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# Knowing What You Own: An Efficient Government How-To Guide for Managing Federal Property Inventories

by Anthony Randazzo and John M. Palatiello



# Reason Foundation



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# **Knowing What You Own: An Efficient Government How-To Guide for Managing Federal Property Inventories**

**By Anthony Randazzo and John M. Palatiello**

## **Executive Summary**

How much land does the government own? It seems like a basic question that would have a simple answer, but the federal government does not have the kind of basic property and asset data that a well-run business or responsible family relies on to manage its finances.

Very basic steps like using geographic information system (GIS) imaging to map all federal property or requiring all agencies to use uniform methods when reporting the status of their real property have not been pursued. These kinds of initiatives would greatly aid establishing a real property inventory to cut government waste, keep track of stimulus and bailout spending, and examine financial sector systemic risk oversight.

With millions of acres and thousands of assets in government portfolios, officials should take steps to identify what they own, determine whether government or private ownership is most effective, and streamline the efficient transfer of all unneeded real property.

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## Part 1

# Introduction

How much land does the government own? It seems like a basic question that would have a simple answer, but the federal government does not have the kind of basic property and asset data that a well-run business or responsible family relies on to manage its finances.

Some agencies do have good inventory systems—tracking acres of land under management, mineral resources, buildings, vehicles and office furniture—and others are in the process of developing them. However, there is no comprehensive, accurate federal inventory of real property, which is the land and everything on it, leading to frequent misuse and underutilization of land and assets.

Now in the midst of the economic crisis, the government is seeing the need to pursue efficient operations and learn about the full array of financial opportunities available. Not only has the financial crisis affected individuals, families and businesses, but the collective drop in economic activity has had a negative impact on tax receipts at all levels of government. The White House is projecting a \$1.4 trillion federal budget deficit for 2009, with nearly \$1 trillion in deficits a year for the next ten years.<sup>1</sup> And the Congressional Budget Office is projecting that federal debt will exceed 82 percent of GDP by 2019.

Faced with this bleak economic future, the president and Congress will need to work hard to get government spending under control. One aspect of fiscal responsibility is efficient and effective management of federal property. President Barack H. Obama came into office in January 2009 committed to cutting waste in the government<sup>2</sup> and promising a new era of transparency and efficiency. Since then, White House Chief Performance Officer Jeffrey D. Zients has been able to push through a handful of reforms, but none of them changing the inefficient way the government manages its real property.

However, in June 2010, the White House began to move on federal property efficiency. On June 10 the president signed a memo directing agencies to accelerate their efforts to divest excess and surplus property in an effort to achieve upwards of \$8 billion in savings by fiscal year 2012. This presidential order also asks agencies to find ways to consolidate office space, reduce operating costs, eliminate wasteful lease arrangements, and use space management techniques more efficiently.<sup>3</sup>

This memo is a good step towards more efficient federal real property management. However, it is missing a serious component of any efficient real property management system: a dynamic, centralized asset inventory system.

Office of Management and Budget director Peter R. Orszag says the federal government owns “1.2 million buildings, structures, and land parcels” including “14,000 building [sic] and structures currently designated as excess and 55,000 identified as under- and not-utilized.”<sup>4</sup> This assessment, however, comes from an incomplete database built from inconsistent data managed mainly by the agencies themselves, each using its own inventory method, rather than an accurate, centralized inventory.

Very basic steps, like using GIS-imaging to map all federal property or requiring all agencies to use uniform methods when reporting the status of their real property, have not been pursued. These kinds of initiatives would greatly aid in establishing a real property inventory to cut government waste, manage property more efficiently, keep track of stimulus and TARP (Troubled Asset Relief Program) spending and examine financial sector systemic risk oversight.

One estimate suggests all surplus federal property could be sold for over \$1.2 trillion—welcome dollars for a government desperately in need of shedding waste.<sup>5</sup> Better still, selling unused property is only the beginning of fiscal and operational gains to be gleaned from developing a real property inventory.

There are many benefits and challenges to building an accurate and useful accounting of government’s inventory. This paper will look at both and draw on best practices from states that can offer solutions to the federal government in establishing a robust system for tracking and managing real property. The paper will also draw on expertise from the private sector in providing a step-by-step guide for officials wanting to pursue real property inventorying as a part of building a fiscally responsible government.

*Note: For more on how state and local governments can establish a real property inventory, see the sister paper to this report: “Knowing What You Own: An Efficient Government How-To Guide for Managing State and Local Real Property Inventories.”*

## Part 2

# What is a Real Property Inventory?

A real property inventory (RPI) is simply a written record of what land and assets you own. Real property assets are typically immovable property, such as office buildings, warehouses, heavy equipment or bridges. RPIs can also track additional property types, like vehicles, in a comprehensive inventory.

Inventories can be built in many different ways, depending on the policy goals of the government or agency developing the records. They can be put online for public access or kept confidential on centralized federal computers. But whatever the shape an RPI takes, the end product should be able to answer five questions:

- What do we, the federal government, own?
- Where is what we own located?
- What is the condition of what we own?
- What is the value of what we own?
- What is the best use of what we own?

A good real property inventory will also include information on properties leased or otherwise managed by the government. RPIs should include all available data about catalogued property, providing a comprehensive view of the resources available to the government and how resources are being used to maintain and operate property.

