant to be comprehensive but is only a management tool that the Executive Officer and Mission management may use to identify strengths and weaknesses within their Mission. For example, the review is used to evaluate whether the Mission has met its energy management program goals through instituting water and electricity conservation programs, as well as fuel efficiency outreach programs for the purpose of reducing greenhouse gas emissions.

The objective of the review is to:

- Provide Mission management with an evaluation of management services, with particular emphasis on compliance with U.S. Government regulations; and
- Provide periodic personal contact between personnel in OMS, USAID/W, and Mission administrative offices to promote mutual understanding of Agency policies applicable to solving any problems or concerns relating to administrative support services.

The reviews address in detail the following areas:

- General Services
 - Real property management including maintenance, improvements, and leases
 - Safety
 - Security
 - Personal property management
 - Acquisition
 - Motor vehicle management and operations
 - Environment
- Travel and Transportation
- Communications and Records
- Personnel Administration
- ICASS
- Disaster Relief
- Information Management



MSRs have been a very successful tool for OMS to evaluate ongoing operations at the USAID missions as well as the effectiveness of Mission management.

- **Review of Program and Operational Controls:** In accordance with the Federal Managers Financial Integrity Act (FMFIA) of 1982, USAID has implemented the practice of conducting on an annual basis internal reviews of program and operational controls at each Mission.

FMFIA states that:

- “...internal accounting and administrative controls of each executive agency shall be established in accordance with standards prescribed by the Comptroller General, and shall provide reasonable assurances that –
 - obligations and costs are in compliance with applicable law;
 - funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and
 - revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets.”

Because each Mission is appropriated a specific budget each year, it is necessary to monitor its application and to ensure appropriate tracking and controls are in place. This review is conducted by financial analysts annually at each Mission, and is overseen by the Mission Controller’s Office.

4.5. Operations and Maintenance Plan

The following sections describe the components of the Operations and Maintenance (O&M) plan utilized by the Department of State and USAID for domestic and overseas properties. Recognizing the difference between domestic and overseas operations in many third world countries nevertheless, the Department benchmarks on a continual basis to ensure the effectiveness of the O&M program. This is accomplished through various mechanisms such as the Industry Advisory Panel (discussed in Section 6.1), the Federal Facility Council, the National Fire Protection Association, American Conference of Industrial Hygienists, the International Facility Management Association, and many federal agencies such as Department of Defense, NASA, etc. Areas addressed include reliability centered maintenance (discussed in Section 4.8.2), measurement of M & R backlogs, establishment of standards, determination of maintenance staffing and training programs for newly constructed buildings, and the development and assessment of customer satisfaction surveys.



4.5.1. Department of State Domestic Properties

For domestic owned properties, the A Bureau's O&M plan is based upon a strategy that provides centralized support to its onsite property team and outsourcing of the O&M function to qualified facility management companies.

A Bureau's Office of Facility Management Services (FMS) is responsible for all aspects of the properties' operation, maintenance and capital improvement program. FMS uses Government Contract Compliance Reviews, Facility Assessments and equipment/systems inspections as benchmarks to measure contractual compliance and contractor performance in areas of preventive maintenance, repairs, electrical, mechanical, plumbing, water treatment, and capital improvement scheduling.

FMS conducts the best practice of outsourcing day-to-day operation and maintenance of its domestic owned real estate to qualified facility management contractors. This approach allows it to select and work with one primary vendor at each property. Generally, these companies are mechanical contractors who self-perform the building engineering function. The building engineers operate the mechanical equipment and perform preventative and routine maintenance. Specialized maintenance includes repairs of technical systems such as generators; UPS systems and elevators are subcontracted to contractors who are experienced and knowledgeable of this type of equipment. Custodial work may be self-performed by the facility contractor, subcontracted or managed directly by the property team depending upon the local market and qualifications of the primary facility contractor.

O&M is outsourced to one facility management service provider. As a result, the contracts contain generally consistent scopes of work and performance measures. Consequently, A Bureau is able to standardize its O&M practices across its domestic owned properties. Starting with a standard approach, the contracts are tailored to the needs of the property.

Each facility maintenance contract defines a specific scope of work indicating how the property is to be inspected, cleaned, operated and maintained. The contract defines staffing qualifications and number of personnel required for the property and O&M requirements such as cost and schedule. Performance measures and contract deductions are spelled out so that the facility contractor fully understands what is expected. Reporting and compliance by the contractor are specified in the agreement and the contractor is required to self-report on at least a monthly basis. Quality is assured through self-inspections and daily, weekly, random and annual inspections by the facility team including FMS personnel. The information collected is used to develop process improvement on existing programs and contract development and budget formulation for capital improvement programs.

The standard O&M contracts hold the contractor responsible for providing all of the administrative and technical services, materials, supplies and equipment necessary for all building systems. The contracts also define other routine services required to operate the property such as cleaning, landscaping, waste/snow removal, and pest control. Because



the contracts are for a firm-fixed unit-price, they are relatively simple to administer, shifting much of the risk associated with unforeseen cost of repairs to the contractor. Typically, the contractor is responsible for all repairs up to a specified dollar limit, which varies by property. Estimated dollar amounts are obtained from market studies and experts in the field. The third party service provider negotiates contract provisions with oversight by FMS personnel. There is also a compensation incentive for the contractor to efficiently perform routine maintenance and make every effort to prevent costly system failure.

4.5.2. USAID Domestic Properties

FMD manages the O&M coordination for the USAID domestic leased properties. Working in conjunction with GSA for the RRB and warehouse space, and the commercial property managers at the agency's other two leased facilities, FMD is able to manage upkeep plans for cyclical maintenance items such as carpeting and painting, while leaving routine maintenance and operations of building functions to the GSA or property management companies.

Requests for service, including issues with general building engineering functions, preventive or routine maintenance, and specialized service to building technical systems (e.g. generators or building UPS systems) are requested from GSA through their Request for Work Authorization via the GSA's Maximo system, and are tracked within FMD via a standard spreadsheet application. The same requests for the commercially leased space would be handled via the methods established by those property management companies.

4.5.3. Overseas Properties

OBO has an O&M plan that provides standard procedures and programs for meeting post maintenance needs for Department of State and USAID properties.

OBO now has several activities that are focused on managing O&M costs: IPS, Value Engineering, NEC Maintainability reviews, NEC Staffing Studies, O&M BOE benchmarking to industry standards, and the proposed O&M Streamlining. The proposed O&M Streamlining is intended to integrate O&M human and financial capital into a single plan for long-term real property management; aligns responsibility for cost control with the authority at post FM for optimum asset management; and will have the SRPM report directly to OBO headquarters. OBO has realized cost savings through innovative energy savings methods and technologies

According to 15 FAM 630, OBO and overseas posts share responsibility for the operations and maintenance of Department of State overseas buildings, with the exception of USAID-owned properties. This policy advises that the Chief of Mission (COM), or the single real property manager as the COM's designee, is responsible for ensuring that the preventive, routine, and special programs are implemented. 15 FAM



630 specifically states that for USAID-owned property, it is the EXO who is responsible for establishing and implementing the preventive, routine, and special maintenance programs.

Special maintenance and improvement requirements are identified through periodic global condition surveys, fire inspections; as well as safety, health and environmental management assessments and routine visits by other OBO and area management officers. Facility managers at post also perform annual inspection surveys in order to identify emergent needs.

USAID has long recognized the benefits and need for proactive, preventive maintenance programs. All Missions, where assets are managed by USAID, have standing orders and procedures in place (and articulated in the terms of the lease) to implement and support a quarterly and annual preventive maintenance program. All systems and equipment are checked and serviced to include appliances, structures, and filter cleanings.

It is the EXO's responsibility to ensure that USAID-owned or leased real property is maintained in good condition and that the maintenance efforts are handled in a cost-effective manner utilizing appropriate funding sources. Further, the EXO must ensure that all properties, when vacated, are left in good condition by the departing occupants. These activities are attested to in the Annual Real Property Certification to the COM (see Appendix R).

In addition to direct program administration, OBO provides funding and project oversight for post-managed O&M needs. The oversight falls into two categories. The first is routine maintenance and repair of functional and residential properties. Routine maintenance and repair includes services and materials for items of a recurring nature, such as painting, weather stripping, termite control, small repairs, etc. The second provides oversight to special maintenance and improvement projects. These projects tend to be more costly and technical, and include major repairs of items such as facades, air conditioning equipment, elevators, and emergency repairs caused by unforeseen events.

The following programs comprise the special maintenance and improvement programs that both Department of State and USAID address on an ongoing basis. USAID coordinates these programs with OBO for those facilities on which USAID is co-located overseas. For domestic USAID properties, GSA or the commercial landlord is responsible for planning, implementing, and monitoring these types of programs in coordination with FMD.

4.5.3.1 Utility Management

The Utility Management Program, managed by OBO's Facilities Management Division and A Bureau's FMS, provides procurement, logistics, technical information and maintenance support for electrical power and utility systems to support government



operations and personnel at U.S. sites domestically and overseas respectively. Utility management for USAID facilities is handled by the M Bureau's Facilities Management Division (FMD) for domestic properties and by each overseas mission for its properties, with the supervision of M/OMS. The following list provides examples of utility management initiatives utilized by both the Department and USAID:

- Identifying, prioritizing and executing projects to address electrical power and utility problems at the Department of State facilities in the U.S. and worldwide.
- Developing and managing projects to install generators, automatic transfer switches, uninterruptible power systems, automatic voltage regulators, power factor correction devices at the Department's facilities in the U.S. and worldwide.
- Conducting rates & metering surveys to identify and resolve metering and utility tariff problems.
- Developing utility projects on a performance contract basis, with no up-front cost to the Department.
- Implementing a thermal energy imaging program to evaluate the safety and efficiency of electrical junction boxes at Department of State, OBO properties overseas.

Domestically for OBO properties, FMS hires and deploys highly qualified property managers with experience in facility/utility management including mechanical equipment operation, repair and maintenance, occupancy support, and project and construction management. Generally, they have mechanical or engineering experience that allows them to deal with the operation and maintenance of HVAC, electrical and other mechanical systems. Two groups support them centrally. FMS' Systems & Support Division is responsible for facility management contracting support, procurement, audit, capital planning and overall quality control.

4.5.3.2 Energy Management

The Energy Conservation Investment Program (ECIP) identifies and implements projects that reduce post operating and maintenance costs. The Department's energy conservation efforts are mandated by law and result in more effective utilization of available funding. The Domestic Environmental and Safety Division (A/OPR/FMS/DESD) serves as a technical resource to domestic organizations in establishing and implementing comprehensive occupational safety and health, fire protection, and environmental management programs throughout the U.S.

The following are the three major components of the ECIP:

- Program Management - ECIP plays a leading role in the coordination and operation of the OBO energy management effort. This program includes:



- Monthly energy management program meetings with the respective domestic and overseas groups
- Coordination with FAC and other Department offices
- Energy awareness activities
- Energy Surveys - Identify specific energy conservation opportunities at posts.
- Implementation - Coordinate, schedule and fund the design of prioritized major energy projects.
 - Implementation of energy projects based upon availability of resources
 - Implementation of no-cost, low-cost efficiency measures

USAID promotes energy management and conservation in all of its properties worldwide in order to reduce energy consumption overall. USAID's goal is to reduce energy consumption and to promote life-cycle, cost-effective investments in building energy systems, building water systems, and energy and water conservation measures for all USAID buildings.

To accomplish this, USAID adheres to the US Department of Energy's methodology and procedure for life-cycle cost analyses, which entails:

- Estimating the life-cycle costs of existing USAID buildings;
- Determining the life cycle cost effectiveness of energy conservation measures and water conservation measures;
- Ranking life cycle cost-effective measures in order to design a new USAID building or to retrofit an existing USAID building; and
- Establishing the method by which efficiency will be considered when entering into or renewing leases of USAID building space.

Energy Savings Performance Contracting (ESPC) is a means by which private-sector energy service companies can assume the capital costs of installing energy and water conservation equipment and renewable energy systems at USAID sites. Energy Savings Performance Contracting (ESPC) is all about saving measurable quantities of energy. Under an ESPC contract, an energy service company (ESCO) guarantees that after energy conservation measures (ECMs) are installed at a facility, energy use will be reduced by a quantifiable amount. USAID uses ESPC where it is cost effective.

USAID has also implemented a 10-Year Energy Management Plan agency-wide. USAID's 10-year energy management plan to establish energy goals focuses on reducing the rate of energy consumption, promoting the efficient use of energy, and promoting the switch from petroleum-based fuels and natural gas to coal and other energy sources.



M/OMS is responsible for ensuring that every mission develops and implements a Mission Energy Management and Conservation Plan in compliance with these programs. The mission EXO has the responsibility to ensure compliance with these requirements.

4.5.3.3 Fire Protection

The Department requires all buildings housing mission critical communications infrastructure to be protected by a fire alarm system. The fire alarm installation and replacement program is a dedicated effort by the Department to upgrade fire alarm systems in principal buildings that are in greatest need. The scopes of fire alarm projects in the plan are limited to fire alarm work in principal buildings. Additional buildings, such as MSGQ, USAID and other annexes, are sometimes incorporated where the principal fire alarm system extends to that building or where cleared American labor is required for installation and post has a particularly compelling requirement. Associated work, such as fire pump, sprinkler, and HVAC control work is also included where appropriate, though the primary focus is the fire alarm system.

The replacement schedule for fire alarm systems is based on the life expectancy of a modern fire alarm system, approximately 15 years depending on building modifications and the manufacturer's commitment to ongoing support.

Fire alarm replacements are prioritized based on several factors: the age of the system in question, current operational condition, required protection of the building, and the availability of spare parts and continued support. Posts with the greatest need are then compared to ongoing long-range plans as part of the Capital and Major Rehabilitation Programs.

Domestically, A Bureau's Technical Services Team under FMS provides expertise in the following functional areas: HVAC/mechanical, electrical, fire/life safety, environmental, health and safety. FMS supports the facility teams when questions arise in their area of expertise.

USAID strictly adheres to OBO overseas practices with respect to fire protection in its' facilities. If OBO schedules a facility inspection and dispatches a fire marshal, the USAID property will be inspected as well. Reports and corrective action plans will be provided to the EXO and Mission Director with the expectation that the actions required will be taken.

4.5.3.4 Elevator Management

This Department-wide program is designed to keep elevator operations safe and reliable at all domestic and overseas facilities. Elevator management includes regular inspection and testing, as well as design and evaluation where required. The criteria used are based



on current U.S. codes and standards with regard to all aspects of elevator safety—fire, electrical, earthquake protection—as well as compliance with Americans with Disabilities Act requirements.

4.5.3.5 Hazardous Materials Abatement

This Department-wide program is used to develop asbestos management plans at all domestic and overseas facilities. This program is conducted by way of remedial or abatement projects for asbestos, underground storage tanks, water quality and CFC recovery training. USAID coordinates closely with OBO for removal of hazardous materials in its facilities.

4.5.3.6 Safety, Health and Environmental Management (SHEM)

The SHEM Program is designed to minimize risks to life, health, and safety for all employees, and their family members, under the authority of the Chief of Mission (COM); and to minimize and control adverse environmental impact from DEPARTMENT operations. The program focuses on implementation of applicable safety, health and environmental regulations and integration of SHEM principles into the structure of OBO and posts management. For State domestically, FMS is responsible for implementation of this program.

Executive Officers at USAID facilities not co-located with the U.S. Mission are responsible for ensuring implementation of a Safety, Health and Environmental Program in accordance with 15 FAM 900. When requested, assistance is provided by the local POSHO or the Office of Safety, Health and Environmental Management (OBO/OM/SHEM). Managers of USAID operations located at Department of State posts receive safety, health and environmental support from the POSHO; supervisors and managers are responsible for taking required actions to implement appropriate requirements, as determined by the POSHO or Agency policy.

4.5.3.7 Global Condition Survey (GCS)

The Global Condition Survey (GCS) program provides OBO with consistent, credible, and technically accurate information on the condition of all government-owned and long-term leased USG properties. In relationship with post facility managers, professional engineers and architects conduct facility condition assessments at posts. Special maintenance and improvement requirements are entered into the FPS to help manage the backlog. USAID takes advantage of the GCS program when offered by OBO for those properties that are co-located.



Similarly, A Bureau's Facility Assessment program provides the Bureau with the data it needs for effective property management.

4.6. Plan for Basic Repair and Alteration Needs

The Department of State and USAID have developed plans for the basic repair and alterations needs of their domestic and overseas properties. The following sections provide details on these plans.

4.6.1. Department of State Domestic Properties

As part of its capital planning and asset reinvestment program, FMS has developed a 20-Year Long-Term Capital Plan that includes all of the assets in its portfolio. A comprehensive capital plan for each asset exists within the larger plan. For each property, all major infrastructure components are addressed with the timing of their upgrade or replacement based upon industry-standard life cycles projected over a 20-year planning horizon. Capital investment is identified on a project basis and grouped by infrastructure type (exterior, mechanical, electrical, etc.), so that the office can understand its project capital outlays by type. Estimated costs are included providing FMS with an approximation of its future capital needs.

