



# FY 2007 Annual Report



AS THE FOREST SERVICE TRANSFORMS  
TEAMS ENTERPRISE UNIT EVOLVES

Forest Service Employees Serving Government Agencies  
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## Primary Accomplishments

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In FY 2007, TEAMS Enterprise Unit collaboratively worked with our clients and their partners to support the agency's mission. The following section highlights four of these projects.

### Rogue River and Siskiyou National Forests Project Implementation

TEAMS has served National Forests since 1998 and we have never had such a huge project implementation undertaking as this year on the Rogue River and Siskiyou National Forests. TEAMS worked a total of 12,800 hours on this project during the 2007 fiscal year. Due to constantly changing priorities, the Forest and TEAMS had to work closely together to meet the targets.

The Forest's FY06 timber sale preparation target was 46 million board feet. In the middle of FY07 the target was increased to 64 million board feet and they needed outside timber expertise to complete the target.

Throughout the late spring and summer, TEAMS provided

specialty crews to complete timber sale layout, traversing, eight timber sale logging systems feasibility reports, numerous pre-cruises and cruise designs, marking and plot cruising, sale administration and mentoring for the Forest's new foresters. The Forest designed these sales to implement portions of the Northwest Forest Plan, specifically to increase structural diversity in homogeneous second growth stands.

On one district, the Sale Administrator was assigned as the lead person to coordinate the layout and appraisal of their FY07 Northwest Forest Plan implementation efforts. The forest brought in one of our employees, Iden Asato,



Thinning of a timber stand in the Prospect area near Crater Lake on the Rogue River/Siskiyou National Forests.

to fill in for their Sale Administrator. Iden administered a combination hazard tree removal sale and clearing removal of vegetation from around 90 large, protected sugar pines. The “62 Pines Timber Sale” was in a special emphasis area known for its unique travel corridor (State Highway 62), a main route into Crater Lake National Park. This sale was under the microscope, both internally and externally, and was of such importance that the Forest Supervisor came out to the field when a dispute between the Purchaser and Forest Service arose in regard to the removal of some of these trees.

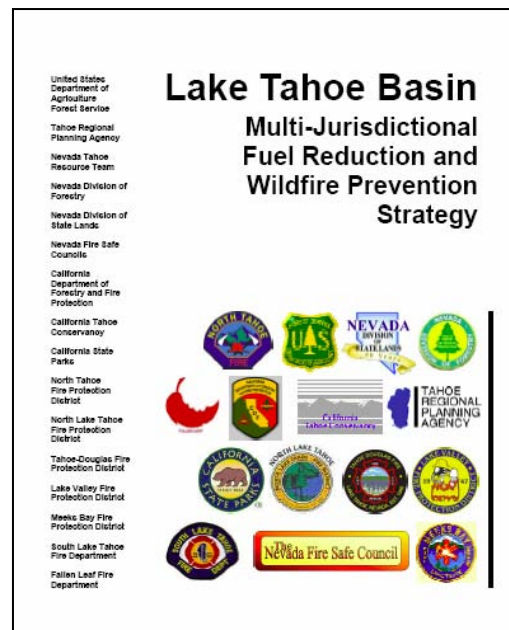
TEAMS participants included Iden Asato, Jason Marcy, Walter Wright, Steve Scoggins, Philly DiCicco, Nick Perry, Leo Ray, Terry Hindle, Bill Brown, David Donahue, Phil Kelly, Art Pacheco, Mike North, K'Lynne Weldon, Larry Harrell, Tabitha Scheler, Becky Savage, Paul Gilbert, Brian Slagle, Steve Scoggins, Kiki Durham and 17 temporary employees.

Through this partnership between TEAMS and the Rogue River and Siskiyou National Forests, the Forest’s 64 million board feet volume target was exceeded by 5 million board feet for a total prepared volume of 69 million board feet. There were many comments from TEAMS employees on how well they enjoyed working with the staff on the Rogue River/Siskiyou. The partnership relation has been so well received that the Forest has included us in their FY08 work plans. We anticipate another great year!