### A. Land

There are dozens of federal agencies, 56 states and territories, nearly 3,100 counties,<sup>6</sup> and over 19,000 cities<sup>7</sup> in the United States, amounting to a massive puzzle of land ownership. The best real property inventories map out all land down to the parcel level. Parcels are the lowest level division of property. Parcel information defines the ownership rights and economic value of a specific piece of land (real property). Much

Parcel data includes:

- Owning agency information
- Physical street address
- Lot size dimensions
- Topography
- Land use and property type
- Most recent price of sale
- Appraised value (including improvements)

of this data is collected at the local level. An RPI would collect the clusters of parcel data, called a cadastre, on all property owned, leased or managed by a public entity and develop a comprehensive database of that information.

## **B. Assets**

Parcel information will include the type of improvements on the land being surveyed. These types of assets include office buildings, marinas, golf courses, bridges, warehouses, heavy equipment, park facilities and other immovable property. A real property inventory catalogues all of this information for publicly owned, leased or managed assets, including a listing of asset maintenance costs and requirements.

## **C. GIS Mapping**

Geographic information systems (GIS) are an important tool for inventorying real property and have been used by all levels of government for various purposes, including comprehensive planning, tax-mapping and Enhanced-911. In a GIS survey, aerial photography, property deeds, lists of property history and historical information will all need to be collected to complete the inventory process. The federal government can use existing GIS technology to identify its land and asset holdings, then map parcels and build digital databases in order to create an RPI.

## Part 3

# The Value of Real Property Inventories

Real property inventories have a wide range of application and value. A comprehensive list of land and assets, up to date with their current use, would allow the government to assess what property it might be able to sell to generate upfront cash in times of economic crisis. The process of developing and maintaining an inventory allows government officials to assess their costs in managing property to find ways of being more efficient with taxpayer money. Inventories can even help monitor the effectiveness of spending projects and provide data to economic crisis early warning systems. There are even non-financial benefits, such as legal compliance and mapping systems for emergency response units.

## A. Divesting Real Property for Cash

In the business world, firms often find it good practice to divest unneeded assets and outsource non-core functions. Divisions or subsidiaries that are underutilized often receive a new lease on life under fresh or better management. The one-time windfall from the sale of the asset permits the seller to pay down debt or obtain capital for other investments—without having to engage in new borrowing. The same lessons are equally applicable to government.

Divestiture rids the government of an unproductive or underproductive piece of land or asset that is sapping resources and it is a key step toward “right-sizing” government. But the government can’t know what the usage of its property is without an accurate real property inventory. A database that lists all land and assets owned by a governing entity, while also chronicling their use or lack of use, gives officials information to assess the potential value of divesting an asset or piece of land.

In these difficult economic times and with the new federal focus on efficiently managing government property, selling or leasing underutilized or unneeded land and assets becomes attractive for a variety of reasons. Most critical, land or asset sales typically result in an upfront lump-sum payment of cash, providing much needed resources to struggling agency budgets.

Additionally, divesting or leasing publicly owned real estate increases the tax base (public lands and buildings do not pay property taxes, nor do they typically produce sales and income taxes), which increases revenues and expands economic growth, bringing in further tax revenue. Offloading land or assets deemed inefficiently owned by government will also result in lower maintenance and operations costs, thus freeing up cash for other priorities.

Government land and asset sales or leases can take a variety of forms. In some cases, the government might sell real property outright, in either an "as is" or "entitled" state (having secured necessary zoning approval). In other cases, these transactions are long-term lease agreements or concessions, particularly for revenue-generating enterprises like golf courses, toll roads, or parking facilities. Still in other cases, such as government-owned buildings, approaches include sale-leasebacks, where the private sector purchases the property for a fixed price and agrees to lease back the facility to the government entity for an agreed upon period of time. It is important to remember that the government can receive a lump-sum cash payment in all three scenarios.

Sizable lump-sum, upfront cash payments are generally the attention-grabber in long-term asset leases, but policymakers should not discount the many other associated benefits: achieving cost savings and greater efficiency, achieving performance or quality improvements, shifting risk management from taxpayers to contractors and spurring innovation.

In terms of operational efficiency, privatizing infrastructure offers several potential benefits:

- Private ownership and capital can stimulate innovation that capitalizes on the development of new technology.
- Private firms are free to make use of innovative development techniques that are efficient and cost-effective, avoiding the cumbersome, time-consuming public-bidding and procurement regulations.
- Privately owned infrastructure is more likely to be properly maintained over its life-cycle, unlike public property that often has maintenance deferred due to strong political pressures to spend limited public funds on new construction.
- Private management reduces opportunities for elected officials to benefit their donors by promoting politically driven public works projects whose costs exceed their benefits.

None of these potential benefits is guaranteed to occur in every case of infrastructure privatization. But since there are strong economic incentives encouraging each of them and much weaker incentives for them to be present under public ownership, there is a significant operational case to be made in favor of privatizing these enterprises. While the immediate motive may often be purely financial, the government may end up improving the quality of the infrastructure as a byproduct of dealing with its fiscal problems.