FMS has responsibility for maintaining and updating the plan. Each year during the budgeting cycle, the current year capital plan is evaluated and re-prioritized based upon the Facility Assessment Reports, the Annual Property Inspections and feedback from the onsite facility teams. Facility Assessments are performed in conjunction with the Contract Compliance Reviews at each facility once per year. A facility inspection and its systems (i.e., Electrical, Mechanical etc) are performed to evaluate the condition of the building infrastructure and systems for repair or replacement purposes. The information gathered is assigned a priority, (i.e. Priority 1 – Critical, Priority 2 – Moderate, Priority 3 – Minor), depending on the condition and criticality of the item. The repair and replacement costs are then calculated to determine the overall "Facility Condition Index Ratio" (FCI) and placed on the Capital Improvements Schedule accordingly. FMS utilizes current Facility Assessments as benchmarks to gauge operational performance.

The facility management teams work with the office chief to assess the rank and priority of their projects. The following factors are considered:

- Strategy for the asset
- Occupying bureau needs and requirements
- Changes to code or law



- Physical urgency based on building conditions (asset infrastructure needs, which can include ADA, seismic, asbestos abatement, HVAC, fire-life health safety, security, roof repairs and elevators)
- Economic justification using payback and/or present value analysis
- Project timing and execution (ability to deliver the project)
- Historical significance and community considerations

FMS' financial plan is adjusted accordingly for presentation to the Assistant Secretary for Administration. Once approved, capital funds are spent based upon the money allocated and in accordance with their prioritization. Un-funded projects are carried over into future years. The 20-year capital schedule is updated annually.

Separate from infrastructure upgrades and the maintenance of common areas, refurbishment of office space is most often accomplished at the request of the occupying agency. As the principal beneficiary, they are responsible for funding the project. Paying for the improvement helps ensure that the quality of the project is in line with the occupants' needs and the right level of investment is made. It also ensures that the user will care for the improvement going forward.

4.6.2. USAID Domestic Properties

Managing maintenance and repair needs for USAID's domestic properties is handled by FMD in conjunction with GSA and the commercial property managers.

Each year during the budgeting cycle, the current year's maintenance and repair budget is evaluated against work requests and reimbursed expenditures using the RWA data in Maximo. Commercially leased property upkeep and maintenance is the responsibility of the landlord. Cyclical maintenance items such as painting and carpet are considered following an inspection of the property and determination that an expenditure needs to be made. Separate from infrastructure upgrades and the maintenance of common areas, refurbishment of office spaces is on an as-needed basis.

Major infrastructure components are not evaluated as expenditures as these items would be the responsibility of GSA or the landlord.

4.6.3. Overseas Properties

The management and execution of routine maintenance and repair (M&R) needs are handled at the post level. For Department of State-owned facilities, funding and program oversight are provided by OBO, while for USAID-owned properties, the EXO has full authority and responsibility. Routine maintenance and repair includes services and materials for items of a recurring nature, such as painting, weather stripping, termite



control, small repairs, etc. The Preventive Maintenance (PM) program also falls under this funding and operational category and includes planned servicing of Mission-critical equipment and systems. The type and frequency of these services are in accordance with OBO's Reliability Centered Maintenance (RCM) policies, manufacturer's recommendations and best industry practices.

OBO's maintenance and repair (M & R) policy addresses funding for maintenance and repair of U.S. Government-owned and Long Term Leased (LTL) commercial properties regardless of the occupying agency (other than USAID). OBO also provides similar services for all U.S. Government owned and LTL residential properties occupied by State tenants, such as the Chief of Mission (CMR) and Deputy Chief of Mission (DCR) Residences.

OBO has assumed responsibility for routine M & R of STL non-residential properties when they are Department of State-only or shared with the Department. STLs occupied by a single agency, or agencies other than the Department, are not maintained by OBO. This is consistent with OBO's role as Single Real Property Manager (SRPM) for the Department of State's overseas real property assets and reflects a very centralized management model at the Department of State.

Alternately, a more decentralized model is utilized for management and operations at USAID missions. Each mission is provided an independent operating expense (OE) budget, the limits of which the EXO must work within. USAID is responsible for funding of M & R projects using the OE budget for its owned properties. As defined in 15 FAM 630, the USAID Executive Officer is the SRPM for USAID-owned properties, and as such, he is responsible for establishing and implementing preventive, routine, and special maintenance programs.

As a general rule, USAID will not renovate STL residential properties except when the RSO or SEC requires renovations for security reasons. In the rare instances that renovations are approved out of the Mission budget, the lease for that property will be structured to ensure payback of the additional investment via a payback clause or a decrement to the monthly rent charges for the property.

Security improvements to functional space, including enhancements to major systems, are funded by the USAID Office of Security (SEC). Security improvements to any residential property are funded by the RSO.

The costs of locally engaged staff (LES) involved in maintenance, and the costs of utilities and custodial services are shared among all agencies occupying space through the existing ICASS mechanism.

Presently, the **International Cooperative Administrative Support Services (ICASS)** system is the principal means by which the U.S. Government provides and shares the cost of common administrative support at its approximately 275 diplomatic and consular posts



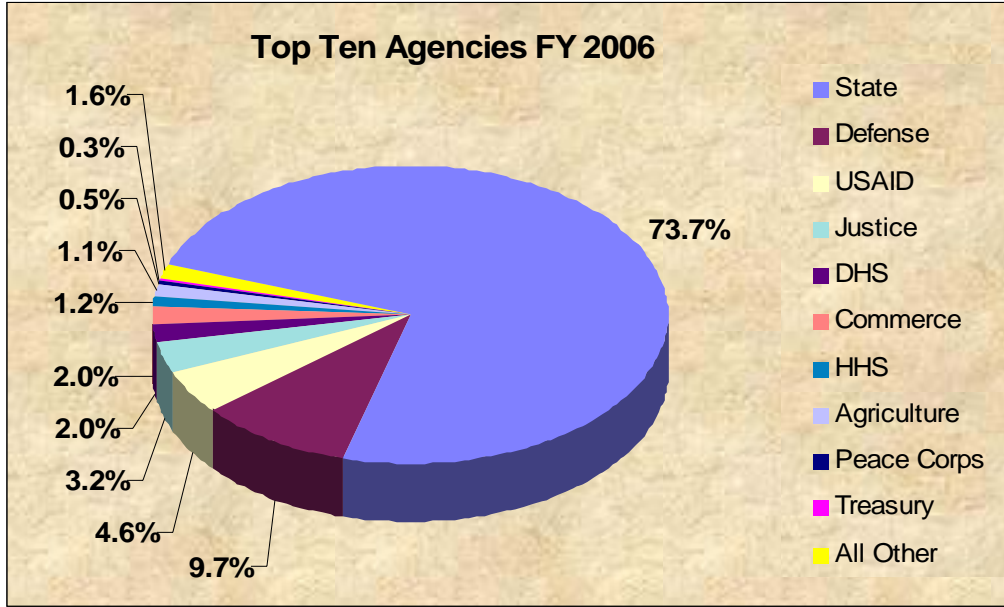
overseas. In the spirit of the Government Performance and Results Act (GPRA), the ICASS system seeks to provide quality services at the lowest cost, while attempting to ensure that each agency bears the cost of its presence overseas. ICASS, through which more than 280 billing entities obtained support services valued at nearly \$1.2 billion in Fiscal Year 2005, is a break-even system; the charge to the customer agencies equals the cost of service inputs.

A full range of administrative services is available through the ICASS program. These include motor pool operations and vehicle maintenance, travel services, reproduction services, mail and messenger services, information management, reception and telephone system services, purchasing and contracting, personnel management, cashiering, vouchering, accounting, budget preparation, non-residential security guard services, and building operations. At present, all facilities management personnel, equipment and maintenance service contract costs are paid for out of ICASS while the funding for maintenance spare parts and materials are paid for out of OBO's 7901 function code.

In a number of posts USAID does not purchase leasing or real property maintenance services from ICASS, principally because these services cost USAID more money than when USAID provides such services internally. In these missions the USAID EXO routinely manages its real properties using OE funds or program fund resources allocated to the field post by its regional bureau. If major repairs or alterations are required, M/OMS must approve the expenditure of funds for this purpose even if the mission has the funds readily available for use. If additional funds are needed, determinations are made at USAID/W as to whether those funds would come from regional bureau resources or USAID's capital investment fund. That decision is based on a determination of who benefits from the expenditure. If the benefit gained by the expenditure is mission-specific, then the funding source will be the regional bureau. If the benefit extends to other missions or projects, the funding would be drawn from the USAID capital investment fund.

Primarily through the use of contracted services and Foreign Service Nationals (FSN), USAID is able to provide services at a lower cost than ICASS. This is not an apples to apples comparison, however, as the four ICASS routine maintenance and repair cost centers are burdened with a myriad of other shared overhead costs, such as portions of the Management and General Services Officers' salaries, that are not part of USAID's calculations. The use of ICASS services, however, is becoming mandatory through rightsizing policies and may help to lower unit costs for routine maintenance and repair through greater resident agencies' participation.

The graph below summarizes the use of ICASS by agency for FY2006. The Department of State accounts for more than 73% of ICASS' utilization, while USAID accounts for only 4.6%.



4.7. Capital and Operating Resource Requirements

The following sections address the strategy for allocating the necessary funds to support the operational and capital plan requirements for the Department's and USAID's overseas and domestic properties.

4.7.1. Department of State Domestic Properties

Each year, budgeting guidance is given to the building managers from the Director of FMS in order for them to formulate their annual capital and operating requirements for the next budget year. FMS requests that its building managers semi-annually evaluate the condition of their assigned facility, including all equipment and systems for potential repair or replacement. Building managers are responsible for verifying energy saving measures to reduce utility consumption and associated costs.

Beginning at the asset level, building managers submit their annual expense plans. Consideration is given to prior year expenditures, changes to the operation of the facility, inflation, and other factors that might affect the operating requirements of the property. The Systems and Support Branch review individual asset requirements within FMS. In turn, these plans are reviewed by the Director of FMS and consolidated into budgets or financial plans for the entire domestic owned portfolio. Together, they become part of the overall financial plan submitted to the Assistant Secretary for Administration for submission to RM.



Then, based upon appropriations, FMS allocates its budget by first ensuring that all operating expenses are funded. These include all of the contract costs for leases and operating expenses in the O&M Plan for buildings/assets such as cleaning, maintenance, and utilities. It also includes additional contractual obligations for purchase contracts and all overhead items like salaries, training, travel, IT, and other contracts necessary to assist the Department in completing its mission. The remaining dollars are available for capital expenditures.

4.7.2. USAID Domestic Properties

The USAID budgeting process is similar to that of State, with the difference being the number of domestic properties being budgeted for. FMD formulates the USAID domestic annual capital and operating requirements for its domestic properties for the next budget year. FMD compiles rent data and current year M & R expenditures for each domestic asset, and then gives additional consideration to previous year expenditures, anticipated changes to the operation of the facility, inflation, and other factors that might affect the operating requirements of the property. The budget request is reviewed and approved by Office of Administrative Services (OAS), then forwarded to the Management Bureau's (M Bureau) Assistant Administrator for review and approval. Once approved at the Bureau level, the plan is submitted to the Bureau for Policy and Program Coordination (PPC) for incorporation into the formal USAID budget request.

Then, based upon appropriations, OAS allocates its budget by first ensuring that all operating expenses are funded. Eighty-five percent of the OAS budget is for rent alone, with the balance going toward the anticipated M & R expenditures.

4.7.3. Overseas Properties

For Department of State, the maintenance backlog is \$132 million, which includes all of the deferred, unfunded maintenance and repair needs for prior fiscal years. Officials noted that major rehabilitation projects require funding of at least \$100 million annually. As referenced in Section 3.1.3 Capital Planning – Repairs and Alteration Major Projects, OBO's Area Management (AM) office conducts a data call to collect major rehabilitation requirements from posts. Once the data is collected, AM weighs the requirements in order to develop a list of priority projects from which those deemed most likely to succeed are selected for the next budget year cycle, based on anticipated funding. In this best practices effort, scoring and appropriate weighting is performed for each project, based on five factors: (1) fire/life safety; (2) condition/age of building system; (3) speed of deterioration; (4) impact on operations; (5) and "do-ability" in the fiscal year. USAID participates by communicating its concerns to chiefs of missions. These concerns are then included in overall mission requirements.



In addition to major rehabilitation projects, each post is eligible for maintenance and repair funds. Posts submit these requirements for funding as needed. USAID maintenance funds are included when USAID is co-located with the Department of State. When USAID is not co-located, USAID performs its own evaluations on its owned property. If certain maintenance or repair is needed, the EXO includes the cost of the repair in the next fiscal year budget request to USAID/W. If the maintenance or repair is not due to normal wear and tear, funding may be provided from the Section 636(c)-created Property Management Fund (PMF) that M/OMS controls. The PMF is maintained from USAID's proceeds of sale of real property obtained under Section 636(c) and is used, with OMB authorization, to buy replacement property or for special maintenance and repairs. For example, when the embassy was bombed in Dar es Salaam, the USAID-owned mission director's residence, which was located next to the embassy, was severely damaged by the blast. PMF funds were used to rebuild the premises.

4.8. Operations Initiatives

Operations & Support Planning is responsible for multiple programs and has begun a number of initiatives to improve the operations of its real property assets.

4.8.1. Department of State Domestic Operations Initiatives

- ***Conversion to Maximo*** – FMS recently completed the conversion of all of its domestic owned properties to the Maximo work order and preventive maintenance platform (version 4.2). The seven State-managed domestic properties are using this system to generate preventive maintenance and reactive work orders.
- ***Facility Assessment Reports*** – FMS is currently in the process of assembling the initial Facility Assessment Report for each of its properties (see Section 4.1.1). While extensive equipment inventories exist for each facility, estimates of the equipment's age and remaining life span need to be made in order to compute the Life Cycle Usage Measure. Also, the property teams are working with contractors to validate their repair/replacement estimates. Facility assessments have been completed for ICC, NFATC, FRC, and BIMC. Reports for the remaining three facilities (PCC, KCC, and CRC) have not been completed due to travel budget cuts late during FY05.
- ***Renewable Energy*** – FMS is currently exploring the expansion of its renewable energy program across its domestic owned properties in adherence to the current Executive Order pertaining to "Green" building management. Under consideration is the retrofit of existing infrastructure to renewable energy sources.



The FRC recently converted its parking lot lighting to utilize photovoltaic technology. Also, it has installed a solar hot water heater. Renewable energy is the next step in the FRC's program to lower energy consumption. (Energy management systems, variable frequency drives, lighting controls and lighting retrofits exist at most of the properties.)

- ***Environmental, Health and Safety Audits*** – The Domestic Environmental and Safety Division has developed and implemented a formal audit program for all Department of State operated facilities (i.e., GSA-owned and Department-owned properties) in 2005. The audit focus is on environmental compliance ensuring that programs are in place for asbestos, indoor air quality, hazard material storage, waste treatment, etc. (as required). The audit will also check to ensure that properties have appropriate safety programs in place including personal/protective equipment, safe work practices, accident tracking etc. As part of this audit, properties will be required to validate that they have met all environmental and safety training requirements including environmental awareness, lock-out/tag-out, fire/life safety drills, etc. It is anticipated that the properties will be audited annually.

FMS has a formal EH&S audit program and in 2006 inspected/benchmarked six of 10 sites where such audits are required as part of our Environmental Health and Safety Management System (EHSMS), as required under Executive Orders 13101 and 13148. In the last two years we have completed 8 of 10. Our EMS program stipulates a 3-year cycle of audits, unless an audit detects something egregious (none have, to date). Details of our program are available on our DESD webpage. It is also worthy to note that one of our sites (Kentucky Consular Center, KCC) is in the process of applying for OSHA's Voluntary Protection Program (VPP) status, a very prestigious certification (e.g., "the best of the best" or "world class")...no other site in the Department-domestic or overseas has achieved that status recognition, as yet. This upcoming year in 2007, FMS are hoping three Department sites in Virginia will be in a similar position to apply for State recognition for their exemplary environmental management programs.

4.8.2. USAID Domestic Operations Initiatives

- ***Conversion to ARCHIBUS/FM*** – In its ongoing efforts to improve efficiency and space utilization effectiveness, FMD is currently working through a conversion from Maximo and implementing ARCHIBUS/FM. The implementation of ARCHIBUS/FM, an integrated Computer-Assisted Facilities Management (CAFM) application, will result in lowering the agency's Total Cost of Ownership (TCO) through significant cost reductions associated with maintaining the domestic portfolio as well as extending the life of the asset through more efficiently maintained, tracked and utilized space.

This tool will give the agency the ability to plan ahead more proactively and more



accurately than before, and will minimize unnecessary capital expenditures. It will enable USAID to conduct master planning, as opposed to operating based on a “just in time” planning philosophy, as it does in most overseas operations. ARCHIBUS/FM will ultimately help USAID put into action a cost-recovery plan, whereby the different USAID programs will be billed for specific services or use of assets helping to offset the costs and operating expenses associated with these capital projects.

