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Report to Secretary, Department of the Navy; by Robert G. Bothwell (for Fred J. Shafer, Director, Logistics and Communications Div.).

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The utilization and maintenance of real property assets were reviewed at selected naval shore activities in the United States to determine whether any real property was not utilized, underutilized, or not put to optimum use, and whether the property had been adequately maintained. The Naval Facilities Engineering Command has a Shore Facilities Planning System to: determine real property requirements, evaluate existing real property assets, compare requirements with usable assets, and determine the best way to correct deficiencies and dispose of excesses. Findings/Conclusions: Preparation and submission of data have not always been timely, and the data have not always been accurate. About 10% of 1,144 shore activities did not have real property requirements data in the system, and about 22% of the 618 activities required to report current functional use, physical condition, or proposed use of facilities did not do so. The Navy has limited its opportunity to use vacant and underutilized real property by excluding buildings and structures from its annual real property review. As a result, available real property has been overlooked in programming construction projects. The Navy has also limited the potential use of vacant real property by not making it available to other agencies. Limited use has been made of the Shore Facilities Planning System in managing real property. Recommendations: The Secretary of the Navy should require Navy activities to: include all land, buildings, and structures in their annual utilization reviews, promptly report to appropriate Navy levels all vacant and underutilized facilities, provide the required data for the facilities planning system, and use the data provided by the system in their property management activities. (RRS)

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REPORT BY THE U.S.

General Accounting Office

Navy Facilities Not Identified And Reported For Possible Use Or Disposal

The Naval Facilities Engineering Command has developed a Shore Facilities Planning System to determine facility requirements at Naval shore activities. But preparation and submission of data for the system has not always been timely, and the data itself has not always been accurate. As a result, Naval shore activities make only limited use of the system. The Naval Facilities Engineering Command has continued to improve the system's operations but lacks authority to compel shore activities to comply with established procedures.

Most of the shore activities did not include buildings and structures in their annual utilization reviews as required by regulations. Activity officials said that in their opinion, Navy instructions apply to land only. As a result, the Navy has overlooked available real property when programming military construction projects.



LCD-78-318
MARCH 21, 1976



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS
DIVISION

B-101646

The Honorable
The Secretary of the Navy

Dear Mr. Secretary:

This is our report on how the Navy can further use vacant and underutilized real property. We surveyed the utilization and maintenance of facilities at selected Naval shore activities. We discussed our work with Navy officials and included their comments in the report. The results of our review on the condition of facilities at the Naval Regional Medical Center, Philadelphia, Pennsylvania, were included in a separate report to you dated February 17, 1978.

This report contains recommendations to you on page 12. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

Copies of this report are being sent to the Chairmen, House and Senate Committees on Appropriations and Armed Services; House Committee on Government Operations; Senate Committee on Governmental Affairs. Copies are also being sent to the Director, Office of Management and Budget; the Secretary of Defense; and interested Members of Congress.

Sincerely yours,

F. J. Shafer
for F. J. Shafer
Director

D I G E S T

GAO reviewed the utilization and maintenance of real property at nine selected Naval shore activities. The Federal Property and Administrative Services Act of 1949, as amended, and implementing regulations of the General Services Administration and the Navy, provide guidance and requirements for managing the Navy's real property.

The Naval Facilities Engineering Command has a Shore Facilities Planning System to (1) determine real property requirements, (2) evaluate existing real property assets, (3) compare requirements with usable assets, and (4) determine the best way to correct deficiencies and dispose of excess. Preparation and submission of data has not always been timely, and the data itself has not always been accurate. About 11 percent of 1,144 shore activities did not have real property requirements data in the system. About 22 percent of the 618 shore activities required to report the current functional use, physical condition, or proposed use of their facilities did not do so. The Navy said that insufficient staff and limited travel funds restricted engineering inspections of shore activities. (See p. 5-8.)