## **B. Cutting Costs and Saving Taxpayer Money**

Another value of an RPI is that it enables officials to better assess the ways taxpayer resources are used. And finding ways to cut costs has never been a higher priority. Public officials who are actively seeking to maximize the benefits that come from an inventory in order to save money are likely to find numerous ways of making government operations more efficient and cost-effective.

In 2005, Rhode Island realized it was leasing office space in different buildings, while separate state-owned properties sat underutilized or vacant.<sup>8</sup> This wasteful use of taxpayer money was because the state did not have a complete inventory of its land or assets, nor did it have a system for managing those resources. Governments at all levels need to know what they own in order to operate with maximum efficiency and with a high degree of respect for taxpayer-entrusted funds.

Inventory information helps federal agencies budget with more precision, efficiency and cost-effectiveness. After developing an inventory, officials can use space management systems like ARCHIBUS (the parent organization for several different software systems) or CMMS (Computer Maintenance Management Systems) to reallocate resources to their best possible use. This increases fiscal responsibility, as agencies can determine if there are two or more offices in proximity to each other that could be combined. This financial management also helps the budgeting process by finding assets to sell, increasing the revenue stream and potentially decreasing lease and maintenance costs through space consolidation.

Georgia is an example of this process's success. When the state set out to inventory its property it found many cases of gross mismanagement of public resources. Using its state "Building, Land & Lease Inventory of Property" (BLLIP), Georgia identified several properties that were not being put to their full use. In one case, underused properties were consolidated into the Douglasville One Stop Shop, a colocation project of three state agencies.<sup>9</sup> This project resulted in:

- A cost savings totaling \$150,000 annually (maintenance, security, etc.);
- An additional 18,000 square feet of office space;
- \$22 million revenue to the state by selling surplus property (easily identifiable through BLLIP); and
- \$1.1 million saved in 2006 through renegotiation and consolidation of leases that will project into a total savings of \$20.5 million through 2012.

BLLIP also identified two properties in close proximity of each other that could be consolidated, saving Georgia \$102 million in a 10-year time frame. The fiscal benefits Georgia attained did not come from passive management but intentional pursuit of efficiency. Important to getting the full value out of an inventory is keeping it up to date, constantly looking for ways to maximize resources. Over time, it may be possible for the government to divest an older office building in a location where land and retail values are high and replace it with built-to-suit lease facilities in other areas where commercial real estate costs are lower. This has the added benefit of enabling a federal agency to acquire better, more modern facilities at lower costs.

The inventory process itself can yield additional ways of saving money. In the late 90s, Wyoming used a GIS auditing process to map its real property. The state found approximately 250,000 parcels that were not listed on tax rolls. Similarly, the Cincinnati Metropolitan Sewer District used GIS to find parcels with sewer connections that were not being billed. The district generated thousands of dollars in missing revenue that more than cover the cost of its GIS unit.

On the federal level, it is clear that the value of efficiency is not just for states and cities. A January 2003 report from the Government Accountability Office (GAO) found that over 30 federal agencies control hundreds of thousands of real property assets worldwide, including facilities and land, worth hundreds of billions of dollars. However, because the portfolio is not well managed, many assets are no longer consistent with agencies' missions and they are no longer needed and many of the assets are in an alarming state of disrepair.<sup>10</sup>

Unfortunately, when it comes to knowing what it owns, the federal government is sorely lacking. The absence of a robust real property inventory has resulted in higher than necessary operating costs and a host of outstanding maintenance needs.

“The State of Ohio owns a great deal of land in locations scattered around the state. Although perspectives may vary, some of that land is certainly unused or under-utilized. Whenever such land is held without any clear plan for its use or development, that situation represents a missed opportunity for the surrounding community and can lead to problems of blight and its attendant negative consequences. Perhaps the land could be developed commercially, or annexed to surrounding property to give it a responsible owner, or reclaimed by the community for parkland or other public use. Or perhaps in some circumstances the best use of the property is in fact for the State to continue to hold it unused – but if that is so, at least the issue should be raised and the situation should be justified.”

—Former Ohio State Treasurer  
Richard Cordray, 2007

### C. Complying with the Law

There are several non-financial benefits of a real property inventory. To begin with, building and maintaining a real property inventory could help governments avoid being out of compliance with property management laws. RPIs are required by law in many places, but these laws are not always followed. In 2004, the Bush administration took a significant step toward efficient real property management with Executive Order 13327, which called on agencies to “identify and categorize all real property owned, leased, or otherwise managed by the agency.” The order established the “Federal Real Property Council” (FRPC) to provide procedures and performance measures to identify and eliminate wasteful spending. The FRPC publishes an annual guide for inventory reporting and has created reporting standards.

