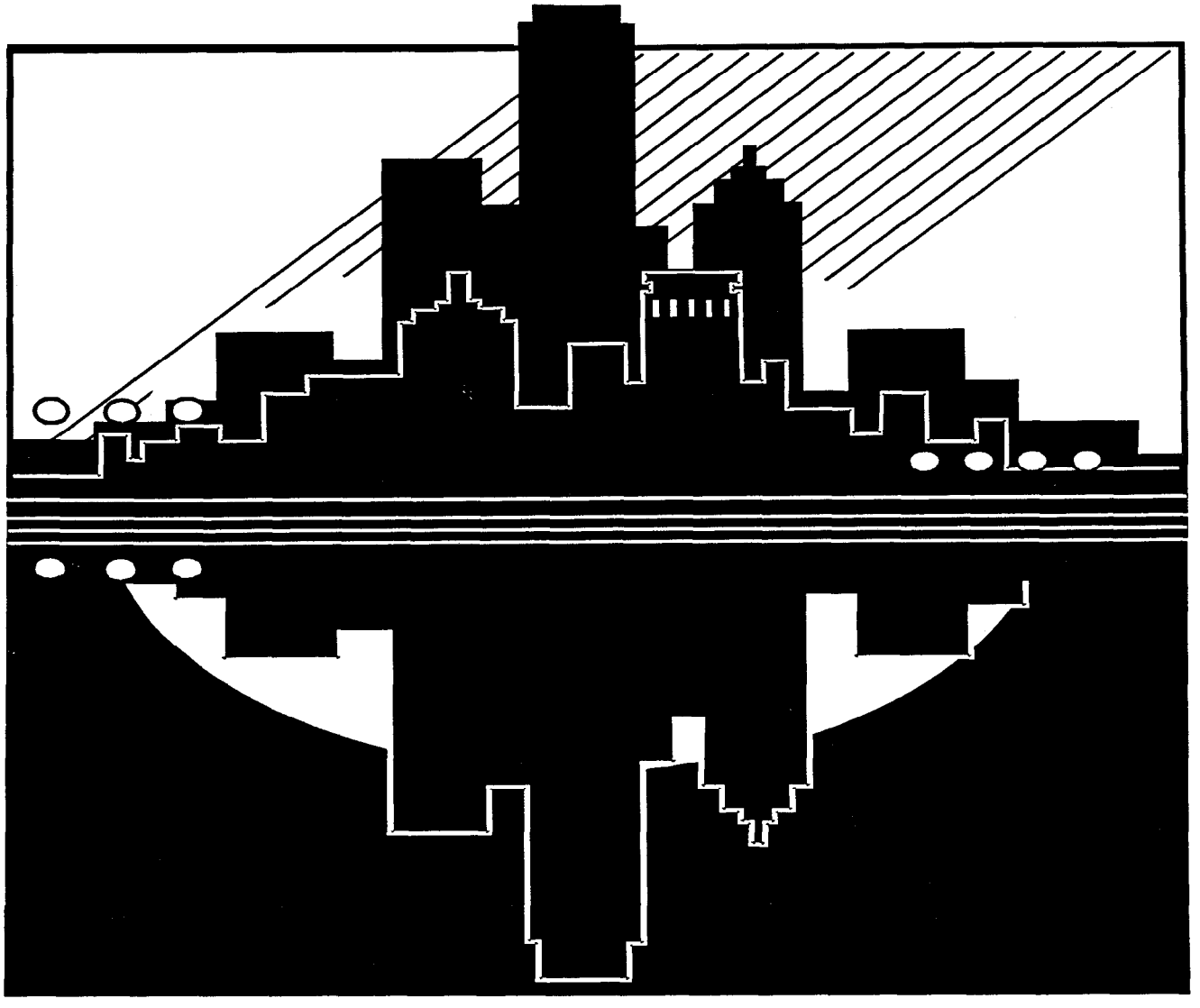

Property Management Business Design Document

Précis

The Property Management business enterprise services an inventory of real property assets which is expansive and diverse. The scope of our enterprise covets some 8,000 buildings and 338 million gross square feet housing I million tenants.

Our service efforts are delivered in eleven regional offices through 5,200 employees who directly perform or oversee the work efforts of contractors. Our primary means of service delivery is the private sector, with 75% of our work (measured in dollars) delivered by commercial vendors.

Our annual operations involve approximately $800 million in expenses for real property operations; $400 million in funding for delegated operations; $800 million for repair and alterations of our assets; $400 million for reimbursable work funded by our clients. This involves a total of $2.4 billion per year.

Our business growth has been modest since 1991, with an increase of about 2% per year in our inventory; however, our workloads have grown at a rate of almost 5% per year over this same period.

Abstract

This Property Management Business Design Document (BDD) is the third step in a multi-step effort to streamline GSA and improve customer service. The first step, the National Performance Review, initiated a "change" process focused on asset management, simplified processes and customer satisfaction. The second step was GSA's Real Property Reinvention Task Force - a conceptual plan to accomplish the NPR vision. This resulted in a "Final Design Paper," dated May 1994.

The attached product proposes how the Property Management business (based on the conceptual design) will be structured to: reduce the number of organizational layers, expand the use of quality tools and business process reengineenng as a "way of doing business" nationally, and to streamline the business process and thus lower taxpayer costs.

PROPERTY MANAGEMENT BUSINESS DESIGN DOCUMENT

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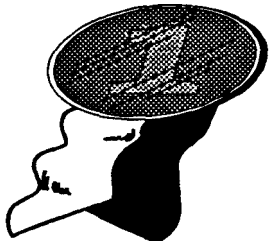
INTRODUCTION

The purpose of the Business Design Document (BDD) is to establish a framework for a new organization committed to change. Property Management must better meet customer needs in a way that provides quality service at competitive prices because customer agencies, as well as Legislative and Executive branches of government are committed to meet taxpayer needs with fewer resources.

This BDD defines a business strategy for three phases of change: 1) Becoming operational by January 1995; 2) The transition state - from January 1995 through October 1995; and 3) A fully functional business enterprise. The "fully functional' state is synonymous with the 'end state' - where the responsibility and accountability for delivery of total property management services is in the Property Management business line.

The BDD is intended for use by employees of the Property Management business, its customers- the Regions and the Portfolio Manager, and our business line partners.

VISION, MISSION AND VALUES



Our vision is to be a property management organization known for using the best practices and delivering best value, which is the provider of choice and recognized leader in the industry against which others benchmark.

Our mission is to provide a working environment that maximizes our client agencies' ability to perform their missions.

We deliver a full range of property management services that are customer driven, achieve best value for our customers, and enhance government assets.

We engage in partnerships with our employees and strategic alliances with our customers and suppliers to continuously improve our culture and processes and provide quality services.

We will achieve our vision and mission with the following:

- Honesty in our dealings
- Integrity in our decisions
- Fairness in our actions
- Openness in our communications
- Trust in ourselves, our associates, and our alliances
- Loyalty to our organizations, coworkers, and customers.

ROLE INSIDE PBS

All of the Old, Some New

The Property Management enterprise will evolve into an integrated business line delivering a full range of real property services. The role and mission will expand to become self-sufficient as a business unit. The primary focus will be channeled into implementing the “one face to the customer concept for total program responsibility. Being "customer oriented” should become synonymous with Property Management.

The Property Management enterprise operates, maintains and preserves our inventory of real property assets. A building in the Public Buildings Service (PBS) inventory is either managed directly by the Property Manager, or in the form of strategic alliances by other client agencies who provide property management services under the authority granted by the Administrator in delegations of authority.

The new enterprise is committed to overcoming customer focus issues that existed due to functional specialization. The new enterprise will include the following capabilities:

- Procurement
  - Support for A/E services type contracting
  - Execution support for repair and alteration of projects (excluding modernizations)
  - Increased authority for service and construction contracting
  - ADP procurement support.
- Engineering
  - Regional engineering capability for the execution of projects, studies, and minor design in support of client requests or in support of asset maintenance/preservation activities undertaken on behalf of the Portfolio Manager
  - Information engineering know-how and methods to facilitate use of business process reengineering on an on-going basis within the business.
- Information Technology
  - Product support for business applications
  - New technology evaluation and implementation
  - Support for development and use of new performance measures.
- Inventory Management
  - Data and record maintenance for our inventory of buildings and facilities to support our billing process.
  - Day-today management and administration of our leased inventory to include alterations via supplemental lease agreements, contracting officer final decisions on service and service related lease enforcement and modifications to the contract for services.
- Financial Management
  - Support (technical expertise and IT) for the billing process
  - Assist the business to move toward cost-based accounting and methods.

Strategic relationships with other PBS business lines, i.e. Commercial Broker, Federal Protective Service, Fee Developer, Business Development, Controller, Chief Information Officer and Acquisition Executive will be developed. All real property activities will be conducted within the guidance of laws, regulations and policies in cooperation with the Office of Government Wide Real Property Policy.

Shared Responsibilities

Property Management will identify both capital and non-capital repair and alteration needs in the GSA government-owned building inventory through in-house and contract engineering inspections. These needs will be incorporated into asset business plans for individual properties. Within resources allocated to the region on an annual basis for the Budget Activity 54 program, Property Management will develop, schedule, plan, fund, design, bid, award, inspect, accept, and pay for projects to ensure the operational status and maintain the quality of the buildings within the overall community strategies of the Portfolio Manager.

Once the Portfolio Manager decides to proceed with a modernization project, the Fee Developer is charged with the responsibility of conducting a Prospectus Development Study (PDS). This PDS will be the final formulation of the project scope and budget for the modernization. Upon approval, the delivery of the modernization project up to and including tenant occupancy will be the responsibility of the Fee Developer.

Property Management will acquire services from other business lines to support and enhance the business lines capabilities. For Integrated Occupancy Services and space planning, Property Management will use its strategic relationships with the Commercial Broker.

Additional information on Best Practices of the new business line are found in Appendix 2.

FOCUS ON THE CUSTOMER!

Goals

In discussions with our customers and clients, several themes surfaced, and are reflected in Property Management's business goals:

- ***Customers are first!*** Our business activities will be responsive to our customers and clients. From responding to service complaints to effecting projects that enhance the facility asset, our focus will be our customers- the tenants, the clients, and our GSA business partners.

- ***Reduce/Contain costs.*** Seek out new ways to be more cost effective. The business will contain the costs of its operations and continuously benchmark and test the operations for cost effectiveness.

- ***Listen and act to incorporate feedback*** from our customers and clients in assessing the quality and timeliness of products and services

- ***Quality, quality, quality!*** Our business culture will embrace continuous improvement, flexibility and employee excellence.

