GSA Office of Governmentwide Policy

Real Property Performance Results 2004

Featuring Executive Order 13327

Office of Real Property
Innovative Workplaces Division

December 2004

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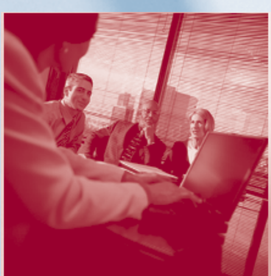

Office of Real Property
Innovative Workplaces Division

December 2004

Foreword

The Office of Governmentwide Policy (OGP) is pleased to issue *Real Property Performance Results 2004*, our seventh annual analysis of real property performance in the Federal office space sector. In these pages you will find our annual update on the 7 key measures of Federal real property performance selected by an interagency working group in 1998. This edition also features an update on the number of Federal teleworkers, the most current private sector benchmarks, and an update on sustainability. Our special features included this year are on asset management and the implications of Executive Order 13327, including two editorials on the subject. We also have a guest article from Public Works and Government Services Canada demonstrating the broader perspective of teleworking and sustainability. Our goal is to clearly summarize the relevant data and to provide our customers with a concise reference document. We expect this to be useful to Federal real property asset management decision-makers, as well as our stakeholders. The publication will also benefit interested professionals in other governments, the private sector, and academia.

I would like to recognize Stan Kaczmarczyk, whose Office of Real Property undertook the data collection and analysis. With leadership from Stan, the project team of Nadine Burns, Helen Harlow, Shirley Morris, and Ray Wynter produced this seventh annual collection of performance data. Additionally, we would like to recognize the contributors from the entire real property community, especially our Federal agency customers. Without your dedication and participation, this publication would not have been possible.

The Office of Governmentwide Policy presents this information to the Federal real property community to facilitate more informed decision-making leading to improved asset management. Organizations throughout the world in both the private and public sectors have embraced strategic planning, performance measurement and benchmarking. We want to support the Federal real property community in this important transformation, which is consistent with the overall direction of the Government Performance and Results Act of 1993.

G. Martin Wagner

G. Martin Wagner
Associate Administrator
Office of Governmentwide Policy
U.S. General Services Administration








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Executive Summary

The following table summarizes Governmentwide performance for the year 2004 on the 7 original key indicators estimated by our analysis of the sample data plus the number of Federal teleworkers and the percentage of agencies with sustainable Federal buildings:

Summary of Results

Measure	*2004 Federal Government Performance*
Cost per square foot (owned)	$5.13 per rentable square foot
Cost per square foot (leased)	$20.14 per rentable square foot
Vacancy rate	4.3 percent
Cost per person	$14,700
Customer satisfaction	70 percent on GSA Survey
Employees housed	1,856,100 FTE
Total square feet	724,757,000 rentable square feet of office space
Federal teleworkers	5.6 percent of Federal work force
Sustainability	60 percent of Federal agencies

We conclude the following based on the 2004 Governmentwide results:

- 2004 Governmentwide performance is consistent with past performance as well as private sector performance on the key indicators of Cost per Square Foot Owned, Cost per Square Foot Leased, and Vacancy Rate.
- For the seventh straight year, we received outstanding cooperation from a core group of Federal agency partners. The main value of the annual Performance Results exercise continues to be the opportunity for a core group of Federal partners to benchmark performance and to benefit from the learning that has occurred around this effort. Good examples of this learning are the development and growing use of the Cost per Person Model.
- We are encouraged by the steady rate of improvement in our two innovative measures, Federal Teleworkers and Sustainability. A broader perspective on this area is provided by our sidebar article from Public Works and Government Services Canada.

Acknowledgments

Federal Government Benchmarking Participants

We would like to thank the following agencies for participating in the voluntary benchmarking effort for the 2004 edition of *Real Property Performance Results*:

- Department of Agriculture
- Department of Commerce
- Department of Education
- Department of Energy
- Department of Housing and Urban Development
- Department of the Interior
- Department of Justice
- Department of Labor
- Department of State
- Department of the Treasury
- Department of Veterans Affairs
- Environmental Protection Agency
- GSA Public Buildings Service
- National Science Foundation
- Office of Personnel Management
- Small Agency Council
- Small Business Administration
- Tennessee Valley Authority
- U.S. Army Corps of Engineers

Other Partners

We acknowledge the following organizations that contributed to the Office of Real Property's performance measurement initiative in 2004 with data, research and other valuable assistance:

- Advanced Learning Institute
- Architect of the Capitol
- Building Owners and Managers Association International
- CoreNet Global
- Department of Defense
- Equal Employment Opportunity Commission
- Federal Facilities Council
- Institute of Real Estate Management
- International Facilities Management Association
- International Telework Association and Council
- Logistics Management Institute
- Nuclear Regulatory Commission
- Office of Management and Budget
- Office of Personnel Management
- OGP, Office of the Chief Information Officer
- Public Works and Government Services Canada
- Real Property Institute of Canada
- Smithsonian Institution
- Society of Industrial and Office Realtors
- U.S. Green Buildings Council
- Worldwide Workplace Web

2004 Governmentwide Results

Introduction

The Office of Real Property compiled the information in this section from more than 354 million rentable square feet of building data submitted voluntarily by Federal agencies during the latter half of calendar year 2004. The GSA data were selected using certain pre-established criteria, but the rest of the Federal data were obtained subject to the discretion of the contributing agencies.

Although the sampling method may not be rigorously scientific, we believe that the large volume of data collected provides us with a reasonably accurate picture of overall Federal real property and workplace performance. We also believe that the value added by the benchmarking process itself far exceeds the benefits of a more academic exercise that would severely limit participation due to excessive requirements.

Summary of Results

Measure	*2004 Federal Government Performance*
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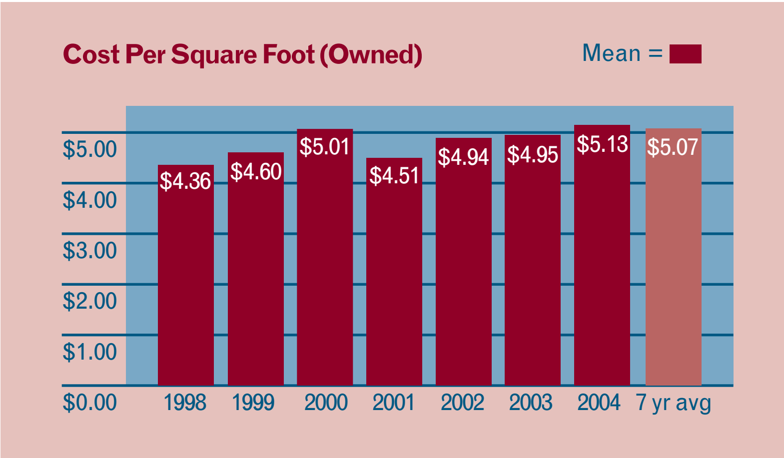
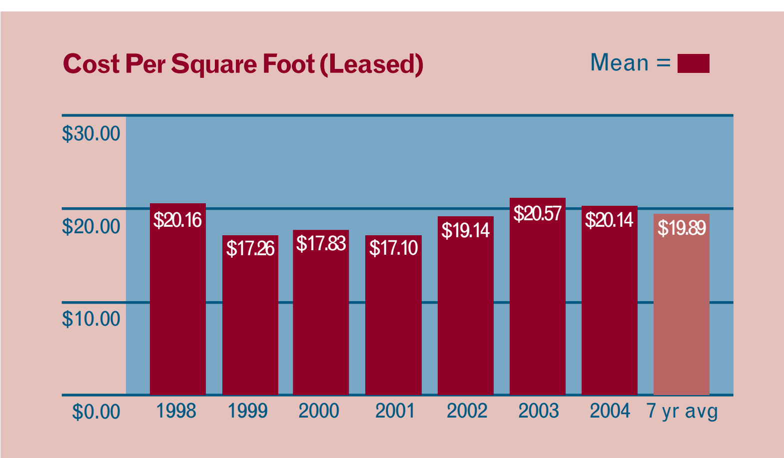


Cost per Square Foot (Owned)

- The current indicator reflects fiscal year 2004 dollars per rentable square foot.
- The current indicator is an average derived from a Federal agency sample of 145,044,306 rentable square feet of owned office space.
- The definition for this indicator is the sum of expenditures for cleaning, maintenance and utilities.
- In calculating the 7-year average, we adjusted for inflation all prior year data to fiscal year 2004 values.