However, over six years later, the federal government still lacks a comprehensive and robust real property inventory. The *Federal Real Property Profile*, created in accordance with the Bush administration order, estimates the government owns or leases a total of 3.87 billion square feet of property and 55.7 million acres of land. But a July 2009 report from the GAO says the data are unreliable.<sup>11</sup>

The Government Management Reform Act of 1994 (31 USC 331) requires the Treasury Department and Office of Management and Budget (OMB) to prepare an annual financial statement of the federal government, including all assets and liabilities. The law also requires the Comptroller General to audit the financial statement. However, since then the Comptroller General reported “material deficiencies” in the government’s financial statement and multiple other GAO reports say the federal government does not have “reliable government-wide and agency-specific real property data.”<sup>12</sup> Further still, section 1711 of the Federal Land Policy and Management Act of 1976 (43 USC 1711) sets the following requirement that has not been met:

*The Secretary [of the Interior] shall prepare and maintain on a continuing basis an inventory of all public lands and their resource and other values (including, but not limited to, outdoor recreating and scenic values), giving priority to areas of critical environmental concern. This inventory shall be kept current so as to reflect changes in conditions and to identify new and emerging resource and other values. The preparation and maintenance of such inventory or the identification of such areas shall not, of itself, change or prevent change of the management or use of public funds.*

The federal government is not in full conformity with its own legal standards. Despite all of this, including EO13327, the federal government lacks a comprehensive inventory of real property. As a result the federal government continues to waste resources and mismanage property.

#### **D. Tracking Spending Programs**

A fully functioning, up-to-date real property inventory of all publicly owned land and assets would significantly increase the ability of government officials to monitor the use of taxpayer money. The American Recovery and Reinvestment Act distributed billions of dollars to infrastructure projects and housing programs. However, the lack of comprehensive inventories at the state and municipal level nationwide made distribution of those funds to the best possible projects challenging. The lack of an RPI similarly adds to the complexity of tracking projects and spending. The more robust and up-to-date information policymakers have, the better the chances they will make wise decisions.

The Department of Housing and Urban Development (HUD) would also benefit from a robust real property inventory. A 2003 study by the National Research Council argues that HUD would have a much more effective program structure with better access to parcel-level real property data of the U.S.<sup>13</sup> And HUD isn’t the only agency that would benefit from access to RPI data. The Department of Transportation, the EPA and Justice Department would all find good uses for thorough federal inventory information.

## Part 4

# The Challenges to Building Real Property Inventories

The basic problem is that the federal government cannot answer simple questions about real property. How many acres of land do we own, lease or manage? What buildings do we maintain? Are we maximizing the office and storage space we have? What surplus land, buildings or other assets can be divested to generate revenue and expand the tax base? A failure by the federal government to answer these questions stems from three basic problems: institutional obstacles, a lack of standardized reporting and failure to manage inventories properly.

## A. Institutional Obstacles

There is an unfortunate trend in government practice to neglect managing publicly owned or leased real property. The institutional problem is manifest by a lack of enforcement of federal statutes requiring a robust RPI, often because managing real property can be considered a mundane chore for the public servant, lacking the headline grabbing issues of health care, energy policy or national defense. Because of this, resource management oftentimes lacks champions in Congress or executive branch halls.

“There is a critical need for a better land-information system in the United States to improve land-conveyance procedures, furnish a basis for equitable taxation, and provide much-needed information for resource management and environmental planning... Current technology is adequate in most cases for the surveying, mapping, data collecting, filing, and dissemination of information.”

–The National Research Council's 1980 report, “Need for a Multipurpose Cadastre”

A 2002 report from the GAO found that the General Services Administration’s international inventory of federal real property “contained data that were unreliable and of limited usefulness. Therefore decision-makers, such as Congress and the OMB, do not have access to quality data on what real property assets the government owns, their value, how efficiently assets are being used and what the overall costs are involved in preserving, protecting and investing in them.”<sup>14</sup> Despite this report and similar ones like it ever since, the federal government has taken little action. Real property management continues to remain a “High Risk” activity as determined by the GAO.

In 1980, the National Research Council produced a study titled “Need for a Multipurpose Cadastre.” The study concluded that the nation needed a full inventory of land coordinated by the federal government. The paper also determined that the technology for creating this kind of inventory was available.<sup>15</sup> If the technology was advanced enough in the 1980s, then it certainly is today; even more so with the advancement of computer technology over the past three decades.

The federal government has limited inventories of land for wetland and forestry reserves, wildlife preservation and mineral resources. Where there is perceived financial gain or a special interest lobby, there is typically government activity. The capacity and technology is available. The obstacle to conducting an inventory is the politics of the matter and a trend in government policy to ignore efficient real property management. This is ironic considering there are many financial (and non-financial) benefits of a RPI. The federal government needs officials that understand the importance of RPIs to move efficient property management into the forefront of political priorities to overcome this hurdle.

## **B. Methodological Obstacles**

Inventory development is also hampered by a lack of standardized reporting methods at agencies and departments that do keep records. In many cases, an inventory could be compiled simply by requiring all federal agencies to report information on the property they own, lease or otherwise manage. However, different units of government have developed their own monitoring and tracking methods, many of which are not compatible or interoperable. This obstructs the inventorying process.

This methodological problem is not insurmountable. Staff assigned to inventorying can work to compile the data and simply sort through the complicated material. Agencies could also be required to change systems in order to streamline the reporting process for developing and maintaining an inventory. The technology exists to compile and organize all real property data available. But without a centralized location to compile real property data, comprehensive inventories are not possible.

## **C. Management Failures**

Another problem governments may face is in the later part of developing a real property inventory. In most cases where states already have an inventory of some kind, state officials have failed to realize the potential financial savings and other benefits that come with analyzing their property data. If a federal inventory were to be developed, officials would face the same management problems as state inventory officers.