Objectives

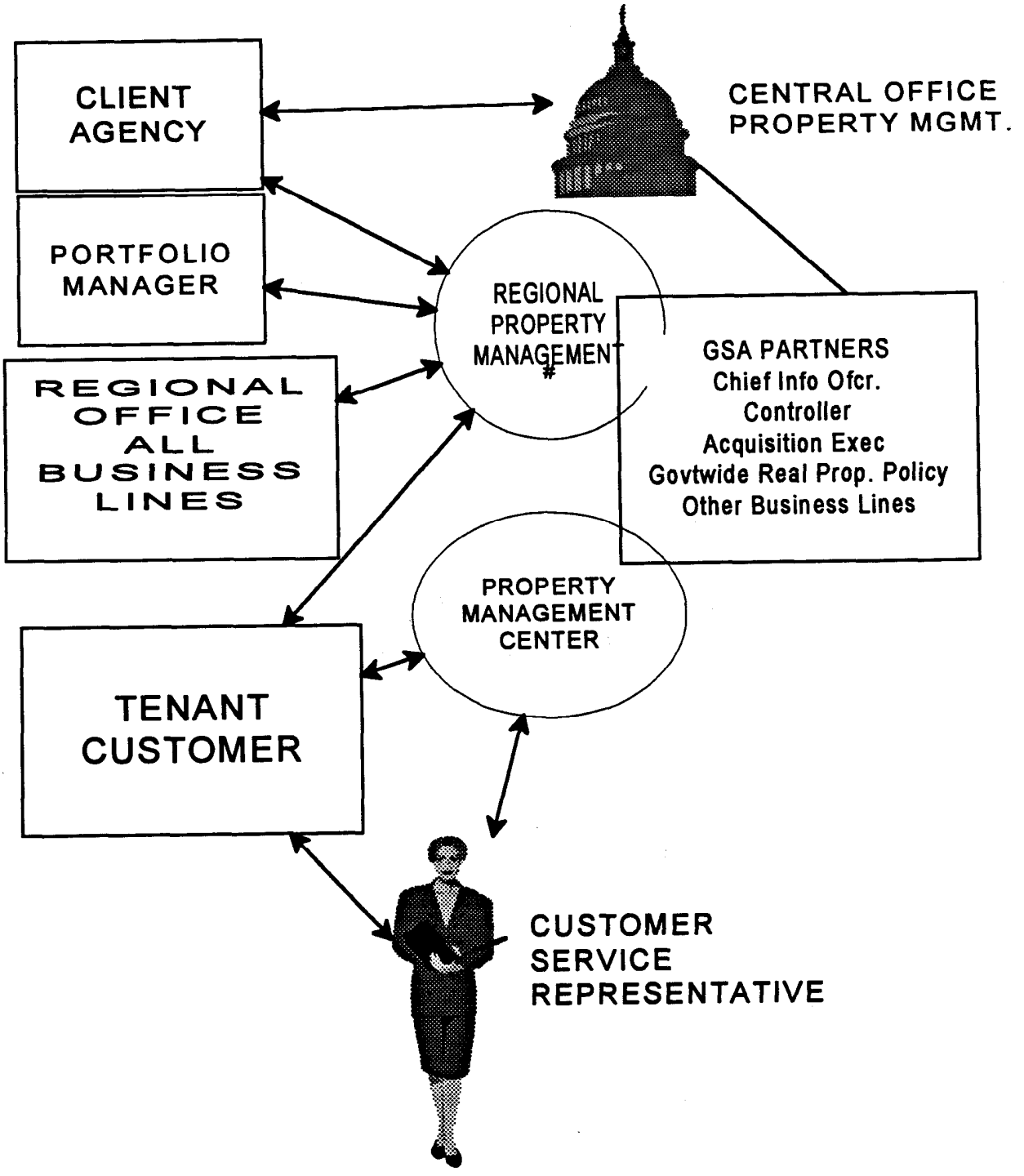
The business objectives are targets that will begin the reorganization and reengineering of processes for property management. The objectives will be addressed over time beginning with "startup' in January 1995, advancing to "transition" (between January 1995 and October 1995), and "end-state." Some of these broad categories are slated for Business Process Reengineering (BPR) teams and will be chattered by the Property Management team or jointly with other business lines. The processes that are m-engineered by the BPR teams will be incorporated into the business line. Some outcomes desired for "startup, transition and end-state' are highlighted below:

Objective	*Outcome*	*Timing*
Organization	• Establish a four-level organization to promote more effective communication (per the Final Design Paper) : • Customer Representative - On-site point of contact for tenants located in a large building or a group of smaller buildings • Property Management Center - Structured to provide complete property management services at the local level • Regional Staff Organization - The property management business line point of contact to facilitate and coordinate organizational communications • Central Office Organization -The national property management business line point of contact	Start Up & Transition
Customer Satisfaction	• Each level within the organization will have a more specific focus toward the customer • Align the organization to make it more responsive to our customer	Start Up Start Up
Streamline and Simplify Major Processes	• Inspections in Property Management Centers • Service Call Processes in Property Management Centers • Management of Space Assignments In Property Management • Procurements (small purchases) in Property Management Centers • Administrative Processes and Controls in Property Management Centers • Employ information systems technology to reduce paper and touch time	Start Up Start Up Startup & Transition Start Up Transition & End State Transition & End State
Develop business methods suited to our client's and stakeholder's needs	• Occupancy Agreements: RENT systems and service • Cost-based financial accounting • Establish strategic alliances with Contractors • Replace/eliminate old, centralized ADP application systems • Establish a National Advisory Committee of Vendors and Suppliers for strategic review and business advice on outsourcing	Transition & End State Transition & End State Transition & End State Transition & End State Transition & End State
Focus on human resources	• Training in Property Management Centers • Development of Position Descriptions (PD's) for the new business	Start Up & Transition Start Up

CUSTOMERS

Property Management has many customers within the four-level organization. For example, customers of the Property Management Centers will be different than those of the Central Office organization, as reflected below:

Who Are Our Customers ?



The Property Management Organization has several customers as this graphic suggests. However, our primary customers are:

- Portfolio Manager
- Client agencies - contacts who transact business on behalf of their agency and employees
- Tenants- consumers of space who are employees of customer agencies housed in Federally-controlled space.

Property Management's primary internal customer, the Portfolio Manager, has different requirements than those of the customer agencies or the consumers of space/services. As GSA's property holder, the Portfolio Manager is concerned about preserving or increasing the value of property and maintaining an income stream for meeting agreed upon customer and program investment needs. The Property Manager manages and preserves the asset based on agreements and alliances with the Portfolio Manager. Property Management is the on-site representative of the Portfolio Manager.

Customers Requirements

REQUIREMENT	*PORTFOLIO MANAGER*	*CUSTOMER AGENCY*	*CONSUMER OF SPACE*
Operate to protect or improve the value of the asset	X		
Promoting high occupancy	X		
Customer retention	X		
Contain costs	X	X	X
Continuously improve to achieve high customer satisfaction	X	X	X
Competitively priced services	X	X	X
Flexible service alternatives	X	X	X
Quality services performed with customer satisfaction in mind	X	X	X
Services provided in a timely, efficient manner.	X	X	X

What Performance and Results Are Needed ?

The following performance and results are needed to balance the needs of the Portfolio Manager, client agencies and tenants:

- Provide competitively priced services in a timely, professional manner, keeping the customers informed of any difficulties or delays
- Respond to service calls and complaints reflecting a focus on the customer to meet or exceed the client's expectations
- Complete projects on time and according to customer requirements
- Establish on-site professional staff focused on tenant needs

- Hire responsible contractors who perform quality service on time and who incorporate quality assurance in their work
- Promote a well trained work force, empowered to meet customer needs close to the tenant
- Provide the data and information systems on our inventory of assigned space to support accurate, reliable assignment information to readily respond to client inquiries on RENT bills.

What Steps Should be Taken to Improve Performance and Enhance Customer Satisfaction?

The new Property Management Organization will be in a better position to respond to the needs of its customers and to provide a responsive, cost-competitive operation than in the past because it will:

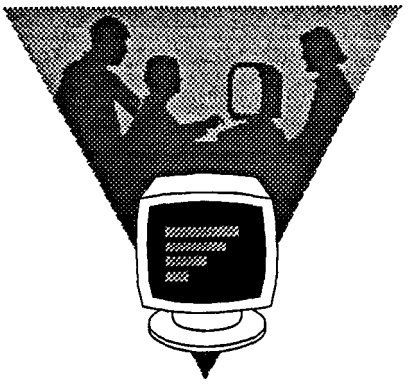
- Acquire and develop capabilities within the business line to accomplish property management services
- Place responsibility and accountability for delivery of property management services in a single business line
- Work to achieve the objectives identified in the BDD
- Implement performance measures that will tell us how the business is performing to meet these goals and objectives
- Expand use of business process reengineering to promote streamlining and continuous improvement
- Establish business information systems close to the point of service delivery to "enable" local responsiveness to the customer
- Continue the focus on developing a quality business culture and measuring progress.

INFORMATION TECHNOLOGY (IT) AS AN ENABLER

While the PBS Chief Information Officer will continue to staff and support legacy application systems used to support the Property Management business, Property Management will begin a priority effort to bring commercial software and information technology to all levels of the business line. Strategic alliances will be established with appropriate business lines to clarify interests in nationally deployed information technology solutions.

IT Strategy

A two-prong strategy will be taken to expand automation of the Property Management organization, specifically:



- Automate from the bottom-up. The highest automation payback is envisioned to be at the lowest organization levels where staff energy needs to be diverted to customer interaction and away from paperwork.

- Work with the Portfolio Manager to prioritize and automate national processes as appropriate. Establish a priority for replacement of old legacy application systems with commercial software and/or outsourcing alternatives.

IT Philosophy

- Focus automation where the work is performed
- Use industry standard products and services to allow the greatest local autonomy
- Establish and adhere to standards to allow data sharing
- Promote new technology experimentation - Use the latest technology for development and implementation
- Employ electronic commerce to reduce paper and improve efficiency
- Make training a priority.

IT Tactical Objectives

- Use technology to support streamlining business processes - Develop solutions to reduce touch time and apply inductive problem solving to free staff for direct customer oriented activities
- Minimize data redundancy
- Use technology to provide quality customer service and improved responsiveness
- Use commercial software wherever possible
- Perform R&D for our primary customers especially where national processes may be simplified
- Conduct automation pilots with our customers
- Provide complete solutions (hardware, software, communications)
- Replace or eliminate requirements for legacy application systems.

PROPERTY MANAGEMENT ORGANIZATION

Organizational Levels

The proposed Property Management business enterprise will operate at <u>four levels</u>:

1. Central Office

2. Regional Office

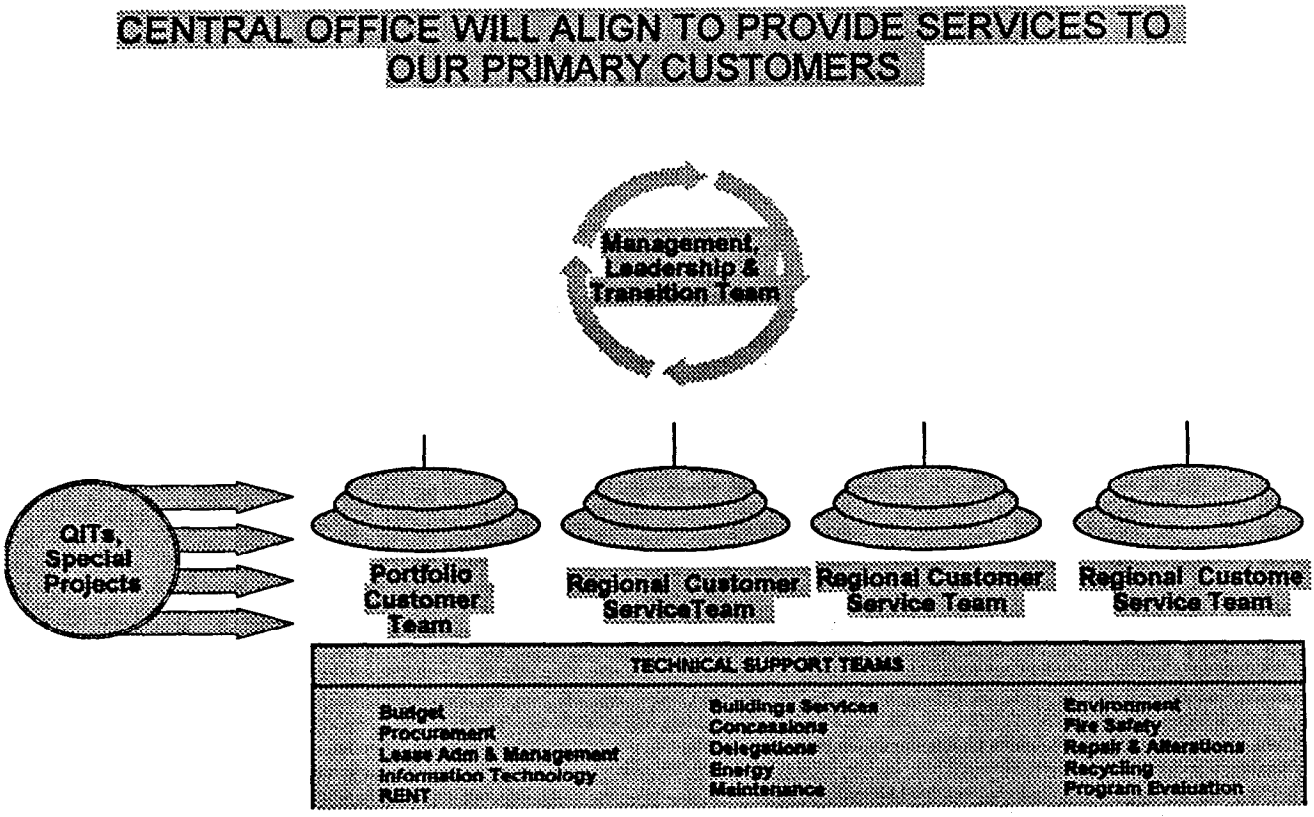
3. Property Management Center

4. Customer Service Representatives, or "face in the building."

Central Office Functions

As envisioned, the Central Office will have six broad functions:

- Formulate and allocate national resources
- Set Standards
- Develop/Streamline national processes
- Evaluate performance against outcomes
- Develop strategies for continuous improvements
- Provide business information systems to enhance our ability to respond to the customer.