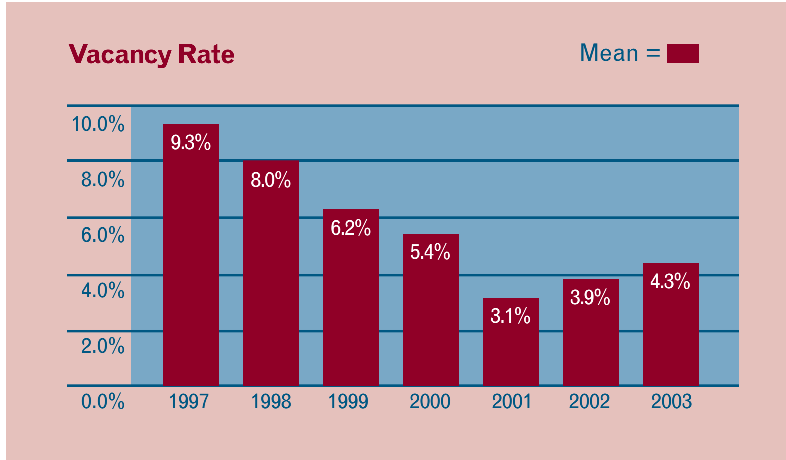
Cost per Square Foot (Leased)

- The current indicator reflects fiscal year 2004 dollars per rentable square foot.
- The current indicator is an average derived from a Federal agency sample of 182,976,249 rentable square feet of leased office space.
- The definition of this indicator is the fully serviced rental rate.
- In calculating the 7-year average, we adjusted for inflation all prior year data to fiscal year 2004 values.

2004 Governmentwide Results

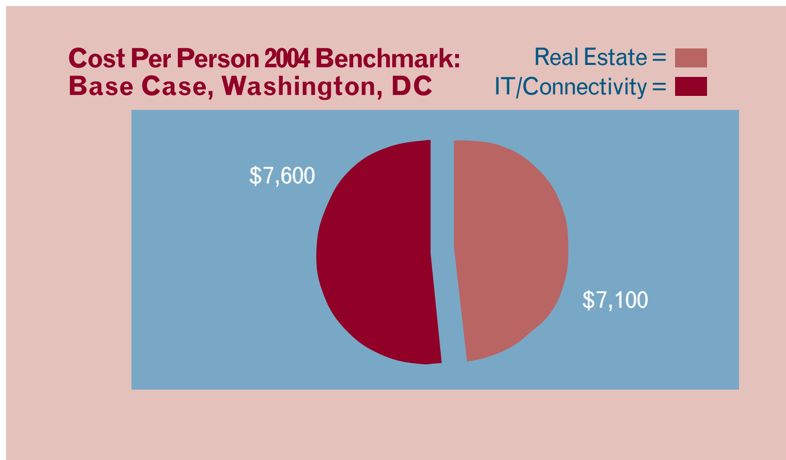
Vacancy Rate

- The current indicator is the average vacancy based on a Federal agency sample of 262,364,613 rentable square feet of owned and leased office space.
- The current estimate is based on actual 2003 data submitted by Federal agencies.



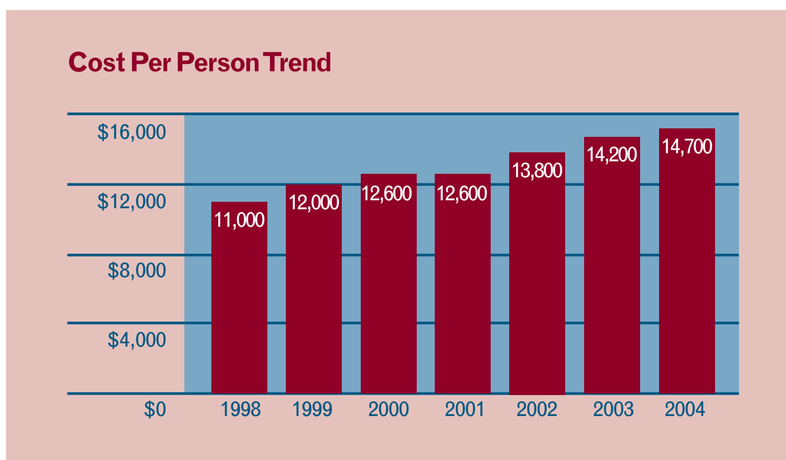
Cost per Person

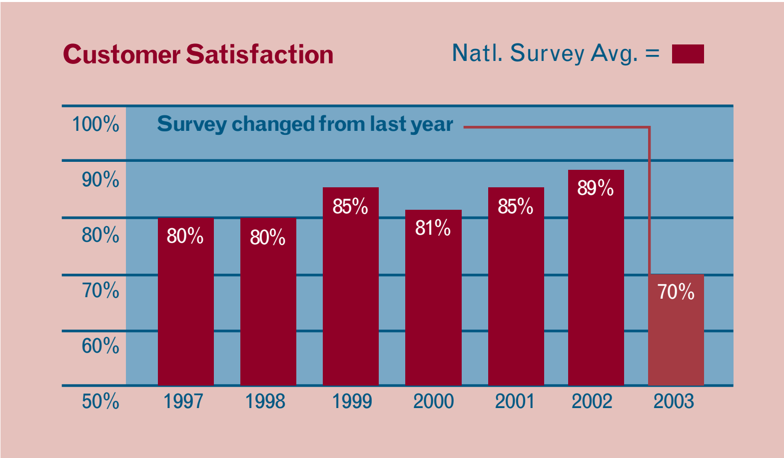
- We derived the 2004 Cost per Person estimate by updating our 2003 internal study conducted for Real Property Performance Results 2003. The cost reflects state of the art digital connectivity. If you are still using analog, deduct $200 per person from the IT/Connectivity segment.



GSA Cost per Person Model and its accompanying users guide are available electronically. There is no charge. Please visit our website: www.gsa.gov/realpropertypolicy or e-mail request to nadine.burns@gsa.gov.

Since the introduction of the original version in 1999, the *GSA Cost per Person Model* has been provided in response to customer requests to over 280 organizations in the government, private and academic sectors.