- ***Quality of Work Life Initiative*** – FMD is aware that the quality of work life is in a degraded state due to overcrowding and inefficient use of space at the USAID space in RRB. To help ease the overcrowding, USAID asked GSA to execute a lease for an additional 40,000 square feet of commercial office space. This space will be used for housing up to 250 USAID employees and be used for “swing space” to allow for re-organization of the internal workspace at RRB.

4.8.3. Overseas Operations Initiative

- ***Reliability Centered Maintenance*** - As a means of better maintaining its overseas facilities, the Department is preparing a new initiative called “Reliability Centered Maintenance (RCM).” Historically, OBO has performed Global Condition Surveys to project when operational equipment needs service. OBO is improving on this practice by implementing RCM.

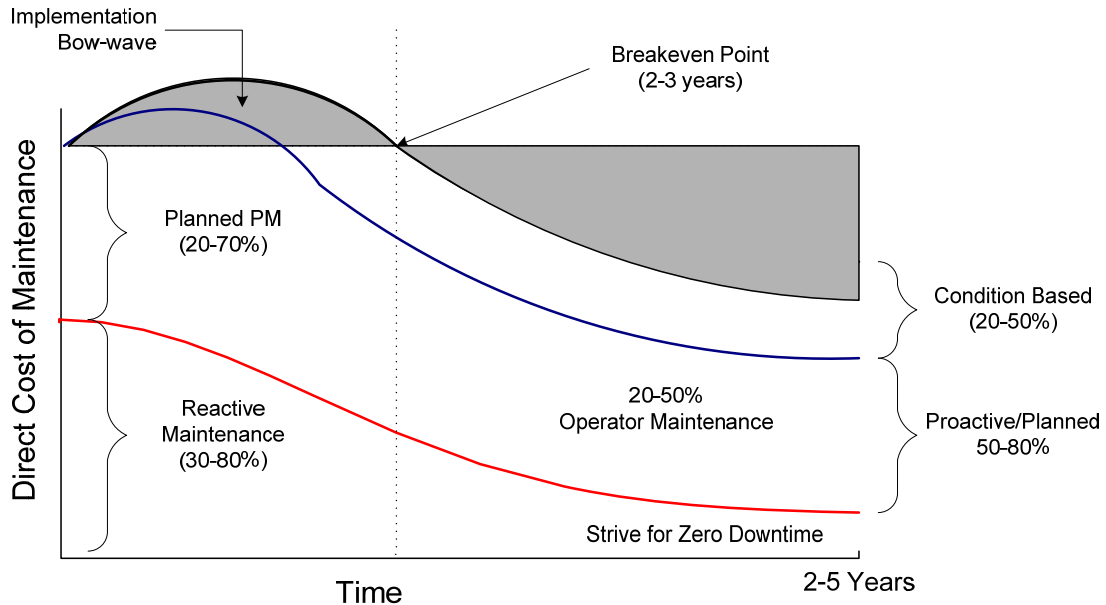
RCM is defined as the optimum mix of maintenance strategies that maximizes reliability while minimizing life-cycle costs. It is a process that promotes proactive maintenance as opposed to reactive maintenance. RCM has been endorsed and promoted by several organizations including the Association of Facility Engineers, the Society of Maintenance and Reliability Professionals, the Society for Machinery Failure Prevention Technology, the Construction Institute, and the Federal Facility Council (FFC) as an effective method for procuring, constructing, operating, and maintaining facilities.

RCM is a comprehensive analytical approach identifying what must be done to deliver targeted post performance. It is a structured approach to preventive maintenance (PM) work identification that produces a program that can be validated against criteria of technical feasibility and cost effectiveness. RCM will be used by OBO and its contractors to identify potential failures, as well as to quantify the probability of failure, the consequences of failure, and the means to reduce the effects and duration of failure in a cost-efficient and effective manner. Inherent in this policy will be the need to develop and report on performance measures covering the cost of failure, total life cycle cost, repair costs, O&M costs, and planned versus unplanned maintenance.

Even though maintenance is a relatively small portion of the overall life-cycle cost – typically 3% to 5% of a facility’s operating cost – RCM is still capable of



introducing significant savings during the O&M phase of the facility’s life. RCM Guides from NASA and the U.S. Army Corp of Engineers observed that savings of up to 30-50% in the annual maintenance budget could be obtained through the introduction of a RCM program. The following bow wave chart depicts direct cost versus time in moving from reactive to proactive maintenance.



Source: Taking the Forties Field to 2010. R.L. Thompson, et al. BP Exploration, Presented at SPE International Offshore European Conference, Aberdeen Scotland, Sept. 1993

USAID has long recognized the benefits of and need for proactive, preventive maintenance programs. All Missions, where assets are managed by USAID, have standing orders and procedures in place to implement and support a quarterly and annual preventive maintenance program. During these cyclical maintenance checks, all systems and equipment are checked and serviced to include appliances, structures, and filter cleanings. The EXO, who is responsible for ensuring the ongoing maintenance of USAID properties, conducts periodic and ongoing reviews of USAID’s properties. Ultimately, the USAID Mission Director will certify annually to the Chief of Mission (COM) that all properties under his or her control have been properly managed and used, and the COM will certify the same to OBO for all properties associated with the post. An example of a USAID Annual Real Property Certification is included in Appendix R.

- **O&M Benchmarking** – Benchmarking for both domestic and international operations is a critical component of managing for excellence. To ensure that the operating costs incurred at the Department’s overseas posts are in line with the local prevailing rates, a benchmarking study was undertaken as part of the Department’s continuing real property asset management program. Information for this study was obtained from the ICASS Global database, the Department’s repository of operating budgets for overseas posts. The data obtained was only



for Government owned (GO) and long-term leased (LTL) non-residential property. This data was compiled and broken out into four main functional categories: Administrative, Cleaning/Service Contracts, Repairs and Maintenance, and Utilities.

Total costs by category were calculated and then divided by each post's gross building area in square meters to obtain a "dollar per square meter cost" by category and by post total. These costs were then compared with BOMA operating cost per square meter for Washington, DC comparable office buildings

The initial phase of the benchmarking study focused on analyzing the operating expenses at the Department's 34 largest foreign posts and determining if they are operating within an acceptable range. In the next phase of the benchmarking initiative, the total O&M costs by post were analyzed and the next 24 posts that consume the largest amount of O&M costs were identified. Next, another 24 will be analyzed. After complete analysis of all posts, a final report including a recommended path forward will be prepared by OBO and submitted to OMB.

- ***Lease Management Initiative*** - The Department has an extensive lease management program in place that addresses all aspects of the lease process. Significant oversight is carried out by OBO, which focuses on leasing and retaining properties that are correctly sized and leased at the right cost.

The Department has developed an additional oversight initiative to improve the management of its leases that fall below the \$25,000 cost ceiling. This initiative initially sought to quantify the <\$25 K issue by:

- Identifying posts with greatest % of < \$25 K leases
- Developing suitable benchmarking standards at these posts
- Prioritizing and selecting the top 20 posts
- Auditing all leases at these posts

OBO selects 20 posts annually to undergo an audit of their short-term leases. The audit determines the range (low to high) of post's current annual cost per housing category (Standard, Mid-level and Executive) and the cost per gross square meter.

Independent market surveys are conducted to develop benchmarking standards and compare actual lease cost against an acceptable range and cost per square meter. Working with post, OBO develops a plan to bring their lease cost within the mid-range for each category, understanding that such a plan must take existing signed leases and existing occupancy into consideration. As of FY07, OBO extended the benchmarking initiative to include all leases regardless of cost.

Posts are monitored over a three-year cycle and adjustments are made to reflect market conditions, changes in post staffing levels, exchange rate fluctuations, host



government imposed cost increases, and major political changes in the market that dramatically affect cost, such as political upheaval.

The new initiative supplements the existing lease oversight process for short-term leases which includes:

- Routine Area Management Officers (AMO) post visits; (As part of every visit, the AMO looks at leased properties, verifies market pricing, randomly measures leased residences, and discusses rental rate limitations and budget limitations. This is further verified by OBO/RM periodic on-site financial management audits.)
- The over space standard housing identification and reduction program;
- Regular market surveys;
- Pressure from limited FY 2007 lease funding availability;
- Interagency Housing Board oversight responsibilities; and
- Single Real Property Manager (SRPM) accountabilities and Chief of Mission (COM) annual certifications that the real estate leasing system is working properly and effectively.

In addition, OBO maintains a number of effective management tools that support efficient leasehold management. These tools include:

- Leasehold Account Funding Targets: OBO provides each post with a funding target for the Department's program leasehold account. OBO's Area Management Division manages the leasehold funds, sets lease targets, reviews initial and mid-year budget submissions, approves all requests for additional funding, and reviews all lease waiver requests. Initial lease targets for each post are based on prior year actual obligations. Those targets are subsequently adjusted, providing funds are available, when the initial budget submission, part of the Initial FY ICASS Global Data Base, is received. The targets are again reviewed when the mid-year review is received. Targets set budget limits for post managers, combining fiscal and program accountability at post. Reviews validate program justifications, question raising lease costs, and ensure that lease costs are properly charged to the correct appropriation.
- Lease Waiver Process : All leases exceeding the target require notification to and approval by OBO, regardless of size or cost (i.e., even if they are under the \$25,000/year lease waiver ceiling or within usual size limitations). At OBO's direction, the following paragraph must be included in all lease waiver approval telegrams for the Department of



State program leases, including those that have no cost increase or a cost decrease:

This lease must be funded within your FY-06 Program lease target. Post must manage within this target. Only in the case of a justifiable and unavoidable increase, will a request for additional funds be considered.

- Over Space Standard Identification and Reduction Program:

OBO conducts a continuous review of housing assigned in excess of its *15 FAM 230: Allocating Residential Space* specifications and standards. *15 FAM 230* authorizes space standards for employees based on criteria such as position grade and family size and directs posts to ensure those space standards are met. If excess space is found during the reviews, the space is either re-assigned to an individual whose personal criteria fit those space standards or the leased house or apartment is removed from the housing pool.

4.8.4. Department of State - Additional Operations and Maintenance Initiatives

The Department of State has a range of additional asset management initiatives in place. These initiatives include:

- OBO's Energy and Sustainable Design Program (ESDP) is working to incorporate renewable power where it is most cost effective and has developed a prioritized listing of Posts to receive innovative energy upgrades based on energy costs, reliability of power, and technical support for the system. All new projects comply with Federal Mandates, hence our Standard Embassy Design (SED) projects are required to achieve a minimum energy efficiency of 20% better than industry consumption standard (10CFR434). Our integrated design process includes life-cycle-analysis of technologies such as photovoltaics, wind power, solar hot water, heat recovery, water reclamation and biological waste treatment systems during the initial planning phase and prior to finalizing project scopes, schedules and budgets. All Standard Embassy Designs now include the following energy and sustainability features:
 - Energy efficiency optimization
 - Site conservation
 - Water use reduction
 - Indoor environmental quality improvements

Additionally, OBO reviews and approves all projects using LEED Certification criteria established by the US Green Building Council.



- Surveys, Evaluations, and Analyses:
 - Annual survey sent to all embassies to identify excess, underutilized, or obsolete properties and a formal response requiring the Ambassador's certification.
 - Real estate evaluation/independent appraisals of all properties bought and sold.
 - Facilities maintenance/global condition surveys performed on all owned assets.
 - Business case and rate of return analyses performed on proposed transactions.
- Lease waiver process: provides oversight of leases and has documented over \$3.5 million in life-of-lease savings due to lease renegotiations or replacements.
- Annual OBO Industry Day session to ensure that OBO has access to a wide variety of contractors from the private sector.
- Quality Assurance Review Initiative: Department of State's Facilities Management Services (A/OPR/FMS) executes effective performance measurement strategies to evaluate, maintain, enhance, and monitor domestic facility operations of its real property assets. This results in the development of strategies to initiate required work plans that can prolong the life of facilities and systems.
- Facility Evaluation and Analysis Initiative: To enhance/improve post maintenance operations, OBO has refocused its Facility Evaluation and Assistance Program (FEAP) efforts towards providing operations and maintenance workforce recommendations for NEC sites. This is accomplished through conducting studies and producing reports that will assist posts in determining and securing the most efficient, technically qualified facility management workforce. The study examines the technical merits of using either in-house or contract resources, or a combination of both, to provide essential operations and maintenance services. A byproduct of this effort includes the analyses of facility management position descriptions with the goal of producing updated detailed/useable/inclusive position descriptions to enhance NEC maintenance operations. Performance measures, such as the Condition Index and the Facility Utilization index, will be used by the FEAP team for use in their analyses.



- **Facilities Division/Program Support Initiative:** OBO's FAC/PS Branch provides high quality, cost effective solutions and customer support services for Government-owned and Long-term Leased Properties. FAC/PS staff utilizes proven industry standards as benchmarks and Reliability Centered Maintenance (RCM) technologies in an effort to minimize equipment failures and prevent operational down time to achieve the US Government's mission to fulfill public policy objectives.
- **Real Property Portfolio Valuation Initiative (PVI):** In order to better manage the USG owned and leased real property overseas, the Real Estate Evaluations Division (OBO/RE/EV) is implementing a process that will establish portfolio reviews of the 30 largest posts and establish baseline capital values. RE will use the techniques of mass appraisal to develop the baseline indicators of portfolio value and, in focusing on the top 30 posts, RE will be evaluating portfolios that comprise 66% of Department of State leasehold obligations.
- **Special Maintenance and Improvement Initiative:** OBO has established a branch within Facilities Management – the Small Projects Assistance Branch – with a mission to provide technical assistance to posts in the completion of maintenance projects, and to manage the allotted funds provided by Area Management (AM.) This program will incorporate Performance Measures in its analysis.

4.8.5. USAID - Additional Operations and Maintenance Initiatives

A further demonstration of USAID's decentralized operational model is the Agency's willingness to empower its staff to conduct their business as necessary within the parameters outlined in the ADS and 15 FAM.

For example, to improve the speed with which it can respond to employees' maintenance needs, USAID gives its General Service Officers (GSOs) in the field the authority to make routine decisions, such as repairing household appliances and systems, without awaiting authorizations from OMS.

Furthermore, to reduce the cost of expensive maintenance services – currently provided by ICASS at most missions – USAID is piloting an alternate maintenance service system in Bridgetown, Barbados. Instead of paying a flat fee per residence (about \$4,000 per year) regardless of usage, the Bridgetown Mission has outsourced its maintenance service, paying only a minimum fee per service call plus parts and labor, dramatically reducing the average maintenance cost per household.

Beginning in FY06-Q1, USAID and Department of State started a 3-year initiative to capture and benchmark operations costs and expenses in their domestic and international



properties. This initiative will capture data for all approximately 275 Department of State posts (including co-located USAID missions), and USAID anticipates the initiative to expand to include the stand-alone missions.



5. Disposal of Unneeded Assets

Given the relatively small size and high utilization rate of the Department and USAID's domestic owned portfolio, space disposal is extremely rare and not an issue for these properties. As a result, neither A Bureau nor FMD currently have disposal initiatives in progress. When needed, the Department typically relies upon GSA's Office of Property Disposal to execute property dispositions. Since the "disposal phase" for domestic owned properties falls outside the purview of the Department, no process measures are appropriate to be included in this Plan. Moreover, given that State's domestic owned portfolio consists of only seven facilities, and USAID's portfolio is only four leased properties, the asset number is too small to warrant the design of a disposal "measure."

However, as the primary owner of non-military U.S. Government property overseas, the Department, through OBO, and USAID are continually buying, leasing, and disposing of properties abroad in order to meet the changing post needs. The proceeds from the sale of property are recovered by the Department to be used to fund new projects, ranging from new embassy compounds (NECs) to housing and office buildings. Without such funds, the Department would have fewer opportunities to acquire additional facilities or renovate existing ones.

OBO and USAID acquire and dispose of real property under different legal authorities. OBO operates under the provisions of the Foreign Buildings Act of 1926, as amended, and USAID operates under the provisions of the Foreign Assistance Act of 1961, as amended, for both short-term lease and purchase authority using the Agency's OE budget. However, both agencies adhere to the policies and procedures for disposal of real property overseas in 15 FAM 500 through 534 of the Foreign Affairs Manual. The following section covers how the agencies identify and dispose of excess government property.