Organizing: Evolution and Revolution

The Central Office organization is based on two sets of principles. The first principle is to become customer focused. Central Office Property Management will have two primary customers: the Central Office Portfolio Manager and the Property Management regional operations. Performance requirements will be set by the Portfolio Manager in the form of performance measures and strategic agreements. The Portfolio Manager will look to the Central Office Property Management organization to monitor performance and assess whether outcomes are met in areas such as cost performance, overhead ratios, building performance, and timely performance of projects, which have quality and timeliness delivery standards.

The second principle is the smooth integration of business line functions. Specialized branch and division structures reflected an historical approach that was not customer focused. Rather than continue layering of branches, the entire business will be a matrix organization as depicted above.

Organizing for Improvement and Change

All of the resources of the new organization will be committed to the four teams outlined above. Each of the teams will have program specialists and facilitators to support the matrix effort. The facilitator concept is unique to this business line but represents the elimination of a supervisory layer, branch chiefs, and the enhancement of our quality efforts, which are now focused on processes and teams.

Reengineering efforts will occur in the Central Office Property Management organization. Initially, the focus of reengineering efforts have been on business activities that involve significant resources (e.g., service calls and inspections).

A more detailed discussion of the Central Office organization, its functions and its staffing is presented in Appendix 1.

Business Core Team

As we adopt a new way of doing business and expand use of business process reengineering as a method for major process change and quality teams for achieving continuous improvement, an on-going workgroup to establish, mentor, and promote change within the business is needed.

A core team will be established to ensure that a variety of outcomes are achieved:

- Business process reengineering team mentoring
- Establishment and coordination of new BPRs
- Resource balancing at Central Office to ensure that customers are well served
- Resource modeling nationally
- Quality Program (Continuous Improvement).

This team may be staffed on a rotational basis depending on the nature of targeted assignments. Over the next two years this group will focus on reengineering major business processes.

Regional Organization

Each GSA region will have three business line elements to oversee and implement the processes and activities of the national business line - regional office organization, Property Management Centers, and Customer Service Representatives.

Regional Office

The regional office is the level in the business that is the primary contact point for information and communication between the assigned Central Office Customer Service Team and the region. The Regional Office organizations in the new Property Management business enterprise will be responsible for three functions:

- Consolidate resource inputs for the business line
- Oversee and assess the implementation of standards and national processes
- Evaluate regional operations and develop strategies for performance enhancements identified.

The Regional Staff will develop budgets and manage the execution of regional programs. This will Involve Property Managements funds for the Budget Activity 54 (Repairs and Alterations) account and the Budget Activity 61 (Real Property Operations) account. Budget Activity 55 (Line Item Projects) will be formulated and managed for projects assigned to Property Management. That activity will also be responsible for providing input for regional budgets and coordinating with the Regional Portfolio Manager on the fiscal and performance data required by that office.

Regional Property Management will also have a small staff for maintenance and overall control of automated systems, a regional engineering and contracting capability, and staff technicians for the development of implementation strategies and development of workload for buildings operation and maintenance programs. Appendix 1 contains a more detailed discussion of the various elements of the regional organization.

Where Have the Field Offices Gone ?

In each region today there exists a number of field offices that are generally organized around a geographical inventory of facilities. Within the field offices the program functions may be split based on the geography of the inventory or based on the scope of one or more program work efforts. The newly proposed structure of the business line at the regional level Is a transition from the field office to a closely related concept of the Property Management Center (PMC). As with the Central Office organization, the changes at this organizational level recognize a need to smoothly incorporate new business functions into our work efforts. These new functions are key to improving service delivery and customer satisfaction. The organizational goal, therefore, is to place these essential services as close as possible to the tenant in the building.

Early on, the logistical problems associated with integrating these new functions into 120 field offices was recognized. The challenge is to move the functionality as close to the customer as possible, but not so close that the benefits would not be available to all tenants and all field offices. The response to this dilemma is the PMC. PMC's will differ from region to region In the ways they are created and organized but will have the following in common:

- All field organizations will either become or be supported by a PMC. This explains why the PMC is a single organizational level.

- The PMC will contain engineering, procurement, and any other support capability that is impractical to move closer to the customer. Support is access to the services and capabilities of a PMC, not proximity to the PMC. In some cases, field offices of today will become Property Management Centers, In other cases, the Centers will be remote from the field organizations (the same city or another city/state). Much of this will be determined by space availability and the capacity to relocate employees. However, in every case, each field organization will be supported by and have access to only one Property Management Center.

- Property Management Centers will be organizations with capabilities. The new functions moving into Property Management as a business must and will be available to all of our customers and clients who are supported by our field organizations. The means of delivery can be direct capability in the field organizations below the PMC or through PMC capability. The PMC can centralize the expertise, buy the expertise, or make the capability available to its field organizations.

How Will We Know If It Works ?

Our customers will tell us because:

- The PMC will be the primary focus for the business goals and performance measures.
- The PMC will be the cost center for all cost containment efforts outside of the individual building or facility.
- The PMC will be the first organizational level for aggregating data on customer satisfaction and project timeliness.
- The PMC will be the organizational level at which resources are directed when new models and allocation processes are developed.

The business will build on the successful relationships between the GSA field offices and our building tenants. The new Property Management organization will maximize that success.

The final level of activity in the new business line is the concept of a Customer Service Representative (CSR). Introduction of the CSR is a basic change in the work focus.

The CSR concept is based on the results of our best practice searches. The common theme among successful property management businesses is the placement of human resources close to the customer and empowering those human resources to respond to the client. The CSR approach is an effort to duplicate this in our business line. An essential first step in the implementation of the CSR approach is having the Property Management business line identify the CSR who will be the point of contact for each client and customer so that the CSR and their roles are understood. Additionally, the business line must inform customers and clients of the PMC's that will be serving them, the roles of the PMC, and the supporting relationships that the PMC has with the CSR. The CSR will be involved in defining these relationships with clients and customers.

The CSR positions will become the contacts for large facilities or for groupings of smaller facilities. In some cases, there may be multiple CSR's for extremely large facilities. The CSR concept is not numerically established nor is it program related. The CSR reflects a concern and focus on our building tenants and clients. In some locations, the CSR will perform dual roles. To enable a broad regional implementation of the CSR concept, some CSR's will perform current work assignments and will also perform the customer liaison functions of a CSR.

LABOR IMPACT STATEMENT

The purpose of this section is to establish some operating principles for the business and to outline some of the major initiatives underway that relate to the employees who are and will become a* part *of the business.

Principles

- Employees who are part of the Property Management business line on January 8,1994, will not be adversely affected as a result of the assignment to Property Management either in terms of grade or salary.
- Organizational realignments to establish the new business line structures will be made based on voluntary movement, merit promotion principles and recruitment efforts; therefore, there will be no forced relocations.

Initiatives

Opportunities for career enhancement and development have been expanded as a result of the compression of the organizational layers.

The regional opportunities:

- To support our implementation of the new organizational levels of Property Management Centers and Customer Service Representatives, work is being undertaken to develop position descriptions for the positions in these levels; to establish the necessary training, knowledge, skills and abilities ; and to develop the duties and responsibilities so they may be added to existing positions as the skill base is enhanced.

- The addition of employees and functions that require specialized skills not widely found in today's Office of Real Property Management and Safety but which will be found in the new business line such as Realty Specialists, Realty Assistants, Budget/Financial Analysts, Computer Specialists, Procurement Analysts, and Contracting Specialists.

The Central Office opportunities:

- To support our implementation of the new matrix organization focused on processes and customers, there is an effort underway to use professional consultants to facilitate the transition from the present organization. In this effort, the current Branch Chiefs will be trained in the use and development of self-directed work teams and will become skilled facilitators to participate in and assist a variety of matrix work efforts. The effort includes quality management skills training, facilitator training, and team training.

- The employees will be given more diverse assignments covering a broader range of functions. This will empower and offer developmental opportunities as attrition and organizational shifts occur.

PERFORMANCE MEASURES

Over the last few years, performance measures have become more customer oriented than in the past. However, measures still center on individual programs. Examples are the measures used to track progress on reducing energy consumption, or to complete risk-reduction action on priority safety projects that have been identified. Very little has been done to measure the success of operating processes for timeliness or cost reductions, or to cut across programs that cross organizational borders in order to evaluate the success of major program delivery from a customer or asset perspective, or outcomes compared to inputs.

Best Practices For The New Property Management

In determining those best practices to be followed in the new Property Management organization, a number of factors were considered. The fundamental principle underlying the best practices, however, was that customer satisfaction must be the primary consideration, along with costs and protection of the asset, so that the new business line provides quality service at a cost that is comparable to that provided by premier property management firms in the commercial sector.

The best practices for the business enterprise cover five (5) general categories:

1. Service Delivery
2. Well Trained Staff/Knowledgeable Experts/ Skilled Employees
3. Employee Retention
4. Customer and Client Feedback and Interaction
5. Customer Relationships

Additional information on best practices in each of these categories is presented in Appendix 1.

Portfolio Manager Measures

Our new customer, the Portfolio Manager, will have financial, asset management and customer- oriented goals that need to be clearly defined and measured. Efforts are underway to identify those measures that will be utilized for performance assessment by the Portfolio Manager.

The Portfolio Manager has expectations of the new Property Management Business line. These expectations are framed in terms of performing our asset preservation and real property operating responsibilities. In the short term, our performance will be based on many of the business line measures discussed below. However, in the long run the business line performance will be measured using several key indicators intended to gauge cost containment and the effectiveness of our capital expenditures.

Cost effectiveness will focus on how well costs are contained as compared to other providers of similar services. Measures such as the costs per square foot of operations and benchmarking other “best in class’ service providers will be used.

Business Line Measures

Performance measures of the business line and its regional components are a critical part of assessing process improvement and establishing organizational goals.

The initiatives to measure customer satisfaction in recent years are clearly the direction that will be continued in the foreseeable future. The results from those measures that have major significance in the new business line will undoubtedly be used as performance measures.

Research has already targeted that the basic performance measure being utilized in the facility management field and by senior management is cost. Quality and customer satisfaction, although mentioned, are not being tracked as performance measures to any real extent, apparently because of limited industry-wide experience in the collection and analysis of data in these categories.

PERFORMANCE MEASURE	***MEASUREMENT TOOL***
Achieve a customer satisfaction approval of 85% for 1994 toward a 1995 approval goal of 95%	Survey
Reduce energy consumption by 20% by 2000 , 30% by 2005 over a 1985 base year	BTUs to Gross Square Feet of floor space
Reduce operating costs per occupiable square foot -Operating costs -Overhead costs (in fiscal year 96 because data is not presently available)	Cost reports and Pro Forma (Based on FR53D series cost reports and operated inventories from PBS/IS using OSF. May transition to BOMA SF in FY 96).
Capital Program: Execute the BA 54 program	Obligations at end of fiscal year
Timeliness of billing resolution (in fiscal year 96)	Response Time on Billing Disputes
Improve the overall quality culture	Survey

Discussion of Performance Measures

Customer Satisfaction: The immediate goal for improvement in a 10 point increase in the customer scores for the initial sample. This will be based on a resampling of the same facilities and evaluated in March 1995. The long range goal is to achieve a 95% customer rating using the IFMA survey instrument based upon an initial assessment and milestone goals for achieving the 95% level.