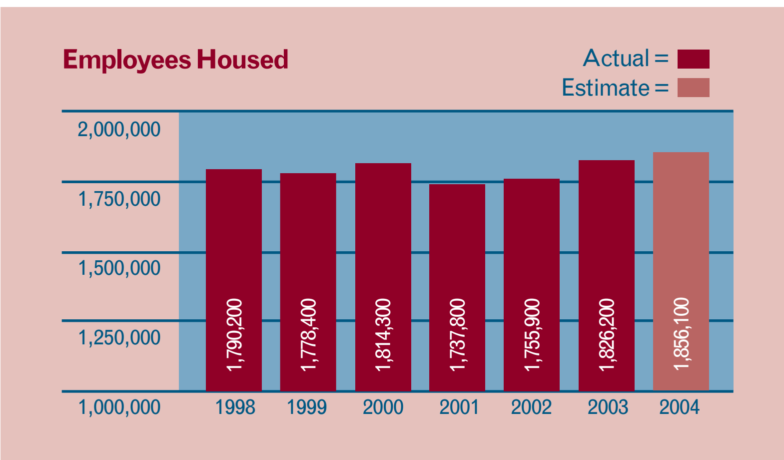




Customer Satisfaction

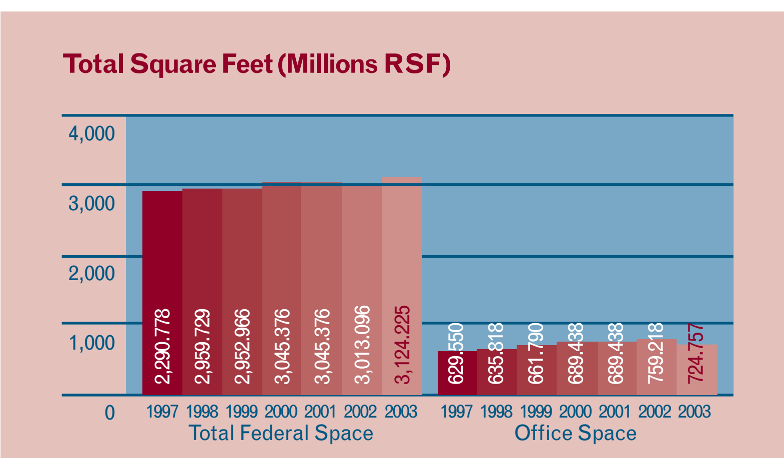
This chart summarizes the results of the GSA Public Buildings Service's Customer Satisfaction Survey. An independent contractor administers this survey to tenants of approximately one third of GSA's eligible buildings annually, with the entire inventory being surveyed every three years. Customer Satisfaction is one of the original 7 key indicators of real property performance derived by an interagency working group in 1998. We continue to report the results of the GSA Public Buildings Service survey in our annual assessment for *Real Property Performance Results*.

- GSA's Public Buildings Service reconstructed the survey, raising the bar to a new more stringent standard this past year, in order to obtain more useful information to improve the ongoing quality of customer service.



Employees Housed

- The 2004 Governmentwide estimate for Employees Housed is the 2004 FTE (Full Time Equivalent) estimate in the fiscal year 2005 President's Budget.



Total Square Feet

We derived the 2003 Governmentwide totals from information in the *Federal Real Property Profile*, formerly called the *Worldwide Inventory of the United States Real Property*. This document may be downloaded from www.gsa.gov. Totals for 2004 will be available in Spring 2005 and will be posted on our website, www.gsa.gov.

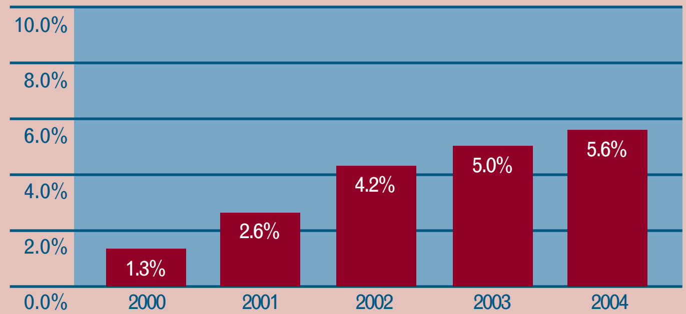
Federal Teleworkers

Telework (also known as telecommuting) means performing work on a regular basis in a location other than the principal office, such as the employee's home or a nearby telework center. Generally, telework arrangements are designed to reduce employee commutes and are enhanced by the use of affordable technology.

Public Law 106-346 (Section 359) states that each Federal agency must establish a policy under which eligible employees of the agency may participate in telework to the maximum extent possible without diminished employee performance. The law requires that this policy be applied initially to 25 percent of the Federal workforce, and then to an additional 25 percent each year for four consecutive years, until 100 percent of the eligible work force is offered the opportunity to telework. For the past several years, the Office of Personnel Management (OPM) has issued annual reports to Congress estimating the number of Federal teleworkers. This number has continued to grow steadily. In the spring of 2004, OPM reported to Congress that the number of Federal teleworkers had increased to 5.6 percent of the Federal workforce, or about 14 percent of those employees who are eligible to telework. OPM is currently collecting more up-to-date data from agencies and plans to issue another report in the spring of 2005. For comparison, the International Telework Association and Council (ITAC) estimates private sector participation in telework arrangements at 18 percent of the total work force.

- On December 8, 2004, President George W. Bush signed Public Law 108-477. Division B, Title VI, Section 622 of this new law includes incentives for specific agencies to expand their Telework programs.

Federal Teleworkers (OPM Estimate)



Public Law 108-477, Division B, Title VI, Section 622:

- "The Departments of Commerce, Justice, State, the Judiciary, the Securities and Exchange Commission and the Small Business Administration shall, not later than two months after the date of the enactment of this Act, certify that telecommuting opportunities are made available to 100 percent of the eligible workforce: Provided, That, of the total amounts appropriated to the Departments of Commerce, Justice, State, the Judiciary, the Securities and Exchange Commission and the Small Business Administration, $5,000,000 shall be available only upon such certification: Provided further, That each Department or agency shall provide quarterly reports to the Committees on Appropriations on the status of telecommuting programs, including the number of Federal employees eligible for, and participating in, such programs: Provided further, That each Department or agency shall designate a 'Telework Coordinator' to be responsible for overseeing the implementation and operations of telecommuting programs, and serve as a point of contact on such programs for the Committees on Appropriations."

- GSA's Office of Real Property realized a significant increase in the number of requests for assistance from the agencies affected by this legislation as soon as it was introduced in the Congress. GSA accustomed to working with Federal agencies in helping them get telework programs established. GSA expects to see even greater increases in this type of activity now that the law has been enacted. It should be noted that the legislation includes instruction to the affected agencies to designate a "Telework Coordinator." GSA considers this to be a critical cornerstone to building a successful telework program.
- GSA and OPM have established a strategic partnership to lead the development of Federal telework. We have leveraged that partnership to expand as well as refine Federal telework. Both agencies have agreed to focus the future assessments of their progress on increasing the number of eligible employees who telework rather than the overall number of Federal employees who telework.
- Telework is a key component of high performance workplaces and is an effective way to optimize utilization of facilities, technology, and advances in human resources. GSA's governmentwide role in telework is established in 40 USCS § 587 (2003):
- "In considering whether to acquire space, quarters, buildings, or other facilities for use by employees, the head of an executive agency shall consider whether needs can be met using alternative workplace arrangements. ....The [GSA] Administrator may provide guidance, assistance, and oversight to any person regarding the establishment and operation of alternative workplace arrangements." (The term "alternative workplace arrangements" includes teleworking, hoteling, virtual offices, and other distributive work arrangements.)
- Proactive development of new applications of telework, communications and program promotion, policy refinements, tools and guidance, technical assistance, research findings, and productive partnerships are all needed to create the culture change needed to mainstream telework. GSA and OPM have been very active in this regard and have initiated and/or completed work such as a central website for Federal telework information *www.telework.gov*; a telework listserv to distribute information to a network of individuals who are interested in telework, a Federal telework coordinators network; the Spouse Telework Employment Project; a Governmentwide telework policy review and follow up, web-based training for teleworkers and their managers, research on telework and dependent care, research and follow up on technology issues for home-based teleworkers, telework center enhancement initiatives, application of telework to continuation of operations; alternative officing; the application of GSA's cost per person and integrated workplace design

strategies to telework situations, and professional leadership/partnership in organizations such as ITAC, the Telework Consortium, the Mid-Atlantic Telework Advisory Council , and the Metropolitan Washington Council of Governments.