5.1. Decision-Making Process

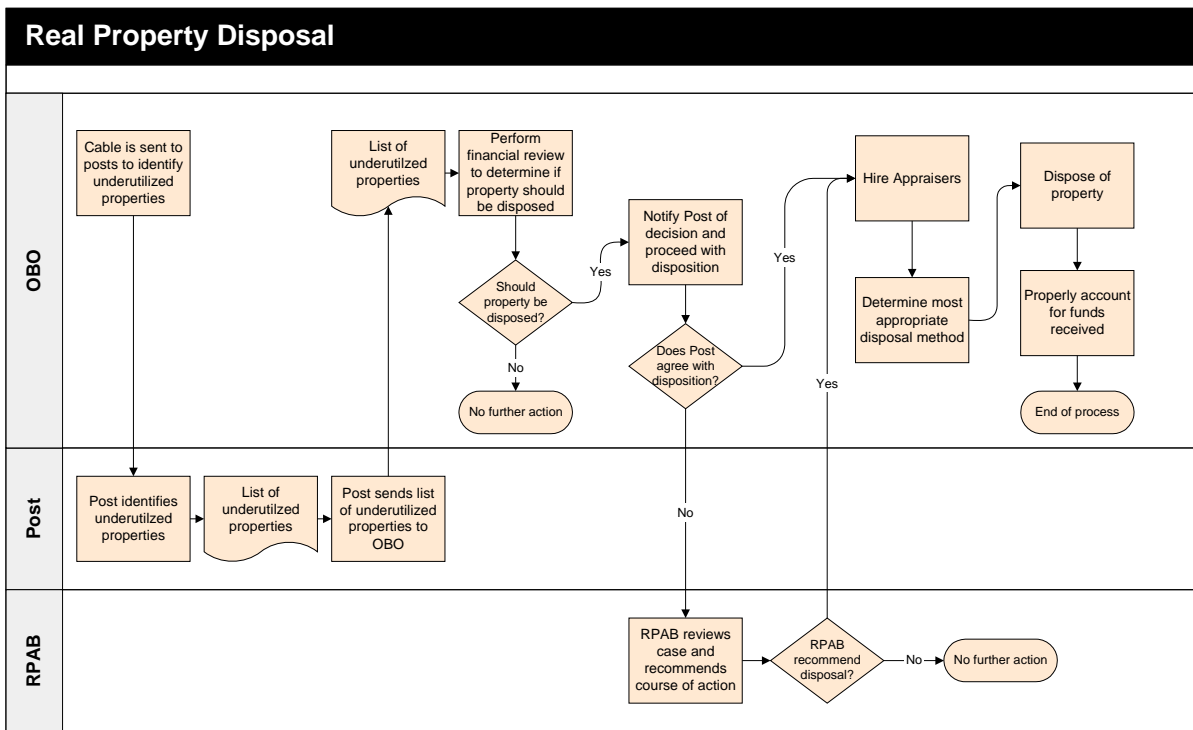
When making decisions regarding the disposal of overseas properties, State and USAID follow a multi-step approach that solicits feedback from the post, OBO and M/OMS divisions, and other U.S. Government entities with interests at a location. Though USAID has far fewer owned properties, USAID generally follows the same processes as Department of State but uses a decentralized operational model. OBO coordinates the disposal of Department of State properties, and the missions directly handle USAID



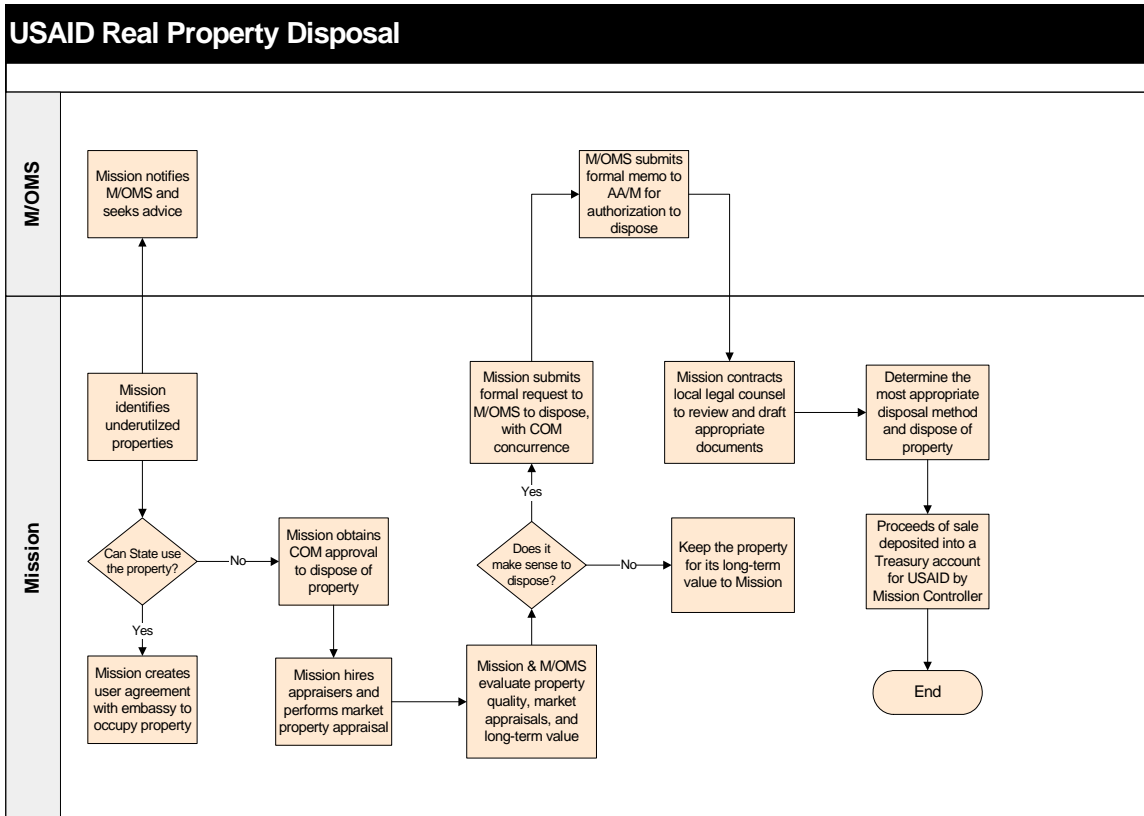
disposals. Final approval of Department of State property dispositions is obtained from OBO. M/OMS approves USAID property dispositions after receiving COM approval. The final sale approval rests with the Assistant Administrator for Management (AAM) at USAID/W.

Property valuations are conducted for OBO through the RE Evaluations division, while USAID contracts with outside appraisers who are familiar with the local market.

The processes the Department and USAID use to determine if there are unneeded properties that can be disposed of are represented in the following high-level flow charts and are further described below.



State Real Property Disposal Flowchart



USAID Real Property Disposal Flowchart

5.1.1. Annual Property Review

The disposition process begins when OBO and USAID send out annual cables to all the Department of State posts and USAID missions asking for a review of property inventories and identifying any underutilized properties. However, for USAID, the information is also documented in the USAID housing profiles for each mission and in the annual property certification made to the COM. This requirement is documented in 15 FAM 512, which states that, “Each post should review U.S. Government-owned/long-term leased (GO/LTL) properties periodically to identify those that are surplus to requirements, not fully utilized, or uneconomical to retain.”

Following the formal request for disposal property candidates, each post or mission reviews the government-owned properties in its inventory and identifies potential excess buildings or land. Also, at any time during the year, a post can recommend disposal of an underutilized property because a building has become antiquated or dysfunctional, because of high maintenance costs, or because the security officer informs the post that a property is unsafe. Posts have incentives to dispose of excess properties since they can realize costs savings from avoiding having to pay maintenance costs for unused



properties. Some of the questions that the posts consider when determining whether properties are excess include:

- Is the property wholly or partly unneeded?
- Is the property uneconomical to retain? Is so, could it be sold or exchanged for a more suitable property with lower maintenance and operating costs, at a price roughly equivalent to the value of the present property? Or, could it be leased or licensed and other property acquired to meet the post needs?
- Is the property being put to optimum use?
- Is the property used only irregularly for program use? Would a portion of the property satisfy program needs?
- Have local conditions changed significantly since the property was acquired, thereby affecting the surrounding neighborhood, transportation facilities, convenience to users, zoning, and other environmental factors, including local development plans?
- Is continued U.S. Government ownership of the property justified in light of its current use?
- Are operating and maintenance costs excessive?
- Is the property functionally obsolete or has it physically deteriorated beyond economical repair?
- Will program changes alter the post property requirements?
- Considering property prices or rentals, costs of moving, preparation of the new space, occupancy costs, and the increase in efficiency of operations, can net savings to the U.S. Government be realized by relocation?
- Is there land that can be made available for use by others, within or outside the U.S. Government, on a temporary lease of license basis?
- Are there security, political, or public relations considerations that outweigh the foregoing?
- What effect does the availability of alternative facilities, if required, have on the foregoing?
- Are there any restrictions on the expatriation of proceeds of sale under local law?

For the Department of State, properties are also identified for disposal at the Headquarters level. For example, the Department may review its database of properties to search for any that are underutilized. Also, the General Accounting Office (GAO) or Office of the Inspector General (OIG) may perform studies or receive information about possible excess properties and present this information to OBO for investigation/action.

The post returns the details on the Department's properties to OBO/RE. The regional bureau should also receive the property information. Once the property details are received, the respective office performs a financial analysis to determine whether to hold or sell the property. The analysis will determine if it is economically justifiable to dispose of the property.



While USAID may use the above criteria to evaluate the appropriateness of whether or not to dispose of a particular property, the direct involvement between the mission and OMS varies depending on the type of property being disposed. For example, disposal of STL residential properties is determined and managed solely by the mission EXO with the oversight of IAHB. When a residential property is vacant and the determination is made that it is no longer needed, the EXO may seek a transfer of the property to the Department. Alternately, if a short-term need for housing exists, the property may be offered to the agency that has demonstrated that need.

Because each mission manages its own budget, missions generally will not retain a lease on housing longer than absolutely necessary. If there is no present need for the property, or if the mission is unable to transfer it to other use temporarily, the EXO will dispose of the property if the costs outweigh the long-term benefits to the mission.

For functional office space, the EXO is required to coordinate with and obtain COM, RSO, and OMS approval prior to disposal. Specific details must be addressed prior to disposal including coordinating the removal of security equipment, the negotiation to leave fixtures in lieu of charges resulting from modifications to the property, coordination with the Regional Legal Advisor (RLA), and the execution of the quitclaim deed.

Periodically, there is a disagreement between the post and OBO/OMS as to whether the property is “excess” and whether it should be sold. If a resolution cannot be reached, then the matter is sent to the Real Property Advisory Board (RPAB) for review. The RPAB was created in response to a directive contained in a 1997 U.S. House Conference Report. It consists of seven members including four high-ranking officials within the Department and three real estate professionals from other federal agencies. One of the main purposes of the RPAB is to (i) review information on Department of State properties proposed for sale by the Department, OIG or GAO, and (ii) make recommendations with respect to these properties to the Under Secretary for Management.

Under the charter of the RPAB, the Under Secretary for Management appoints the board members. The board members from the Department have traditionally been the Assistant Secretaries from Consular Affairs, Economic and Business Affairs, Diplomatic Security, and Resource Management. The board members from outside the Department include real estate executives from the Post Office, General Services Administration and one of the tenant agencies. The Property Advisory Board makes recommendations on real property disposal issues to the Under Secretary for Management.

USAID, to date, has not encountered a situation where involvement of the RPAB was warranted. However, should the occasion arise, USAID would request RPAB intercede.

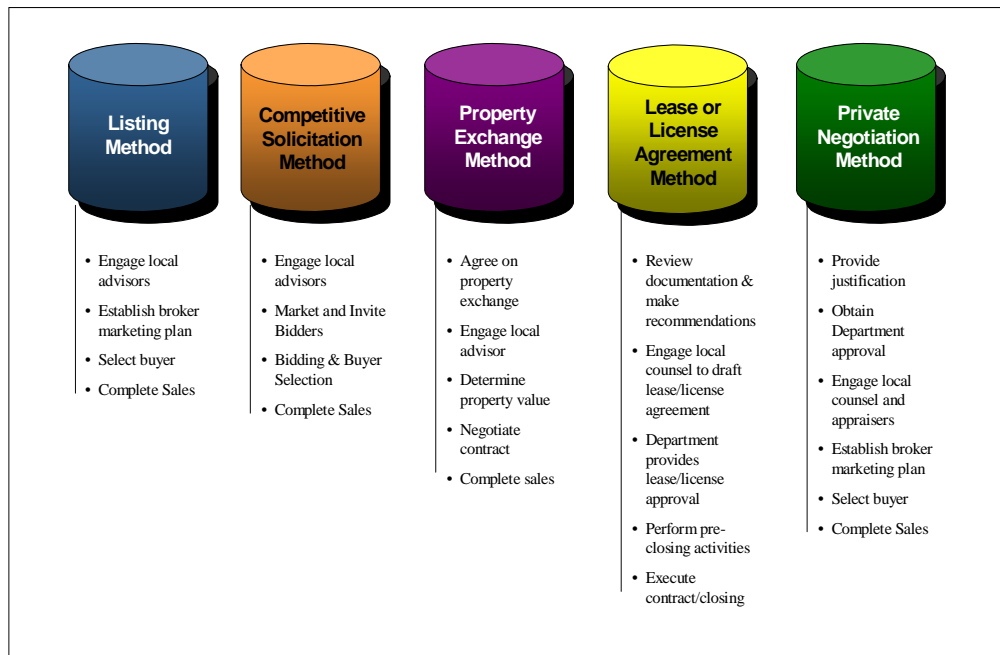


5.1.2. Appraisal of Disposal Property

The next step in the disposition process is the hiring of appraisers. The Department of State manages this process through its RE Evaluations Division (EV), while USAID contracts directly with outside, local market appraisers. EV consults with the post prior to contracting with two independent appraisal firms. Each appraiser performs an independent appraisal of the property, and these become the basis for determining the “fair market value” of the property. The two independent appraisals often differ on the fair market value of the property. If this is the case, the appraisals are then reviewed and reconciled to reach a single or a range of values. The product of this analysis is a Reconciled Estimate of Value (REV) that is used for negotiations on price and contract terms.

5.2. Disposal Process

The next step in the asset sales process is to determine which one of the five standard property disposal methods is appropriate. Authorities for the disposition methods are included in 15 FAM 510. The Department makes this determination based on which method will produce the “best return” (typically the highest price) to the U.S Government, per 15 FAM 531. The five methods and the steps included therein are illustrated below.



Disposal Methodologies

Each of these methods is explained below in greater detail. As reflected in 15 FAM 531, the Department typically favors the Broker Listing and the Competitive Solicitation



methods, as open competition will often raise the sales price of the property. Use of the Property Exchanges, Lease or License Agreement, and Private Negotiation methods, however, are less common. OBO, the A Bureau, or USAID, depending on who controls the property, approves the sale of properties at the headquarters level.

5.2.1. Listing Method

In most circumstances, a real estate broker will be hired to assist with the transaction. However, the post will occasionally handle the sale without a broker when it is experienced with asset sales. The first step in the listing method is to engage local advisors. A real estate broker will market the property and help to find potential buyers for the property. Concurrently with hiring a real estate broker, the post will also hire local legal counsel.

5.2.2. Competitive Solicitation Method

As with the listing method, a real estate broker is hired to assist with the transaction, and the post hires local counsel. After hiring the real estate broker and local counsel, the post (with assistance from the broker and counsel) develops an “invitation to bid” and sends the draft to OBO or OMS for approval.

Once the post obtains approval, the post and the local broker provide the invitation to bid to interested parties. The post or the broker will receive the bids by a pre-determined cutoff date, and all legitimate bids will be required to include an earnest money deposit. The post will analyze the bids, develop a summary of legitimate bids, and send the summary to the Department with a recommendation of bids for acceptance. Again, the Department may choose to evaluate the bids if additional analysis is needed. The Department prefers to accept the highest legitimate bid; however, it reserves the right to accept the bid that obtains the best value for the Government.

5.2.3. Property Exchange Method

In some situations, a property exchange is the appropriate approach to disposing of the real estate asset. Property exchanges involve the simultaneous exchanging of Government property owned by an outside party. Once a property exchange is agreed upon, the post contracts with local counsel and appraisers. It will hire two independent appraisal firms with a presence in the country to perform appraisals on the exchange property, with the Government property having already been appraised. The appraisers determine the “fair market value” of the proposed exchange property.



5.2.4. Lease or License Agreement Method

In rare cases, a lease or license agreement is appropriate. Lease and license agreements are almost always used on a short-term basis.

The Department prefers a license instead of a lease because a license can be terminated at any time by the owner of the property. No government owned or long-term government-leased property may be occupied by a non-governmental user without a lease/sublease agreement. A license or sublease agreement is needed if another Government agency is planning to occupy the property, even temporarily.

5.2.5. Private Negotiation Method

On rare occasions, the post may sell real estate through a private negotiation with one party. For example, from time to time opportunities arise to sell real estate assets directly to foreign governments. While the Department has the authority to sell properties via private negotiations, the sales price must be based on market value.

5.3. Disposal Initiatives

Although neither Department of State's Domestic Bureau nor USAID/W FMD currently have any disposal initiatives, OBO has a series of initiatives to dispose of properties. For example, as described earlier, the Department sends a cable to all posts to review their property inventory and identify all excess properties.

5.3.1. Sales of Properties

At the beginning of each fiscal year, the Department's disposition group reviews its list of properties that have been identified for disposal and determines which properties are candidates for sale that year. There are several factors that are taken into effect when determining if a property on the disposal list can or should be sold in the upcoming fiscal year. These factors include:

- Local real estate market
- Host country issues
- Condition of the property
- Legal issues (ex. clean title)



The following charts provide a detailed list of specific OBO disposal and marketing initiatives for FY2007.