Energy Consumption: GSA is held to achieve a 10% reduction in its energy consumption (based on a fiscal year 85 baseline) by the end of fiscal year 1995. Interim goals will be established toward the 20% reduction level to be achieved by fiscal year 2000 and the 30% reduction level to be achieved by fiscal year 2005 against the fiscal year 1985 baseline.

Costs: Operating costs have been determined for the GSA inventory based on current cost data. Because current costs included delegated allocations, the allocated amounts for fiscal year 94 and earlier

had to be removed. Beginning in fiscal year 95 delegated costs will no longer be mingled with direct operating costs so no further adjustment will be needed.

The operating costs for each cost category: cleaning, utilities, mechanical, and administrative have been identified. Overhead costs for regional and central office operations have also been estimated based on obligational data.

Based on the data presently in our business line pro forma, the overall inventory operating costs for fiscal year 93 were $5.08 and for fiscal year 94 were $5.10. For fiscal year 95, a cost containment goal of $5.20 is targeted. It should be noted that our allocated amounts through the operating plans are $5.25.

Because of the current limitations and processes for distributing overhead, performance goals for overhead cannot be determined or evaluated with any accuracy until cost report corrections are effected early in calendar year 1995.
Initial targets for overhead performance within the business line are to limit overhead to 5% of operating costs (appx. $.25).

Capital Program Obligations: Obligate 95% of the total BA54 funds allocated for the business line. Based on an initial allocation of $257.6 million the goal would be to obligate $239.7 by the end of the fiscal year.

Billing Resolution: FY 96 goals will be established once the operational responsibility for this process moves into the Property Management business line.

Quality Culture: The Property Management business has established a goal of a 10 point improvement in each of at least three separate categories. While this represents a modest improvement, it will require ongoing effort to achieve considering the shifting among business lines, the mapping processes, and the general uncertainty as employees begin to initiate the new business functions.
More detailed information on performance measures Is located in Appendices 2 and 3.

MARKETING

Marketing in Property Management will be oriented toward customer education more than sales. We will continue to assist the Commercial Broker to show remote locations to potential customers and market small blocks of space. The customer service representative is likely to identify “marketing opportunities’ for other business lines. How these are best forwarded to Business Development, Commercial Broker and Federal Protective Service is not yet defined.

Marketing is no less important for Property Management since we expect to continue as the front line contact with existing customers. Therefore, our marketing emphasis will be concentrated on making certain that the tenants and customer agencies are satisfied with the services and space provided and that the customer has whatever services they may need. This later point may open up opportunities to educate customers about currently available services or indicate a direction which Property Management may choose to expand.

Instituting the CSR approach is a key component of our initial marketing effort. Informing our customer base of our CSR and of the support organizations in the form of Property Management Centers is a crucial first step in our business line marketing. Maintaining and training well qualified CSR’s and other primary contacts will be key to successfully carrying out marketing in Property Management. We will be emphasizing this area through development of extensive training programs.

SERVICES AND FUNCTIONS PROVIDED

Property Management services and functions are structured to provide full service delivery of property management functions to the Portfolio Manager, client agencies, and tenant. This business enterprise will now include functions that had previously been provided by other organizational elements such as procurement, design, construction, day-today lease management and administration, budget, and information technology so that overall performance and actual service delivery through a concentration of staff resources is enhanced. The success of this effort will be the improvements as viewed by the overall customer base in the areas of cost, timeliness and quality of the services and products delivered.

A detailed listing of functions is included in Appendix 1.

NATIONAL PROCESSES

The following chart depicts three general categories of national processes for the Property Management business tine. These processes are supported by a variety of activities. This charts reflects a framework of those activities which are essential to our business and which must be conducted in standard and consistent ways among all of our business line elements. The type of activities are classified as those in use now (ongoing) and those that will be used or developed as we establish an integrated business line with increased functionality.

PROCESSES	ACTIVITIES	
CUSTOMERS -space needs -work requests -satisfaction -billing	ON-GOING •IFMA Survey	NEW ACTIVITIES •Report Cards (Service Calls, RWA, Other) •Reengineered Service Calls •Rent complaint handling •Face in building •Outage Notice
INVENTORY -asset preservation -maintenance -operations -procurement	•Delegations •Space measurement •Space classification	•Assignment maintenance •RENT billing •120 day notice •Lease enforcement •Small blocks •Utility rates •Benchmarking •Performance Measures •Electronic Acquisition •Acquisition Streamlining
RESOURCES & PRICING -$ -people -technology/infrastructure -costing	•Fund Control •Accounting •Budget Formulation •Cost Centers •Human Resources (Quality culture, OSH) •Technology standards	•Occupancy Agreements •Workload •Socio-economic costs •Reengineered Inspections •30 day cancellation •Asset Valuation-based capital program

FINANCIAL

Revenue Sources

The primary source of income is derived from RENT fees paid by client agencies to the Federal Buildings Fund in return for space and services received. This revenue is not available or accessible to the Property Management business line. However, the amount of funding available to the business line is the amount of funding appropriated for Real Property Operations as well as the funding available for the Repair and Alterations activity. Further, the present business line standard is to provide additional services to clients, referred to as reimbursable work, at cost.

In the future, as the pro forma displays, the business line funds will be received from the Portfolio Manager. There will be service agreements which are a product of occupancy agreements. These service and occupancy agreements will provide those resources necessary for the business line to meet the cost and other performance based targets of the Portfolio Manager.

Cost Drivers

Cost drivers are factors that influence the operations of the Property Management business. There are two macro cost drivers: unit cost and total cost.

The unit cost drivers influence the cost per unit (Le., cost per occupiable square foot). Within this area, there are three broad categories that influence the business: (1) cost escalations, (2) mandatory programs driven by Federal legislation, and (3) employee benefits/workplace initiatives.

Cost escalations increase our annual operating costs. A portion of this increase is recognized by OMB's inflation rate increases, however, the diversity of the business results in factors that typically exceed OMB's allowed escalations. The property management business costs are directly affected by wage rate changes, union agreements, and cost of living adjustments that result in higher wage and contract costs.

Legislated mandatory programs elevate unit costs of our commercial counterparts. For example, cleaning costs are driven by our mandatory use of the National Institute of the Severely Handicapped (NISH) as a supplier due to a regulatory preference for disabled workshops. Although NISH generally provides quality service, costs are generally higher than competitively acquired contracts. Additionally, maintenance costs are driven higher as a result of Federal legislation that mandates a series of activities when modernizing or upgrading equipment by limiting the discharge and long term use of chlorofluorocarbons (CFC's).

The final type of unit cost drivers are added employee benefits/workplace initiatives. While contributing to an enhanced quality culture, they have increased costs. These initiatives include the establishment and support of child care centers, health and fitness facilities, and concessions support. An example of the impact of such efforts may be seen in telecommuting centers, another recent initiative, which reduce many costs to society, but result in increased unit costs, due to the establishment of multiple workstations for individual employees.

Total costs are affected by space additions and deletions. Buildings and facilities that are added to or removed from the property management's operating responsibilities tend not to significantly impact the unit cost, but they do influence the total costs.

Pricing

The pricing strategy for the Property Manager involves an analysis of costs to provide services, an analysis of resources needed to fund long term requirements, and a knowledge of market conditions. Although January 1, 1995, will not require an immediate pricing of services, the Property Management organization will require funds to accomplish the mission.

Funding strategies, like pricing strategies, demand an analysis of costs. This includes all direct costs that can be traced directly to a product or service performed, plus overhead. Future pricing strategies for all services will require a fixed and variable costs analysis, a process analysis, an overhead structure and allocation analysis, and a cash flow analysis. The Property Management business line is participating with the Portfolio Manager's task force effort which is developing recommendations for pricing the space and services which will be delivered to our clients.

Pro Forma

The Controller's Core Team is sponsoring the Financial Management Information Requirements task force. In conjunction with other Core Teams, the task force will develop financial reports and schedules in support of the business lines which will provide a framework for all reporting of financial information from the business line and for the agency. Appendix 4 contains draft pro formas for the last two years.