Political willpower can start the process and GIS mapping can catalogue land and assets, but using that data is key to gaining the full value of RPIs. The ultimate economic value of a real property inventory is the ability to find ways of cutting operational costs or generating cash from divesting unused and underused assets. But this can only come from active management and analysis of real property data.

Each of these hurdles and other unique problems, can be overcome. Any well-run business has an inventory of its assets, despite potholes encountered in developing it. In the end, a comprehensive understanding of what government owns is good public stewardship. Federal officials should not have to be convinced that property management is part of their fiduciary duty as public stewards. When presented with a plan and solutions to problems, there should be no more excuses by government officials lacking the initiative to actively manage publicly owned properties.

## Part 5

# Suggestions: 12 Recommendations Based on State Best Practices

While there remain many glaring deficiencies at the state level, there are several states that should be commended for their success in building and developing useful real property inventories. This section focuses on the best practices of state initiatives and offers suggestions for the federal government based on the many good lessons for creating an effective, comprehensive RPI that these states offer.

### **Recommendation 1: Take The Initiative to Build an Inventory**

At the state level, real property inventory projects have generally been initiated by one of three sources: governors, state agencies or legislatures. To complete an RPI project all three divisions of government will have to be involved to varying degrees, but the process can start anywhere as long as the whole government ultimately gets behind the project. Inventories cost money that Congress will need to approve and any project will need a dedicated driver somewhere in the executive branch with agency staff to implement the inventory plan.

- *Executive:* In 2004, Georgia Governor Sonny Perdue realized each state agency was handling its own space management without cross-agency coordination, resulting in inefficient facility use. He created the “Governor’s Commission for a New Georgia,” one aspect of which was to develop a statewide land inventory.
- *Legislature:* In 1997, the Arkansas state legislature passed Code 15-21-501 to create the Arkansas State Land Information Board (ASLIB). Four years later, the legislature passed Senate Bill 580, amending the code and providing funding for GIS technology to be used in creating a statewide inventory of real property, managed by the ASLIB.
- *Agency:* In 2007, Ohio Treasurer Richard Cordray realized his state didn’t know how all its land was being used. “Although perspectives may vary,” he said, “some of that land is certainly unused or underutilized.” He initiated a two-fold mission: (1) compile a comprehensive inventory of state-owned property and (2) look for opportunities to put property to more effective and efficient uses.<sup>16</sup> Publicly owned real property he initially

sought to chart were roads, parks, prisons, armories, office buildings, leased properties and vacant lands, among other sites.

At the federal level, the Government Accountability Office would largely be responsible for a comprehensive inventory development project. But the General Services Administration or OMB could help make an inventory happen. President Obama should also make efficient property management a greater priority and follow up on enforcing EO 13327 to fully inventory federal land and assets.

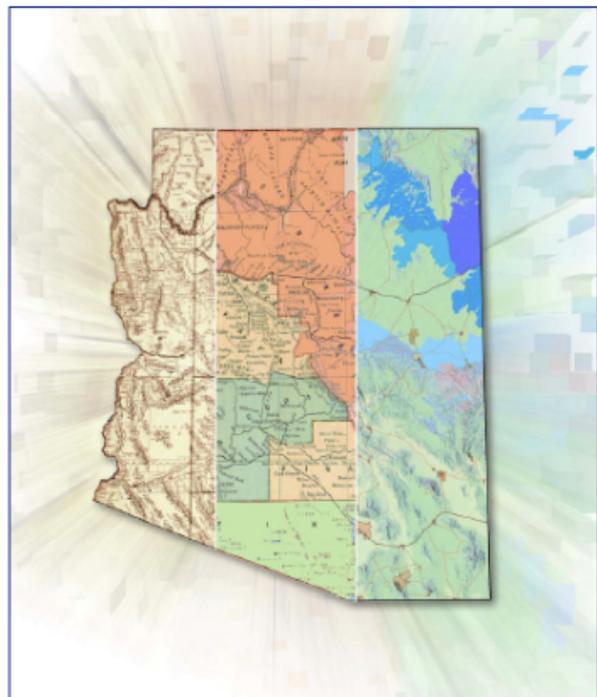
Once again though, for an inventory to be successful, the whole governing entity must be behind the project. Ohio is a good example. A year after the Treasury Department began its independent land use survey, the state legislature had passed HB 420, which codified the Cordray inventory. On December 30, 2008, Ohio Governor Ted Strickland signed the bill into law that increased state real property management, established a council to oversee facilities operation and maintenance and increased requirements on state spending transparency.

## **Recommendation 2: Conduct an Inventory of Inventories**

A first step toward properly managing real property should be to conduct an “inventory of inventories” to find out what the government already knows it owns. This survey project would involve coordinating various federal agencies and creating common metrics to record ownership data to provide a benchmark for what the next steps in the inventory process should be.

For instance, Congress should request compilation of an inventory of all land inventories being maintained by federal agencies, or the Obama administration should issue an Executive Order directing its resources toward such a project. (Legislation to affect these reforms, known as the Federal Land Asset Inventory Reform Act, has been introduced in the past three sessions of Congress, including the current 111<sup>th</sup> House of Representatives. However, no similar bill is pending in the Senate at the time of this writing.)