Navy instructions for the Shore Facilities Planning System state that full and complete utilization of existing assets must play a vital role in each facility planning decision, and excess property should be the first source considered for satisfying military construction requirements. Naval shore activity officials said, however, that generally they have not included buildings and structures in their annual reviews. Also, most of the activities are reluctant to report a facility as excess unless it is

beyond repair and should be demolished. For these reasons, GAO believes that the Navy overlooks available vacant real property when programming a military construction project. For example, planned construction of a warehouse could be partially satisfied by using existing available space, instead of constructing a new facility. The savings in this case could be about \$581,000. (See p. 3-4.)

The Navy has tried to improve the system's operation by instituting a computer routine to test the validity of input data, issuing a revised system manual, and developing a training program on how to use the system. GAO believes that these steps will improve the system, but effective input and use of the system's information depend on the co-operation of the shore activities.

GAO recommends that the Secretary of the Navy require Navy activities to:

- Include all land, buildings, and structures in their annual utilization reviews.
- Promptly report to appropriate Navy levels all vacant or underutilized facilities.
- Provide the required data for the facilities planning system.
- Use the system's data in their property management activities.

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ABBREVIATIONS

BUMED	Bureau of Medicine and Surgery
DOD	Department of Defense
FPMR	Federal Property Management Regulations
GAO	General Accounting Office
GSA	General Services Administration
MILCON	military construction
NAVFAC	Naval Facilities Engineering Command

CHAPTER 1

INTRODUCTION

As of March 31, 1977, Naval shore activities had real property assets costing about \$12.1 billion, with an estimated replacement cost (excluding land) of about \$47.3 billion.

We reviewed the utilization and maintenance of real property assets at selected Naval shore activities in the United States to determine (1) whether any real property was not utilized, underutilized, or not put to optimum use, and (2) whether the property had been adequately maintained.

The Federal Property and Administrative Services Act of 1949, as amended, provides basic criteria for management of Federal real property by executive agencies. The Federal Property Management Regulations (FPMR) contain specific criteria for carrying out provisions of the act. Accordingly, the Department of Defense (DOD) issued directives (4165.2 and 4165.6, as amended) instructing each military department to maintain an active program for efficient, business-like management and utilization of real property under its control. The DOD directives provide objectives and policies for real property maintenance activities and for real property acquisition, management, and disposal. The Navy has also issued instructions (OPNAVINST 11011.10 and 11010.23) to provide guidance and procedures for utilizing and maintaining the Navy's real property.

SCOPE OF REVIEW

Our review included nine shore activities with real property assets costing about \$900 million and having an estimated replacement cost (excluding land) of about \$4.1 billion.

We evaluated Naval policies, procedures, and practices for utilizing and maintaining real property. We visited selected locations and discussed utilization and maintenance with Navy officials. We toured facilities at each shore activity and reviewed records and documents and analyzed reports.

Our visits included the following activities:

- Naval Shipyard, Philadelphia, Pennsylvania.
- Naval Regional Medical Center, Philadelphia, Pennsylvania.

- Naval Air Development Center, Warminster, Pennsylvania.
- Naval Air Engineering Center, Lakehurst, New Jersey.
- Naval Air Station, North Island, San Diego, California.
- Public Works Center, San Diego, California.
- Naval Supply Center, Pearl Harbor, Hawaii.
- Naval Station, Pearl Harbor, Hawaii.
- Naval Air Station, Barbers Point, Hawaii.

We also visited the headquarters of the Naval Facilities Engineering Command (Alexandria, Virginia), the Bureau of Medicine and Surgery, and the Office of Chief of Naval Operations.

CHAPTER 2

NEED TO IDENTIFY AND REPORT VACANT AND UNDERUTILIZED REAL PROPERTY

By Executive order, agencies are required to periodically review their real property assets and conduct surveys of such property pursuant to 40 U.S.C. 487. The General Services Administration (GSA) in subpart 101-47.8 of the FPMR, implements the order. These regulations require that each executive agency make an annual review to (1) identify property that is not utilized, is underutilized, or is not being put to optimum use, and (2) prepare a written record of the review of each individual facility.

Officials at most Navy shore activities we visited said they do not include buildings and structures in their annual real property reviews. Also, most of the activities do not report such property as excess until it is beyond repair and should be demolished. The Navy's Shore Facilities Planning System has incomplete and inaccurate data regarding requirements, available facilities, and the condition of facilities. For these reasons, the Navy has not identified and reported all vacant or underutilized property available that could help satisfy construction requirements or be used by other agencies.