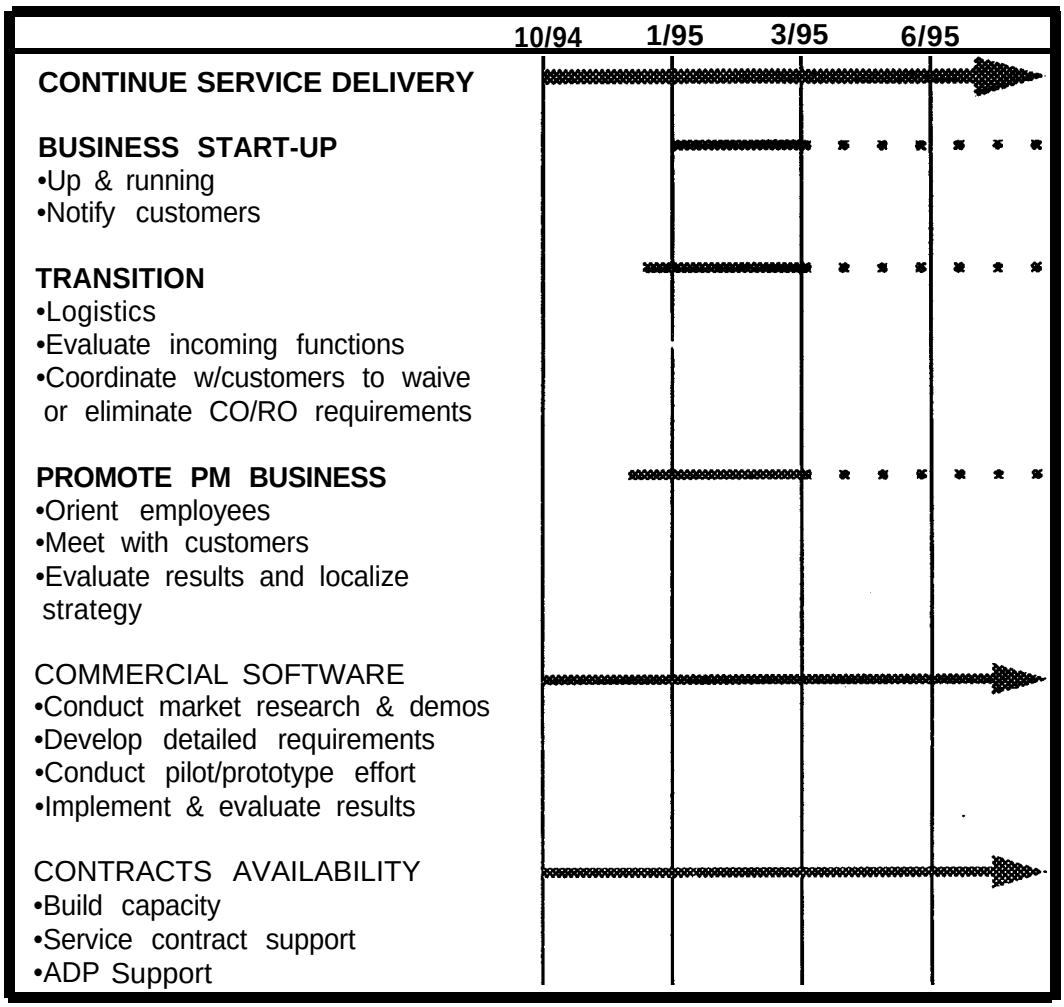
MAJOR MILESTONES

Pro Forma

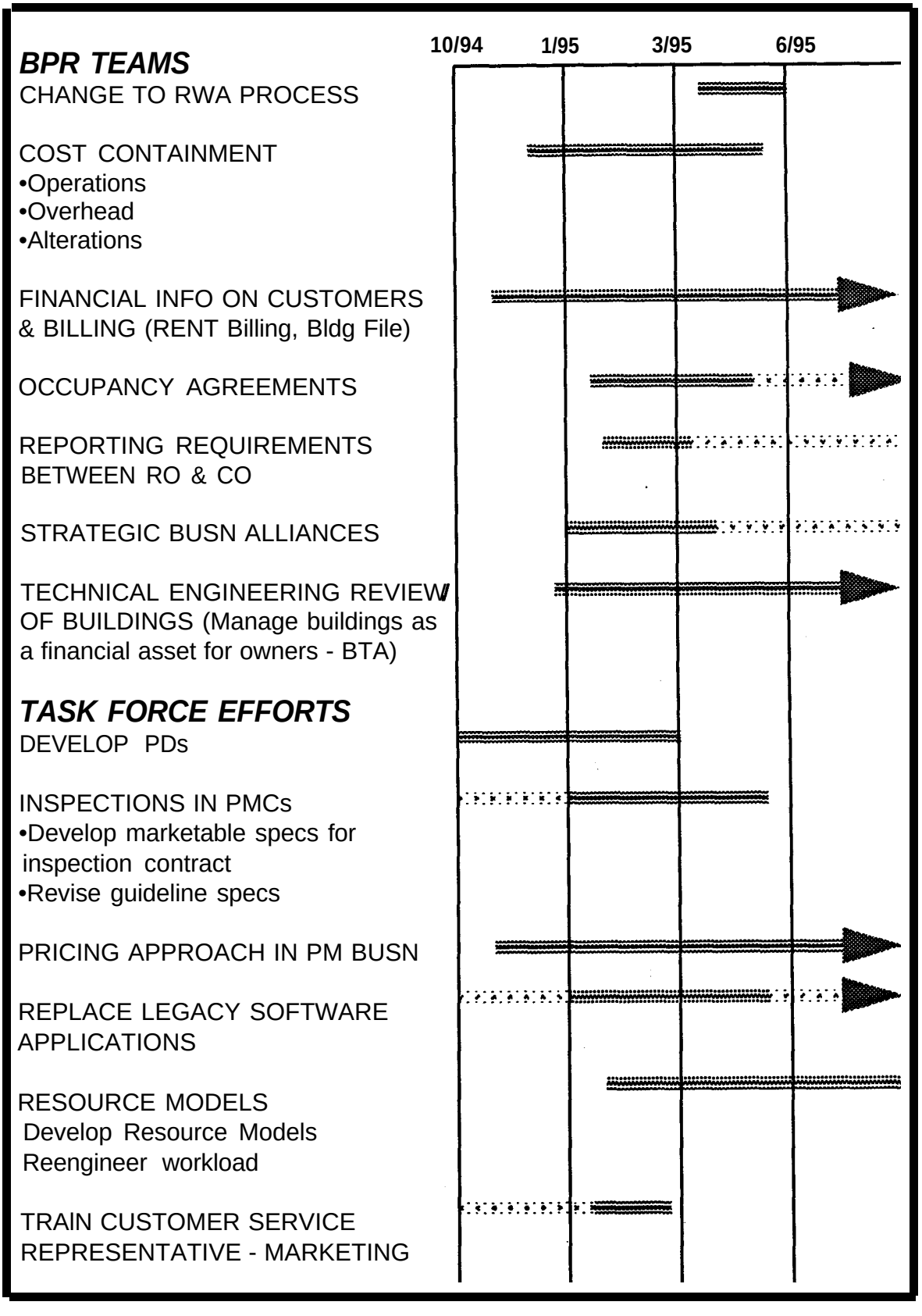
The Controllers Core Team is sponsoring the Financial Management Information Requirements task force. In conjunction with other Core Teams, the task force will develop financial reports and schedules in support of the business lines which will provide a framework for all reporting of financial information from the business line and for the agency. Appendix 6 contains draft pro formas for the last two years.

	Property Management		
	Income Statement		
	For the Period Ended September 30, 1993		
	000's		
Revenues	Total	Direct	Reimbursable
The Portfolio Manager	$934,154	$934,154	$0
Other Business Lines		$0	
Other Federal Agencies	$137,464	$0	$137,464
Non-Federal Customers			$0
Outleasing Services	$2,013	$2,013	
Total Revenues	$1,073,631	$936,167	$137,464
Expenses			
Administrative	$83,113	$83,113	
Cleaning	$256,656	$250,239	$6,417
Roads and Grounds	$0		
Utilities	$333,063	$269,587	$63,476
Maintenance and Repairs	$223,684	$213,335	$10,349
Other Building Services	$107,164	$50,135	$57,029
Safety and Environmental	$7,906	$7,712	$194
Total Direct Expenses/	$1,011,586	$874,121	$137,465
Regional Support	$30,740	$30,740	
Central Office Support	$8,974	$8,974	
Total Indirect Expenses	$39,714	$39,714	
Total Expenses	$1,051,300	$913,835	
Income from Operations	$1,073,631		
Other Gains or (Losses) Net	0		
NET INCOME	$22,331		

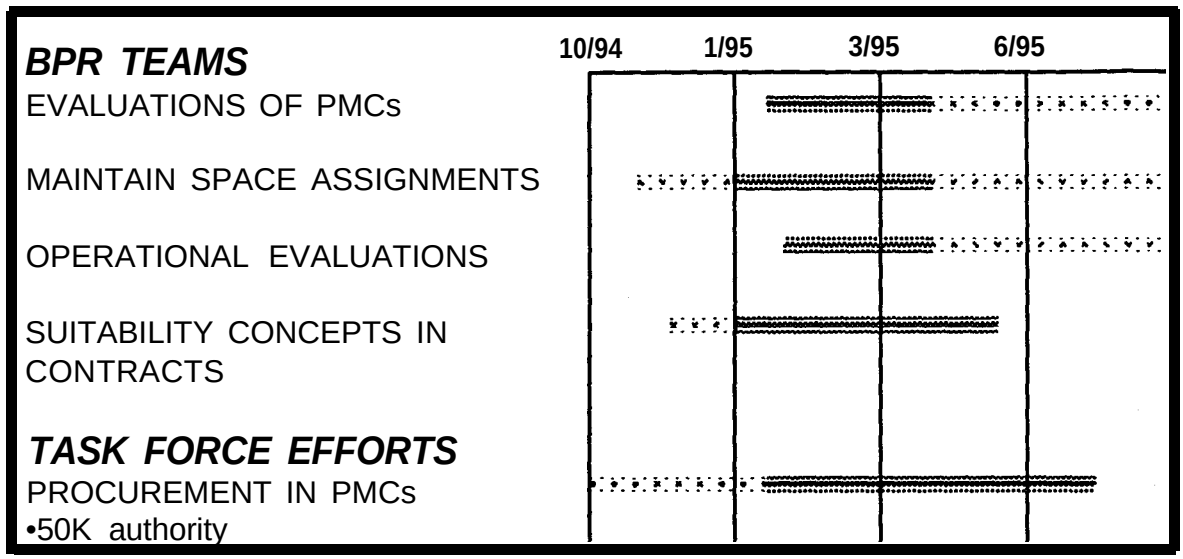
OVERALL BUSINESS MILESTONES



CRITICAL ACTIVITIES



IMPORTANT NON-CRITICAL ACTIVITIES



Appendix 1: Resources & Functions

CENTRAL OFFICE FUNCTIONS

Plan and establish standards, criteria, business practices, and programs for Property Management activities in the existing government-owned and leased property inventory.

Review and evaluate program implementation, performance, and service delivery.

Develop and administer property management programs to:

1. Manage and operate government-owned and leased properties and related personal property, including preventive maintenance; maintenance repairs; operation and maintenance of mechanical equipment; custodial services; recycling program; energy conservation program; concessions programs; and. reimbursable services.

2. Manage properties and the processes relating to maintaining space assignments to federal agencies within the existing building inventory.

3. Manage and administer leases and outleases; ensure service delivery to tenants; distribute rent bills and collect rent; and administer the day to day operation of occupancy agreements with client agencies. [Property Management will perform the following lease administration and management activities in existing space: alterations via lease supplement, modifications for services, contracting officer final decisions (including rent payment deductions), and management of tenant RENT billing and collection. Commercial Broker will perform the following lease administration activities: payment of rent to lessors, lease escalations (taxes and operating), renegotiation of rent, estoppels, changes in ownership/payee, succeeding, superseding, extensions, renewals, expansions, and standstill agreements];

4. Safeguard Federal employees and others from harm and/or hazardous or potentially hazardous exposure arising out of GSA operations or services; environmental matters related to building operations and alterations; and fire protection for personnel and GSA-controlled and operated property.

5. Alter buildings, systems, and space after initial tenant occupancy; implement quality standards for equipment and finishes; the design and construction of alterations excluding major modernizations; cost estimating; and contracting activities in support of the projects.

6. Procure construction, building services, professional services, and architect-engineering services; and assist regions on complex procurement aspects of contracting.

7. Oversight of delegations of authority to occupant agencies for the operation and management of Government-owned and/or operated buildings, and guide and train delegated agencies in lease administration (as defined above in #3), administrative contracting officer, and contracting officer's representative.

8. Identify workload and allocate resources; analyze statistics and measure performance of national programs; develop requirements, project management, operate and product acceptance for automated systems applications; develop and execute budgets; acquire hardware and software; monitor regional performance to ensure efficient and uniform implementation; manage personnel and administrative functions; GSA employee occupational safety and health matters; and reply to audits.

9. Train and assist, through specialized task teams, other executive agencies, state and local governments, and the private sector regarding property management projects and programs.

REGIONAL FUNCTIONS

Implements standards, criteria, business practices, and programs to deliver the full range of property management services by in-house staff and contract including:

Systems and equipment operation and maintenance; custodial, recycling and landscape services; energy usage and conservation; concessions activities; reimbursable services and projects; maintenance of space assignments; tenant space alterations; repairs and alterations; safety and environmental activities; project design and construction; procurement and contract administration; lease/outlease management and administration; rent collection; and tenant delegation responsibilities.

Management And Operation

(1.1) Repairs, preventive maintenance, service calls, and the operation of equipment and systems.
(1.2) Cleaning, sanitation, pest control, landscaping, snow removal, recycling and other activities.
(1.3) Energy conservation including utilities and fuels for buildings operations: and coordination of the energy retrofit program.
(1.4) Cafeterias, concessions, food services, vending areas, and health units.
(2.1) Maintenance of space assignments in the existing building inventory including scaled drawings (measurement, classification, and tenants).
(2.2) Post initial occupancy alterations for existing tenants' space, including scope of work development, layout and design, unit price agreements, review, evaluation, negotiations, award, construction and post occupancy inspections.
(2.3) Identification, marketing and backfill of small blocks of vacant space in the existing inventory for use by existing building tenants.
(2.4) Management of outleases including outlease payment collection.
(2.5) Moving contracts and requirements associated with direct and reimbursable moves in the existing building inventory.
(2.6) Temporary permits affecting space managed in the existing inventory.
(3.1) Lease administration and management (as defined in "Central Office Functions," Item #3) in existing space including alterations by lease supplement, modifications for services, contracting officer final decisions including rent payment deductions.
(3.2) Management of tenant rent billing and collection.
(4.1) Facility and occupational safety and health; fire protection engineering; environmental management; asbestos and lead management; hazardous materials; indoor air quality; radon: and damage control.

(4.2) Risk identification, assessment, and abatement (fire, safety and health, and environmental) for facility operation, maintenance, repair, alteration, and leasing.
(4.3) Accident and tire investigations in GSA-controlled facilities.
(4.4) Natural disaster assistance and national emergency preparedness.

Alteration

(5.1) Repair and alteration (R&A) project identification and development, and recommendation of prospectus level requirements to the Portfolio Manager..
(5.2) Design, technical engineering services, inspection and acceptance of R&A and reimbursable construction work, contract management and administration of projects (excluding major modernizations).
(5.3) Cost estimating for R&A projects, professional services, reimbursable work authorizations, and lease alterations including the budget, prospectuses, change orders, and contract modifications.