## Lake Tahoe and Carson Range Comprehensive Wildfire Protection Plans

In 2006, Congress mandated that both the Lake Tahoe Basin and Carson Range (Reno and Carson City, Nevada) develop multi-jurisdictional, comprehensive wildfire protection and fuels reduction plans to address the increasing threat from wildfire created by years of hazardous fuels accumulations. Working under tight deadlines, TEAMS provided leadership to each of the planning efforts. Chris French, TEAMS Environmental Coordinator, facilitated actions of 28 cooperators in the development of the plans including the USDA Forest Service, local county and state governments, state fire agencies, and state land management agencies.

In 2007, during the development of the Lake Tahoe Basin Plan, the Angora Fire destroyed more than 240 homes resulting in increased public and congressional focus on the development of the plans and



accelerated deadlines. Together, the plans analyzed nearly 500,000 acres of public and private lands, and identified hazardous fuel treatments on 100,000 acres. If implemented, these plans will lead to the protection of 100,000 homes and 25 communities. TEAMS fire and fuels planner Randy Hall, silviculturist Larry Amell, GIS specialist Vickey Eubank and Environmental Coordinator Chris French were key in developing the final plans, which were supported by more than 35 partners. We expect that Secretary of Interior Kempthorne will approve and sign the strategy document in January 2008.

## **ACT! Customer Relationship Management Software, TEAMS**

Customer Relationship Management (CRM) software facilitates client relationship building. With more than 120 employees representing 23 different disciplines, TEAMS has 20 members heavily involved in marketing and sales efforts. The database serves as one strategic location for them to house all of TEAMS' marketing and sales information for contacts. For example, we participate in 10 to 12 annual events such as the Society of American Foresters National Conference. Use of the database during and after an event allows exhibit booth staff to efficiently share potential client and project information with the appropriate sales person. Use of the database also increases our credibility with clients during times of transition, such as leave, retirement or turnover. Employees can access client data needed to follow-up on a marketing lead, to finalize a sale or to address a customer relations issue.

During FY06, we conducted a needs analysis of CRM software, considered multiple options, and evaluated five CRM software packages. We chose ACT!

### The Benefits:

- Provides an efficient and goal oriented improvement to our internal operations;
- Improves marketing and sales-related service leading to increased customer satisfaction. For example, under our new organization, the Project Liaison will have instant access to our accumulated knowledge about a customer before meeting with them, thereby helping us



Gary Petersen (right) and Jaime Forsyth (middle) greet Glen Sachet (left), a Pacific Northwest Region Issues Manager during the 2007 Society of American Foresters National Conference in Portland, Oregon.

meet their needs and address concerns in an efficient, professional manner;

- Provides a tool for analysis of our marketing and sales performance;
- Allows us to manage potential new business;
- Allows us to share customer information and overcome barriers associated with our virtual environment; and,
- Provides potential to integrate and link with other systems.

During FY07, our Deployment Committee conducted necessary activities to purchase and implement the software.

## **Resurrection Creek Project Recognized by Alaska State Legislature**

On May 4, 2007, the Alaska State Legislature honored the Youth Restoration Corps and the Resurrection Creek Partnership with the following statement:

**“Members of the Twenty-fifth Alaska State Legislature would like to recognize a unique partnership working to restore the fish and wildlife habitat of Resurrection Creek. The Youth Restoration Corps (YRC), U.S. Forest Service (USFS), and USDA TEAMS Enterprise are working jointly on one of the largest habitat restoration projects in the nation. Resurrection Creek, located on the Kenai Peninsula across Turnagain Arm, has important ecological and historical significance. The area has been officially recognized as a five star restoration site by the National Fish & Wildlife Foundation, National Association of Counties, Wildlife Habitat Council, and the Environmental Protection Agency.”**

We featured the Resurrection Creek project in our FY05 Annual Report and the Enterprise Program featured it in the video, *“Enterprisers and You: The Winning Combination.”* We wish to express our gratitude to our Forest Service colleagues on the Chugach National Forest and the Youth restoration Corps, for inviting us to partner with them on this meaningful project.

