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REAL PROPERTY MANAGEMENT G-1530-1 General Operating Procedures

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Definitions

Accountability: Property accountability includes responsibilities for such tasks as tracking the movement of assets, recording changes in physical condition and verification of physical counts. The property managers must exercise this responsibility and maintain proper control over an organization's assets through record keeping, effective policies and procedures, and appropriate security controls.

Accountable Officer: Accountable Officers are responsible for ensuring accountability of real property under their control and that accurate real property records are maintained. Accountable officers are field office managers who have direct management oversight over the real property.

Accountable Real Property: Accountable real property assets are assets that are determined to be important because of their use, value or significance in meeting the Bureau's mission and fiduciary responsibilities.

Acquisitions: Acquisition of real property within the Bureau of Land Management occurs in many ways, including, but not limited to: construction, procurement, donation, transfer and land exchange.

Administrative real property (RP): General Property, Plant, and Equipment used to support the daily operations of the Bureau of Land Management (BLM) in providing goods and services to the public. This includes both administrative sites and recreation areas.

Bridges: Bridges for purposes of this document are defined as those bridges that meet the engineering standards for minimum length and width and that are expected to comply with the bridge safety inspection standards in Title 23, Code of Federal Regulations, Part 650, Subpart C. Culvert crossings are not considered to be bridges. Bridges are capitalized if the general capitalization criteria are met.

Buildings: Buildings are defined as any structure with a roof and commonly enclosed by walls, designed for storage, human occupancy, or shelter for animals, distinguished from other structures not designed for occupancy (such as fences or bridges). Buildings include offices, warehouses, housing and storage units. Fixed equipment, that is permanently attached to and a part of the operation of the building, and cannot be removed without cutting into the walls, ceilings or floors, is also included. Examples of fixed equipment include plumbing, heating and lighting equipment, elevators, central air conditioning systems and built-in safes and vaults.

Capitalization: Capitalization is defined as recording the total acquisition cost of an item in the general ledger of Interior's financial accounts. The intent of capitalization in the financial records is to provide an accurate and total reflection of the Bureau's investment

in real property over time and to provide information on operating performance by allocating costs to the periods benefited.

Capitalized Real Property: In general, items to be capitalized include Land and Land Rights, Land Improvements, Construction-in-Progress, Buildings, Building Improvements and Renovations, Lease-hold Improvements, Roads, Bridges, and Utility Systems. When determining whether any specific real property item will be capitalized, the following criteria must be considered:

1. Any asset designated as stewardship or heritage is not capitalized.
2. Any asset that has an estimated useful life of less than two years is not capitalized.
3. Any asset that has an acquisition cost below the established capitalization threshold is not capitalized.

Condition assessments: Periodic assessments of the existence, inventory condition, and value of all RP. Corrections to facilities, property and finance records are made from these inventories.

Construction-in-Progress (CIP): Construction-in-Progress includes costs incurred during the construction of real property for which the agency will be accountable, including engineering studies & surveys, design, direct labor, direct material, overhead and other costs incurred during construction. Upon completion, on the date that the asset is placed in service, these costs will be transferred to the property capital asset account as the acquisition cost of the asset. *Capitalization of construction work in progress will not be delayed pending final acceptance of residual closeout work such as punch lists.*

Cost: The cost of a real property asset includes all expenses incurred to bring the asset to a form and location suitable for the asset's intended use. For example: amounts paid to vendors; transportation charges; labor costs; engineering and architectural salaries or design costs; acquisition and preparation costs for buildings, structures, and site improvements; costs for all labor and government furnished supplies or materials; costs for inspection, supervision, and contract administration; legal, recording fees, and claims; fair value of donations; and material amounts of interest paid.

Depreciation: Capitalized property, including buildings, structures and facilities, is depreciated over time in order to allocate the costs of assets to the activities and time periods expected to benefit from the use of the property. Depreciation is an important component of the full cost of activities for financial and performance reporting. In addition, management is expected to consider depreciation along with other cost elements when establishing reimbursable agreements and repayment contracts.

Deferred Maintenance: Deferred Maintenance is maintenance that was not performed when it should have been or was scheduled to be and which, therefore, is put off or delayed for a future period.

Disposal: Real property must be disposed of when the asset becomes obsolete, or is destroyed, damaged, or replaced. Real property can be removed from the Real Property

records in many ways: Approved destruction, donation, sale, transfer, trade-in or the Report of Survey Process.