- Telework and Continuity of Operations (COOP) is an area where the GSA Telework Team has become increasingly involved. Having a basic Telework Program in place is necessary to incorporate Telework into COOP planning. Various types of Alternative Offices, including Telework Centers, Home-Based Telework, etc., need to be considered for COOP planning. The Telework Team meets with members of the Federal Emergency Management Agency within the Department of Homeland Security to provide guidance and consultation on Telework.
- GSA's Telework Team has partnered with the nonprofit Telework Consortium of Herndon, VA, to pilot the use of desktop video (DTV) among a select group of GSA home-based teleworkers, headquarters staff, and telework centers. GSA is also piloting the use of DTV for certain long-distance, remote workers.
- GSA's Telework Team developed a video CD to showcase its own remote working practices as a model for others to emulate. The CD, *Telework 2004: The Future is Now*, is available without charge to anyone, and may be obtained by contacting Dee McFadden-Wallace via e-mail at dee.mcfadden-wallace@gsa.gov or (202) 501-1823.
- GSA's Telework Team maintains a good working relationship with not only the Federal Agencies, but also the private sector; i.e., vendors of Telework products and services. This relationship forms the basis for extensive research into technology solutions that can assist Federal Agencies with their Telework Programs.
- While there has been welcome improvement in the number of Federal teleworkers, Governmentwide performance in this indicator lags private sector benchmarks and falls short of legislative goals. Telework is an important alternative workplace strategy that needs to be part of your Federal workplace planning and human capital development. For more information about telework, contact the Office of Real Property or visit the joint OPM-GSA web site:

www.telework.gov

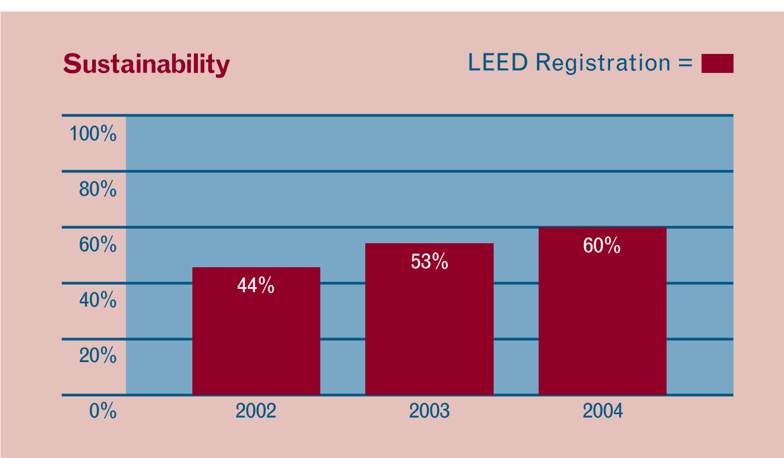
Sustainability

The U.S. Green Building Council's Leadership in Energy and Environmental System (LEED ®) provides guidance in the areas of building development and design, resulting in a more sustainable project. Agencies such as the Army Corps of Engineers have adapted LEED ® in developing their own measurement programs (SpiRiT). GSA's Public Buildings Service is requiring a LEED ® certification for all new construction and major renovation projects, and encouraging a goal of LEED ® Silver.

As of December 2004, a total of 141 Federal government projects were registered under the LEED ® rating system for new construction and renovated buildings. These projects include office buildings, courthouses, laboratories — even a daycare center— and vary in size from 6,900 gross square feet (the Bushkill Postal Service facility) to 2,000,000 gross square feet (the USDA modernization of the South Building). Registered projects involve:

- Department of Agriculture
- Department of the Air Force
- Department of the Army
- Department of Commerce (National Ocieanic and Atmospheric Administration, National Weather Service)
- Department of Defense
- Department of Energy (through GSA)
- Department of Health and Human Services (Centers for Disease Control, Food and Drug Administration)
- Department of Homeland Security (through GSA)
- Department of the Interior (U.S. Geological Survey, National Park Service, Bureau of Indian Affairs, Bureau of Land Management)
- Department of the Navy
- Department of Transportation (Federal Aviation Administration)
- Environmental Protection Agency
- National Aeronautics and Space Administration
- Social Security Administration
- U.S. General Services Administration
- U.S. Postal Service
- Architect of the Capitol

Using the list of Federal customers included in the Office of Real Property's Federal Real Property Profile, this represents approximately 60 percent participating in LEED® registered projects. Projects are certified upon successful completion. To date, the Department of the Navy, Social Security Administration and GSA have LEED® certified projects.



The Office of Governmentwide Policy, while not endorsing the LEED ® rating system, is tracking the percent of agencies participating in LEED ® registered projects as one performance measure of sustainability, since we believe it serves as an indicator of agencies' level of commitment in creating sustainable workplace environments.

The following section provides a look at other measures of sustainability tracked by Public Works and Government Services Canada – "the GSA of Canada."

PWGSC Ontario Regional Office, Toronto, Canada

Government of Canada Looks at Telework to Reduce GHG Emissions

The Government of Canada is committed to reducing Green House Gas (GHG) emissions within its own operations to meet nationally established reduction targets. Through its Federal House in Order initiative the emissions from government buildings, vehicles and purchases are being assessed and monitored. For more information, please see http://www.fhio-ifppe.gc.ca.

Reduced GHG emissions are one of the proven benefits of a telework program, but to date, there has not been a standard way to quantify actual reductions. Public Works and Government Services Canada (PWGSC) has supported the development of a web-based monitoring application that will soon be managed by the not-for-profit Canadian Standards Association. Teleworkers, or other remote workers, register a standard commuting profile and then report their actual commuting pattern as a variance from their personal standard. The application contains data on the emissions of private vehicles and on public transit (bus and electric trains) emissions. The intention is that an organization can report the reduction arising from external emissions and in some instances be able to exchange emission reduction credits. The application is intended to produce certified reports of emission reductions; it is now being validated by the occupants of a PWGSC telework center in the Montreal area. > > >

> > > Various industrial sectors are working to achieve targeted reductions through a combination of voluntary and regulated programs. With the support of key industrial partners, the not-for-profit Voluntary Challenge and Registry established the Climate Change Registry to provide a forum to register and monitor the action plans of member organizations. PWGSC supported the development of the Telework Registry to assist organizations with the implementation of telework programs. For more information, please see http://telework.vcr-mvr.ca .

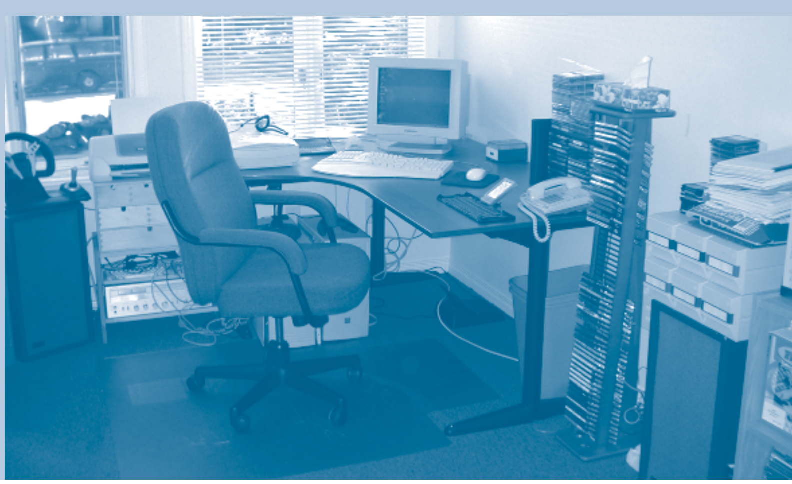
Numerous studies have shown that Telework has many advantages for employees and employers. *In 1995, the Government of Canada undertook an exhaustive survey of teleworkers and their colleagues and concluded that the advantages of telework greatly outweighed the disadvantages. This study validated the Government of Canada's policy to allow teleworking when requested by the employee as appropriate to work requirements.* More recently, PWGSC initiated and monitored an ambitious temporary telework program at its Ontario Regional Office in Toronto. In this program, over 50 percent of a staff of 150, primarily architects, engineers and other professionals, were deployed to work from their homes. Based on the commute patterns of these employees, and general emission data estimates, it was calculated that, over the course of one year, each teleworker produces the following environmental benefits:

- 11 kilograms (24 pounds) less hydrocarbons - smog;
- 82 kilograms (181 pounds) less carbon monoxide - poisonous gas;
- 5.6 kilograms (12 pounds) less nitrogen oxides - smog and acid rain;
- 1,361 kilograms (3000 pounds) less carbon dioxide – Green House Gas.

A report on this program is available at http://telework.vcr-mvr.ca/tele_resources_e.cfm.