## Major Challenges

TEAMS had the following major challenges last year:

- **Financial Health:** TEAMS had a break even year in FY06. In FY07, we worked hard to meet the financial goals set in our business planning and our TEAMS Implementation Financial Health Plan. We exceeded our expectations.
- **Operations and Process:** During FY06, project leaders identified operations and feedback data requirements that TEAMS needs to improve. In FY07, TEAMS developed and began implementation of a financial accountability system that will provide project leaders and managers with tools to better assess project operations.
- **FY07 Sales:** Despite the continuing resolution for appropriations for FY 07, TEAMS had a record sales year with a 68% increase above last year. TEAMS will use more outside help and will moderately increase the TEAMS workforce in FY 08 to accomplish the increased workload. We will adjust project pricing to increase or decrease FY08 sales in alignment with our workforce capacity.
- **Evolution:** In response to Steering Committee direction, TEAMS members developed an organizational structure appropriate to the services that TEAMS delivers. Employee delegates on the TEAMS Evolution team provided opportunities for all our members to provide input to the proposal. The initial paragraph of the final document developed by the Evolution TEAM from their Phoenix, Arizona meeting summarizes the need for change:

**“We recognize that TEAMS needs to improve process and organizational structure to improve project, client, and fiscal accountability. To implement these changes, TEAMS is adopting new accounting software and processes to support production employees. TEAMS is also making accounting and tracking procedures consistent across the Enterprise Unit. We also recognize that additional lines of communication closer to project production levels are needed to increase accountability and improve quality control of services to clients. To achieve this, position roles, duties, and responsibilities will need to be redefined; and additional support, management, and quality control employees will be required.”**

Our challenge for FY08 will be to implement the organization developed from that meeting, with later modifications during review, during spring of 2008. The new structure will provide clients with efficient service and assurances that TEAMS will meet time and budget commitments.

## Financial Summary

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Income Statement	Actual		Projected
	2006 <sup>1</sup>	2007	2008
Beginning Cash Balance	\$ 2,437,899	\$2,631,295	\$3,585,813
Collections	14,337,692	15,957,440	\$18,000,000
Expenses	14,126,408	15,002,921	\$17,552,000
Net Income	211,284	954,519	\$448,000
<b>Ending Cash Balance</b>	<b>\$ 2,649,183</b>	<b>\$3,585,813</b>	<b>\$4,033,813</b>

TEAMS began an internal review early in FY 2007 to develop a plan for increasing our financial reserves to a level more appropriate to the size of our enterprise unit. TEAMS Implementation recovered all losses it incurred in FY 2006 and led TEAMS to a record positive net income for the year.

### FY08 Strategic Initiatives

- Implement new TEAMS organizational structure
- Develop appropriate business processes emphasizing project management accountability systems to correspond with project work and financial health
- Continue to improve customer service
- Implement Review Team Recommendations from spring, 2007

### Conclusion

TEAMS has involved all members in developing an organizational structure and business processes that will improve our service delivery. We continue to improve our reporting systems to provide our project leaders with essential information to manage their projects. We have successfully improved the financial health of our project implementation services. We will continue to develop partnerships with our clients to meet their goals. We will move TEAMS to a new era in the business evolution process.

TEAMS looks forward to another successful year of providing efficient, high quality services to our clientele.

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<sup>1</sup> FFIS 2006 revenue and expenses differ from our records due to the collections and disbursements on work order 512-05, set up erroneously in FFIS under subunit 11. As a result, the 2006 ending and 2007 beginning cash balances differ.

# Financial Appendix

## Financial Summary

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TEAMS sold \$30.1 million in services during FY07 as compared to \$17.9 million in FY06, a 68% increase. In FY07, TEAMS built a significant carryover of \$26 million into FY08 as a result of the \$30.1 million in sales (67% Planning Subsidiary; 33% Implementation Subsidiary; .3% Marketing Subsidiary). Our FY07 sales far exceeded our expectations.

<b>TEAMS Enterprise Unit</b>			
<b>Income Statement</b>	<b>2006</b>	<b>2007</b>	<b>% Change</b>
Collections	\$14,337,692	\$15,957,440	11%
Expenses	14,126,408	15,002,921	6%
<b>Net Income</b>	\$211,284	\$954,519	352%

TEAMS Implementation has successfully improved its financial performance by generating a positive net income of \$538,000 and thus recovering all losses incurred in FY06. TEAMS Planning continued to improve their operations producing a positive net income of \$325,000.00. In addition, TEAMS Marketing met its positive net income goal. As a result of the combined efforts of all three Subsidiaries, FY07 was another successful year of operations for TEAMS Enterprise.