UTILIZATION REVIEWS DO NOT INCLUDE PROPERTY WHICH MAY BE VACANT OR UNDERUTILIZED

The Department of the Navy has delegated responsibility for annual reviews of real property to the commanding officer of each shore activity having land, buildings, and structures in its real property account. Navy instructions (OPNAVINST 11011.10) require that all real property (including buildings and structures) be included in the reviews.

Officials at seven of the nine Naval shore activities we visited said buildings and structures were not included in annual utilization reviews. In their opinion, the Navy's instructions do not require them to include buildings and structures. Naval Facilities Engineering Command (NAVFAC) officials stated that in the past, the Navy has emphasized land reviews to accomplish the purpose of the President's Legacy of Parks Program, authorized in 1971. According to NAVFAC officials, buildings and structures should be included in the annual reviews made by shore activities.

The Shore Facilities Planning Manual also emphasizes that the Military Construction Appropriation can no longer be the only source used for solving facility deficiencies. Full and complete utilization of existing assets must play a vital role in each facility planning decision, and excess property should be the first source considered for satisfying facility requirements.

Because the annual property reviews do not include buildings and structures, the Navy may have overlooked available vacant or underutilized real property when programming projects for its construction budget. For example, the Naval Air Station at Barbers Point, Hawaii, submitted a project for approval to the Commander in Chief, Pacific Fleet, to construct 47,500 square feet of warehouse space at an estimated cost of \$1 million. The Naval Air Station's inventory of real property showed 27,600 square feet of existing adequate warehouse space. Station officials learned of the available space after the submission. According to these officials, they reduced their construction requirement to 19,900 square feet of new space. We estimate that the reduction will cut project costs by about \$581,000, if it is funded.

We believe the Navy needs to clarify its instructions on the utilization of real property. These instructions should specify that Naval shore activities must include buildings and structures in their annual real property reviews.

OPERATION OF THE SHORE FACILITIES PLANNING SYSTEM NEEDS IMPROVEMENT

NAVFAC has developed a Shore Facilities Planning System to determine the facilities required and available at Naval shore activities to accomplish assigned missions. NAVFAC has published detailed procedures which enable Naval shore activities to: (1) determine real property requirements, (2) evaluate existing real property assets, (3) compare requirements with usable assets, and (4) determine the best way to correct deficiencies and dispose of excess. The system provides data to support military construction (MILCON) projects and other data for Navy commands concerned with facility management.

Officials at the activities we visited said they did not use the data in the system because it was inaccurate. NAVFAC has continued to improve the system's operations, but we believe additional improvements are needed.

Shore activities need to update and correct facility requirements lists

Most shore activities are required to prepare a Basic Facilities Requirements List of facilities needed to perform their missions. Facilities shown on the requirements list are matched against an activity's actual real property assets to determine whether its assets are excessive or deficient.

On the basis of information furnished by NAVFAC in October 1977, we noted that of 1,144 shore activities required to file a requirements list, 129 (or 11 percent) did not have requirements data in the Shore Facilities Planning System. Of the 129, 25 were Naval Reserve activities. A NAVFAC official said that some Reserve activities do not submit requirements lists because they do not have personnel qualified to prepare and submit the lists. The official did not say why the remaining 104 activities did not have requirements data in the system. He said that shore activities usually will not submit changes in real property requirements until a MILCON project is needed or until 3 years have passed, whichever occurs first.

We analyzed reports generated by the Shore Facilities Planning System for the Naval shore activities included in our review. Following are some examples where available real property assets apparently exceeded the reported requirements, because all requirements were not included in the system.

--Five drydocks (599,400 square feet) at the Philadelphia Naval Shipyard were shown in the system as excess to the Shipyard's requirements. Our tour of the drydocks in March 1977 showed, however, that four of the five drydocks were being used, and the other drydock was considered usable and needed. Officials agreed that the drydocks were needed and said they were shown as excess in the system because NAVFAC could not enter the Shipyard's drydocks requirements using the unit of measurement indicated on the requirements list. The quantity was submitted as "five each" instead of "599,400 square feet" as required by the system.