Earthen Structures: Earthen structures are composed of earth and similar materials that retain water. Dikes, levees, and ditch plugs are examples of earthen structures. Earthen structures related to Stewardship Land and permanent improvements to Stewardship Land are expensed as acquisition of stewardship land. Other earthen structures related to bureau operations that meet the capitalization threshold are capitalized and depreciated.

Force Account: For the purposes of real property, force account construction is defined as any construction that is done “in-house” by BLM employees who are being paid to perform the construction. It is critical that all costs associated with force account construction be compiled in a Construction in Progress account, including, but not limited to: salary and fringe benefits, travel and per diem, vehicle and equipment use rates and fixed ownership rates.

General Ledger: A uniform chart of accounts in which financial data are recorded.

General property, plant, and equipment (PP&E): Land used in general operations, including land underlying office buildings, recreation facilities, etc, provided that the land was not previously acquired by the Federal Government as part of the public domain and is not currently used in a stewardship capacity. The cost of General PP&E land is recognized in the financial records in the year that it is acquired. Land does not appreciate or depreciate.

Heritage assets: Heritage assets are property, plant and equipment (PP&E) that possess one or more of the following characteristics: 1) historical or natural significance, 2) cultural, educational or aesthetic value; or 3) significant architectural characteristics.

Improvements: Capital improvements are modifications to existing real property which: 1) extend its useful life by two years or more, or 2) enlarge or improve its capacity or otherwise upgrade it to serve needs different from, or significantly greater than, those originally intended. If a single modification meets the capitalization criteria, then that modification will be capitalized and recorded in the general ledger. Roads, parking lots, utilities, dams and bridges are examples of improvements to a real property site.

Land: Land is the solid part of the surface of the earth. The treatment of land in financial records depends on whether it is General PP&E Land or Stewardship Land. Land, land rights and permanent improvements to land such as roadbeds do not lose value over time and are not subject to depreciation. No depreciation is recognized for these assets.

Leasehold Improvements. BLM-funded costs of improvements to land, buildings, structures and facilities leased by the Interior are capitalized if they meet the capitalization threshold.

Local Real Property Manager: Local Real Property Managers are persons in each accountable office who are designated to: Ensure that real property accounts are reconciled and inventories are documented; maintain all records related to real property, including records of financial transactions related to real property and perform physical inventories.

Maintenance: Maintenance is the act of keeping assets in usable condition, including preventive maintenance, normal repairs, replacement of parts and structural components and other activities needed to preserve the asset so that it continues to provide acceptable services and achieves its expected life. Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it in order to serve needs different from or significantly greater than those originally intended.

Management: The safeguarding of the Federal Government's interest in real property in an efficient and economical manner consistent with the best business practices.

Modular Buildings: Modular buildings are buildings that are acquired as a unit and moved onto the site rather than constructed on site. If the modular building meets the real property capitalization criteria and is physically attached to the land by plumbing, sewer, and/or electrical connections, then it will be placed into the real property records.

Non-capitalized Real Property: Real Property item having a value less than \$100,000. Non-capitalized Real Property is accounted for in the Bureau FAMMS system. Inventory of this RP is accomplished during the Condition Assessment process.

Quarters: Also known as Government Furnished Quarters (GFQ) or Housing. Government furnished buildings, including trailers utilized as a dwelling unit, for federal government employees and volunteers. Employee occupants of these quarters pay an established rent. Buildings for recreational public use are not considered quarters. Buildings used as Quarters are subjected to the same capitalization criteria as all other real property. The same forms and information must be submitted.

Real Property (RP): Land (within established site boundaries), together with the improvements (buildings, structures, and site improvements), located thereon. For purposes of the Real Property Management Program, RP does not include stewardship assets.

Real Property Inventory: All capitalized real property in the Bureau of Land Management must be inventoried every year. In addition, non-capitalized real property is physically verified for presence and condition on a regular basis, to ensure that all real property is inventoried over a five-year period. The physical inventory of Capitalized Real Property must include location of items, assessment of utilization and confirmation of accuracy of subsidiary records. Signature certification by the local real property manager, the field engineer, the accountable officer, and the state property manager are required.