Status	Post	Property Address	ID#	Purpose	Est. CD	Actual CD	REV	Est SP	Actual SP	
Sold	TASHKENT	Bogidil 22 Street	X	70029	Res	11/30/2006	\$60,000	\$60,000	\$60,000	
Sold Sum							\$60,000	\$60,000	\$60,000	
Sold Count							1	1	1	
Under Contract	BUJUMBURA	Ave. PL. Rwagasore	X	14	Old USIS	1/30/2007	(blank)	\$150,000	\$200,000	
	DAR ES SALAAM	Toure Drive 6	R	3003	Rec Cen	1/30/2007	(blank)	\$625,000	\$1,735,000	
	KARACHI	C107 KDA Scheme One	X	40044	Gulistan	1/30/2007	(blank)	\$750,000	\$751,667	
	TUNIS	91 Av Taieb Mhiri	X	12017	Residence	1/31/2007	(blank)	\$470,000	\$734,815	
	YAOUNDE	Next Beac	X	57-60	GSO Compound	12/31/2006	(blank)	\$700,000	\$775,000	
Under Contract Sum							\$2,695,000	\$4,196,482	\$735,835	
Under Contract Count							5	5	1	
Negotiating	ABIDJAN	Blvd De L'indenie	X	3003	Rec Cen	3/30/2007	(blank)	\$240,000	\$240,000	
	BANGKOK	KM. NO.48.5 Sukhumvit Rd	X	5033	Bangpoo	4/15/2007	(blank)	\$2,900,000	\$2,000,000	
	BOGOTA	CRA. 1 ESTE NO. 70-57	X	53	Palogrande	3/15/2007	(blank)	\$183,000	\$229,645	
	JAKARTA	Prapanca Raya 11	R	25027	Residence	4/15/2007	(blank)	\$500,000	\$500,000	
		Senjaya 1/52 U/D	R	79001	Residence	4/15/2007	(blank)	\$775,000	\$775,000	
	SANTIAGO	#21	X	15016	Avenida Pocuro 2097	6/30/2007	(blank)	\$106,988	\$107,000	
	TRIPOLI	16 SH Saadun Swashli	X	4004	Apartment Building	6/30/2007	(blank)	\$1,100,000	\$850,000	
		Sh Al-Fatah	X	1001	Ambassador's Res	4/30/2007	(blank)	\$1,200,000	\$1,500,000	
	Negotiating Sum							\$7,004,988	\$6,201,645	
	Negotiating Count							8	8	
Marketing	BERLIN	Am Hegewinkel 3/1-24	R	165	Apt Block I	6/30/2007	(blank)	\$2,000,000	\$2,000,000	
		Am Hegewinkel 7/1-24	R	265	Apt Block III	6/30/2007	(blank)	\$2,000,000	\$2,000,000	
	CARACAS	Calle El Topo	X	3003	El Topo	6/30/2007	(blank)	\$1,770,000	\$1,770,000	
		Calle Guaratico B-51	X	6026	Villa Regia	9/30/2007	(blank)	\$260,000	\$260,000	
		Calle Guaratico Las Mercedes	X	6021	Villa Regia A-22	9/30/2007	(blank)	\$272,500	\$272,500	
		Portal Almeda M1B	X	6014	Sante Fe Norte	6/30/2007	(blank)	\$290,000	\$290,000	
	LIMA	Maestro Barbieri 194	X	9009	Barbieri House #1	6/30/2007	(blank)	\$175,000	\$175,000	
		Maestro Barbieri 196-199	X	7007	Barbieri House #2	7/30/2007	(blank)	\$179,000	\$179,000	
		Vesalio 700	X	8008	Vesalio House	7/30/2007	(blank)	\$194,000	\$194,000	
	OTTAWA	400 Acacia Ave	X	3003	DCR	2/14/2007	(blank)	\$2,300,000	\$2,300,000	
	SANTIAGO	#41	X	10011	Avenida Pocuro 2097	6/30/2007	(blank)	\$104,589	\$105,000	
Marketing Sum							\$9,545,089	\$9,545,500		
Marketing Count							11	11		
Pre-Marketing	BAMAKO	Rue Mohamed V and Testard	X	9000	PSC Compound	7/31/2007	(blank)	\$666,000	\$666,000	
		Rue Rochester & Rue Mohammed	X	1001	Chancery	7/31/2007	(blank)	\$954,000	\$954,000	
	BELIZE CITY	29 Gabourel Lane	X	1001	Chancery	8/31/2007	(blank)	\$700,000	\$700,000	
		6 St. Mark St.	X	98549	Amb Residence	8/31/2007	(blank)	\$550,000	\$700,000	
	GEORGETOWN	17 Lamaha St.	X	41	17 Lamaha St.	9/30/2007	(blank)	\$298,000	\$298,000	
	KABUL	1 Sharinau	R	2000_03-04	USIS Compound	(blank)	(blank)	\$2,720,000	\$2,720,000	
		1/838 Shari-nau	R	6013	SENIOR RES	(blank)	(blank)	\$240,000	\$240,000	
		1/845 Shari-nau	R	7014	SENIOR RES E21	(blank)	(blank)	\$280,000	\$280,000	
		1076 Sherpur E-30	R	4000-12	DCR SITE	(blank)	(blank)	\$1,620,000	\$1,620,000	
		4243 Sharinau E-4	R	5000-12	TCN Res Site	(blank)	(blank)	\$710,000	\$710,000	
	KATHMANDU	Reservoir Property	X	1000/1	Chancery	9/30/2007	(blank)	\$0	\$2,000,000	
	KINSHASA	Boulevard du 30 Juin Ave	X	76007	150 Boulevard	5/15/2007	(blank)	\$0	\$250,000	
	MANAGUA	South Highway	X	1001	Chancery	9/30/2007	(blank)	\$706,589	\$2,000,000	
	PANAMA	Balboa Ave at 37th Street	R	1001	Chancery	9/30/2007	(blank)	\$19,800,000	\$2,000,000	
	SAO PAULO	933 R. Padre Joao	X	48037	Ex-Consulate Gen	3/1/2008	(blank)	\$2,615,000	\$3,800,000	
	TAIPEI	45/47 Chung Cheng Rd.	X	4004	R-3	4/30/2007	(blank)	\$1,792,024	\$1,800,000	
		5 Hsin Sheng St.	X	3003	R-2	4/30/2007	(blank)	\$79,214	\$79,214	
	WARSAW	Batalionu Oazy 7	R	116	Residence	9/30/2007	(blank)	\$312,960	\$313,000	
		Woziwody 7	R	117	Residence	9/30/2007	(blank)	\$300,120	\$300,000	
	Pre-Marketing Sum							\$34,343,907	\$21,430,214	
Pre-Marketing Count							19	19		
Grand Total							\$53,648,984	\$41,433,841	\$795,835	

In contrast to the details in the charts, USAID's overseas owned-property portfolio is approximately 180 properties -- considerably smaller than the Department of State owned-portfolio. Turnover of properties is significantly lower and is generally initiated for STL residential properties at the mission level. As a comparison, USAID had a single acquisition of property in FY05. The chart below identifies all USAID properties acquired and disposed of between FY00-FY06.



USAID PROPERTY ACQUISITIONS AND DISPOSALS						
	ACQUISITIONS			DISPOSALS		
	Office	Warehouse	Residential	Office	Warehouse	Residential
FY2000						
	NO PROPERTIES ACQUIRED			NO PROPERTIES DISPOSED		
FY2001						
Kigali			\$200,000			
FY2002						
Kingston		\$377,000				
FY2003						
Podgorica	\$3,000,000					
FY2004						
Dar es Salaam			\$200,000			\$200,000
FY2005						
Cairo		\$1,610,000				
FY2006						
	NO PROPERTIES ACQUIRED			NO PROPERTIES DISPOSED		
Totals	\$3,000,000	\$1,987,000	\$400,000			\$200,000

5.3.2. Decommissioning

In addition to the annual property review process conducted by the posts, properties for disposal are identified and decommissioned when new construction is initiated for a property that will replace the existing building. Decommissioning is defined as removal from service of a diplomatic or consular property, its preparation for disposal, and the protection of the property from the time it is vacated until either transfer to a new owner or return to a landlord.

The decommissioning process incorporates the following activities: removal of certain U.S. Government equipment or property in the facility, execution of any lease restoration requirements or repairs necessary for marketing the facility, settlement of legal and contractual requirements, and safeguarding of the property while vacant. The decommissioning process concludes when U.S. obligations of ownership, leasehold or other property rights for the facility end.

The diplomatic and consular facilities to be decommissioned are typically major functional properties (embassies, consulates, annex buildings, and warehouses) at posts expecting NEC construction or when other major relocation projects are executed.

Before June 2002, only six such properties had sold over the previous ten-year period so decommissioning was handled on an ad hoc basis. At present, OBO identifies properties to be sold in conjunction with the NEC schedule. With the major NEC construction program underway, 11 government-owned properties will need to be sold, and as many as 230 leases terminated within the next two years. In these situations, OBO's disposition group is involved very early in the replacement process. OBO's disposition



group prepares a decommissioning plan to determine the timing, price, and other facility disposition factors. An example of a decommissioning plan is included in Appendix S.

It should also be noted that in some situations, even if it would be financially justifiable to dispose of a property, there may be other factors that could make it unfavorable or even not possible for disposal to occur at certain times. Such things as market dynamics or host country considerations may influence the Department to hold onto a property. These decisions are made at the Headquarters level with input from the mission. These properties are re-evaluated on an annual basis through the Chief of Mission property certification process, as described in Section 5.1.1, with accounting of any excess, surplus or underutilized properties.

The following chart provides a detailed list of specific decommissioning initiatives for fiscal years 2006 and 2007:

Move Date	Post	Restoration Costs	Properties	Comments
Oct-06	Almaty	\$282,500	20 Properties	26 of 46 properties returned so far.
Oct-06	Belize	\$65,000	7 Properties	16 of 23 properties returned so far.
Oct-06	Bridgetown	<\$50,000	4 STL	LL has agreed to exchange furnishings in lieu of restoration.
Oct-06	Freetown	\$28,300	1 LTL & 1 STL	Decommissioning on track.
Oct-06	Merida	\$0	1 STL	Old building to be returned 10/31/06.
Nov-06	Bamako	\$0	2 GO, 2 STL	Decommissioning on track.
Nov-06	Kingston	<\$10,000	2 STL	Post hiring local attorney to assist with lease termination.
Dec-06	Lome	TBD	2 LTL, 4 STL	Planned RE visit in October.
Feb-07	Paris	TBD	1 GO	Tallyrand lease signed.
May-07	Panama	\$105,000	15 STL, 1 GO	Appraisals ordered.
Jun-07	Accra	\$230,000	5 STL, 2 LTL	Planned RE visit in October.
Jun-07	Bern	TBD	1 GO	RE met with new FM.
Jun-07	Kathmandu	\$0	10 STL, 1 GO	No restoration required.
Jun-07	Managua	\$0	2 GO	RE visited site on August 28th.
Sep-07	Rangoon	\$0	2 STL, 2 GO	Decommissioning on track.
Nov-07	Algiers	\$200,000	2 LTL	Decommissioning on track.
Dec-07	Port-Au-Prince	TBD	4 GO	Post is working on cost estimates.

5.3.3. Improvements to Real Property Database

The Department is exploring options to improve the functionality of its real property asset inventory tracking systems. Currently, OBO and USAID maintain their lists of properties scheduled for disposal or sale in a standard database with basic functionality. As discussed earlier, while USAID cannot currently access this system directly, USAID staff is able to access the RPA system by using a PC at the embassy with the assistance of Department of State staff. The web-enabled version was rolled out by OBO in 2005 to all posts worldwide. Currently, about 90% of all USAID facilities have access to OpenNet and will be able to access the web version of RPA, with the remaining 10% gaining access “over time”.

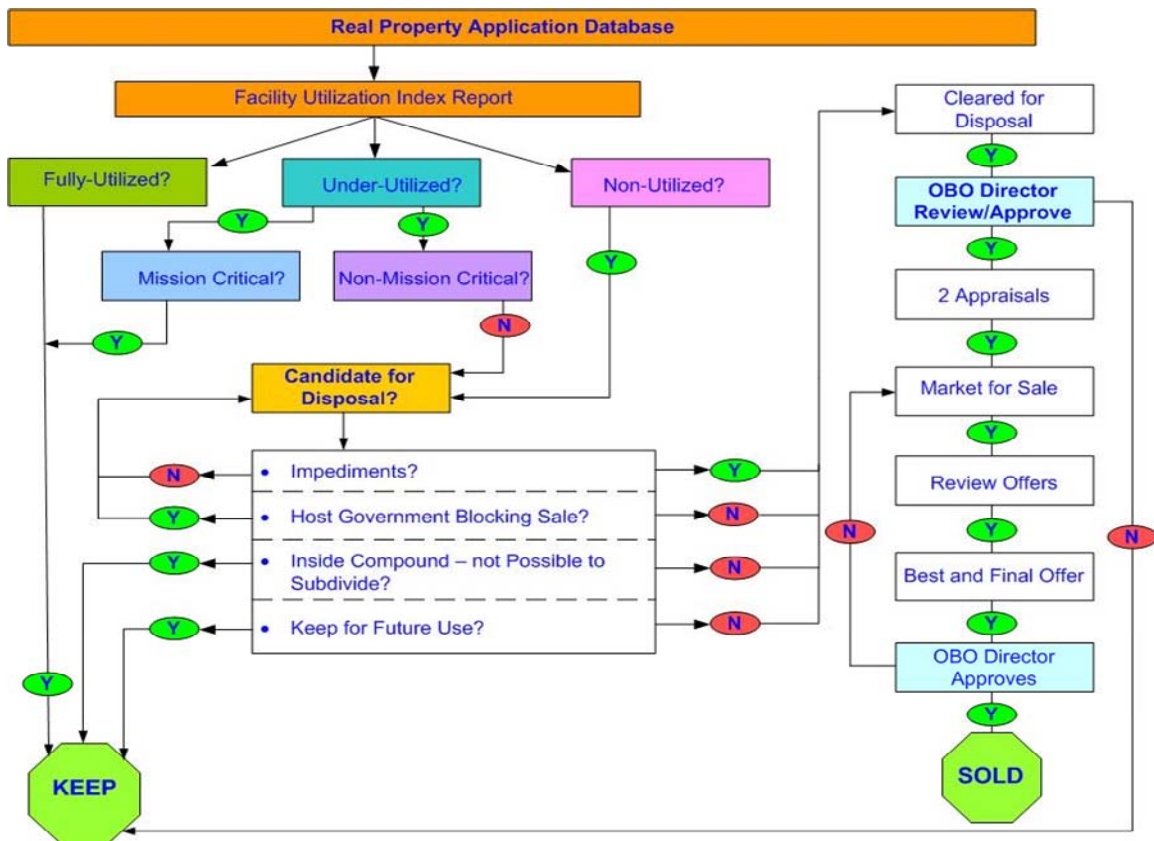
Additionally, utilizing a commercial off-the-shelf (COTS) asset tracking system designed specifically for real estate operations will allow for better coordination and increased efficiency. The Department is currently implementing the installation of a COTS



Building Management Integrated System (BMIS). This will increase OBO’s effectiveness in managing and maintaining the Department’s real property in the right condition and at the right cost.

5.3.4. Disposition Decision Tree

The Department has developed a decision tree methodology to aid in the identification of properties that are candidates for potential disposal. This methodology incorporates the four first-tier performance measures as defined by the FRPC and takes into account country-specific factors that affect the eligibility of the possible sale. The following chart describes the decision-making process.





6. Performance Measures and Continuous Monitoring

The Department of State and USAID are focused on achieving results and becoming fully accountable at every level to ensure that the organizations' stakeholders and customers receive the very best value for their dollar. Both the Department and USAID have embraced the culture of accountability and performance with clear goals and targets throughout the organizations. The vision and the force behind the strategies is that the agencies will operate and be recognized as high-performance, customer-focused, innovative, "results-based organizations." Through their own goal setting and performance measurement methodology, as well as the implementation of the new performance measures discussed in EO 13327, the Department and USAID have proven themselves among the leaders in Federal real property asset management.

6.1. Best Practices

The shared mission of the Department of State and USAID is to create a more secure, democratic, and prosperous world for the benefit of the American people and the international community. The two agencies approach this mission by different methods. The Department of State works to achieve this mission via permanent diplomatic presence around the world, while USAID's approach is to enter a country, establish a working presence, provide development assistance and then at some point in the future to "graduate" from that country when it has achieved the desired level of development.

Because of the Department's permanent official presence and USAID's shorter-term involvement in a country, these approaches require that the Department of State, through OBO, be not only the primary real property manager for facilities worldwide, but also the primary construction and real estate management agency. USAID, while involving itself on a significantly smaller scale in real property management within the countries in which it operates, focuses on the development assistance aspect of the shared mission.

In order to reach a superior level of performance, the Department has implemented a variety of "best practices" that are applied to the construction of new facilities and other aspects of their real property management. These practices are applied to all projects



undertaken by OBO, including those where USAID has outsourced the project back to OBO for completion.

The best practices are in three areas: Advisory Committees and Councils, Programming, and Planning and Reviews.