Currently, PWGSC is exploring the costs and benefits of Telework Centers, particularly how they can result in GHG emission reductions. These centers are a viable option for employees who may not be able to work from home or who have other needs that could be met in such facilities.

Contact Byron Johnson at:
byron.johnson@pwgsc.gc.ca or (819) 956-4050



Home Office for Teleworking

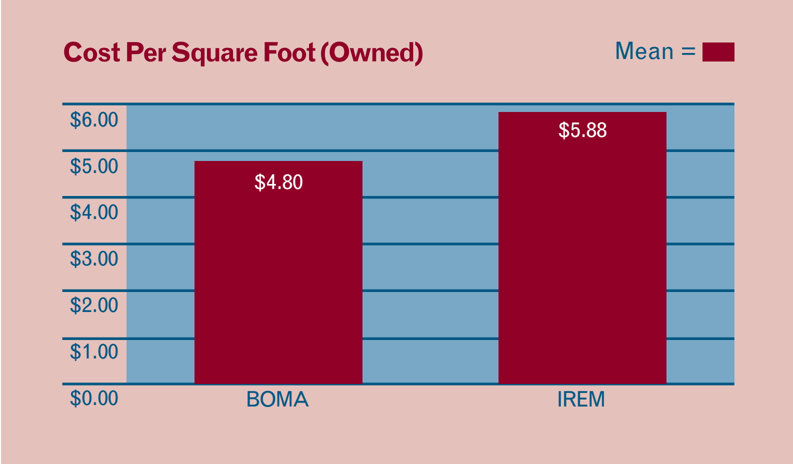
2004 Private Sector Performance

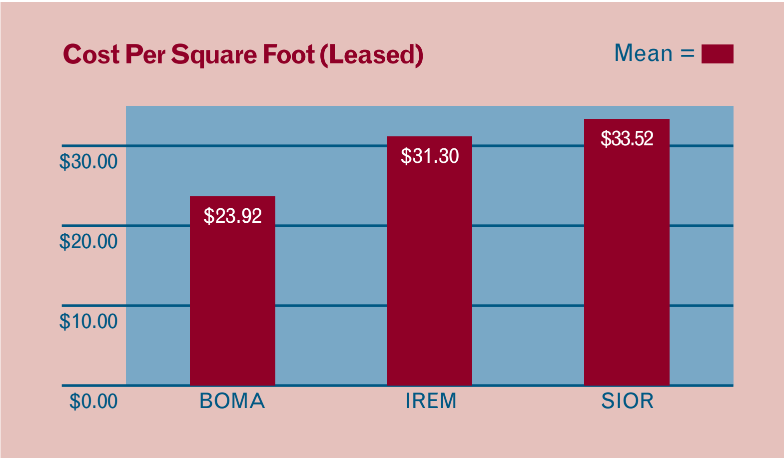
Introduction

The information summarized in this section provides a context for the Governmentwide data we presented earlier. Each data source analyzes a different building sample and the methods of data collection and analysis vary. Using the summary data presented in this report to benchmark the Federal Government against the private sector would be an inaccurate oversimplification of the benchmarking process. However, individual Federal real property asset managers can use the Governmentwide and private sector data to evaluate and improve their Federal real property portfolios.

Cost per Square Foot (Owned)

- The numbers reflect fiscal 2004 dollars per rentable square foot.
- The source for the Building Owners and Managers Association (BOMA) numbers is the 2004 BOMA Experience Exchange Report. We escalated the reported 2003 actual cost data by 1.2 percent (Consumer Price Index or CPI) to obtain 2004 dollars.
- The BOMA sample consists of 214 buildings covering 43,344,695 rentable square feet of office space.
- The source for the Institute of Real Estate Management (IREM) numbers is the 2004 IREM Income/Expense Analysis. We escalated the reported 2003 actual cost data by 1.2 percent (CPI) to obtain 2004 dollars.
- The IREM sample consists of 31 buildings covering 7,180,000 rentable square feet of office space.





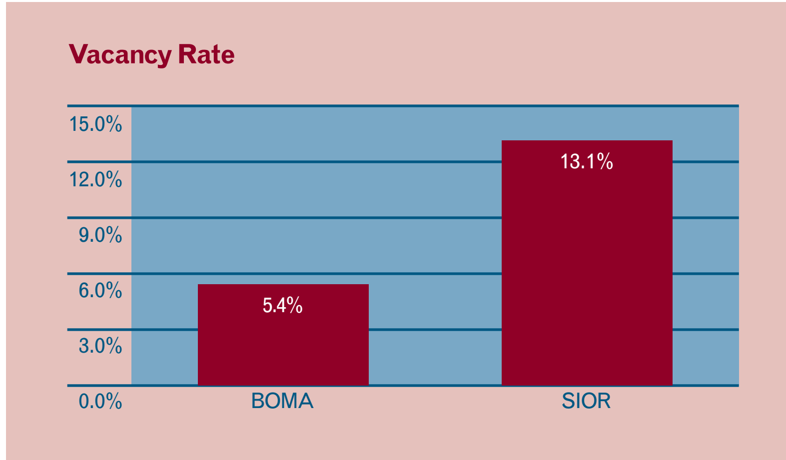
Cost per Square Foot (Leased)

- The numbers reflect 2004 dollars per rentable square foot.
- Leasing cost per square foot is derived from office income figures.
- The source for the BOMA numbers is the 2004 BOMA Experience Exchange Report. We escalated the reported 2003 actual cost data by 1.2 percent (CPI) to obtain 2004 dollars.
- The BOMA sample consists of 214 buildings covering 43,344,695 rentable square feet of office space.
- The source for the IREM numbers is the 2004 IREM Income/Expense Analysis. We escalated the reported 2003 actual cost data by 1.2 percent (CPI) to obtain 2004 dollars.
- The IREM sample consists of 31 buildings covering 7,180,000 rentable square feet of office space.
- The source for the Society of Industrial and Office Realtors (SIOR) data is the 2004 Comparative Statistics of Industrial and Office Real Estate Markets. We escalated the reported 2003 actual cost data by 1.2 percent (CPI) to obtain 2004 dollars.
- The SIOR sample consists of buildings from the Washington, D.C. and Northern Virginia markets totaling 225,660,220 rentable square feet of office space.

2004 Private Sector Performance

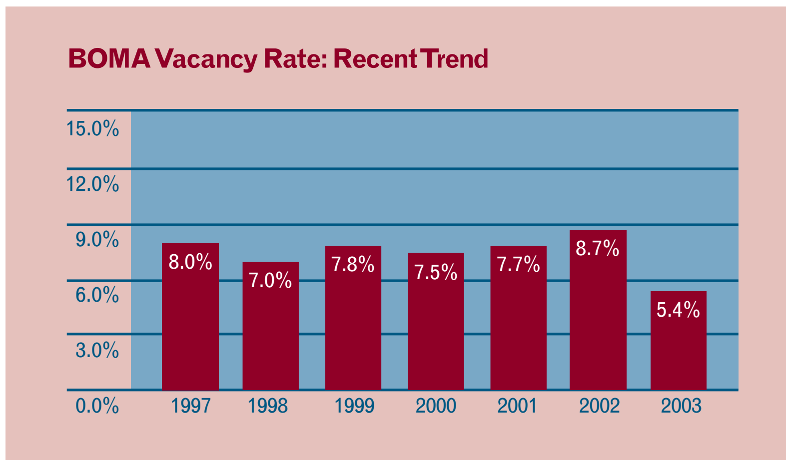
Vacancy Rate

- BOMA vacancy rate represents all office space while SIOR vacancy rate represents Central Business District (CBD) Class A Office Space.
- The sources for the data are the 2004 editions of the BOMA and the SIOR publications noted previously.
- The 2004 vacancy rate estimates are based on reported 2003 data.