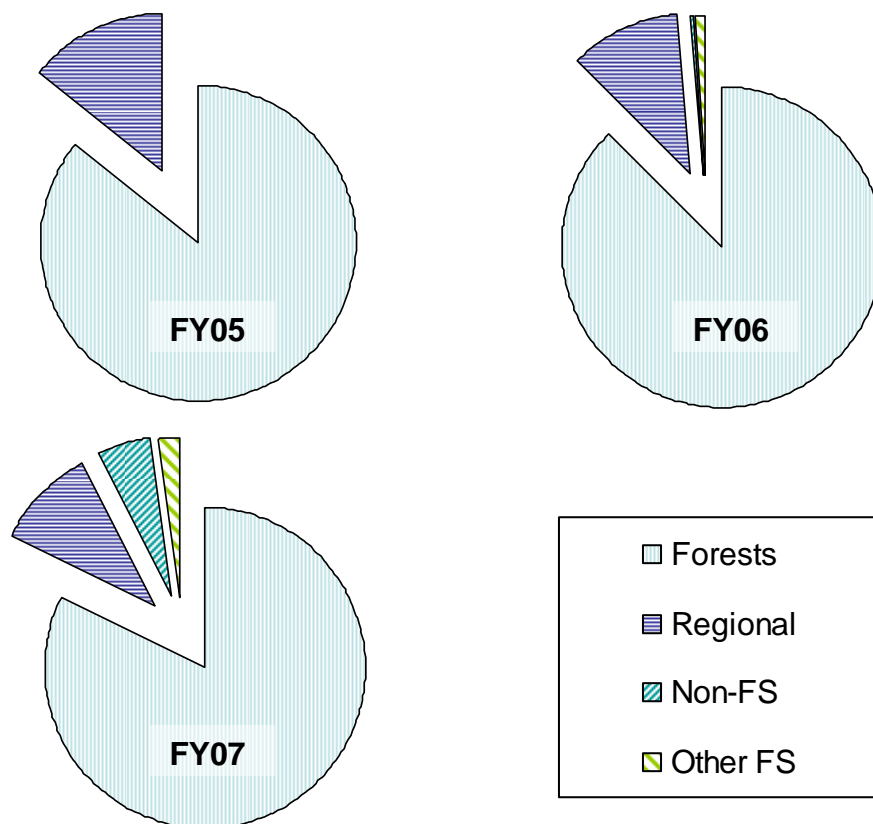
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## Earnings by Client

During FY07, National Forests and their districts used 88% of TEAMS project planning and implementation services making them our primary clientele. Regional Office use declined from 11% in FY06 to 6% in FY07. Other agencies used 4%, a significant increase from the 0.3% use of FY06. Other client categories use our services at a minor level.

The graphs below show that Forest clientele has remained steady over the past three years, regional clientele have decreased by about half, and other Forest Service (Research, Enterprise Units and others) and non-Forest Service clientele have steadily increased.