Advisory Committees and Councils

The Industry Advisory Panel serves the Director/Chief Operating Officer of OBO in an advisory capacity with respect to best industry practices and academia's latest concepts and methods. It is comprised of subject matter experts in the areas of research and development, design, construction, operations and maintenance, the environment, seismic issues, emergency operations, security planning, development, banking and finance. The Panel recommends best practices and ideas related to property management and real property assets. It has been identified as one of Gallup's "Best Practice Models." This information is shared between OBO and USAID.

Internal Review and Operations Research.

This office is responsible for on-going crosscutting reviews and operational analyses to provide evaluation feedback. With this critical, self-policing management in place, OBO has a system that continually reviews the administrative, functional and operational aspects of the Bureau.

Inspections

Over the past few years, OBO has developed a strong partnership with external audit, review, and inspection organizations such as the Department's Office of the Inspector General (OIG) and the Government Accountability Office (GAO).

Training

Both Department of State and USAID have developed new training opportunities for its employees. The Department has worked with the Foreign Service Institute (FSI) to develop a training continuum for certain specialties, such as engineering, architecture and design, project and program development, and real estate that did not previously exist. Other Department training initiatives include Contracting Officer's Representative (COR) courses that exceed minimum requirements and are tailored to construction contracts, as well as effective writing courses taught in the department.

Value Engineering

The Department has a robust Value Engineering program. Value Engineering (VE) is a recognized effective technique to lower costs, while maintaining appropriate quality on projects under VE review. VE has been proven to be a creative, systematic, function-oriented approach that enhances decision-making, improves projects and increases customer satisfaction, and, as such, is a powerful tool for solving problems and improving value, in terms of cost, quality, and performance of a project. From 2000 to 2006, the VE program performed 137 studies. These studies generated approximately \$500.4M in cost savings (\$98.1M of which were future operations and maintenance



savings.) This represents a return on investment of \$60 for each \$1 spent on the VE program. OBO conducts Value Engineering for USAID if implementing a project on USAID's behalf; however, this is a special case. In most cases, USAID does not conduct value engineering because, given the relatively smaller scale of its projects, the significant cost of a full VE study would most likely outweigh the benefits.

Project Performance Reviews

In a system of checks and balances, the Department has implemented a series of planning and review sessions. For instance, with life cycle project planning, project managers are asked to set clearly defined roles and responsibilities for the project team, sponsor, user/customer, product assurance manager, and data administrator. Such planning provides valuable information on data administration, risk management, project types and project cycle, project tailoring, and system implementation. As well, monthly Project Performance Reviews (PPRs) are conducted to check on the status of each project under OBO's control. The major objective of these review sessions is to fine-tune projects quickly and efficiently to avoid problems and maximize performance. On a smaller scale, USAID conducts separate reviews for projects not included in the LROBP, generally required due to security concerns at existing facilities. Such reviews typically involve OBO for their technical assistance and insight.

Facilities Management

Since 1998, the OBO Facilities Management Office and A Bureau's RPM, FMS, and SP offices have been involved in the planning and design process of facilities by having representation on all project design teams from initial concept through construction, commissioning, and acceptance. USAID provides input on their projects that have been outsourced to OBO. Maintainability of systems is incorporated in the design and construction contract documents requiring that the designers and constructors consider all aspects of maintainability and system reliability in the design and commissioning processes. As a result, maintenance has become an important design parameter while increasing the awareness and appreciation of the importance of operability and maintainability. This includes consideration for what happens when equipment/systems fail. Emphasis is also placed on the ability to mitigate the impact of a failure through appropriate maintenance strategies.

Benchmarking

Benchmarking for both domestic and international operations is a critical component of managing for excellence. To ensure that the operating costs incurred at the Department's overseas posts are in line with the local prevailing rates, benchmarking studies are undertaken as part of the Department's continuing real property asset management program.

Information for this study is obtained from the ICASS Global database, the Department's repository of operating budgets for overseas posts. The data obtained is only for Government owned (GO) and long-term leased (LTL0 non-residential property. This data is compiled and broken out into four main functional categories: Administrative,



Cleaning/Service Contracts, Repairs and Maintenance, and Utilities. Overseas building operational activities in these functional categories are key to leveraging cost improvements as they account for approximately \$141 million of FY06 funding of the Posts' expenditures.

Total costs by category were calculated and then divided by each post's gross building area in square meters to obtain a "dollar per square meter cost" by category and by post total. These costs were then compared with BOMA operating cost per square meter for Washington, DC comparable office buildings

6.1.1. Private Sector Best Practices

The Department places a high priority on learning about the private sector's most efficient processes, new technologies, and adopting appropriate ones. A Bureau and USAID have adopted and implemented private sector best practices consistent with those of OBO.

Two industry best practice tools developed by the Construction Industry Institute have recently become part of OBO's operations. One, the Project Definition Rating Index, helps evaluate how well the organization plans their projects and ensures on-time, on-budget completions. The other, an enhanced cost-estimation process, which includes attaining two independent cost estimates for projects, helps OBO more accurately develop project costs while also incorporating risk management techniques. Other initiatives currently underway include:

- Introducing a "business case" analysis into OBO's decision-making processes.
- Using an Interagency Facilities Committee to improve communications and interaction among agencies occupying U.S. Government facilities overseas.
- Using a Real Property Advisory Board to review, evaluate, and make recommendations on real property disposal issues to the Under Secretary for Management.
- Using Value Engineering to ensure that cost considerations are fully integrated into designs and that the USG receives the best value for the taxpayer's money.
- Putting in place a Cost Estimation Evaluation Program (benchmark and validation).
- Using "Standard Embassy Designs" to provide for shorter design/construction periods and controlling costs through standardization.
- Employing an internet-based, integrated design review process to improve security and quality and reduce costs.
- Using a "design-build" delivery method to reduce time and costs of new construction.
- Actively reaching out to the GAO and the OIG to provide regular updates on new initiatives and management procedures.



- Integrating facilities maintenance requirements and practices fully into facility plans.
- Implementing a tested “Wellness Program” to enhance the infrastructure at overseas posts.
- Opening a new secure facility in Newington, Virginia, to house OBO technical offices and labs, a consolidated receiving point, a modern warehouse facility, and outdoor secure storage, which serves also as a back-up site for SA-6 under the Continuity of Operations Plan in event of evacuation or national emergency.
- Utilizing secure separate warehouse space to house equipment and supplies or new USAID facilities and projects, which ensures fully operational status in a timely manner.
- Having in place an emergency offsite facility per the USAID Continuity of Operations Plan in accordance with FPC 65.

6.2. Performance Measures

The Department of State has embraced both quantitative and qualitative performance measures. These measures not only help to assess past performance, they also help point the way towards achieving best in class levels of service. They have adopted both U.S. Government-wide performance measures, including those developed by the FRPC, as well as developed its own set of bureau-specific measures as described in the following sections.

Like the Department of State, USAID understands the importance and benefit of utilizing both quantitative and qualitative performance measures to assess past performance as well as to guide the agency toward achieving best-in-class service levels. The FRPC data referenced in section 6.4 is inclusive of USAID, with graphics depicting Department of State-USAID combined as well as each agency individually.

Further, the use of agency-wide performance measures at USAID had previously only been implemented at the program level. The additional quantitative measures for OMS specifically, though only now being drafted, will be discussed in the appropriate sections below.

Specific performance measures developed and used by A Bureau for the domestic portfolio beyond the four first tier metrics mandated by the FRPC are discussed in Section 6.4.2 of this document.

6.2.1. Department of State Measures

OBO has installed numerous performance measures with clear goals for each department. These performance measures are in place throughout the organization down to the individual position level. Through these balanced measures, which provide a focus on



financial, operational, customer, stakeholder, and employee requirements, OBO can assess results against established targets. Progress against these performance measures are reported and evaluated monthly, over a two-day period, during Project Performance Reviews (PPRs).

The chart below shows the high-level performance measures that OBO has applied across all of its divisions.

Strategy	Performance Measure
Deliver capital projects within the scope, schedule and budget.	The original construction schedule from construction start date to project completion date shall not exceed the actual schedule from start date to completion date.
	Close-out PAD budget shall not exceed the funding level established by the approved FINPLAN.
	Final construction shall meet 100% of the building functionality requirements for approved FINPLAN projects.
Deliver safe, secure, and functional facilities for our diplomatic and consular missions overseas.	Focus maintenance expenditures on high priority projects and thereby increasing the Maintenance Priority Index (MPI) on an annual basis, demonstrating progress towards an established target MPI.
	Achieve overall level of [75%] "satisfied" in annual external customer satisfaction survey.
Ensure that OBO staff has the resources necessary to excel personally and professionally.	Achieve overall level of [70%] "satisfied" for OBO support functions as responded in the internal survey.
	90% of senior management shall have received or be enrolled in required leadership and management courses.
Comply with executive and legislative mandates.	Achieve at least an 80% on all components of the PART scoring.
	Trend toward zero validated security incidents.

OBO-Wide Performance Measures

Within each division, there are numerous specific performance measures that each division reports on a monthly basis to senior management team. Through its PPR



meetings OBO closely monitors how each division is performing in relation to its goals, strategy and performance measures.

The chart below lists a few examples of some of the specific performance measures that divisions within OBO must report. See Appendix T for a full listing of all the performance measures currently instituted by OBO.

Division	Performance Measure
Design and Engineering	Reduce annual energy consumption by 1.8%
Area Management	Insure 100% of active 7902 projects are completed within scope, schedule and budget.
Construction and Commissioning	Maintain construction management costs at less than 9% for projects costing \$10 to \$25 million.
Acquisitions & Disposals	Gross closed sale dollar should exceed composite REV for properties sold.

Examples of OBO Performance Measures

6.2.2. USAID MEASURES

Performance measures for USAID-specific activities carried out by OMS are currently being developed and put into a measurable framework. In the broadest sense, OMS is responsible for executing five basic functions in support of USAID’s missions:

- Acquire
- Repair
- Maintain
- Operate/Manage
- Dispose

Performance of specific USAID milestone projects, such as USAID relocations to IOBs, USAID new construction/planning, and projects associated with the IAHB, are also subject to evaluation. These projects are outlined in the recently submitted Three-Year Rolling Timeline document and the specific milestones are referenced in Section 3.2 of this document.

Measuring the success of OMS in performing these functions, or more appropriately, executing the processes associated with these functions, needs to be first evaluated based on productivity and efficiency.



For example, targets will be determined for the number of “requests” OMS receives from the missions and for the number of those requests that are completed. Efficiency, in turn, will be evaluated based on the speed with which those requests were responded to and resolved. The development of the actual performance goals – both financial and specific levels – associated with these processes is currently underway. For the milestone projects outlined in the Three-Year Rolling Timeline, the success of each project will be measured based on completing the task by the milestone due date. To derive a complete snapshot of OMS’ support to the missions, the FRPC First Tier Performance Measures for operations must also be applied to these core functions.

The table below summarizes the initial performance measure framework.

Category	Performance Measure		Rationale
	Processes	Projects	
Productivity	Number of requests/requests completed	Specific milestone/completion of the project	OMS is a service organization responsible for managing the Real Property program for USAID worldwide. The performance measures must focus on the core tasks OMS conducts for the missions.
Efficiency	Number of days to complete request	Completing the milestone project by the established due date	The speed with which OMS responds to and completes a request from a mission, or a specific project, is critical to the organization’s effectiveness and success.
Quality	FRPC Condition Index	FRPC Condition Index	The CI will accurately reflect the level at which OMS is executing all five of their basic functions.
Management	FRPC Utilization Index	FRPC Utilization Index	The UI will reflect how well OMS is managing each mission’s efforts to fully utilize USAID facilities abroad.
Financial	FRPC Annual Facility Operating Costs Index	FRPC Annual Facility Operating Costs Index	Each mission is allocated a fixed annual budget. The AFOC index will reflect how well OMS is managing the missions’ efforts to control operating expenditures such as utilities.

OMS Performance Measures Framework

The framework above reflects transactional monitoring of performance for specific processes – the measure itself is based on the number of requests or the number of days for a specific area. Conversely, for milestone projects, the measurement is based on an objective evaluation of whether or not USAID completed the project by the established due date.



6.3. Acquisition Performance Measures and Continuous Monitoring

The following sections highlight the ways in which the Department of State monitors its acquisition performance.

6.3.1. Federal Real Property Council Measures

This section is pending development of FRPC measures for acquisition.

6.3.2. Department of State Measures

The Department of State has developed and utilizes the following performance measures during the acquisition phase of its real property lifecycle.

- **Return on Investment:** The primary criterion for ownership is return on investment. Whether leased or owned, the property must be safe, functional and appropriate, but the decision to own housing that is expected to remain a permanent part of the housing pool is largely economic. The expected savings in rent payments must more than offset the cost of purchasing the unit. In particular, the projected return must exceed the U.S. Government's cost of funds and a risk premium for investing in foreign real estate. This premium varies for different countries across the risk spectrum. In general, the Department prefers to invest in stable countries, but is willing to buy elsewhere when higher returns justify the additional risk.

Prior to each purchase, the Department prepares a financial analysis that calculates an expected internal rate of return (IRR). If this financial measure exceeds the U.S. Government cost of money plus an appropriate risk rate, then the purchase is considered further. In conducting housing reinvestment programs, expected returns should exceed target returns by at least a full percentage point.

Often the need to own outweighs a low IRR especially in the case of security. For example, the Department prefers to own Chanceries, Ambassador's residences, and Marine security guard residences for security and cost considerations.

- **Construction Acquisition Measure:** RPM is currently developing a construction management system based on GSA building design standards. The estimated completion for this system is the end of 2005.
- **Customer Satisfaction Surveys/Measures:** RPM and FMS currently utilize a post construction/move-in survey that is sent to new occupants to gauge their



satisfaction with four aspects of the process: space planning/design, office renovation, the leasing process and the performance of the RPM project management team. Respondents are asked to rate, on a one to five scale their satisfaction with a number of statements related to each of the four topics. The individual scores for each topic are summed, as are the total scores for the project. Multiple projects are summarized in a report distributed with RPM and SP.

6.3.3. USAID PERFORMANCE MEASURES

Measures specific to USAID acquisitions are currently being developed and evaluated for implementation. As referenced in Sections 3.2 and 6.2.2, USAID currently has three initiatives underway or planned for which acquisition phase performance measures are being created. The initiatives, having been included in the Three-Year Rolling Timeline document, have specific milestone due dates against which USAID's performance will be evaluated.

6.4. Operations Performance Measures and Continuous Monitoring

The Department of State and USAID have adopted and implemented the FRPC's First Tier Performance Measures for operations. The Department is also evaluating Second Tier and other FRPC-provided measures for inclusion in future versions of the AMP. Once these are finalized, the Department will evaluate their applicability to the Department and USAID's domestic and overseas owned and leased properties and work to ensure consistency with the Council's standards.

The four FRPC performance measures have been applied to the Department's and USAID's owned and leased properties using data collected from all embassies as of November 2006.

6.4.1. Federal Real Property Council Measures

Following guidance from the FRPC, the Department completed the Tier 1 performance measures for its entire portfolio of properties. The following information presents the preliminary results for each Tier 1 performance measure and how the Department plans to use this information to better manage its portfolio.

- **Facility Condition Index.** The Condition Index (CI) is a general measure of constructed asset condition at a specific point in time. CI is calculated as the ratio of repair needs to plant replacement value (PRV), also known as functional replacement value. The CI will be calculated annually, and reported on an



Agency or Department-wide basis, as a “percent condition” on a scale of 0% to 100%, and will be calculated as:

$$1 - \left(\frac{\$ \text{ Repair Needs}}{\$ \text{PRV}} \right) \times 100$$

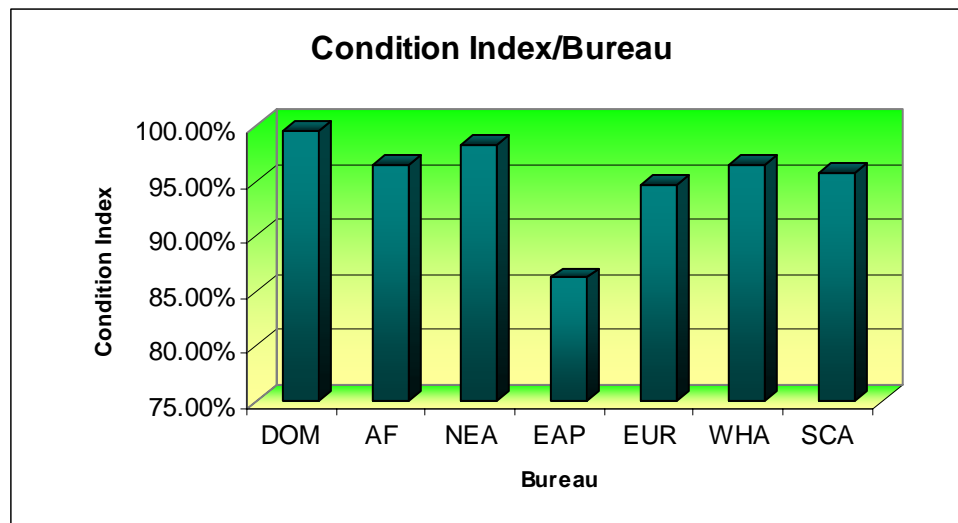
The higher the CI, the better the condition of the constructed asset is.