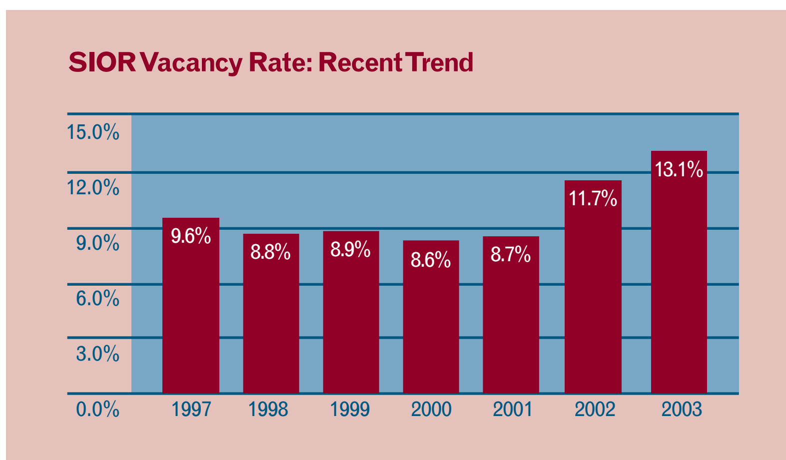
BOMA Vacancy Rate: Recent Trend

- The sources for the BOMA data are the 1998, 1999, 2000, 2001, 2002, 2003, and 2004 editions of the publications noted earlier.



SIOR Vacancy Rate: Recent Trend

- The sources for the SIOR data are the 1998, 1999, 2000, 2001, 2002, 2003, and 2004 editions of the publications noted earlier.










Observations and Recommendations

Observations from the Data

1. Over the past 7 years, we have collected data and benchmarked the 7 key indicators of real property performance derived by an interagency working group in 1998. The work of the interagency group and the concept for the benchmarking were published as the Governmentwide Real Property Performance Measurement Study in June 1998. This 2004 edition is the seventh annual edition of Real Property Performance Results, which presents the annual results of the Federal benchmarking effort.

2. The purpose of this publication is to provide benchmark data in support of asset management activities of Federal real property professionals. Considering the broad scope of the indicators, the data may be useful to stakeholders interested in the relative performance of Federal real property asset management as compared to other commercial, owner/user, and government organizations. We do not represent the information in this publication to be a precise cost accounting of the chosen indicators. The correct frame of reference for the data is a benchmarking effort, not an audit.

3. Please remember that most of the data presented in this publication are in the form of national averages. When making comparisons to local portfolios or individual facilities, you should consider geographic cost differentials.

4. 2004 Governmentwide performance is consistent with past performance as well as private sector performance on the key indicators of Cost per Square Foot Owned, Cost per Square Foot Leased, and Vacancy Rate.

5. For the seventh straight year, we received outstanding cooperation from a core group of Federal agency partners. The main value of the annual Performance Results exercise continues to be the opportunity for a core group of Federal partners to benchmark performance and to benefit from the learning that has occurred around this effort.

6. We are encouraged by the steady rate of improvement in our two innovative measures, Federal Teleworkers and Sustainability. Our sidebar article provides a broader perspective on this area from Public Works and Government Services Canada.

Observations and Recommendations

Quality of the Data

1. We used conversion factors to translate all submitted data into consistent units of rentable square feet and fiscal year 2004 dollars. These modifications to the original source data were necessary to enhance comparability of the results.
2. We continue to strive for uniformity of definitions among data from disparate sources. We occasionally reject data that appears to include other factors besides what we are attempting to measure. Generally, we err on the side of inclusion.
3. Many respondents submit data at the summary level, which occasionally involves certain assumptions or interpolations on our end.
4. Considering the variety of participating organizations with disparate information systems, the overall estimate of Governmentwide performance is reasonably accurate.
5. Information systems for real property inventory and measurement continue to be an issue. GSA focuses on office space, but many other agencies occupy a wide variety of space types. Information systems in these agencies often cannot easily break out office data from total space and cost data, because there is no business or mission reason to do so. These issues are currently being discussed by the Federal Real Property Council (see Appendix B).

Recommendations and Next Steps

1. Since the inception of our real property and workplace performance measurement initiative in 1997, the most popular and useful products and services over the years have been our space use guidance, the Cost per Person Model, and the voluntary benchmarking exercise that generates the annual Performance Results report that you are reading. Accordingly, we updated our 1997 space use guidance in 2002, completely redesigned and re-launched the 1999 Cost per Person Model in 2003, and have produced the Performance Results report for the seventh consecutive year. This year Federal agency participation in the Performance Results exercise was at an historic high. Therefore, we believe it will be useful and appropriate to conduct our eighth annual benchmarking exercise based around "the 7 measures" in 2005.
2. Although the number of Federal teleworkers is at an historic high, it is still far short of the levels of participation envisioned by Public Law 106-346 (Section 359) and lags private sector performance. Federal agencies should strive to provide greater opportunities so that everyone whose job will allow them to telework has a fair opportunity to participate. Federal agencies should also be aware that Public Law 107-217 (Section 587) requires that, when acquiring space, agencies must consider

whether part or all of their space needs can be met using alternative work arrangements such as telecommuting or hoteling. Please contact the Office of Real Property for more information on how you can meet these legislative requirements in ways that can also benefit your organization and your associates.

3. The annual benchmarking exercise focuses on a category generally referred to as "generic" or "vanilla" office space. Many Federal buildings do not fit neatly into this category. They are mixed-use, special purpose, operating longer that 8 hours per day and 5 days per week, accommodating museum space or high public access, etc. We have been working "off line" from the Performance Results exercise to benchmark operating costs of more unique Government buildings. In the Spring 2005, we will disseminate a special edition of Performance Results, which will provide the results of this study.

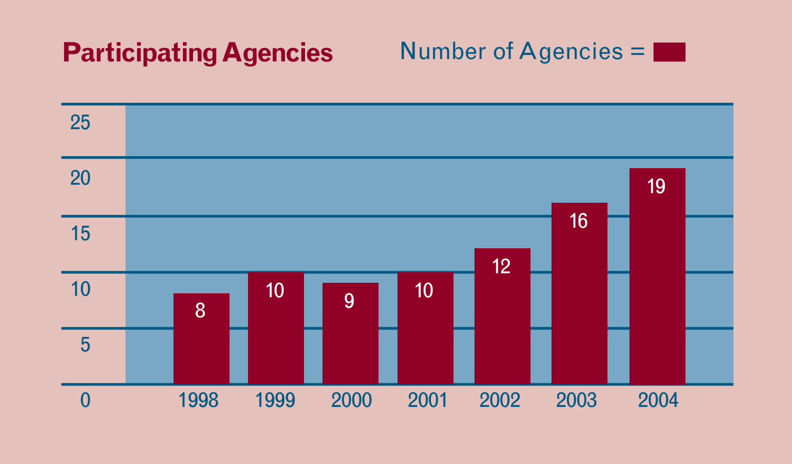
4. Federal customers occasionally contact us seeking detailed cost information, collected in this annual benchmarking exercise. If you do not participate in the annual voluntary benchmarking process, we cannot supply you with any information other than what you read in this publication. If you do participate in the annual voluntary benchmarking process, we can provide you with a specific comparison of your results versus the group's, and some further guidance. We remind our participants to take advantage of this important benefit of participating in the annual voluntary benchmarking initiative.

5. In February 2004, the President signed Executive Order (EO) 13327, Federal Real Property Asset Management. The EO delegated specific duties and responsibilities to GSA to improve the stewardship of Federal real property. The Office of Real Property has been realigned in support of GSA's responsibilities outlined in the EO. The newly created Asset Management Division will help customers comply with the EO through ongoing and new programs supporting asset management planning, inventory management and performance measurement. Future *Performance Results* editions will be published through the new Asset Management Division.