## **MAPPING ARIZONA**



### **Recommendation 3: Use Geographic Information Systems Technology to Map and Catalogue Real Property Data**

All necessary technology to efficiently and effectively inventory public real property is readily available. The federal government already uses GIS technology for various purposes other than RPIs. And every state and municipality that has a functioning inventory system uses GIS technology. This technology is the most accurate baseline to locate, label and catalogue property and future changes to the property.

### **Recommendation 4: Centralize the Management of Real Property Data**

Currently, the federal government has a decentralized property-accounting method whereby agencies or departments keep track of publicly owned land. This means no one is able to see the big picture and there is no accountability for keeping good records. Data are limited, fragmented, in many cases agency-specific and recorded in multiple formats that lack any cohesiveness. Integrating these databases identifies redundancies that can be eliminated and enhances management capabilities.

In 2005, Georgia Governor Purdue created the “Governor’s Commission for a New Georgia” by executive order after realizing that most agencies in Georgia independently handled their own space management, reporting only to department heads. This resulted in little or no opportunity for comprehensive management of real estate assets. There was no strategic or efficient method in place for property and asset management.

Lonice Barrett, the Director of Implementation for the governor’s commission, says, “Now we can ask why an agency is doing one thing with one property while another agency is doing something else with a similar property. We found examples where an agency had two buildings in one office park and were paying different rates for the two offices.”<sup>17</sup>

In March 2005, former Interior Secretary Gail Norton testified before the House Interior Appropriations Subcommittee that in the Interior Department alone there are “100 property databases across dozens of computer operating systems.” This duplication is wasteful and unnecessary given today’s parcel-based GIS technology.

The federal government cannot settle with just individual agencies managing their own assets, although this is an important aspect of good governance. Agencies and departments should know what they own, but they should be reporting this to a centralized authority than can see broadly how government is using its resources in a way that no single branch can see.

## Recommendation 5: Standardize Reporting Methods For All Agencies and Divisions

Critical to centralization is making agencies produce reports compatible with each other. Frequently, agencies will develop their own criteria for measuring property, creating incompatible reports leading to missed opportunities in space management. Government agencies and departments must use similar metrics in taking inventory of their land and assets both to make processing more efficient and also to make management easier.



### Search for State-Owned Properties

The State Treasurer's Office needs YOUR help to determine which state owned properties are unused or under-utilized. Below, you may search by county to find all of the state-owned properties we have identified thus far.

You can help us by letting us know which properties are being used and which could be better used by a community group or private interest. You can do this by searching for properties in your county, using your county auditor's website to determine where the properties are, visiting them, and then reporting back. You can use our online database to search for state properties in your county and provide us with useful information, such as:

- Is there a building on the property?
- Is the property being used?
- Are there plans to use the property?
- Could the property be used more effectively, and how?



County:       Acreage:

District:

(optional) Address contains:

## Recommendation 6: Put the Inventory Online For Public Access

Transparency can be a natural by-product of a land and asset inventory. After mapping and cataloguing all public land and assets, the information should be available to the taxpayers as well as government officials. This would allow citizens to suggest ways of managing facilities more efficiently or allow developers to suggest ways of divesting public property. If taxpayers can see how every piece of government property is being used, it creates a natural accountability resource for elected officials.

To do this, the real property data should all be digitized. As the information is made electronic it should be put in an online resource, easily understandable to taxpayers. Several state real property inventories are already online, at least in partial form. The Louisiana “SLABS” inventory, like others, lists all of the state’s surplus property. Arizona’s and Arkansas’s systems are being developed online.

Ohio has had some of the greatest success in developing a comprehensive online inventory. In addition to a searchable list of land and assets, the website has a feature for citizens to report public property they know of that the state might not yet be aware of, as the inventory process is still ongoing. Citizens should easily be able to access information on how much property their government owns and what it is using that property for.

### **Recommendation 7: Manage the Inventory Beyond Mapping**

Mapping land and assets is insufficient alone. A centralized inventory is not enough on its own. Only once a real property inventory is used to *actively manage* government owned, leased and managed land and assets will the inventory initiative be successful. Too many states stop at the inventory process and fail to proactively divest unused or underutilized property. A federal inventory project must be undertaken with the expressed intention of reviewing and acting to use land and assets more appropriately and efficiently.

The Connecticut real property inventory is called the Joint Effort for State Inventory Reporting system (JESTIR). A special division of the Office of Policy Management, the Bureau of Assets Management, is responsible for maintaining the inventory. JESTIR collects publicly owned property inventory information from all state agencies on a quarterly basis and analyzes them. The JESTIR system provides space utilization data in the form of a “Utilization Rate” which is calculated for each state-owned structure in the JESTIR system as well as capturing each state-owned structure's “Occupancy Status.”

The JESTIR inventory also provides data concerning the use of each agency's property by using a “Structure Classification” category, placing property into one of 16 possible classification categories (such as office space, warehouse space, hospital space, etc.). This standardizing process for agency information also reports data regarding the status of building construction, property condition and the square footage being utilized, among other things.<sup>18</sup> With all of this data at the fingertips of Connecticut public officials, it is much easier to take an active interest in efficiently utilizing state resources.