Repair needs is the amount necessary to ensure that a constructed asset is restored to a condition substantially equivalent to the originally intended and designed capacity, efficiency or capability.

Plant replacement value (or functional replacement value) is the cost of replacing an existing asset at today’s standards.

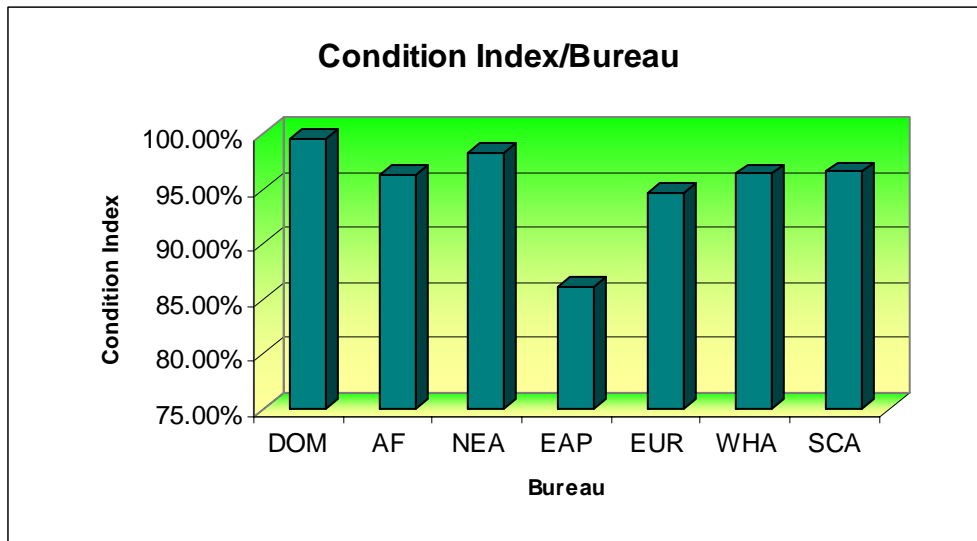
An analysis of all Department of State and USAID properties resulted in individual Condition Indices of 93.95% and 96.56%, respectively, and an overall Condition Index of 94.04%. The charts below visually represent the combined Department of State-USAID properties’ Condition Index, as well as Department-owned and USAID-owned specifically.

Facility Condition Index for Overseas Properties – All Properties

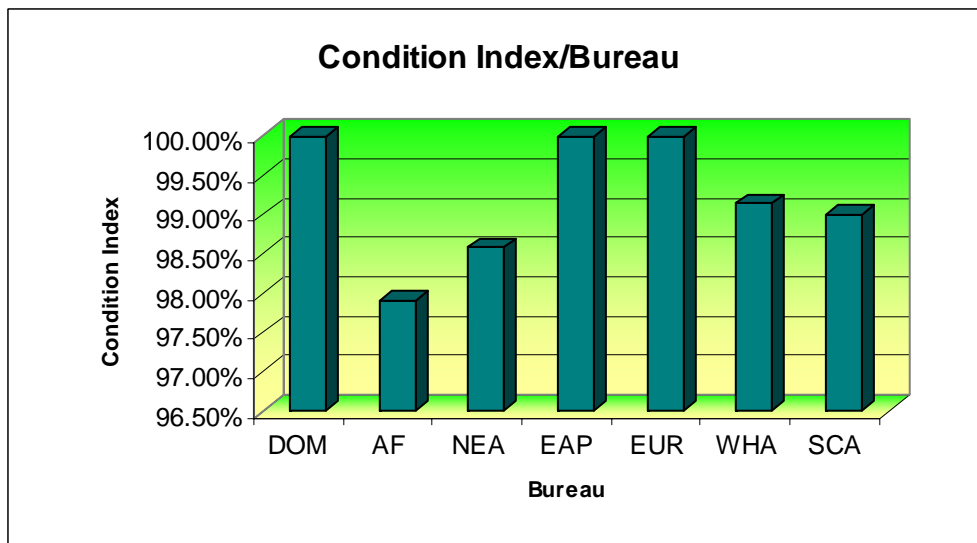




Facility Condition Index for Overseas Properties – State-owned Properties



Facility Condition Index for Overseas Properties – USAID-owned Properties





Using the chart below as a guide, the Department will review each property that has a Condition Index score that falls within the “red” category. This property review entails analyzing the current condition of the property, re-evaluating if it is logical to spend the amount of money identified as necessary repairs, and from this evaluation determine what the best course of action is for that property. The selected course of action could result in any range of options from moving forward with the original identified repairs to de-commissioning the existing property and replacing it with a new facility.

Zone	Condition Index	Condition Description	Recommended Action
Green	95-100	Good: Only Minor deterioration or defects are evident, Some aging or wear may be visible	Immediate action is not required
Yellow	70-95	Fair: Moderate deterioration. Function may still be adequate	Economic analysis of repair alternatives is recommended to determine appropriate action
Red	0-70	Poor: Serious deterioration in at least some portions of the structure. Function is inadequate.	Detailed evaluation is required to determine the need for repair, rehabilitation, or reconstruction. Safety evaluation is recommended.

The properties scheduled for replacement are expected to have a high CI (green) based on the following policy: General repairs will not be performed on properties that will be replaced within three years (the exception is emergency needs to continue operations in the short-term). Properties scheduled to be replaced in the next four to six years will have very limited spending on repairs and improvements, only those needed to continue operations. So these properties may have general repair needs but since the property has been scheduled for replacement, all the repairs will not be identified and the CI may show better than expected. For the list of new or replacement properties, see the FY05 Prioritized Capital Plan in Appendix O. USAID follows the Department’s lead in this process.

- **Facility Utilization Index.** The Utilization Index (UI) is the state of “having been made use of” (i.e., the rate of utilization). Utilization is captured as a percent utilization on a scale of 0% to 100%. The following tables of categories and percent utilization were used to determine the rate of utilization.

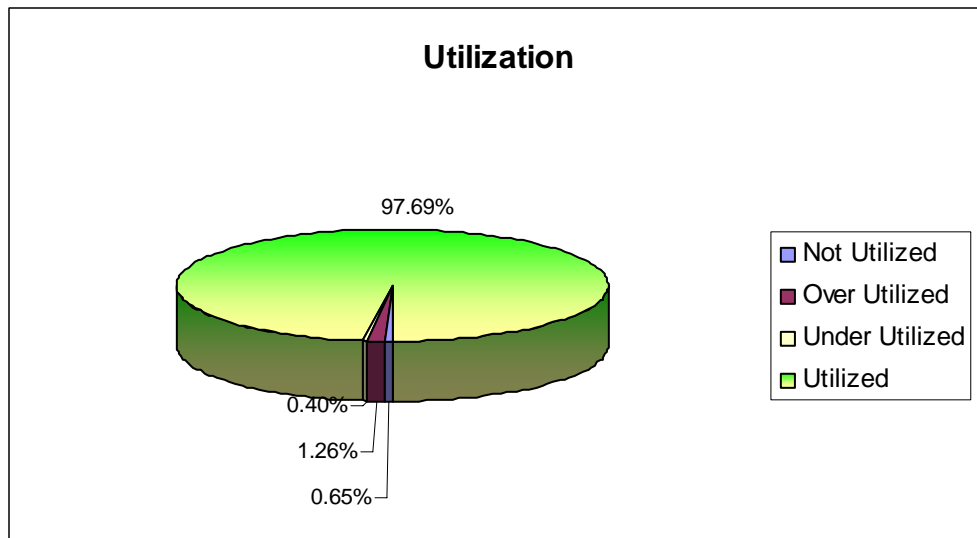


Rate	Categories and Percent Utilization				
	1. Offices	2. Warehouses	3. Hospitals	4. Laboratories	5. Housing
Over-Utilized	>95%	>85%	>95%	>85%	N/A
Utilized	75-95%	50-85%	70-95%	60-85%	85-100%
Under-Utilized	<75%	10-50%	25-70%	30-60%	<85%
Not Utilized	N/A	<10%	<25%	<30%	N/A

- **Offices** – ratio of occupancy to current design capacity.
- **Warehouses** – ratio of gross square feet occupied to current design capacity.
- **Hospitals** – not applicable to the Department.
- **Laboratories** – not applicable to the Department.
- **Housing** – housing will be measured as a percent of units that are occupied.

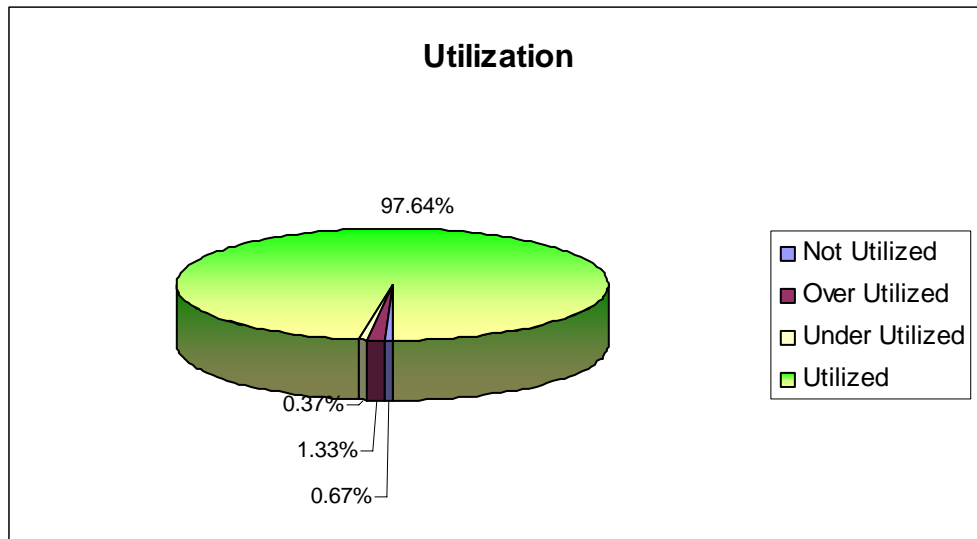
An analysis of all Department of State and USAID properties demonstrates overall the properties are characterized by a high rate of utilization, with almost 99.0% classified as either fully utilized or over-utilized. Approximately 0.40% of the portfolio is under-utilized and 102 properties (statistically, 0.65%) are not utilized. For USAID-owned properties specifically, around 99% of the properties are considered fully utilized.

Utilization for State and USAID Properties Combined

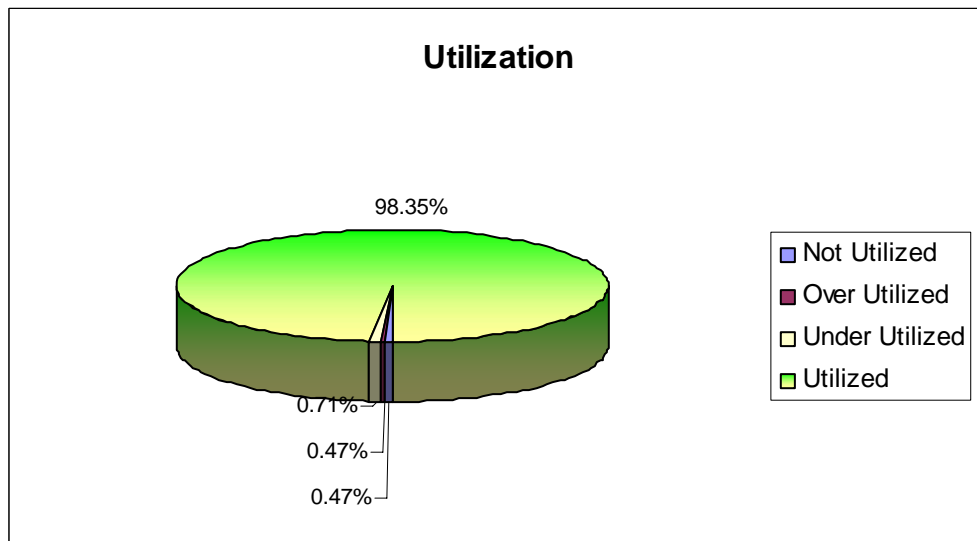




Utilization for State-owned Properties



Utilization for USAID-owned Properties



The Department plans to take this utilization data and incorporate it into their current site disposition process. Every year posts are requested to identify properties that are either non- or under-utilized. As described in the disposition section of this AMP, this list of non/under-utilized properties is used as a starting point to identify properties that are possible candidates for disposal. On an annual basis, the Department plans to take the property utilization information provided for the tier-one performance measures and compares it to the data that the posts provided earlier in the year as a part of their annual report on listing non/under-



utilized properties. The Department plans to inquire with the posts as to the reasons for the differences with the purpose of identifying additional properties that are candidates for disposal. Similarly, for USAID, this information will be cross-referenced with Housing Profiles and the Real Property Certifications made to the COM.

- **Annual Facility Operating Costs (AFOC).** Annual Facility Operating Costs include all utilities (electrical energy, gas, water, sewage), recurring maintenance and repair costs, and other costs associated with maintaining a facility. While the FRPC requirement is only to report the actual operating costs, the Department also uses these costs over the replacement value to derive an index. Along with the actual costs themselves, the index shows the costs relative to the replacement value of the property. The calculation for the AFOC Index is:

$$\text{AFOC Index} = 1 - \frac{\text{Operating Costs}}{\text{Replacement Value}}$$

Annual Facility Operating Costs are handled at the post level and are fairly consistent across the Department of State's Bureaus and USAID properties when viewed in total.

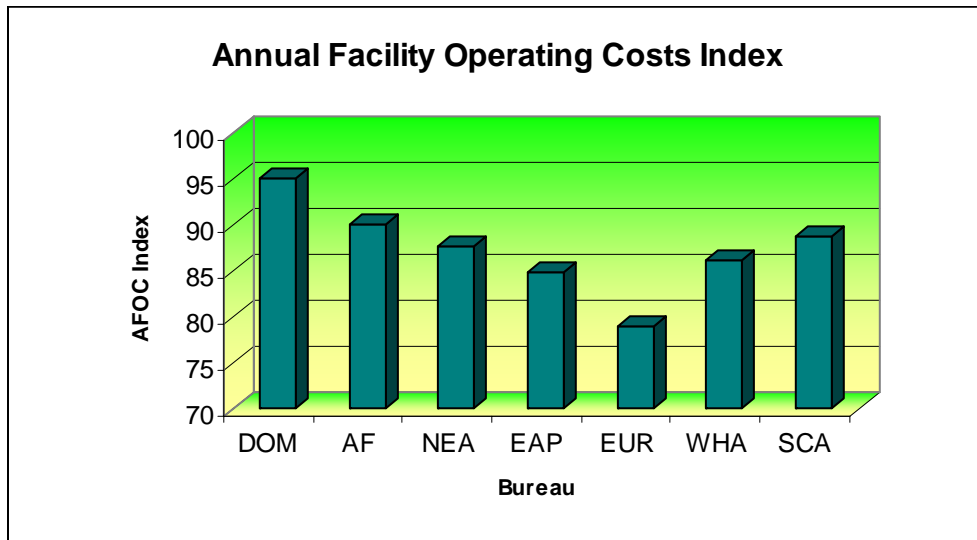
Analyzed separately, there are approximately nine percentage points separating the Department of State-owned properties' AFOC Index for each Bureau with an outlier in the European Affairs Bureau (EUR). There are approximately eight percentage points separating USAID's AFOC Index for each Bureau, but an outlier exists with the EUR. For all regions, except EUR, operating costs are consistent in relation to their replacement costs, suggesting that each region operates and maintains properties within the same cost parameters.

Operating costs in EUR are significantly higher, in relation to the overall property value, due to overall maintenance and upkeep requirements of facilities in certain areas; increased utility costs; and the cost of labor associated with hiring local workers.

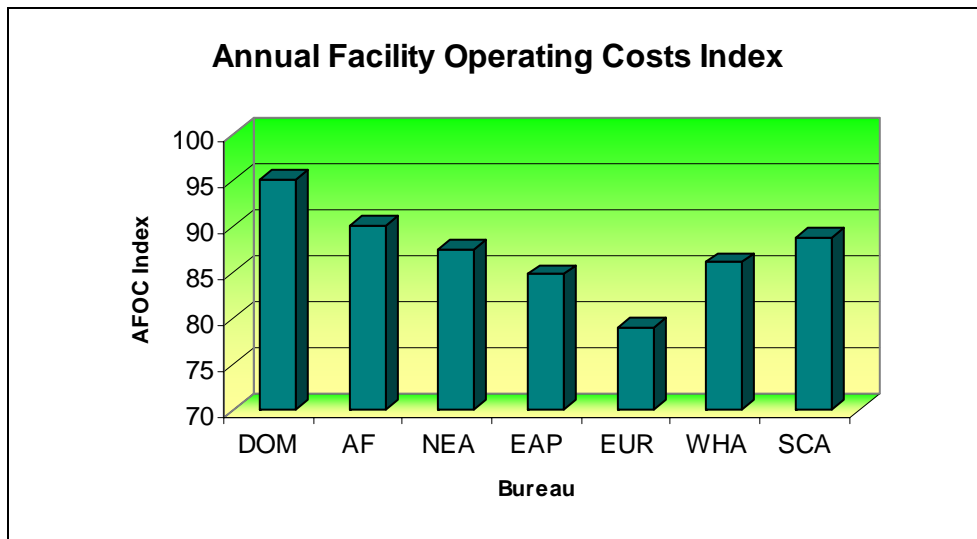
Even though the AFOCs are consistent across most of the regions, there are several individual properties with a low score. The Department and USAID are reviewing these assets to determine why these properties are more expensive to operate in comparison to others within the region. Both agencies will determine whether there are ways to operate the asset in a more efficient manner.