Receiving: The government official accepting constructed real property is normally the Contracting Officer, or that Officer's designated representative, who is responsible for completing a Construction Project Completion Report (BLM Form 1310-11) and notifying the Real Property manager of the acceptance at the time the property is put into service. Receiving documentation for real property acquired by acquisition, donation, or transfer needs to be provided to the real property manager. *Assets built by volunteers with little or no cost to the Government are considered to be donated property.* If an actual value cannot be determined, a fair market value needs to be established through the appraisal process.

Reconciliation: Identification of the differences that exist in the values contained in two or more accounts or statements and making the corrections to bring them into balance.

Recreation Site: An area that is recognized as significant for recreation purposes and includes any location where management actions are required to provide a specific recreation setting and activity opportunities to protect resource values or to provide visitor safety.

Roads: Paved roads and Gravel roads are capitalized if the general capitalization criteria are met. Note, while the estimated useful life of most paved roads is well in excess of two years, in certain locations the estimated useful life is expected to be less than 2 years (e.g., Alaska). In accordance with the general capitalization criteria, these roads would be expensed. Roads on Stewardship Land are treated in the same manner as paved and gravel roads on non-stewardship land.

Site: A BLM owned land area used for real property. The site may contain buildings, structures, or other site improvements. The site is bounded by a more or less defined perimeter or an established boundary. (The site will have a real property number if the value of any of the buildings, structures or improvements meet or exceed the capitalized threshold).

Site Improvement: Site improvements include all improvements outside the foundation of buildings and structures, but exclude attached porches or decks. Site improvements consist of such items as sidewalks, roads, trails, bridges, parking lots, utility systems, fences, landscaping, signage or information boards, utilities, and similar items

Stewardship Land: Any land owned by the Federal Government and not acquired for or in connection with other General PP&E. Typical stewardship land is land held for its natural or cultural significance such as park land, wildlife refuge, etc. In addition, any land which came into government ownership as public domain land remains stewardship land regardless of how the land is used by Interior as the cost of this land is not identifiable. The overwhelming majority of Interior's land is Stewardship land. Stewardship land does not have an identifiable financial value and is not recognized in the financial statements.

Stewardship Assets: Stewardship assets may resemble General PP&E. However, they are associated with the mission responsibilities of BLM as a land manager. Stewardship assets includes stewardship land and improvements to the land such as water control structures, pipelines, wells, and water catchments or tanks; fences, cattle guards, and corrals; stream or habitat improvements; and trails or similar items. These improvements can be structural or non-structural improvements intended to improve program management, increase the usefulness of the land, or protect resources.

Structure: A facility with a roof that is not enclosed on all sides or is not intended for permanent human occupancy. (Structures include pavilions, pole barns, hay sheds, 3-sided truck barns or storage facilities, communication vaults, vault toilets, well houses, flammable storage, and trail shelters.)

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Chapter 1: Planning

I. Capitalization Threshold

In accordance with the Interior Real Property Financial Management Policy, dated April 30, 2003, the Bureau of Land Management has established the capitalization threshold of \$100,000 per item. This capitalization threshold applies to all real property including buildings and other improvements, roads, bridges and dams, including modifications, improvements, etc. Specific information regarding this policy can be found in the DOI Interior Real Property Financial Management Policy or the Interior Real Property Financial Management Guide.

Because of the importance of maintaining the integrity of the Bureau's real property financial records, the new capitalization threshold will not affect the items currently on the real property records. Assets found on inventory in future years will be held to the new capitalization threshold for determining proper accounting treatment.

II. The Construction Planning Process

The Bureau currently has a 5-year construction plan for all types of funding: Deferred maintenance, MLR, O&C, and the Fire Management plan. In order to ensure that all costs associated with a construction project are captured, and that the completed project is entered into the records in a timely manner, it is critical that the real property manager in each office be frequently notified of the status of pending and on-going projects.

III. Establishing a Project Number

In order to track budget costs effectively, a project number assignment is strongly recommended prior to expending any funds at all on the project.

Construction Projects that are approved through the appropriations process are assigned Project Numbers through the Washington Office. This process can take a long time. The same applies to deferred maintenance projects in the 1653 and 1654 sub-activities.

However, each state has been assigned 100 special state codes that can be used to track *Construction in Progress* spending at the local level prior to or in lieu of appropriations approval. In addition, reimbursable account project numbers are assigned at the state level. You are requested to contact your budget staff at the inception of any construction to ensure that the dollars will be tracked appropriately using a project number.