### **Recommendation 8: Make the Inventory Continual and Dynamic**

The initial value of an inventory is to find the bulk of misuse, underuse or alternate uses for public property. But the assets of the government must be constantly monitored to ensure efficiency. In Missouri, during an inventory project, auditors found a database responsible for tracking excess rights-of-way to be inaccurate. Land was rarely updated to surplus or “excess” status until a private sector buyer expressed interest. And while the database said one thing, department officials had personal knowledge of land deals not represented in the data. Largely, the database was neither actively updated nor managed and frequently properties listed were over- or under-valued. The same thing can happen to a comprehensive database without frequent monitoring and updating.

### **Recommendation 9: Divest Land and Assets Sooner Than Later**

Developing an inventory requires time, but the government could take immediate advantage of it. In Ohio, although the real property inventory is not yet complete, the state already began looking for opportunities to use its resources more effectively and efficiently. The initial survey found large amounts of unimproved land along state roads and highways. Properties designated for public office space or storage were discovered to be vacant and unused. Still other state-owned parcels were identified as too small or peculiarly shaped as to be virtually unusable, but had been ignored for years, wasting potential tax revenues and economic growth that the private sector would have generated.

Within months of starting the inventory, the Cordray project had already identified many underutilized properties, including a 12.9-acre parcel in west Columbus that was not being used by the state at all. The state Treasury Department then arranged to sell that land, with the legislature's approval, to the city of Columbus for a new police heliport. The city benefited and the state raised nearly \$200,000 with the sale.<sup>19</sup> These dollar figures may seem trivial on the federal level, compared to debt and deficit levels in the trillions. But the efficiencies can often be substantially felt at the agency level. Furthermore, the path to efficiency starts by not minimizing "trivial" expenses that truly are waste.

### **Recommendation 10: Utilize the Wide Range of Private Sector Expertise**

From management experience to highly advanced software programs, the private sector has developed varied and extensive tools for inventory and space management administration. The programs, such as those made by ARCHIBUS or CMMS, are often tailored by the providing companies to private enterprises or governing entities based on the objectives of the inventory.

Georgia Governor Purdue initiated the process of creating a statewide land inventory with the intention of selling unused property. His executive order directed State Property Officer Dr. Gena Abraham to lead a team of facility administrators representing state agencies to coordinate the process of developing a database system from the collective real property records of the state's various departments. The Information Technology Outreach Services of the Carl Vinson Institute of Government were brought in to build the system from the ground up due to their expertise with Web-based geographic information systems.

The end result was the Georgia Building, Land & Lease Inventory of Property. BLLIP is an online, interactive geographical information system that citizens and state employees can use to search and generate reports using real-time information about publicly owned and leased properties and buildings. Georgia's example reveals a healthy mix of executive-initiated efficiency innovation

that worked with the legislature and representatives from state agencies to develop an inventory that is publicly accessible, designed by top-rated, local technology experts.

Missouri's Facilities Management, Design & Construction Department uses ARCHIBUS-designed systems to manage the state's real property and posts information on buildings and land owned online. The ARCHIBUS space consolidation technology has saved Missouri \$3 million to date and reduced leased space over 200,000 square feet. Missouri also employs a facilities management GIS system that provides comprehensive data on all state buildings.

### **Recommendation 11: Build the Inventory to Fit Prescribed Policy Goals**

Real property inventories need not all look alike. There are different ways of organizing the data and different ways of making the data searchable. The government should decide before developing an inventory system what its policy goals are for the inventory and then design the system to meet those objectives.

The Arkansas State Land Information Board (ASLIB) is tasked with identifying issues, problems and solutions in implementing the Arkansas geospatial data infrastructure; developing procedures for the inventory, storage and distribution of spatial information; and providing GIS educational programs.<sup>20</sup> Differently from other states, Arkansas organizes publicly owned land by county, instead of by agency. The board is composed of twelve gubernatorial appointees representing state government, city, county and local government, the private sector and institutions of higher education.

In 2002 Arkansas established the County Assessor Mapping Program (CAMP). CAMP maintains a constant relationship with the counties by providing support and collecting real property data. State Geographic Information Coordinator Shelby D. Johnson says, "We have anecdotal evidence that economic development is the biggest use/return on investment for this data."<sup>21</sup> Arkansas's system is unique. While it is still being developed, the state has taken an approach that best fits its needs and capacities. Meanwhile, the system is being put online and links agencies and governments statewide together.

### **Recommendation 12: Look Beyond Financial Benefits**

Public officials should know that a real property inventory will yield data that can be used beyond efficient management of owned or leased property. Inventories also provide non-financial benefits. For example, state law in Florida, South Carolina, Georgia, Colorado and others requires a state board to establish a statewide mapping system for the public buildings for use by response agencies that are called to respond to an act of terrorism or related emergency. The data from an RPI could be used for these kinds of homeland security systems without a duplicated effort.

Legal compliance is another non-financial benefit that arises from maintaining a real property inventory. Beyond obeying the laws on the books, it would be prudent for the government to consider how rules can be adjusted to aid the RPI process. Early on in the process, the government might want to consider revisiting the legal framework early that determines a property surplus. Once the inventory is in place, there should be no legislative issues holding up the divestment process. For instance some land transactions require an act of Congress; other transactions must go through a bureaucratic process giving every federal agency the right to acquire property before it can be offered to the private sector. Putting an end to these legal hurdles would greatly benefit the path to efficient government.