Annual Facility Operating Costs Index – Department of State and USAID Combined

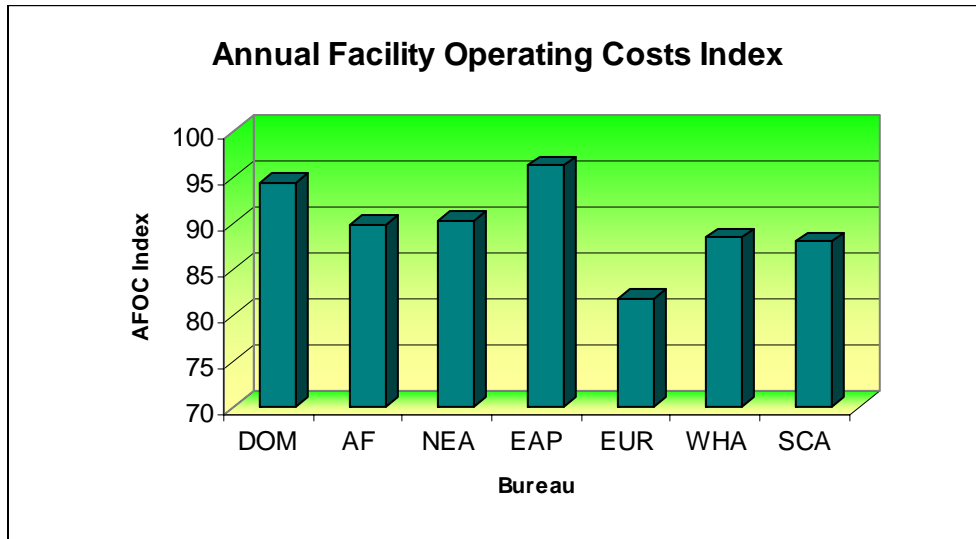


Annual Facility Operating Costs Index – Department of State-owned Properties





Annual Facility Operating Costs Index – USAID-owned Properties



- **Mission Dependency.** Mission Dependency is the value an asset brings to the performance of the mission as determined by the governing agency in one of the following categories:
 - *Mission Critical* – without constructed asset or parcel of land, mission is compromised;
 - *Mission Dependent, Not Critical* – does not fit into Mission Critical or Not Mission Dependent categories; or
 - *Not Mission Dependent* – without asset, mission unaffected.

The Department of State and USAID have determined mission dependency for each real property asset (facility or group of facilities) at the Headquarters level. A Mission Dependency Index (MDI) has been calculated and mapped to the above categories for each real property asset managed by the Department of State and/or USAID.

In assigning a Mission Dependency rating, research was performed to determine accepted industry practices in assigning Mission Dependency ratings to different types of properties. Following criteria jointly developed, tested, and validated by the Naval Facilities Engineering Command (NAVFAC) and the U.S. Coast Guard, the following are some of the questions and parameters that were applied to each property category to assist in assigning the correct Mission Dependency rating:

1. *If the facility is destroyed or non-functional; then what is the impact or consequences?*



2. *How difficult will it be to relocate or replace the facility?*
 - a. *Impossible*
 - b. *Extremely Difficult*
 - c. *Difficult*
 - d. *Possible*

3. *How long could the “functions” supported by the infrastructure be stopped without adverse impact to your mission?*
 - a. *Must be maintained continuously*
 - b. *Brief: Hours*
 - c. *Short: Days or Weeks not to exceed 7 days*
 - d. *Prolonged >7 days*

4. *If the facility were not functional, could you continue performing your mission by using another facility, or by setting up temporary facilities?*
 - a. *No, it’s impossible*
 - b. *Yes, but with extreme difficulty*
 - c. *Yes, but with some difficulty*
 - d. *Yes, with little or no difficult*

Using these questions as a guide, every property type currently within the Department of State’s and USAID’s property portfolios has been assigned one of the following Mission Dependency ratings:

Mission Dependency	Use Code	Definition
Mission Critical	FCTCOM	Communications Facility
	FCTSBK	Setback Properties
	LOTCMP	Compound Site
	LOTOFF	Office Building Site
	OFFCOB	Consulate Office Building
	OFFIOB	Independent Mission Office Building
	OFFOBC	Chancery Office Building
	OFFOBX	Annex Office Building
	FCTWHE	Warehouse
Mission Dependency	Use Code	Definition
Mission Dependent	FCTMNT	Functional Maintenance
	LOTFCT	Functional Building Site



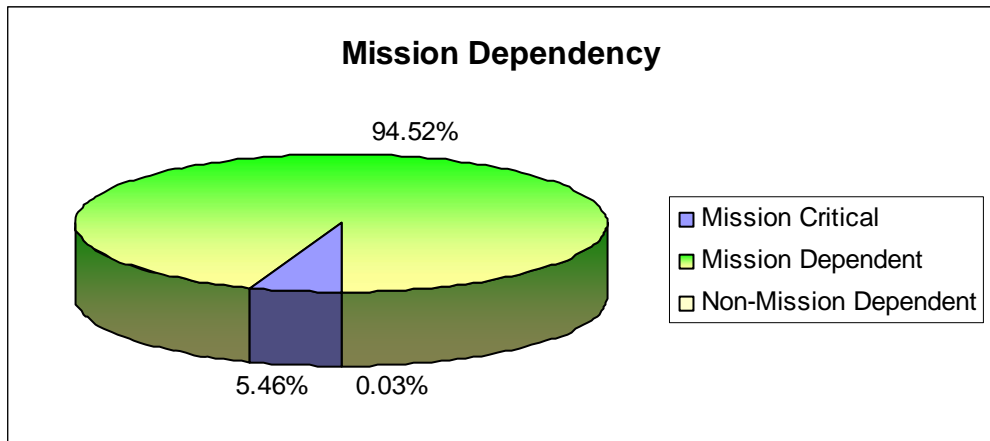
	LOTRES	Residential Building Site
	OFFLIC	Licensed Office Building
	RESDCR	DCM Residence
	RESCMR	Ambassador Residence
	RESEMR	Ambassador Residence
	RESMSG	Marine Security Guard Residence
	RESPOR	Principal Officer Residence
	RESXXX	All other Residential Properties
	RESEXC	USAID-Director Residence

Mission Dependency	Use Code	Definition
Non Mission Dependent	FCTCMS	Commissary
	FCTEDR	Education / Research Facility
	FCTGAR/LOTPRK	Garage / Parking / Motorpool
	FCTLIC	Licensed Functional Property
	FCTREC	Recreation / Community Center
	LOTVAC	Vacant Site

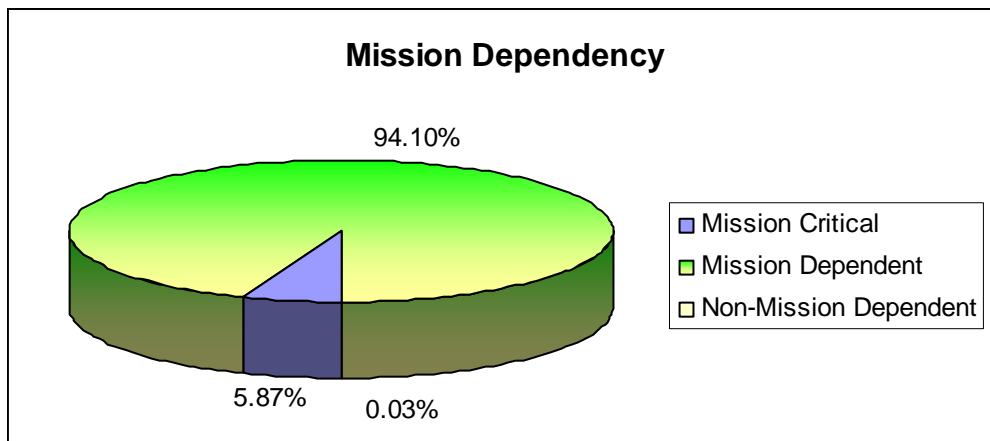
Based on the criteria used in the analysis of this First Tier FRPC Performance Measure, approximately 5.46% of USAID's and the Department of State's properties have been designated *Mission Critical*. 0.03% of these real property assets are considered to be *Non-Mission Dependent*. The remaining 94.52% have been classified as *Mission Dependent*. The graphs and charts below reflect data for Department of State-USAID combined, and each agency individually.



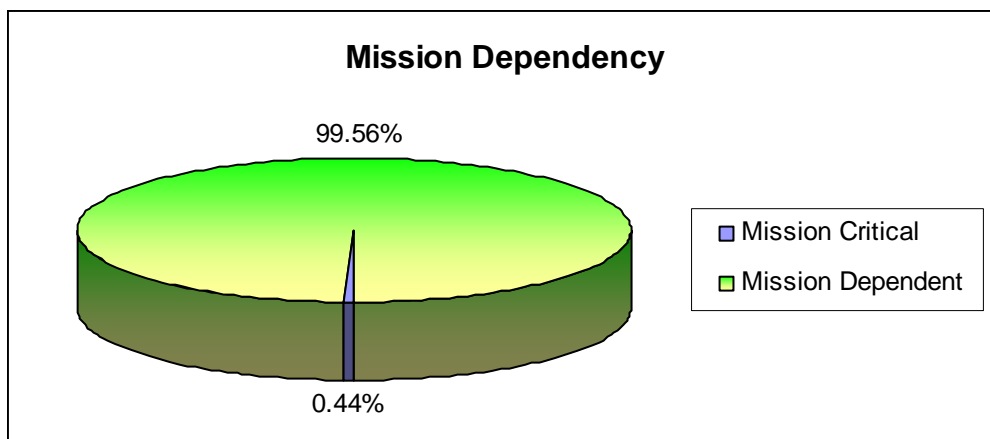
Mission Dependency for Department of State- and USAID-owned Properties



Mission Dependency – Department of State-owned Properties



Mission Dependency – USAID-owned Properties





Going forward, the Mission Dependency ratings will be used as a means to identify properties that the Department might consider for possible disposal. As the Department looks to effectively manage its overall portfolio, it plans to use this performance measure to identify specific properties that are *Non-Mission Dependent* and then determine the need to continue to maintain those properties.

6.4.2. Department of State Supplemental Measures

In addition to the First Tier Measures described above, the Department has other performance measures in place. USAID data is included in the calculation of the measures below for any Department of State activity completed on behalf of USAID.

- **Financial Performance.** Tracking the rate and amount of capital and operating expense commitments against FMS's annual financial plan is the primary financial measure used by A Bureau to gauge performance and is used for the domestic portfolio only. FMS reviews its capital and operating expenses against its budget on a monthly basis looking at both property level and portfolio level performance. Monthly financial reports provide summary and expense detail in the following categories: 1) Cleaning, 2) Utilities, 3) Mechanical Operations and Maintenance, 4) Other Building Management, and, 5) Administrative. Expenses are compared to budget and prior year periods for variation from plan or historical expenditures.
- **Asset Condition.** The Facility Assessment Report supports and provides justification for each year's annual capital expenditures. It is used to update the 20-year long-term capital schedule. The report assesses and documents the condition of each facility's infrastructure in seven categories: outside (roofs, roads, grounds, masonry), inside (common areas, bathrooms, etc.), electrical, mechanical, fire/life safety, elevators, and other. Various components in each category are described and rated as to whether they are in satisfactory condition. The number of years in service and projected life span are used to calculate life cycle usage. Repair and replacement costs are captured. A condition index is computed for each piece of equipment, and is used separately from the FRPC-provided metric used for real property assets.
- **Operating Efficiency.** The following measures are in place to track operating efficiency at the asset level:
 1. Preventative Maintenance – Each property tracks the percentage of PM's completed on a monthly basis. PM reports are generated by the contractor and/or Maximo system and work is validated by the facility teams. PM completion is used to grade the O&M contractors' performance and may result in invoice deductions if work is not completed on time and at an acceptable quality level.



2. Work Order Completion – Contractors are generally required to complete work orders from bureau occupants within specified time periods depending upon the nature of the request. Similar to PMs, each contractor’s performance is tracked and measured. Contractors are required to report on their performance weekly.
 3. Repairs – The O&M contract requires that all repairs be completed within three days of notification (certain exceptions allowed). The facility teams monitor their performance on an ongoing basis and the formal Property Inspections grade their performance annually.
 4. Cleaning Inspections – Cleaning inspections, both formal and informal are conducted at all properties on a daily or weekly basis.
- **Occupant Satisfaction.** FMS conducts quarterly Customer Feedback surveys that are designed to gauge occupant satisfaction with the services provided by FMS at each property. Satisfaction is measured on a five-point scale in the following areas:

Occupant Satisfaction Measures

Office Cleaning	Pest Control
Washroom Maintenance	Landscaping
Common Area Maintenance	Recycling
Outside Grounds/Landscaping	Building Operations & Maintenance

The survey is distributed to a pre-determined percentage of the building occupants (historically 10%) who are randomly selected from each of the properties. Surveys are e-mailed to the prospective respondents. Results are collected and tabulated for the portfolio and by property. Results are compared internally between properties and over time. If problems are discovered or if there is a fall-off in customer satisfaction (scores below 3.5) the building manager is required to develop an action plan that addresses the issue.

FMS also gauges occupant satisfaction to specific work requests (hot/cold calls, spills, etc.) via e-mail. These surveys determine if the requestor’s need was met, whether the response was timely and whether the service person was professional and courteous during the call. Results are aggregated by type of request and reviewed for performance changes.

As described in Section 4.4.3, the Department also utilizes specific audit and evaluation programs to assess the effectiveness of the Operations portion of the life cycle of asset management. These programs are the Financial Audit Program and Post Occupancy Evaluations.



- **Financial Audit Program.** The Financial Audit Program was initiated in 1991 as a way for the Department to monitor the use of funding at the posts. This program serves several purposes:
 - It ensures that funds are being used for the purposes that headquarters intends, not purposes that the post feels to be appropriate.
 - It monitors the use of assets at the post and ensures that their use is compliant with usage requirements and constraints established by the Department.
 - It ensures that funds that are not fully depleted at posts are returned to the Department.

- **Post Occupancy Evaluations.** The Post Occupancy Evaluation (POE) is a program to evaluate new facilities. OBO sends personnel to a new facility 18 months after it has been operational to evaluate how its design and construction is meeting the needs of the post. As part of this review process, there are three main areas that OBO assesses during the POE:
 - Physical: OBO determines if the building's design and construction is one that improves or impedes operational efficiency.
 - Operational: The operational evaluation entails reviewing equipment that was installed to operate the building. The equipment is reviewed to determine if it is meeting its goals and is easy to maintain.
 - Personnel: This portion of the review examines whether the people maintaining the property have been adequately trained.

6.4.3. USAID Supplemental Measures

Measures specific to USAID activities are currently being developed and evaluated for implementation. In line with the Department of State, USAID is beginning to evaluate various measures for efficiency, service availability, quality, responsiveness, and customer satisfaction.

6.5. Disposal Performance Measures and Continuous Monitoring

The following sections highlight the ways in which the Department of State monitors its disposal performance.



6.5.1. Federal Real Property Council Measures

As the FRPC and OMB further refines the disposition algorithm, the Department will work to ensure consistency with the FRPC's standards.

6.5.2. Department of State Measures

OBO utilizes several measures to gauge the effectiveness of its disposal operations and performance:

- The dollar amount of sales achieved in a fiscal year should exceed 70% of the sum of the value of all the properties identified for sale that year.
- The total aggregate sales prices for all property sales per year should exceed the aggregate value of the REV's for those properties.

USAID data is included in the calculations above for those properties disposed of by the Department of State on behalf of USAID.

6.5.3. USAID Measures

Measures specific to USAID activities are currently being developed and evaluated. The property inventory of USAID is very small in relation to the Department of State's, and disposals do not occur with frequency. As referenced in the table in Section 5.3.1, there has been only one property disposal by USAID since FY2000.



Appendix A: Summaries of the LROBP and Foggy Bottom Consolidation Plan



Appendix B: State / USAID Strategic Plan



Appendix C: Department of State Performance Plan



Appendix D: OBO Performance Plan



Appendix E: The Secure Embassy Construction and Counterterrorism Act of 1999



Appendix F: USAID Program Strategic Components



Appendix G: Department of State Organizational Structure



Appendix H: USAID Organizational Structure



Appendix I: 20 Year Capital Improvement Schedule for A Bureau



Appendix J: Business Case Example - Dushanbe



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