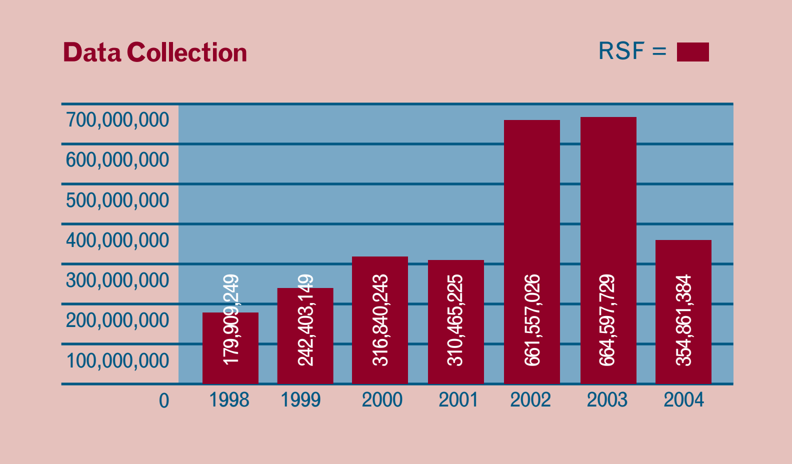
6. The new performance measures under discussion at the Federal Real Property Council cover the broader Federal space portfolio. Therefore, we are continuing our voluntary benchmarking of indicators of performance for the "office space" sub-component for an eighth year in 2005.

Appendix A: Data Collection

In 2004, we had 19 Federal agency participants in the annual benchmarking effort. This is an unprecedented level of participation. There are 32 agencies that report on their independently owned or leased (non-GSA) space in the Federal Real Property Profile (formerly the Worldwide Inventory).



In 2004, we collected voluntary data samples from Federal agencies representing more than 354 million rentable square feet of space.










Appendix B: Federal Real Property Asset Management

This appendix discusses Executive Order (EO) 13327 and its effect on federal government real property asset management.

Purpose

The federal government faces a growing list of challenges in real property management. In 2003, the Government Accountability Office (GAO) issued a report designating the management of Federal real property as a government-wide high-risk area. In January 2003, this subject was added to The President's Management Agenda.[1] The following year, President George W. Bush signed EO 13327, Federal Real Property Asset Management, which is intended "to promote the efficient and economical use of America's real property assets and to assure management accountability for implementing federal real property management reforms."[2]

Direction

The EO specifically calls for the establishment of

> appropriate performance measures to determine the effectiveness of Federal real property management. Such performance measures shall include, but are not limited to, evaluating the costs and benefits involved with acquiring, repairing, maintaining, operating, managing, and disposing of Federal real properties at particular agencies. The performance measures shall be designed to enable the heads of executive branch agencies to track progress in the achievement of Government-wide property management objectives, as well as allow for comparing the performance of executive branch agencies against industry and other public sector agencies.[3]

The full text of EO 13327 is available at http://www.ofee.gov/eo/13327.pdf.

Background

Throughout the 1990s and continuing today, Congress and the various presidential administrations have enacted legislation, issued EOs, and amended regulations to institutionalize the establishment of goals and objectives and to develop performance measurement systems and processes in Federal departments and agencies. The Government Performance and Results Act (GPRA) of 1993 (P.L. 103-62), for example, provides Federal executives and program managers with an institutionalized commitment to:

- establish agency goals and objectives,
- specify how the agency is going to achieve those goals, and
- demonstrate how agency and program performance in achieving those goals will be measured.

The overall intent of GPRA and related legislation is to make Federal departments and agencies more efficient (reduce delivery time), more cost-effective (reduce costs), more results-driven (outcome oriented), and more responsive to the public.

According to its FY03 financial statements, the Government owns hundreds of billions of dollars worth of facilities. In addition, it owns or manages 1 in every 4 acres of land in the United States. More than 30 federal departments and agencies with a wide range of missions and programs manage facilities inventories, or portfolios. Due to the magnitude of this investment, the Office of Management and Budget (OMB), GAO, and individual departments and agencies increasingly scrutinize the management of Federally owned and leased facilities. The individual departments and agencies are responsible for the planning, acquisition, management, operation, evaluation, and disposal of facilities portfolios. The diversity of their missions and facilities portfolios affects how the portfolios are managed and how investments are tracked, measured, and evaluated.

In January 2003, GAO issued a report on federal real property in its high-risk series, which states the following:

> Unfortunately, much of this vast and valuable asset portfolio presents significant management challenges and reflects an infrastructure based on the business model and technological environment of the 1950s. Many assets are no longer effectively aligned with, or responsive to, agencies' changing missions and are therefore no longer needed. Furthermore, many assets are in an alarming state of deterioration; agencies have estimated restoration and repair needs to be in the tens of billions of dollars. Compounding these problems are the lack of reliable Government wide data for strategic asset management, a heavy reliance on costly leasing instead of ownership to meet new space needs, and the cost and challenge of protecting these assets against potential terrorism.[4]

The report goes on to say, "because of the breadth and complexity of the issues involved, the long-standing nature of the problems, and the intense debate about potential solutions that will likely ensue, current structures and processes may not be adequate to address these problems"[5]

Appendix B: Federal Real Property Asset Management

Guidance

This EO calls for the following:

- *Establishes a Senior Real Property Officer at Federal agencies.* The major landholding agencies will designate a senior real property officer from among the senior management officials.
- *Directs the Senior Real Property officer.* The senior real property officer will serve as the senior manager tasked with developing and implementing an agency asset management plan.
- *Establishes a Federal Real Property Council.* The Federal Real Property Council will serve as a working group to facilitate the success of the agency's asset management plans. The council will establish appropriate performance measurements for evaluating the costs and benefits involved with acquiring, repairing, maintaining, operating, managing, and disposing of Federal real properties at particular agencies. The council will also serve as a clearinghouse for best practices in evaluating actual progress in the implementation of real property enhancements.
- *Proposes to reform the authorities for managing federal real property.* The EO supports legislative efforts to reform the asset management and property disposal process. Specifically, the administration supports "freedom to manage" legislation that provides agencies with the authority to outlease or sublease underutilized properties, sell or exchange unneeded property and use the proceeds for replacement services, enter into public-private partnerships to construct or renovate needed facilities under certain circumstances, and retain the sale proceeds of surplus properties.

Near-Term Results and Benefits

This EO is a key first step in promoting effective and efficient stewardship of the government's real property. It will lead to an increased level of agency accountability, help ensure that landholding agencies accomplish their mission, and give agencies greater freedom to better manage their real property inventory:

- *Accountability.* This EO will lead to an increased level of accountability for real property management within the agencies. For the first time, each landholding agency will have a senior property officer devoted to achieving a complete inventory of its real properties. With specific real property information, meaningful goals and objectives can be developed and progress against those goals can be measured. The council will assist the agencies in their efforts to improve the management of real property.
- *Asset management plans.* The efforts of the senior real property officers and council will lead to the development and implementation of agency asset management plans. Such plans will help to foster an environment within Federal agencies that promotes better asset management and the disposal of unneeded Federal properties.
- *Inventory.* The EO will lead to an effective Government-wide database of Federal real property assets, with accurate, standardized, descriptive asset data.

Appendix B: Federal Real Property Asset Management

In the long-term, agencies will have access to a real-time property database with analytical capacity to help them develop asset management plans to sustain assets that are critical to their missions, and dispose of assets that are not. This information can then be used to substantiate the need for creation of new real estate management authorities.

The GSA Role

The General Services Administration (GSA) will support the landholding agencies government-wide in implementing and supporting the EO. GSA will follow the direction and guidance of the council and its committees to oversee the implementation of the objectives outlined in the EO and will work to correct the inefficiencies outlined in numerous GAO reports on the state of federal real property asset management.

EO 13327 requires GSA to do the following:

- Provide policy oversight and guidance for executive departments and agencies on real property, including managing selected properties at the request of an agency with GSA approval, delegating operating responsibilities to an agency when appropriate, and providing leadership in the development and maintenance of property information systems.
- Identify and define real property asset measures and publish performance measures and standards.
- Establish and maintain a database on real property owned and leased by federal agencies and collect inventory information on the federal government real property holdings.
- Establish data and other information technology standards for landholding agencies to facilitate uniform reporting of real property information.