The National Business Center staff (BC-653 and BC-612) is notified of a new project when the BLM Form 1310-20 (Project/Subproject Number Assignment and Information Form) is submitted. This form must be completed by engineering staff or the project manager and sent to the business center before any project spending begins.

IV. Development of a Business Plan

It is the responsibility of each office planning or anticipating the acquisition of real property to develop a business plan that identifies the projected costs of the property, both initially and in the future. All real property, even property which is donated to the BLM, has intrinsic costs associated with it. Some examples of short-term costs include hazardous material mitigation and/or life safety code violation mitigation. Some examples of long-term costs associated with real property include security, maintenance, utilities and depreciation.

The business plan should identify how the office intends to use the real property and what their long-term plans are for funding the costs associated with that property, including the use of interagency agreements, private donations, and volunteers.

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Chapter 2: Acquisitions

I. The Budget Object Class

The following Budget Object Classes should be used when acquiring real property:

Capitalized Land Acquisitions – Administrative	32-3A
Capitalized Buildings, Constructed	32-3B
Capitalized Buildings, Purchased	32-3C
Capitalized Improvements	32-3H
Capitalized, Other structures and Facilities	32-3Y
Capitalized Roads	32-2S
Capitalized Dams	32-2E
Capitalized Bridges	32-2C
Capital Leases	32-3L

II. Pre-construction work

Costs resulting from pre-construction work, such as site visits, design contracts, site preparation, etc. that are incurred prior to the assignment of the project number need to be documented and submitted at the time of the project completion.

III. Modular Buildings, Trailers and Portable Hazardous Material Buildings

All Modular Buildings, trailers and portable hazardous materials buildings will be put in the real property records if and only if its acquisition cost exceeds the capitalization threshold *and* it has electrical, sewer or water connections on a *BLM-owned* site. Otherwise, modular buildings, trailers and hazardous materials buildings must be entered into the personal property records.

IV. Heritage Assets

Neither heritage assets nor improvements to heritage assets are entered into the real property records. When improvements that extend the useful life or increase the capacity of a multi-use heritage asset are completed, they would need to be reviewed for capitalization. An example of a multi-use heritage asset would be a historic building that we also utilize for office space.

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Chapter 3: Construction

I. Maintenance

If the work is defined as maintenance and doesn't upgrade the facility or extend its useful life in any way, it will not be added to the value of the asset. However, the BLM form 1310-11 (Construction Project Completion Report) should be submitted to remove the Construction in Progress data from the account.

II. Upgrades

If the project you are completing exceeds the capitalization threshold and adds to the value of the real property site (e.g. larger HVAC system, improved insulation, etc) or if it adds to the useful life of the asset (e.g. a 30 year roof), then it needs to be added to the real property records. The Construction Project Completion Report (Form 1310-11) and at least one Real Property form (see chapter 4-IV) must be sent to BC-653 for all additions to the capitalized Real Property records.

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Chapter 4: Receiving

I. The Process

Every time an individual construction project is put into service, the 1310-11, Construction Project Completion Report, should be sent to the National Business Center, along with the appropriate Real Property Form.

A printed copy of the FA input document will be sent back to the Field Office for review and notification after the asset is added to FA. However, it is the responsibility of the field office to verify the accuracy of the inventory every year. If an item that you have submitted has not yet been entered into the system, please identify that on the inventory or contact the Business Center Real Property Staff (BC-653) at any time throughout the year concerning these items.

II. Establishing the Fair Market Value

When property is donated, transferred or found on inventory, the fair market value, date of acquisition, and useful life of the asset need to be established. For constructed assets, an engineering estimate will be sufficient. An independent appraisal to determine value of the acquired land associated with real property needs to be provided.

III. Audit Requirements

It is critical for a clean audit opinion that real property receiving documentation be submitted and entered into the real property records within 60 days of completion of the project. An asset's acquisition date is the date the asset is put into service, in use, or capable of being in service. The acquisition date of the property *must* be entered on the Construction Project Completion Report (BLM Form 1310-11) and all applicable Real Property Forms (See Chapter 4-IV).

Financial accounting standards require that our financial statements accurately reflect the number of capitalized assets we have in the Bureau. If the property is not entered into the records in a timely manner, expenses are inappropriately reported. In addition, real property depreciates at a rate based upon its useful life. If the real property is entered into the real property records late, our assets (PP&E), expenses, and depreciation are misstated.

