



December 1, 2016

MEMORANDUM TO SENIOR REAL PROPERTY OFFICERS  
OF THE FEDERAL REAL PROPERTY COUNCIL

FROM: TROY CRIBB *Troy Crubb*  
ASSOCIATE ADMINISTRATOR

SUBJECT: Improving the Consistency and Quality of Federal Real Property  
Profile (FRPP) Data to Support Efficient Resource Allocation

The General Services Administration (GSA) and the Office of Management and Budget (OMB) have been coordinating efforts to improve the quality of the Federal Real Property Profile (FRPP) data to implement data driven decision making and the use of performance measures. GSA, with the full support of OMB, recently surveyed the Chief Financial Officers (CFO) Act agencies to assess how the agencies report the repair needs, replacement value, and operations and maintenance costs FRPP data elements and found inconsistency among the agencies' interpretation and application of the definitions. The identified inconsistency is significant and does not support accurate government-wide assessment of repair needs, facility condition, and maintenance needs among the agencies.

The objective of this memorandum is to improve the consistency and quality of FRPP data within agencies (i.e., among agency components) and among agencies by implementing revised definitions for the critical FRPP data elements repair needs, replacement value, annual maintenance costs, and annual operations costs. Specifically, agencies shall ensure their annual FRPP reporting conforms to the direction in this memorandum for the FRPP data elements repair needs, replacement value, annual maintenance costs, and annual operations costs no later than the December 2018 FRPP reporting cycle. Note that these data elements were provided to the Federal Real Property Council for review and all comments were considered and incorporated when they supported the goal of increasing consistency among and within agencies.

GSA, in conjunction with OMB, is issuing these definitions in order to improve the consistency and quality of these data elements. Agencies will need to implement the new definitions and develop more rigorous processes and oversight procedures to improve consistency among their components' reporting procedures and among the CFO Act agencies. Agencies also will have to develop processes for reporting operation and maintenance cost as separate data elements.

Reporting maintenance cost data separately is a critical requirement to assess the financial risk that documented maintenance requirements pose to the government's real property portfolio. If the maintenance requirement is large relative to the amount of annual maintenance appropriations, for example, an increasing backlog of deferred maintenance may develop over time. An increasing maintenance backlog increases the risk to the government's investment in its real property portfolio because eliminating the backlog becomes costlier over time. We therefore need accurate FRPP maintenance data to assess and monitor the financial risk to the government's real property portfolio.

OMB will send out a separate communication on the implementation of these new FRPP definitions in the near future. The new definitions are provided in the Attachment to this memorandum. Please contact Mr. Alex Kurien at [alexander.kurien@gsa.gov](mailto:alexander.kurien@gsa.gov) or (202-969-4073) for any questions regarding this memorandum.

Attachment

cc: Karen Lee, Chief, Management Controls and Assistance Branch, OFFM, OMB

## Attachment

The definitions below must be used to report data for the December 2018 Federal Real Property Profile (FRPP) reporting cycle.

### **Repair Needs**

#### **DEFINITION**

Non-recurring costs that reflect 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. This includes deferred maintenance, but excludes the cost reported under the FRPP “maintenance” data element. Additionally, repair needs should exclude any consideration of the likelihood that the repair will actually be performed at any time before the asset's disposition. The amount must be adjusted for geographic location and reported in current year dollars (see below for appropriate inflation indices).

#### **ADDITIONAL GUIDANCE**

- Numeric values reported for repair needs must be greater than or equal to zero.
- Failure to follow this guidance will result in inaccurate information on the FRPP condition index (CI), since CI is estimated based on repair needs.
- Repair needs must be reported for owned and otherwise managed buildings and structures regardless of facility condition, type, or disposition. For example, repair needs must be estimated for building and structure marked for disposal or demolition and reported in the agency's annual FRPP submission, even if doing so is not required by agency policy.
- Repair needs exclude capital costs associated with an increase in the capacity of an asset from its original design.
- The FRPP definition of repair must be used for FRPP reporting. The Federal Accounting Standards Advisory Board definition (Standard 42) for deferred maintenance and repair cannot be used as a substitute for the FRPP definition.

#### **ESTIMATION METHOD**

To estimate repair needs, agencies may use either condition assessments or parametric modeling. If an agency uses condition assessments, it must assess each facility at least once every 5 years. If parametric modeling is used, agencies must confirm and document the accuracy of their cost model curves at least once every five years.

#### **ADDITIONAL GUIDANCE**

- A condition assessment is a physical inspection of an asset that analyzes its condition to identify needed repairs and the estimated cost of implementing the repairs.
- Parametric modeling uses established cost relationships and mathematical models to develop repair estimates for individual assets. Some parametric models require the visual inspection of an asset to set the model parameters, while others use data on the

age of individual asset systems (e.g., plumbing for a building) and documented repair cost data for similar systems to develop estimates.