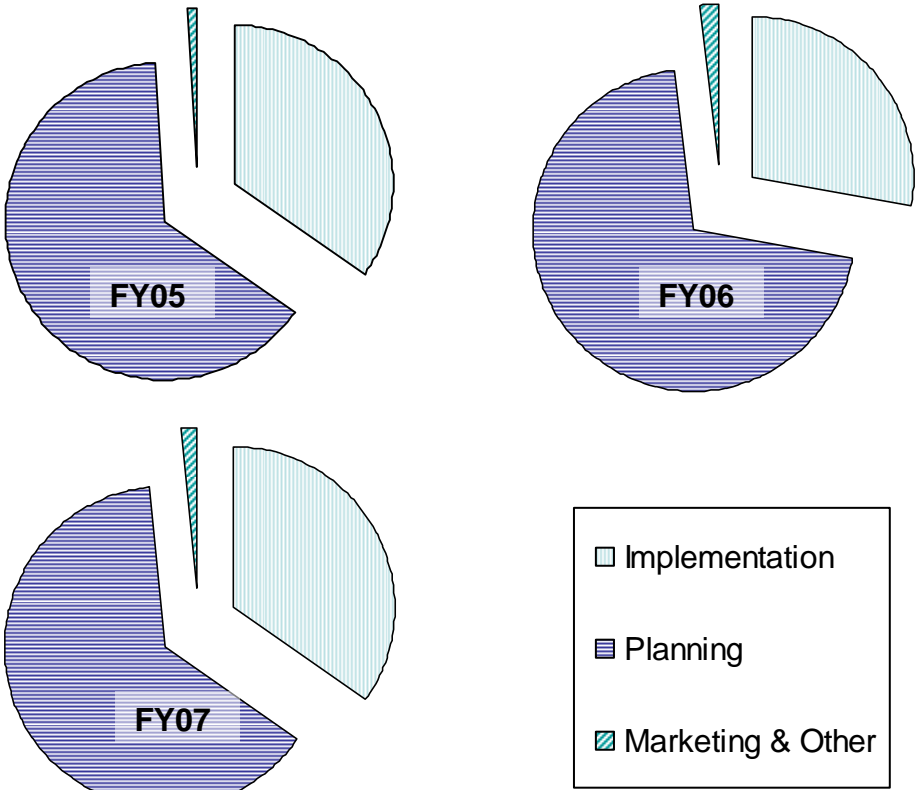
**Earnings by Client for FY05 – FY07**



# Earnings by Products and Services

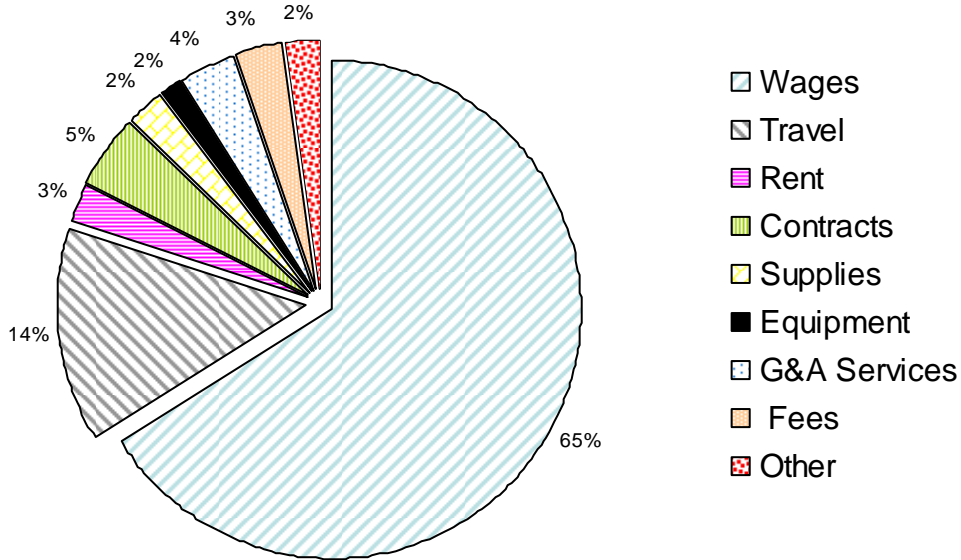
TEAMS project planning and implementation services provide the major portion of our revenues. Although marketing and other services have small earnings, they provide important support roles to the planning and implementation services. As the charts below show, relative earnings by project implementation (about 1/3 of earnings) and project planning (about 2/3 of earnings) services have remained proportional over the past three years.

Earnings by Offering for FY05 – FY07



## Expenses

The graph below shows distribution of TEAMS expenses of \$15 million in FY07.



The following table compares FY07 expenses to FY06.

Item	FY06	FY07	% Change
Wages & Benefits	\$9,678,317	\$9,926,913	3%
Travel, Training & TOS	1,925,329	2,061,592	7%
Rent, Utilities & Communications	431,456	397,035	-8%
Contracts/Other Services	720,216	717,720	0%
Materials & Supplies	201,786	344,594	71%
Equipment	91,773	239,627	161%
Other Contractual Services - G&A	278,733	528,153	89%
Program Office Fees	468,473	440,131	-6%
All Other	330,325	347,157	5%
<b>Total</b>	<b>\$14,126,408</b>	<b>\$15,002,921</b>	<b>6%</b>

Although FFIS is an accrual system for Forest Service units; it does not fully meet the unique financial needs of TEAMS. TEAMS enterprise has program fees, host agreements, OWCP, and HR support expenses that FFIS does not accrue. Also FFIS does not accrue the revenues and expenses from external

agencies. As a result, anomalies like the decrease in Enterprise Program fees in FY07 occur.