IV. The Forms

The following forms should be submitted at the time of the project completion:

1310-11: Construction Project Completion Report (for any construction project)

1530-17: Land Record (only if the project involves a new or expanded site)

1530-18: Building Record (only if a new building has been added or an existing building has been improved or upgraded)

1530-19: Structures Record (only if a new structure has been added or an existing building has been improved or upgraded)

1530-20: Site Improvement Record (only if site improvements have been made)

1530-21: Pictures (always)

Procurement document (always)

V. Real Property Numbers

BLM Business Center real property staff will assign the real property numbers upon receipt of the above documents.

Real property numbers begin with R, followed by a four digit sequential site number, a decimal point, and a three digit improvement type number:

- 200-299 land description
- 300-399 buildings
- 400-499 other structures
- 500-599 improvements.

The old property number plaques will not be reissued. The BLM is currently creating new, smaller property number identification stickers that will be placed consistently on structures throughout the Bureau. Until that happens, keep the old plaques on the structures if you still have them. However, if you have old real property number plaques on real property that is no longer capitalized, they should be removed.

In addition, BLM will be issuing unnumbered “Non-capitalized real property asset” stickers, and “heritage asset” stickers upon request to assist the local real property manager in differentiating the capitalized real property more easily during the inventory, financial audits, or property reviews.

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Chapter 5: Inventory

I. Capitalized Real Property Inventory Process

An annual inventory to physically verify the presence and condition of all of the Bureau of Land Management's capitalized real property will be performed.

If the annual inventory report has an inaccurate description, the inventorying official should make the change in red on the inventory document. It is the local real property manager's responsibility to verify that the inventory has been updated. It is important to note that these changes can be made at any time, not exclusively during the annual inventory.

II. Non-Capitalized Real Property Inventory Process

Non-capitalized real property will be tracked in the Bureau Facility Maintenance System and will be inventoried during the condition assessment process at least once every five years.

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Chapter 6: Disposal

I. Available Property

The land associated with real property in the Bureau of Land Management is often part of the public domain and, therefore, reverts to stewardship land status when all buildings, structures and improvements have been removed. In extremely rare circumstances, it may be considered advantageous to the government to dispose of the land associated with real property. Because of the unique nature of the laws governing the Bureau of Land Management, prior to making any decision that includes the disposal of BLM-owned land, field office realty staff should be consulted.

To initiate the disposal of a real property site, the field office should submit BLM Form 1520-34, Available Property Report. The disposal team in Denver (BC-653) will work with the local real property manager to ensure that the proper forms are completed to report the excess property to GSA and to comply with the McKinney Act.

II. Destruction

The regulations regarding disposal of real property improvements are the same regulations that are used for personal property. Please refer to Guidebook G-1530-1, Chapter 6 for further information and guidance.

If an existing improvement needs to be destroyed for any reason, approval for the destruction must be obtained in advance by completing and submitting a DI-103a, (Certificate of Unserviceable Property) to your state office for approval. The originating office can request approval to haul the parts to the dump, donate them to a public entity or sell them in a small lot sale. The building can be destroyed only after approval is obtained.

The method for removing a damaged or destroyed structure from the Real Property records is the same process as for personal property. A DI-103 (Report of Survey) needs to be initiated within 30 days of the incident. After signature by the cognizant employee, custodial officer and accountable officer it needs to be submitted to the State Office for Board of Survey action and Reviewing Authority concurrence.

III. Removal & Sale

Occasionally improvements to a real property site, such as modular buildings, trailers or hazardous materials buildings, can be sold and removed from the site by the successful bidder. Complete and send a Form 1520-34, Available Property Report to the Business Center (BC-653). Specify that you wish to make this asset available for sale and off-site removal.

IV. Transfers

Currently, the Fixed Asset System doesn't have a way to transfer an asset (e.g. modular building, trailer or hazmat building) from one real property site to another. If the move is going to be permanent, the building will have to be removed from the first site's records and received at the second site. If there is a possibility that the building will be brought back at some future date, the inventory can be annotated as to the correct location of the asset.

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Chapter 7: Property Reviews

Real property business practices, procedures and policies will be reviewed during cyclical reviews performed by Bureau and Business Center property teams. State Offices are required to schedule cyclical reviews of their real property business practices, procedures and policies as well. Processes that will be reviewed include: the inventory accuracy, the real property manager's knowledge of real property forms, disposal documentation, Management Information System tracking tools and NBC website information, communication between the engineering and real property staffs, and status of outstanding construction in progress.

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