## INFLATION INDEX AND TIME PERIOD

Repair needs estimates must be updated each year when reported to FRPP, adjusted for geographic location, and inflated to current year dollars. Appropriate sources for inflation indices and geographic location adjustment must be widely used and recognized within the construction industry. The Consumer Price Index (CPI) is not an acceptable inflation index for repair needs because it is not specifically related to real property repair or the construction industry.

## ADDITIONAL GUIDANCE

Both the Department of Defense and the National Aeronautics Space Administration (NASA) have developed and implemented mature approaches and tools for parametric modeling:

- Under Secretary of Defense Memorandum: Standardizing Facility Condition Assessments, September 10, 2013 requiring adoption of a solution developed by the US Army Corps of Engineer Research and Development Center called Sustainment Management System (SMS) or Builder.  
(<http://www.acq.osd.mil/eie/Downloads/FIM/DoD%20Facility%20Inspection%20Policy.pdf>)
- The NASA Deferred Maintenance Parametric Estimating Guide, Version 2, April 21, 2003 which contains a detailed approach to parametric modeling.  
(<http://www.hq.nasa.gov/office/codej/codejx/Assets/Docs/DMPParametricEstimatingGuideApr03.pdf>)

## Replacement Value

### DEFINITION

The cost required to design, acquire and construct an asset to replace an existing asset of the same functionality, size, and in the same location using current costs, building codes, and standards. Neither the current condition of the asset nor the future need for the asset is a factor in the replacement value estimate.

### ADDITIONAL GUIDANCE

- Numeric values reported for replacement value must be greater than zero.
- Failure to follow this guidance will result in inaccurate information on the FRPP condition index (CI), since CI is estimated based on replacement value.
- Replacement value must be reported for all owned and otherwise managed buildings and structures regardless of facility condition, type, or whether it has been identified for

disposal. For otherwise managed property, the "unit" should be based on the size (square feet of space) as specified in the agreement.

## ESTIMATION METHOD

- To estimate replacement value, agencies may use government or industry tools, methodologies, and indices but they must include the following costs in their estimates:
- Labor, equipment, and materials
- Planning and design
- Overhead
- Location
- Historic adjustment (historic adjustment is used in rare instances where buildings and structures are located in historic districts and have regulations which increase costs).

## INFLATION INDEX AND TIME PERIOD

Replacement value must be inflated to current year dollars each year. Appropriate sources for inflation indices and geographic location adjustment must be widely used and recognized. The Consumer Price Index (CPI) is not an acceptable inflation index for replacement value needs because it is not specially related to real property or the construction industry in general.

## ADDITIONAL GUIDANCE

Replacement value excludes land, site preparation, earthworks, landscaping, supporting buildings and structures, and associated facilities.

## **Maintenance**

### DEFINITION

Recurring annualized costs for planned activities needed to maintain an asset's functionality and capacity over its expected life. This includes, but is not limited to: planned and scheduled activities such as inspections, preventive maintenance, refinishing, painting, weatherproofing, and parts replacement. Also includes costs for contracted maintenance services, but is not limited to the following: elevator/escalator, heating, ventilation, and air conditioning (HVAC), electrical and switchgear, structural/roof, plumbing, general interior/exterior repair and maintenance, fire and life safety and other expenses and supplies required to perform recurring activities to maintain the asset. Maintenance costs do not include repair cost or operations costs.

## **ESTIMATION METHOD**

Agencies shall report actual maintenance costs, modeled maintenance costs that are based upon a square foot or some other allocation method, or a combination of actual and modeled costs. The methodology used will be documented and be consistent agency-wide for all maintenance costs reported to FRPP.

## **Operations**

### **DEFINITION**

Costs for services related to the normal performance of functions for which the facility is used (include contracted services when applicable but exclude federal personnel costs). Examples include, but are not limited to:

- **Utilities:** Plant operation and purchase of energy with specific categories including, but not limited to: electricity, natural gas, fuel oil, purchased steam, purchased chilled water, coal and water/sewer.
- **Cleaning and/or Janitorial:** Includes but is not limited to: window washing, carpet and floor cleaning, pest control, trash and waste removal, recycling, hazardous material, supplies and miscellaneous cleaning expenses.
- **Roads/Grounds:** Includes but is not limited to: grounds maintenance, landscaping, and snow and ice removal from roads, piers, and airfields.

### **ESTIMATION METHOD**

Agencies shall report actual operations costs, modeled operations costs that are based upon a square foot or some other allocation method, or a combination of actual and modeled costs. The methodology used will be documented (e.g., whether rentable or gross square foot is used) and be consistent agency-wide for all operations costs reported to FRPP.