NAVFAC officials could not determine whether the requirements list had been returned to the Shipyard for correction. Although Shipyard officials are required to review the system's data after submitting a requirements list, they said they had not seen the report showing the drydocks as excess.

--Except for its bachelor quarters, the real property assets of the Philadelphia Naval Regional Medical Center were shown as excess from 1973 to 1977. According to Bureau of Medicine and Surgery (BUMED) officials, the hospital and outlying dispensaries were reorganized into a medical center in 1973, but the Center did not submit a requirements list showing its new status as a medical center until 1977. BUMED officials took no action during the 4-year period to notify DOD that the property was excess or to submit a requirements list, even though the system showed the Center as excess to the Navy's needs.

BUMED officials knew the property was not excess; therefore, they should have submitted the requirements list to NAVFAC. The officials said they delayed submitting the requirements list because they were not sure the Center would remain open due to a decreased number of patients after the Vietnam War. On February 22, 1977, the Secretary of the Navy announced that the hospital would operate at a 400-bed capacity.

--Since 1975, six buildings (no.'s 448, 692, 694, 710, 723, and 725) at the Naval Supply Center, Honolulu, Hawaii, have been shown in the system as excess to the Naval Supply Center's requirements. During our tour of the buildings in March 1977 we found that the six buildings were being used. A Naval Supply Center official said requirements for the six buildings had been mistakenly omitted from a previous update of the requirements list.

The above examples show that the three activities were making little use of the system to manage Navy real property.

NAVFAC should make more engineering evaluations and correct erroneous data

The Shore Facilities Planning System requires each shore activity with accountability for real property to make periodic evaluations of its real property assets. However, many activities did not have the required data in the system.

The engineering evaluation of real property is an on-site visual inspection of each building and structure. They are conducted by a NAVFAC Engineering Field Division in cooperation with the activities' commanding officers. The principal objective is to identify facilities that are sub-standard due to design changes, safety considerations,

obsolescence or structural deterioration. Statistical data collected during the evaluation is used to compare existing assets with requirements to find any deficiencies and excesses.

Although 1,144 shore activities were required to file requirements lists, only 618 were required to have engineering evaluations. These 618 were classified as "hosts" because they have responsibility and accountability for real property assets. The other 526 shore activities were classified as "tenants," because they occupy real property of host shore activities.

On the basis of information furnished by NAVFAC in October 1977, we noted that of 618 host shore activities requiring engineering evaluations, 135 (or 22 percent) did not have such data in the system. Of the 135, 75 were Naval Reserve activities.

The following schedule shows the engineering evaluation activity for each of NAVFAC's Engineering Field Divisions.

Engineering Field Division	Number of evaluations required	Evaluation data		
		In the system	Not in the system Reserve activity	Other
Southern	126	117	5	4
Atlantic	79	72	3	4
Chesapeake	26	24	0	2
Pacific	52	50	0	2
Western	122	99	7	16
Northern	<u>213</u>	<u>121</u>	<u>60</u>	<u>32</u>
Total	<u>618</u>	<u>483</u>	<u>75</u>	<u>60</u>

The Northern Engineering Field Division in Philadelphia, Pennsylvania, had the largest percentage of host shore activities without engineering evaluation data in the system. Of 213 host shore activities serviced by the Northern Engineering Field Division, 92 (or 43 percent) did not have engineering evaluation data in the system. Navy officials said that in the Northern Division, which encompasses a vast geographical area, the staff shortage has hampered the flow of data into the Shore Facilities Planning System.