Changes from FY06 to FY07 occurred as a result of the following:

- Wage and benefit increases were commensurate with the overall increase in wages and benefits across the Agency;
- Travel, training and transfer-of-station (TOS) costs increased due to increases in airline fares and gasoline;
- Rent, utilities and communications costs declined because several employees relinquished their office space to work virtually at home;
- Material and Supplies increased because of the need to set up offices for new employees and those moving from offices;
- Equipment costs increase significantly due to the purchase of more powerful computers and associated printers, and peripherals. We have updated GPS units and field data recorders. Software development, purchase and upgrades, such as the new Financial Accountability System software, ACT! and Adobe Acrobat, respectively; and
- Other contractual services increased because of increased sales during FY07.

TEAMS has increased its use of contractors by more than 80% over FY06 in an effort to reach goals identified in the safety net strategy (see FY06 Business Plan). The efforts of TEAMS project leaders, field crews and specialists produced a financially successful year.

**United States Department of Agriculture  
Forest Service Enterprise Program  
TEAMS  
Statement of Operations and Changes in Net Position  
Fiscal Year Ended 2007**

<b>Revenue:</b>		
	Internal Work Orders	15,355,107
	External Grants and Agreements	602,333
	<b>Total Revenue</b>	<b>15,957,440</b>
<b>Expenses:</b>		
11	PC& B (Wages and Benefits)	9,926,913
21	Travel, Training, TOS	2,061,592
	Rent, Utilities and	
23	Communications	397,035
25	Contracts/ Other Services	717,720
26	Materials & Supplies	344,594
31	Equipment	239,627
	G&A (Other Contractual	
41	Services)	528,153
	Program Office Fees	440,131
	All Other	347,157
	<b>Total Expenses</b>	<b>15,002,921</b>
	<b>Net operating revenue/(cost)</b>	<b>954,519</b>
	<b>Net position, beginning of period</b>	<b>2,631,295</b>
	Net operating revenue/(loss)	954,519
	<b>Net postion, end of period</b>	<b>3,585,813</b>
	<b>Accounts Payable</b>	<b>1,296,557</b>
	<b>Accounts Receivable</b>	<b>41,178</b>
	<b>Projected Net Balance</b>	<b>2,330,434</b>

### Financial Projections – Fiscal Year 2008

Description	Amount – Projected	Comments
<b>Collections</b>	<b>\$18,000,000</b>	Include collections not projected sales
<b>Expenses</b>		
Wages & Benefits	\$11,434,000	Cost to Government
Travel, Training & TOS	\$2,165,000	
Rents, Utilities & Communications	\$472,000	Includes Host Agreements, Telecommunication Charges
Contracts/Other Services	\$754,000	
Materials & Supplies	\$362,000	
Equipment	\$330,000	
G&A	\$555,000	
Program Office Fees	\$639,000	
All Other	\$841,000	
<b>Total Expenses</b>	<b>\$17,552,000</b>	
<b>Net Income (Collections - Total Expenses)</b>	<b>\$448,000</b>	

Because TEAMS has significant carryover project work from FY07, FY08 has the potential for significant improvement in our financial reserves. TEAMS Implementation Subsidiary improved its financial performance in FY07 recovering all losses incurred in FY06.

## **FY08 Bill Rates**

TEAMS will simplify its bill rates because of the difficulty in tracking them by subsidiary and employee grade. In FY08, TEAMS will use one bill rate for each category of work. Project estimate appraisers will clearly identify reductions and premiums within the estimate, but will not alter the bill rates.

For FY08, TEAMS will use one of the following two strategies for estimating each project:

1. Total project cost estimate for services provided on a clearly defined scope of work; or
2. Hourly rate, using project funds until depleted on a project, for a project with a scope of work that will change during the life of the work order.

TEAMS uses its hourly bill rates to construct estimates and provide a starting price for negotiation with potential customers. TEAMS adds crew and specialist lodging, travel and project supplies as separate cost items. Bill rates include all other fixed and variable costs.

<b>FY08 Hourly Bill Rates</b>	
<b>Service</b>	<b>Bill Rate</b>
Team Leader	\$110
Engineer	100
Resource Specialist	97
Sale Administrator	86
Project Leader	70
Field Crew Member	58