Procurement

(6.1) Procurement (including small purchases) through sealed bids, negotiated methods, and supplemental lease agreements, contracts for building maintenance, operations and services; professional, technical engineering, and layout and design services; repairs and alterations construction; indefinite quantity contracts; and assists other business line components with complex procurement aspects of contracting.
(6.2) Contract administration (contracting officer (CO) or CO representative responsibilities) for services and supplies, and successor CO for lease administration and management; publicizes procurements; obtains wage rates; secures proposals and opens bids; amends solicitations; negotiates, awards, and modifies contracts; authorizes progress and final payments; resolves claims and disputes: renders final decisions; prepares justifications under other than full and open competition; negotiates final settlement agreements; and terminates contracts for convenience and for default.
(6.3) Architect-Engineer qualification screening, source selection, and evaluation.
(6.4) Price reasonableness and vendor responsibility determinations.
(6.5) Procurements under Section 8(a) of the Small Business Act, the Javits-Wagner-O'Day Act and other socioeconomic programs.

Delegation

(7.1) Delegaition of authority to clients to make alterations when requested, including drawing review and site inspections; and prepare agreements to delegate buildings operations authority for approval by the Administrator.
(7.2) Training and technical assistance to agencies with building operation, alteration and lease management delegations, and performance evaluation of these delegations.

Resources

(8.1) Annual budget input, execution, management of business line resources (funds and personnel).
(8.2) Program performance evaluation against established goals, objectives, and measures of the business line and the Portfolio Manager.
(8.3) Training on the use of business line reports, data, and processes.
(8.4) Financial management guidance to managers and program personnel.
(8.5) Programming, data base management, office automation, computing assistance, technical support, and training related to automated systems and applications.
(8.6) Administrative service activities; personnel, training, grievances, compensation, performance appraisals, awards, and other administrative matters.
(8.7) Occupational Safety and Health Program for GSA employees.

SKILLS AND CAPABILITIES

The Property Management business enterprise will cover a broad range of functions that include real property maintenance and operation, tenant services, and repair and alterations (except major modernization and redevelopment projects).

Currently, Property Management possesses many of the skills and capabilities to deliver services required by tenants in the existing inventory of government owned and leased space.

In order to enable the organization to expand the services provided, it must acquire the necessary skills and capabilities relating to maintaining lease assignment information and day-today management from Real Estate, interdisciplinary engineering capabilities and skills from Design and Construction, contract negotiation and award skills for high dollar procurements from Contracts, and computer capabilities and skills from PBS Information Systems.

The listing below includes those positions that typically reside in Property Management, and identifies in **bold** type those disciplines that must be acquired to enable full service operation.

CURRENT PROPERTY MANAGEMENT SPECIALISTS	NEW SPECIALISTS REQUIRED FOR SELF-SUFFICIENT BUSINESS
Buildings Management Specialist (1176)	**Realty Specialist (1170)**
Maintenance Mechanics (4749)	**Financial Analyst (0501)**
Electricians (2805)	**Contract Specialist or Procurement Analyst (1102)**
Operating Engineers	**Computer specialist (0334)**
Planner/Estimator (4701)	**Communications specialist (0391)**
Inspectors (3566,5003,5026,4701)	**Information System Analyst (0301)**
Elevator Mechanics (53 13)	**Structural Engineer (0810)**
Laborer (3502)	
Air Conditioning Mechanic (4742)	**Information Engineer (Industry Specialist)**
Plumber (4206)	**Customer Service Representative (New)**
Pipefitter (4204)	**Team Facilitator (New)**
Custodial Worker (3566)	
Work Inspector	
Horticulturist (0437)	*Limited personnel* resources are available *in*
Motor Vehicle Operator (5703)	*property Management in these classifications.*
Architect (0808) *	*Additional resumes in these* areas *are? required to*
Concession Specialist (1101)	*carry out the new* and *increased functions of the*
Procurement Clerk (1106) *	*new business line.*
Procurement Agent (1105) *	
contract specialist (1102) (actions limited to purchases under $100,000) *	
Fire Protection Engineer (0804)	*This Appendix contains* a *list of current property*
Industrial Hygienist (0690)	*Management functions and disciplines,* and
Safety Specialist (0018)	*identifies in* ***bold the new functions and***
Environmental Engineer (0028)	***disciplines required to become a self-sufficient***
Program Analyst (0343) *	***business line.***
Budget Analyst *	
Mechanical Engineer (0830) *	
Electrical Engineer (0850) *	
Industrial Engineer (08%) *	
General Engineer (0801) *	

CENTRAL OFFICE FUNCTIONS & POSITIONS

CENTRAL FUNCTION	ACTIVITY	POSITION
Manage & operate bldgs. & related real property including preventive maint.; maint. repairs; operation & maint. of mechanical equipment; custodial services; recycling program; energy conservation program; concessions programs; and reimbursable services	RPMS D&C	Bldgs. Mgt. Spec. (1176) Concession Spec. (1101) Landscape Arch. (0808) Mech. Eng. (0830) Structural Eng. (0810) Electrical Eng. (0850) Industrial Eng. (0896) Architect (0808)
Manage properties & the processes relating to maintaining space assignments to Federal agencies within the existing building inventory	RPMS D&C BED	Bldgs. Mgt. Spec. (1176) **Realty Spec. (1170)** **Space Planner (1001)**
Manage & administer leases (as defined in "central office Functions," Item 3) & outleases; ensure service delivery to tenants; distribute rent bills & collect rent; & administer day-to-day operation of occupancy agreements with client agencies	RPMS BED Budget	Bldgs. Mgt. Spec. (1176) **Realty Specialist (1170)** **Financial Analyst (0501)** Budget Analyst (0560)
Safeguard Federal employees & others from harm and/or hazardous or potentially hazardous exposure arising out of GSA operations or services; environmental matters related to bldg. operations & alterations & fire protection for personnel & GSA controlled & operated property	RPMS	Bldgs. Mgt. Spec (ll76) Fire Prot. Eng. (0804) Environ. Prot. (0028) Safety Spec. (0018) Industrial Hyg. (0690)
Alter bldgs., systems & space including quality standards for equipment & finishes; the design & construction of alterations; cost estimating; & contracting activities in support of the projects	RPMS D&C	Bldgs. Mgt. Spec. (1176) Architect (0808) Mech. Eng. (0830) Struct. Eng. (0810) Electrical Eng. (0850) Industrial Eng. (08%)
Procurement of construction, bldg. service, professional Services, A/E services; assist regions on complex procurement aspects of contracting	Contracts	**Proc. Analyst (1102)**

CENTRAL FUNCTION	ACTIVITY	POSITION
Oversight of delegations of authority to occupant agencies for the operation & maint. of Govt. owned and/or operated bldgs. & guide & train delegated agencies in lease admin. (as defined in "central office Functions," Item 3), admin. CO, and COR	RPMS RED	Program Analyst (0343) Bldgs. Mgt. Spec. (1176) **Realty Spec. (1170)**
Identify workload & allocate resources; analyze statistics & measure performance of national programs; develop requirements, project mgmt., operate & product acceptance for automated systems applications; develop & execute budgets; acquire hardware & software; monitor regional performance to ensure efficient & uniform implementation; manage personnel & administrative functions; GSA employee occupational safety & health matters; & reply to audits Provide BPR team support and employ information engineering methods wherever appropriate to support change and streamlining	RPMS PK Budget	Program Analyst (0343) **Computer Spec. (0334)** **Info. System Ana. (0301)** **Budget Analyst (0560)** Information Engineer (Industry Specialist)
Train & assist, through Specialized Task Teams, other executive agencies, state & local governments, and the private sector regarding Property Management programs	RPMS	Bldgs. Mgt. Spec. (1176) Safety Spec. (0018) Fire Prot. Eng. (0804) General Eng. (0801) Concessions specialist (1101) Architect (0808) Mech. Eng. (0830) Struct. Eng. (0810) Electrical Eng. (0850) Industrial Eng. (08%)

CENTRAL OFFICE TEAMS & STAFFING

Performing as Teams in a Matrix

The Office of Real Property Management and Safety has been regarded as an organization with a record of positive accomplishments. In fact, the organization's successes are now being replicated by other GSA activities, most notably among these is IFMA (International Facilities Management Association) customer satisfaction surveys. But this example, is really the basis for a larger shift to a team approach. The IFMA instrument was developed using exactly the kind of matrixed team approach recommended .

Performance in a matrix does not come without areas of performance concern. For employees in such an organization there is opportunity to grow and develop multiple skills. However, uncertainty will exist with the variety of complex and new work relationships. For supervisors, the task will be complicated and will require coaching skills and a careful use of facilitators and teams cutting across the service teams.

Our performance track record indicates that self directed teams are the way to go. Our organization is adaptable and team efforts are recognized, accepted, and acted upon.

Portfolio Customer Team (1)

To meet the types of goals set by the Portfolio Manager and to monitor the performance by the regions, one functional element within the business will be the Portfolio Customer Team. This team will be the primary point of contact to the Portfolio Manager for centralizing and coordinating the budget development and execution analyses. Based on performance analyses and financial information, more detailed evaluations of regional operations may be initiated to enhance performance. A primary focus of information systems services will be to improve financial data access, reduce paper at all organizational levels, and establish use of technology to facilitate communication with the customer.

The Portfolio Customer Team performs the functions of portfolio liaison, budget and resource analysis, administrative support to the business (including the administration of personnel resources), information system management, financial analysis of obligational and cost data, audit/management improvement coordination, procurement support, delegations (operational delegations of lease management and building authorities excluding "ACO" type lease delegations) and management of the assignment records and data which support accurate RENT billings for our customers and clients.

Regional Service Teams (3)

Three Regional Customer Service Teams will focus their activities on servicing designated regions. The three teams reflect an initial assessment of workload data covering workload units and lease inventories, the teams would service regions as follows - one team for Regions 3 and NCR; another for Regions 1, 2, 4 and 5; and a third for Regions 6, 7, 8, 9 and 10. Each region will have a single team contact. Each of these teams will have representatives from the functional areas listed on the chart, or will share access among teams to limited personnel resources for areas where limited resources preclude placement in each of the three teams.

Transition Issues

The current resource levels, without those related to the new functions, are 92 FTE and a current supervisory ratio of approximately 1/5. Excluded from the data is the Environmental Executive position. Within this new matrix organization, the functions of the specialized task teams will be matrix efforts across this new organization. While the "Final Design Paper" described a concept of Centers of Expertise, this organization does not separately identify this type of effort. The expertise is a shared resource among the teams. The matrix effort across the teams is where issues of program consistency and objective evaluation of regional efforts occurs. The difficulty of this approach is clear- to address unusual or unique situations in a single team, the experts must work across and with all teams. Without this cross-cutting flexibility, the value of a matrix concept will not be realized.

STAFFING LEVELS FOR CENTRAL OFFICE

The Integration Team requested that each business develop the functions and associated resources that will be required. Identified below are the incoming functions and estimated resource levels. The basis of the resource levels is also indicated. Further, these resource level estimates are related only to work and functions which are presently performed, not as they will be performed in the Property Management business line. What the chart does not identify are work efforts which are required but are not now being performed. This one area, identified by the Core Team, relates to the whole function of managing and assessing our operations using cost data. This is identified as a new work effort which is a Controller function but is not now being performed. The estimated business line effort for this type of work is 3 FTE. This estimate will improve once the BPR effort on costing is complete.

It is important to understand that these resource levels have not been agreed upon with all of the impacted business lines. We have reached tentative agreement on the resource levels with the Acting Controller and with the Acting Assistant Commissioner for Procurement. Resource discussions have also included the appropriate Core team leaders.