Our Office

GSA's Office of Real Property develops and disseminates policies, guidance, and recommendations to improve management of real property. We will help customers comply with the EO through ongoing and new programs supporting asset management planning, inventory management, and performance measurement. We will assist landholding agencies in reviewing and modifying existing systems, processes, and policies to correct inefficiencies outlined in GAO reports, while we are also being responsive to agencies' changing missions and security concerns, as well as the technological needs of the 21st century. We will continue to evaluate the performance of federal office space through the annual real property performance results, which seek to improve federal workplaces through the use of real property asset management tools.

Questions

If you have questions pertaining to the GSA Asset Management Program or EO 13327, contact Stan Kaczmarczyk, Deputy Associate Administrator for Real Property, at 202-501-0856 or e-mail at stan.kaczmarczyk@gsa.gov. For more information about initiatives and programs of the GSA Office of Real Property, visit our website at

www.gsa.gov

Appendix B: Federal Real Property Asset Management

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Office of Management and Budget, Government Performance and Results Act, http://www.whitehouse.gov/omb/mgmt-gpra/index.html, January 1993.

Footnotes

1 Executive Office of the President, Office of Management and Budget, The President's Management Agenda, http://www.whitehouse.gov/news/releases/2004/02/20040204-1.html.

2 National Archives and Records Administration, Executive Order 13327, "Federal Real Property Asset Management," Federal Register, February 2004.

3 See Note 2.

4 U.S. Government Accountability Office, High-Risk Series: Federal Real Property, GAO-03-122, January 2003.

5 See Note 4.

Federal Government Viewpoint

The National Focus Shifts to – Facilities?

Stan Kaczmarczyk
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Washington, DC is a city that always has its attention focused on the latest issues of national importance, whether they are issues concerning the economy, foreign policy, health care, or good old-fashioned politics. Whatever the current hot topic is, you can be sure that it will capture the attention of all the relevant government decision-makers simultaneously. The process is not new, but what is different is that the topic causing the latest buzz in the capital city of the United States is Federal real property. How exactly did facilities management finally get the top-level attention that the Journal of Facility Management's readership has always known it warrants?

On 4 February 2004, President Bush signed Executive Order 13327 on Federal Real Property Asset Management. The order instructs each Federal landholding agency to appoint a Senior Real Property Officer. These executives form a new Federal Real Property Council chaired by the Deputy Director of Management for the Office of

Management and Budget. The order instructs the new council to effect sweeping management improvements in the areas of inventory management, performance measurement, and asset business plans. The new Executive Order attempts to reverse the decline in stewardship of Federal real property assets documented in a January 2003, report by the General Accounting Office, a report that placed Federal real property on the "high risk list." If this wasn't enough, on 30 April, 2004, the National Research Council published the results of a multi-year study of "Investments in Federal Facilities: Asset Management Strategies for the 21st Century."

With all this attention, the stars would seem to be in alignment favorable to making significant progress in facilities management in the United States government. The stage is set for dramatic improvements including more efficient utilization, cost reduction, improved facilities condition, and more productive workplace environments. Meetings of the new Federal Real Property Council and its subcommittees are filled with energy and enthusiasm, including an almost giddy feeling that this is a once-in-a-lifetime opportunity to finally get it right. Discussions have revolved around the strategic importance of facilities to agency missions, the need for senior-level attention to portfolio asset management objectives, and the importance of adopting new technology to improve and streamline facility management. These discussions of course represent all of the key issues that have been written about in our field over the last several years. Which raises the interesting point: perhaps government decision-makers could have brought the needed executive-level focus on facilities issues to the spotlight sooner if they were faithful readers of the Journal of Facilities Management – or maybe they already are. ■

Kaczmarczyk, Stanley. Guest Editorial: "The national focus shifts to – facilities?" *Journal of Facilities Management*: Henry Stewart Publications, July 2004.

Appendix C: Editorials on Executive Order 13327

Private Sector Viewpoint

Executive Order 13327: Real Estate in the Era of Full Accountability

David Baxa
President and CEO
VISTA Technology Services, Inc.

Both government and the private sector are grappling with understanding the role real property holdings play in fiscal responsibility and the full cost of implementing organizational missions. In private industry and for state and local government, financial and accounting initiatives such as the Sarbanes-Oxley Act and General Accounting Standards Board provision 32 (GASB32) compel organizations to provide a full accounting of assets and their use—including fixed assets such as real property.

Executive Order 13327 on Federal Real Property Asset Management (EO 13327), introduced in February 2004, has become a bellwether of change in real property portfolio management for the federal government. In many ways, EO 13327 can be considered the government-wide counterpart of Base Realignment and Closure (BRAC), the Defense real property initiative currently in its fifth iteration.

EO 13327 requires executive agencies, among other objectives, to determine timelines and projected revenues for recouping investments in surplus real property inventory. As part of the President's Management Agenda (PMA), EO 13327 is indicative of a fundamental rethinking of real property asset management—in order to continue to fund essential services, and to exert greater control over the federal budget deficit.

In private industry, this way of thinking is not new. According to Ron Burton, Vice President, Advocacy and Research for BOMA International, a leading association serving the commercial real estate industry, "The private sector has long looked to its facilities and infrastructure to increase efficiency and reap cost savings. The Federal government should move quickly to enhance the ability of federal property managers to employ proven and effective management tools used by private sector real estate professionals."

Despite the importance of this initiative, there is what seems to be a Catch-22 in compliance with EO 13327. First and foremost, it is unbudgeted. What's more, comprehensive, consistent hard data on real property assets are not uniformly available for (or in) all agencies, which makes a full cost accounting problematic. And the FY 2005 Omnibus Appropriations Act tightens the federal budget across the board, making it harder still to plan for compliance.

So, what's the catch? Simply put, agencies must reallocate funds to meet the EO 13327 objective, or else face the possibility of losing two times over. Here's why:

If an agency risks spending unbudgeted dollars on compliance in FY 2005, it may not necessarily get a passing grade on the EO 13327 scorecard. But if the same agency tries to "play it safe" and does not spend the money, it will almost certainly get two failing grades—one on EO 13327, and one on overall budget and performance integration as a governmentwide initiative.

The PMA imposes consequences on under-performing agencies. Programs considered to be poorly managed may be cut in funding or eliminated altogether. What's more, rigorous data and evaluation of programs—not just consistent presentation of incomplete data—is necessary to support future funding. The consequences of "playing it safe" far outweigh the risks of reallocating funds to address this unbudgeted initiative.

Fortunately, the benefits of compliance are even more attractive. For example, in previous rounds of BRAC, the US Army saved $1 billion dollars in unnecessary real property expenditures, while maintaining the highest levels of performance. The cost to this one organization of analyzing its use of real property was a tiny fraction of how much was saved by having the job done. The same benefits could reasonably accrue to agencies complying with EO 13327.

As government moves forward with EO 13327, the possibility of information sharing with private industry is great. The Federal Real Property Council established by EO 13327 is tasked with examining opportunities for cooperative arrangements with the commercial real estate community. The same body is required to create performance measures to compare against industry and other public sector agencies.

Together, private industry and government will make great strides in more responsible management of real property portfolios—to the benefit of the nation overall. EO 13327 is the right starting point. ■

Appendix D: Innovative Workplaces Division

The Innovative Workplaces Division will be a leader in transforming federal workplaces that embrace innovative design, operations and management. We develop innovative strategies to mainstream integrated design, sustainability, telework, and performance measurement in the Federal workplace.

In addition to Performance Measurement, other major programs in the Division are Telework, the Integrated Workplace, and Sustainable Development. For specific information about initiatives and programs of the Division, please visit our web site at www.gsa.gov.

In 2004, we published the following:

- Sustainable Development and Society
- Telework video
- Real Property Performance Results 2004

In 2005, we plan to publish:

- Innovative Workplace Business Case
- Benchmarking Monumental Buildings
- Real Property Performance Results 2005
- Sustainable Development and GSA

Please contact one of our staff professionals for information on specific programs or to find how innovative workplaces support your mission, your customers, and your employees or associates.

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