The Many Slices of Property Pie

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It’s a bird, it’s a plane, no wait a minute - it’s a piece of Special Test Equipment (STE)! I’m sure I don’t have to even ask this question to readers of a national property magazine, but just for the record, how many of you have been in a situation where determining the classification of property was like trying to determine the exact second you decided being in property was a wonderful job?

Sometimes, you just can’t put your finger on it. Why? Because some days you wouldn’t trade it for the world, yet on others, you would give it up in a nano-second just to sing on the outdoor landings of Pike’s Public Market in “sunny” Seattle (hey, don’t laugh, people have been discovered that way!).

Property classification can be a very indefinable topic, so how can we as property people help drive this to the best, most logical and definitive conclusion? How can we as property people help put our finger on determining classifications of items we discover that are somewhat different? You could talk to people from both the industry and government walks of life and find many different thoughts on the issue.

One perspective I would like to contribute for property people to ponder is this: Look at property classification like a pie with each slice providing a certain attribute which makes up the completed pie that we must classify. The question to ask next is, of course, who gets the biggest slice?

Let’s look at some attributes one can consider in classifying property: The three F’s (fit, form, function); use; method of acquisition and cost. The three F’s are sometimes pretty easy - you can obtain information on these three attributes with respect to the item in question and determine what FAR property categories you can immediately exclude.

These attributes should be medium to large slices of pie because you have applied logic to the decision, which comes from written regulations found in our "property bible" - the FAR.

Okay, okay, I know...what about an item that doesn’t fall clearly into one of the five types of property? That is the reason for this article. That is why one must divide this property classification pie into various-sized slices to help in making the final determination. To continue slicing, please read on!

Acquisition is not as clear-cut because sometimes we may not buy property correctly. Just because a notice of intent to acquire is not on record for a Hardware Department Station, it should not automatically disqualify that item from being classified as Special Test Equipment. Maybe we just didn’t procure it correctly, in which case that would need to be resolved. Since there is a greater probability of error for this attribute, it should have only a small slice of the pie when being used for determining property classifications.

Cost is an issue near and dear to our customers because they want to know the total dollar value of their property - that’s why we do the DD1662 reporting every
September. Can you blame them? Don't you want to know the value of your stocks, bonds and other investments? But that alone should not be the main factor for determining classification and accountability. It should be considered an important slice but not an extremely huge piece. In today's environment, a high dollar item can be nothing more than a tiny computer chip.

Utilization provides a very tricky situation, because technological advances have thrown an extra cup of berries (my favorite pie is raspberry) into this particular slice. Prior times would allow us to see a certain type of item and claim its classification right away. Well nowadays, some items have had many changes due to these technological advances, yet their functions remain the same. Because they look different doesn't mean their function and use have changed. If the use of an item is its incorporation into an end item, expended or consumed, it is material - simple, right? Is that incorporated into a deliverable end item only? Has today's environment allowed material items to be developed which are not consumed or expended? Some may believe this. If an item actually conducts testing and is interconnected and interdependent to become a new functional entity, then it is STE, plain and simple. Do we have STE that now includes a COTS (common off-the-shelf) laptop computer that is interconnected with other pieces of equipment which conducts special testing? Maybe we can't completely install the laptop computer into the rack of equipment due to its advanced physical dimensions but does that mean it is definitely not STE?

We must look at what the item is accomplishing and not just its physical appearance. If an item is peculiar to a mission, it is concluded to be agency peculiar property, this should not change. Can agency peculiar property only be furnished by the customer? What used to be isn't always the case in today's defense property environment. Sometimes, certain contractual requirements (i.e. no authorization of facilities property on a contract) may cause unique circumstances for property classification. Often, these issues require us to do things that typically would not be done, so we should attempt to deal with those in a consistent manner and move on. Discussions between both industry and government parties could lead to a solution that is best for everyone. This is always an option for resolution to the situation.

You have researched completely an item's means of acquisition, its use, its costs and its fit, form and function. You have cut your pie into its appropriate-sized slices - how do you serve it up?

I must stop the article at this point because the answer to this question can be as numerous as the amount of ingredients it takes to bake a pie.

It is up to every property professional to take into consideration all of the attributes which make up the property and come to a definitive decision. It's not easy because we must be placed in the middle of doing what is most efficient and effective for the user and the company while at the same time abiding by the government requirements placed upon each of us as government contractors.

There is always an exception to every rule. Whatever way the final determination is made and whoever makes that determination, it should be remembered that as property people, we must make those decisions based upon what is correct, efficient and cost effective, not just what is convenient.

We must make those decisions based upon the various attributes which contribute to the property as a whole and weigh those attributes according to their relevancy to the situation. We must make those decisions based upon what we know is best as property professionals.

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