IMPACTED ORGANIZATION	TYPE OF CENTRAL OFFICE FUNCTION	TYPE OF POSITION	ESTIMATED FTE	BASIS OF ESTIMATE
Office of Real Estate	Inventory Characteristics: occupancy information	Realty Specialists	.75	Regional models and estimated CO impacts
	COR Delegations for leases	Computer Specialists/ Realty Specialists	.5	
	Analysis of Vacant Space	Realty Specialists	.25	
	Monitoring & reporting on inventory: changes in clients, composition, etc.	Computer Specialists/ Realty Specialists	.5	
	Evaluation of regional lease management & administration	Realty Specialists	2	
	Support & Management		1.5	
Controller	Administration of RENT systems (process not policy setting)	Program or Financial Analyst	6	Functions and processes now performed
	Cost based focus	Program or Financial Analyst	3	
	Delegations: COR and operational	Financial Analyst	1.5	
Office of PBS Information Systems	Product Support: Infonet, (e.g. INC2) and A Series business products	Contract Admin.- ADP	2	Products supported & functions performed
	Systems development to support new performance measures/functions/ selection and replacement of old applications	Computer Specialists	10	Products supported & functions performed Use of technology to provide innovative solutions.
Procurement	Alliances- develop, implement and analyze procurement guidance & standards	Procurement Analysts	2.5	Regional models and estimated Central Office impacts
	Technical advice and assistance to regions	Procurement Analysts	3.5	
	Goals, performance measures, and resources	Procurement Analysts	4.5	
	Strategic alliances development	Procurement Analysts	1	
	Professional & industry relations	Procurement Analysts	.5	
Office of Design & Construction	Technical advice and assistance	Engineer- general, mech., electrical	2	Based on functions performed.
TOTAL			42	

REGIONAL OFFICE FUNCTIONS & POSITIONS

REGIONAL FUNCTION	ACTIVITY	POSITION
Repairs, preventive maint., service calls, & the operation of equipment & systems	RPMS	Bldgs. Mgt. Spec. (1176) Maint. Mechanics (4749) Electricians (2805) Operating Engineer Planner/Estmatr. (4701) Inspectors (3566, 5003, 5026, 4701) Elevator Mechs. (53 13) Laborer (3502) A/C Mechanic (4742) Plumber (4206) Pipefitter (4204)
Cleaning, sanitation, pest control, landscaping, snow removal, recycling & other activities	RPMS	Bldgs. Mgt. Spec. (1176) Custodial Worker (3566) Inspectors (3566, 5003, 5026) Horticulturist (0437) Motor Veh. Op. (5703)
Energy conservation including utilities & fuels for buildings operations; and coordination of the energy retrofit program	RPMS	Bldgs. Mgt. Spec. (1176) Architect Eng. (0808) Operating Engineer
Cafeterias, concessions food services, vending areas, and health units	RPMS	Bldgs. Mgt. Spec. (1176) Concession Spec. (1101)
Maintenance of assignments in the existing building inventory, including: scaled drawings (measurement, classification, and tenants)	RPMS RED	Bldgs. Mgt. Spec. (1176) Architect (0808) **Realty Spec. (1170)** **Space Planner (1001)**
Post initial occupancy alterations, including scope of work development, layout & design, unit price agreements, review, evaluation, negotiations, award, construction and post occupancy inspections	RPMS RED RPMS D&C	Bldgs. Mgt. Spec. (1176) Architect (0808) **Realty Spec. (1170)** **Space Planner (1001)** Work Inspectors **Mech. Eng. (0830)** **Struct. Eng. (0810)** **Electrical Eng. (0850)** **Industrial Eng. (0896)** **General Eng. (0801)**
Identification, marketing & backfill of small blocks of vacant space in the existing inventory for use by existing tenants	RPMS RED	Bldgs. Mgt. Spec. (1176) **Realty Spec. (1170)**

REGIONAL FUNCTION	ACTIVITY	POSITION
Management of outleases including outlease payment collection	RPMS RED	Bldgs. Mgt. Spec. (1176) **Realty Spec. (1170)**
Moving contracts and requirements associated with direct & reimbursable moves in the existing bldg. inventory	Contracts RPMS RED	**Contract Spec. or Proc. Analyst (1102)** Bldgs. Mgt. Spec. (1176) **Realty Spec. (1170)**
Temporary permits affecting space managed in the existing inventory	RPMS	Bldgs. Mgt. Spec. (1176)
Lease management and admin. in existing space (as defined in "Central Office Functions," Item #3)	RPMS RED	Bldgs. Mgt. Spec. (1176) **Realty Spec. (1170)**
Tenant rent billing and collection	RED Controller	**Realty Spec. (41170)** **Appraiser (1171)** Budget Analyst (0560) Financial Analyst (0501)
Facility, occupational safety & health, fire protection engineering; environmental management; asbestos & lead mgmt. ; hazardous materials; indoor air quality; radon; & damage control	RPMS	Bldgs. Mgt. Spec. (1176) Fire Pro. Eng. (0804) Industrial Hyg. (0690) Safety Spec. (0018) Environ. Eng. (0028)
Risk identification, assessment, & abatement (fire, safety & health, & environmental) for facility operation, maint., repair, alteration, & leasing	RPMS	Bldgs. Mgt. Spec. (1176) Fire Prot. Eng. (0804) Industrial Hyg. (0690) Safety Spec. (0018) Environ. Eng. (0028)
Accident & tire investigations in GSA controlled facilities	RPMS	Bldgs. Mgt. Spec. (1176) Fire Prot. Eng. (0804) Industrial Hyg. (0690) Safety Spec. (0018) Environ. Eng. (0028)
Natural disaster assistance & national emergency preparedness	RPMS	Bldgs. Mgt. Spec. (1176) Safety Spec. (0018)

REGIONAL FUNCTION	ACTIVITY	POSITION
R&A project identification & development, & recommendation of prospectus level reqirements to the Portfolio Manager	RPMS	Bldgs. Mgt. Spec. (1176) Architect (0808) Budget Analyst (0560) Program Analyst (0343) Fire Pro. Eng. (0804) Industrial Hyg. (0690) Safety Spec. (0018)
Design, technical engineering services, inspection & acceptance of R&A & reimbursable construction work, contract mgmt. & admin. of projects (excluding major modernization)	RPMS	Bldgs. Mgt. Spec. (1176) Architect (0808) Inspectors Safety Spec. (0018) Planner/Est. (4701) **Mech. Eng. (0830)** **Struct. Eng. (0810)** **Electrical Eng. (0850** **Industrial Eng. (08%)** **General Eng. (0801)**
Cost estimating for R&A projects, professional services, reimbursable work authorizations, & lease alterations including the budget, prospectuses, change orders, & contract mods.	RPMS Contracts	Bldgs. Mgt. Spec. (1176) Architect (0808) Program Analyst (0343) Planner/Est. (4701) Inspections **Contract Spec. or Proc. Analyst (1102)** **Mech. Eng. (0830)** **Struct. Eng. (0810)** **Electrical Eng. (0850** **Industrial Eng. (0896)** **General Eng. (0801)**
Small Purchases	RPMS	Bldgs. Mgt. Spec. (1176) Procurement Clk. (1106)
Contracts: Service Contracts, R&A & Construction; Solicitation; recommendations for award, termination, settlements, etc.	Contracts	**Contract Spec. or Proc. Analyst (1102)**
Award, negotiation, termination & settlement decisions	Contracts	**Warranted Unlimited CO (1102)**
Supplemental lease agreements	RED	**Realty Spec. (1170)**
Contract Administration	RPMS Contracts	Bldgs. Mgt. Spec. (1176) Inspectors Procurement Clerk (1106) **Proc. Analyst or Contract Spec. (1102)** **Warranted CO (1102)**

REGIONAL FUNCTION	ACTIVITY	POSITION
Lease Administration (as defined in "Central Office Functions," Item #3)	RPMS RED	Bldgs. Mgt. Spec. (1176) **Realty Spec. (1170)**
A/E qualification screening, source selection & evaluation	RPMS Contracts	Architect (0808) **Proc. Analyst or Contract Spec. (1102)** **Warranted CO (1102)**
Price reasonableness & vendor responsibility determinations	Contracts	**Warrant CO (1102)**
Procurements under Section 8(a) of the SB Act, the Javits) - Wagner-O'Day Act & other socio-economic programs	Contracts	**Proc. Analyst or Contract Spec. (1102)** **Warranted CO (1102)**
Delegation of authority to clients to make alterations when requested, including drawing review & site inspections; & prepare agreements to delegate bldgs. operations authority for approval by the Administrator	RPMS	Bldgs. Mgt. Spec. (1176) Architect (0808) **Mech. Eng. (0830)** **Struct. Eng. (0810)** **Eletrical Eng. (0850)** **Industrial Eng. (0139)** **General Eng.(0801)**
Training & technical assistance to agencies with bldg. operations, alteration & lease management delegations, & performance evaluation of these delegations	RPMS RED	Bldgs. Mgt. Spec. (1176) Program Analyst (0343) **Realty Spec. (1170)**
Annual budget input, execution, mgmt., & control of resources funds & personnel)	RPMS RED Budget	Bldgs. Mgt. Spec. (1176) **Realty Spec. (REAP) 1170** Budget Analyst (0560) **Financial Ana. (0501)**
Program performance evaluation against established goals, objectives, and measures of the business line & the Portfolio Mgr.	RPMS Budget RED	Bldgs. Mgt. Spec. (1176) Budget Analyst (0560) Program Analyst (0343) **Financial Ana. (0501)** **Realty Spec. (1170)**
Training on business line reports, data, and processes	RPMS	Bldgs. Mgt. Spec. (1176) Budget Analyst (0560) Program Analyst (0343)
Financial mgmt. guidance to mgrs. & program personnel	RPMS	Budget Analyst (0560) **Financial Ana. (0501)**

REGIONAL FUNCTION	ACTIVITY	POSITION
Programming, database mgmt., office automation, computing) assistance, technical support, & training related to automated systems & applications.	Systems	**Computer Spec. (0334)** **Communication Sp. 40391)** **Info. Systems An. (0301)**
Administrative service activities; personnel, training, grievances, compensation, performance appraisals, awards, and other admin. matters.	All	Program Analyst (0343)
Occupation Safety & Health Program for GSA employees.	RPMS	Safety Spec. (0018)

Regional Organization: The CSR and PMC concepts

The CSR is GSA's face in the building In some cases these GSA representative's will be an expanded role of today's Assistant Buildings Managers. In other situations, the CSR will be a new position or one achieved through the development of employees who now work for the business line. In any case, the CSR will be the first and primary point of contact for GSA customers requiring property management services. These CSR's will have the training and authority to provide a full range of services for the customers day-today needs. Depending on the size and/or complexity of the facilities the CSR represents, they may have a small on-site support staff that could include an administrative person, a procurement clerk and/or a combination planner/ estimator/ quality assurance specialist or they may be fully supported out of a designated PMC.

Supporting the CSR and staff will be a list of indefinite quantity and other similar type contracts that are awarded and managed by a PMC. The CSR will have limited direct ordering authority ($2,500-$25,000), will be able to order almost everything to support day-today customer and internal needs from their own contracting authority, or by ordering against the indefinite quantity contracts awarded y the PMC's. PMC's will also award all firm-fixed price contracts that the CSR's need to support customer services at their location(s) such as mechanical maintenance, custodial, certain R&A projects etc. In most situations, the CSR will serve as the contracting officers representative for those firm-fixed price type contracts. Small, one-time contracting needs not covered by one of the PMC awarded contract(s) will be handled by the CSR's staff under their limited Small Purchase Authority.

With a full range of contracting resources available through the PMC and with limited direct contracting authority, CSR's will be able to concentrate their efforts on customer needs and focus on getting work accomplished timely and in a cost effective manner. The primary focus of a CSR is to understand and know their customers as well or better than they know themselves, to anticipate their needs and wants, and to build a trust that brings the customer to them first. The CSR' supports their customers and uses tools made available by the PMC to let the goals be achieved.

Most CSR's will be responsible for a property or a group of properties ranging on average between 200,000-400,000 gross square feet, depending on complexity and geographical location of the properties. That means that over time we must be prepared to train more people to assume the role and responsibilities of CSR's. CSR's are NOT envisioned as being just another name for what today we call field offices. In most regions over time as resources are deployed to the field, regional offices will get smaller. The field offices of today will began to disappear and Property Management Centers will come

into full being. These PMC's will perform all the functions of today's field office and far more. Tomorrow's PMC's will be geographically located based on workload and customer needs. Each PMC will have significant contracting authority and professional engineering and lease administration (as defined in "Central Office Functions," Item #3) expertise that did not exist in the field office of yesterday. These new disciplines along with the skills and positions that will be relocated to the PMC's from regional offices, coupled with the caliber of talent that exists in today's PBS field offices will make for a geographically based, customer focused full service property management organization. While the focus of tomorrow's CSR will be on our GSA customers, the primary focus of tomorrow's PMC's must be to support those CSR's who are our first and primary customer contact. Do this and do it well and we will be the best in the property management business.