## Part 6

# How to Conduct an Inventory

The first step is for the federal government to map out what land it owns or leases, either organized by county or agency (or both). From these maps the government can create an inventory of all its real property, both owned and leased. With this centralized inventory, Washington can then assess the properties it is using and not using (part of space management). The federal government can ensure efficient land use and divest unnecessary property, bringing in revenues for the government and encouraging local economic growth.

There are seven steps for creating, maintaining and utilizing a GIS-based inventory of real property:

1. **Identify the approach.** There are two approaches to initiate a real property inventory: (1) the state provides initial funding for the collection and its counties choose to participate by cost sharing in a top-down approach, or (2) the state collects data from its counties utilizing existing county investments in a bottom-up approach. Susan Marlow, president of Smart Data Strategies, says the Tennessee Comptroller's office is an example of a top-down approach. They provided the initial funding and gave Tennessee counties an option to participate through a cost-sharing model. Only about half of the counties chose to participate, leaving the state maintaining 46 counties.

The Ohio Geographically Referenced Information Program reports that its approach has been very focused on local governments. The state has been working with its agencies on what land it holds but augmenting and comparing information with compiled parcel data from the counties, using a state-exempt land classification code. The counties have so far been very supportive.

2. **Define data, metadata and compliance standards.** A common data standard ensures data are organized, accessible and searchable. The creation of metadata (information about how the data were created) and the compliance to standards will ensure data quality control and distribution procedures are possible in the future.
3. **Collect and centralize source data and documents.** Multiple types of source documents are used in most inventories. Hard copy sources may include county tax maps, deeds and plat maps, while digital sources may include existing GIS parcel data and CAD (computer-aided design) data.

4. **Convert and normalize data.** After data are collected, hard copy sources are digitized or constructed utilizing various mapping techniques and the digital data are normalized to comply with the defined standards.
5. **Create a dataset.** After conversion and normalization are complete, a dataset (in this case, a real property inventory) is created, resulting in a graphical representation of the real property in a jurisdiction.
6. **Implement a lands management system.** The life of a real property inventory is found in a Web-based, GIS-centric land management system (such as Smart Data Strategies' DREAMaps Land Records Management suite or Parcel Builder by The Sidwell Company). Such land management systems have been implemented in Departments of Transportation in Washington, Illinois, Mississippi and Nevada. This type of application provides: (a) accessibility and transparency to the public, (b) real property acquisition and disposal management and (c) functionality such as statistical analysis and document-to-parcel linking.
7. **Continually maintain data.** As a key component for future benefit, data must be maintained in order for the inventory to remain valid and reliable. If the data are not maintained, the benefits lessen over time. A proper lands management system provides functionality to ensure maintenance and information utilization are possible.

The process of developing an inventory for the federal government will understandably be more complex than for a city or county. Nevertheless, with all government agencies supporting an initiative to more efficiently manage taxpayer resources, these seven steps will lead to the development of an effective real property inventory.

#### **Actionable Ideas**

Public officials should:

1. Take the initiative to build an inventory
2. Conduct an inventory of inventories
3. Use Geographic Information Systems (GIS) technology to map and catalogue real property data
4. Centralize the management of real property data
5. Standardize reporting methods for all agencies and divisions
6. Put the inventory online for public access
7. Manage the inventory beyond mapping
8. Make the inventory continual and dynamic
9. Divest land and assets sooner than later
10. Utilize the wide range of private sector expertise
11. Build the inventory to fit prescribed policy goals
12. Look beyond financial benefits

## Part 7

# Conclusion

The largest landowner in the United States is the federal government. The U.S. government owns over 65 percent of all land in the contiguous 48 states and over a third of Alaskan real estate. This land is generally used for service or administrative purposes—i.e., for police headquarters, courthouses or military bases—or it is set aside for preserving nature and wildlife. But when it comes to knowing where each parcel is and how it is being utilized, the federal government is unaware of reality at great cost.

Considering the nation's recent economic difficulties, the government should do whatever it can to maximize the value of its resources, ensure efficient management and enable private sector economic growth through divestment of assets and use of private expertise. Real property management is not a Democrat or Republican issue. It is not an issue of spending priorities. It is a good governance issue. It is a fiscal responsibility issue.

Government at all levels needs to be a better steward of the land it owns. With millions of acres and thousands of assets in government portfolios, officials should take steps to identify what they own, determine whether government or private ownership is the most effective and efficient use of it, and streamline the efficient transfer of all unnecessary or under-used real property. Selling more assets to the private sector increases proper management, encourages economic growth and generates—instead of consuming—tax dollars.

The Obama administration should be praised for taking a step toward eliminating surplus federal property and making agencies use resources more efficiently. The process for pursuing this kind of change would be greatly aided and improved by first establishing a federal real property inventory that can help the White House and Congress more effectively identify ways they can be better stewards of public resources. The Office of Management and Budget Chief Performance Officer Zients, and Congress should carefully consider the benefits of a real property inventory and move quickly to develop one.

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Note: Susan Marlow, president of Smart Data Strategies, a Franklin, TN based firm that provides software and services supporting parcel-based inventory systems, contributed to the ideas in this paper.

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## Endnotes

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