Still, most operational needs of the client agencies will be satisfied by the Customer Service Representative, who will be well trained in both customer relations and asset preservation so that both customers' requirements - those of the client agencies and tenants, and those of the Portfolio Manager, are met.

Appendix 2: Best Practices

In order to verify the best practices that were being proposed for adoption by the new business line, a review was completed of commercial property management firms that are considered to be premier organizations. Based on that review, most of the best practices that are being used by the best property management firms had already been adopted or were selected for use by the new business line when it goes into operation in January, 1995. Working in partnership with other GSA business enterprises, Property Management will develop and refine the best practices of our business over time to assure that our external, as well as internal customers, are receiving the best in service and value.

1. Service Delivery
2. Well Trained Staff/Knowledgeable Experts/ Skilled Employees
3. Employee Retention
4. Customer and Client Feedback and Interaction
5. Customer Relationships

- Service Delivery:

One of the key practices adopted by the new Property Management organization is that there is to be an on-site property management presence in any large building or group of small buildings. That property management presence is to be based on the size and/or complexity of the property, as determined by each region and will take into consideration such other factors as the competitive environment of the marketplace and the type and multiplicity of tenants. The proposed duties of the property management presence are spelled out in Appendix 1 of this document.

- Well Trained Staff/ Knowledgeable Experts/ Skilled Employees

Another practice of the new the new Property Management organization is to assure that our employees are well trained in order to be responsive and understand their customers needs. The very best property management organizations place a high priority on training and attribute their success to having the best of training programs. To achieve this we are pledged to provide our employees with training in the areas of customer relations, technical proficiency, communications, customer problem solving skills, marketing, budget and financial analysis and management..

To gain and maintain the trust of our customers the new Property Management organization must ensure that its employees are the most knowledgeable and skilled in their professions and trades. To achieve this our organization will:

- Place a high priority on training throughout the business, that is designed to meet the customers needs.
- Support new innovations in technology and new approaches to problem resolution.
- Provide on-going technical training to keep our personnel current in all aspects of their disciplines.
- Encourage and support employees to become certified in their field of endeavor.
- Encourage and support employees to participate in professional organizations.

- Employee Retention

The Property Management organization is committed to the principle that it Is our people who provide our competitive edge and therefore it is critical we retain the very best. To maximize a focus on customer satisfaction the business must maintain an experienced, capable, innovative, and well trained staff. To achieve this practice we pledge to support and promote developmental

positions and upward mobility, performance incentives, employee recognition, empowerment, and the elimination of overly burdensome processes and procedures.

- Customer Feedback and Interaction

Another key practice adopted by the new Property Management organization is to seek customer feedback and promote positive interaction with customers on the quality and the level of services being provided. Routine contacts with tenants will be taken as opportunities to gauge and improve customer satisfaction. Property Management will improve the way we conduct business by benchmarking our current practices, processes, and technologies. Our business intends to use a wide variety of measurement tools to evaluate performance, customer satisfaction and costs.

Included as part of this effort will be the following types of performance measures:

- Customer Satisfaction Index: The purpose of this index is to track the customer's satisfaction with individual building services such as comfort, cleaning, elevators, security, amenities, parking, emergency preparation, internal maintenance, service calls, individual building staff. The results are than measured and trended with local and national averages over a period of time. This type of process is already in use by the current Real Property Management and Safety organization in the form of the IFMA survey.

- Informal Customer Interviews: All tenants are talked to on an informal basis throughout the course of the year, primarily by Customer Service Representatives to get a sense of the clients day-today satisfaction with the services being provided and the personnel rendering them and to see what, if any, changes the customer may be planning in or to their space.

- Service Call Report Card: Tenants are asked to respond to a short, written simple survey generated from the service request (service order) system to provide immediate input regarding specific services provided to tenants. This process is not in use today as a standard practice, however it is being examined as part of one of the Property Management Core Team Business Process Reengineering efforts.

- Transactional Report Card at the completion of Tenant Improvements: Tenants are asked to respond to a short report card to evaluate the quality and timeliness of work done on a specific project and to give a feel of what went right and what went wrong. This process is not in use today as a standard practice.

- Scheduled Meetings to Establish Future Tenant Needs: Formal meetings with tenants and/or groups of tenants to determine future customer wants and needs. This process Is used today in varying degrees within PBS. The development and implementation of this process must be a joint effort between Property Management, Portfolio Manager, Commercial Broker and others.

Appendix 3: Performance Measures

The new Property Management business performance measures will fall into four major areas identified below:

Customers

Performance for the customer will be measured in two ways: (1) customer satisfaction with building services, and (2) customer satisfaction with other services or projects.

Customer satisfaction will be measured primarily through a baseline customer satisfaction survey administered in each building in the GSA-controlled portfolio. After this baseline measure, periodic assessments will be made to maintain the accuracy and validity of the measurement instrument and determine our performance. This survey determines the customer's satisfaction with various services provided in the building, and goals will be set to improve the satisfaction level through targeted actions to address deficient areas identified in the survey.

The new enterprise will also measure customer satisfaction through random or periodic surveys administered after the completion of individual projects (such as reimbursable alterations and service calls) initiated or requested by the customer. These survey forms will indicate the customer's satisfaction with the quality of the completed work and its delivery including timeliness and cost. Goals can then be set to improve performance based on this evaluation of the project.

Performance results measures will be utilized to identify how well the business is meeting the customers' needs through the year. Types of measures in this category are projects completed on schedule, with goals being set to improve that performance, and the reduction in the measured client dissatisfaction with our operational services.

Internal

The performance measures for meeting and improving the business' internal requirements will be for (1) improving the results, and (2) improving the processes utilized to provide results.

The new business will implement measures to meet its own internal requirements for keeping the operation efficient, maintaining the asset, improving its workforce, and modernizing its building inventory. Appropriate measures will be established to evaluate the results of process enhancements initiated to improve performance in these areas.

In addition, business success factors will be developed to measure each process and sub-process at the appropriate levels to determine whether the processes in place are improving the operations. These efforts will be concentrated on critical processes as we approach a business 'end state.'

Financial & Resource

Financial operations of the new business will be measured (1) to support the Portfolio Manager goals or that are portfolio oriented; (2) to evaluate the success of its operations and processes; and (3) to determine the effectiveness of its cost containment strategies. We recognize that access to cost oriented financial data will affect the implementation timing of some financial measurements.

Net income after operating costs and return on investment of projects are examples of financial measures to support the Portfolio Manager's objectives. Atypical measure of cost containment within

the business line would be a target for reducing overhead costs in the organization. This would be important to both the Portfolio Manager and the client agency.

A key element in this area is the development of realistic and reliable models which support our business line functions. The present models of the Office of Real Property Management and Safety must be altered to reflect the new organizational structures and to provide targets and goals for operations as well as for strategic activities as our business progresses. This effort will involve developing models in a task force effort. The near term target will be to develop a model which can be used in the projections of our business to our stakeholders. This will be accomplished by the end of April 1995. The second phase will be to refine and develop working level models which will guide our regional organizations and apply to property management centers as well as customer service representatives.

Stakeholders

Performance measures for the Property Management enterprise's stakeholders will be utilized for both those external and internal to PBS.

The business has many external stakeholders - OMB, the Congress, the United States Courts, private contractors, the public, and other Federal, state, and local government executive agencies. Appropriate measures will be put into place to ensure performance in these areas, such as meeting the energy consumption goals, environmental hazards abatement activities, and meeting socio-economic contracting goals.

Property Management's primary internal stakeholder is its own workforce. The business is very much aware that a strong, well informed and property motivated workforce is a key to providing quality service and meeting the organization's goals. Programs will be developed and implemented by partnering with the unions and then to measure performance in four employee-oriented categories: safety, satisfaction, turnover, and training.

PROPOSED PERFORMANCE MEASURES

MEASURE	***APPROACH/INSTRUMENT***	***GOAL/COMMENT***
Customer Satisfaction	Service Call Responsiveness	
Operating Costs per Square Foot	⇒Inventory Categories (transition phase) ⇒Total operated inventory (long term)	Specific goals to be determined Specific goals to be determined
	⇒	
	⇒	

Timeliness of project deliverables	⇒ RWA timeliness ⇒ BA54 Projects Scheduled/Accomplished	Subject to initial assessment of timeliness and reengineering effort

BUSINESS LINE PERFORMANCE MEASURES

QUANTITATIVE MEASURES	*WHAT WILL BE MEASURED*	*COMMENTS/BASIS*
Customers	Customers by Type of Space Occupied; Customer Occupancy Profiles	Assignment Data
Customer Satisfaction	Satisfaction Trends by: ⇒ Customer, ⇒ Class of Building ⇒ Type Occupancy	IFMA Survey
Inventory Characteristics	⇒ Occupancies by Region ⇒ Occupancies by type of space ⇒ Operated Space Workloads: GSF, Workload Units, Delegated,	
Asset Values	Asset Valuation for Inventory by Type and Class	
Program Staffing	Business Line Staffing Trends by employment category vs. models	

Appendix 4: Draft Pro Forma Statements

					Property Management		
					Income Statement		
					For the Period Ended September 30, 1993		
					(000's)		
Revenues				Total	Direct	Reimbursable	
	The Portfolio Manager			$934,154	$934,154	$0	
	Other Business Lines			$0	$0	$0	
	Other Federal Agencies			$137,464	$0	$137,464	
	Non-Federal Customers			$0	$0	$0	
	Outleasing Services			$2,013	$2,013	$0	
	Total Revenues			$1,073,631	$936,167	$137,464	
Expenses							
	Administrative			$83,113	$83,113		
	Cleaning			$256,656	$250,239	$6,417	
	Roads and Grounds			$0			
	Utilities			$333,063	$269,587	$63,476	
	Maintenance and Repairs			$223,684	$213,335	$10,349	
	Other Building Services			$107,164	$50,135	$57,029	
	Safety and Environmental			$7,906	$7,712	$194	
	Total Direct Expenses			$1,011,586	$874,121	$137,465	
	Regional Support			$30,740	$30,740		
	Central Office Support			$8,974	$8,974		
	Total Indirect Expenses			$39,714	$39,714		
	Total Expenses			$1,051,300	$913,835		
	Income from Operations			$1,073,631			
	Other Gains or (Losses) Net			0			
	NET INCOME			$22,331			
Notes:							
Dollars for roads & grounds included in cleaning.							
Dollars for revenue for rec & non-rec equal expenses							

File: G:\pmcore\bdd\proform1.xls					Property Management			
					Income Statement			
					For the Period Ended September 30, 1994			
					(000's)			
Revenues				Total	Direct	Reimbursable		
	The Portfolio Manager			$969,195	$969,195	$0		
	Other Business Lines			$0	$0	$0		
	Other Federal Agencies			$132,398	$0	$132,398		
	Non-Federal Customers			$0	$0	$0		
	Outleasing Services			$2,480	$2,480	$0		
	Total Revenues			$1,104,073	$971,675	$132,398		
Expenses								
	Administrative			$78,898	$78,898			
	Cleaning			$258,927	$252,134	$6,793		
	Roads and Grounds			$0				
	Utilities			$334,977	$273,464	$61,513		
	Maintenance and Repairs			$232,612	$223,242	$9,370		
	Other Building Services			$105,238	$50,605	$54,633		
	Safety and Environmental			$11,504	$11,415	$89		
	Total Direct Expenses			$1,022,156	$889,758	$132,398		
	Regional Support			$44,380	$44,380			
	Central Office Support			$10,544	$10,544			
	Total Indirect Expenses			$54,924	$54,924			
	Total Expenses			$1,077,080	$944,682			
	Income from Operations			$1,104,073				
	Other Gains or (Losses) Net			0				
	NET INCOME			$26,993				
Notes:								
Dollars for roads & grounds included in cleaning.								
Dollars for revenue for rec & non-rec equal expenses								