A NAVFAC official said that insufficient staff and limited travel funds had restricted NAVFAC's engineering evaluation visits to shore activities. The official also

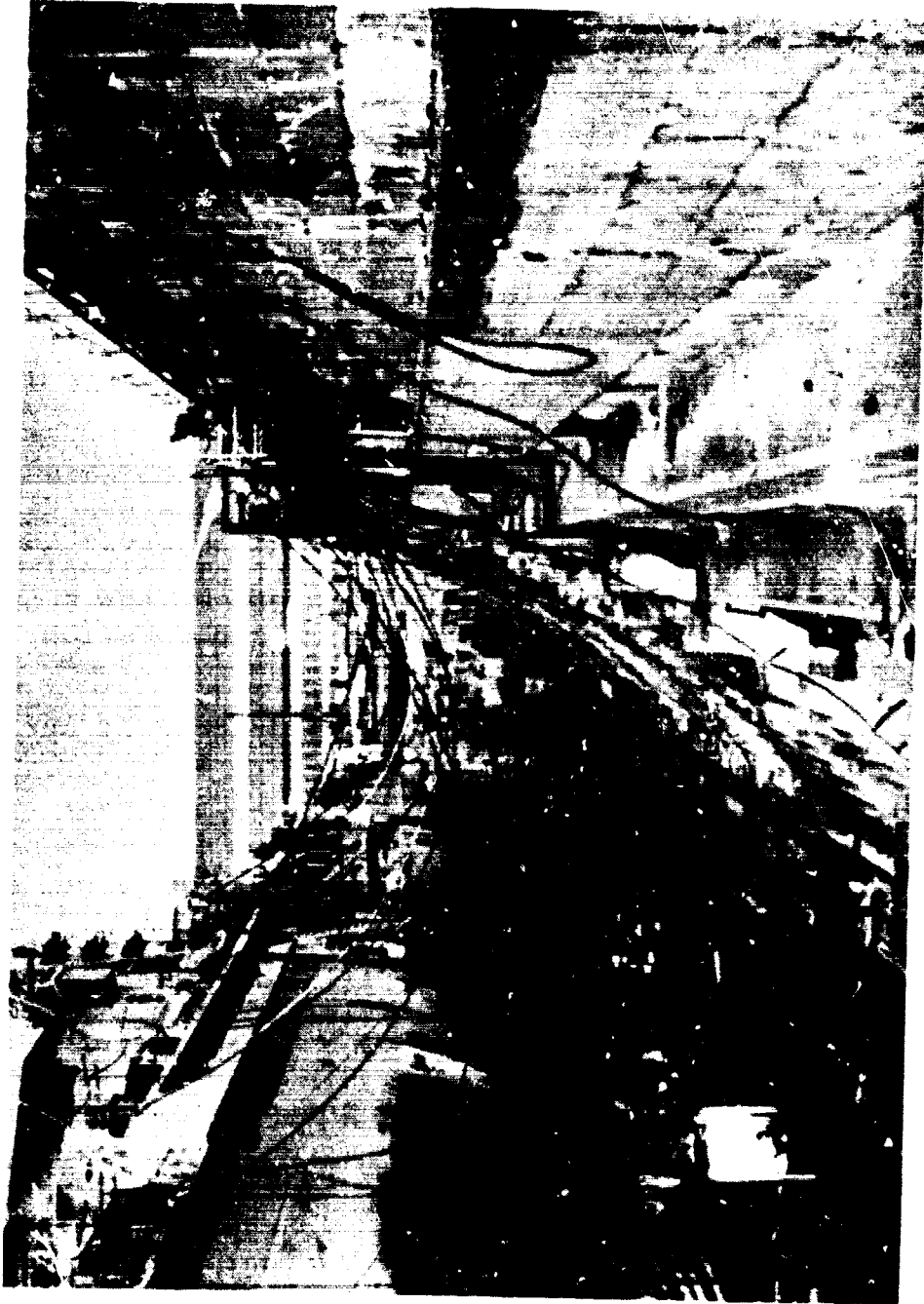
said that the Reserve activities had only minor changes in real property and, therefore, were given less priority than other activities. As a result, restrictions were placed on visits to Reserve activities.

Navy officials said they plan to coordinate engineering evaluations with annual inspections. They also said that continuous year-round inspections are performed to identify facilities in need of maintenance and repair.

We analyzed reports generated by the Shore Facilities Planning System for the Naval activities included in our review. Following are some examples of erroneous engineering evaluation data.

- The Philadelphia Naval Shipyard drydocks were shown in the system as substandard because they lacked sewerage capability. During our tour of the drydocks in March 1977, we found that ships were using the drydocks and that sewerage capability existed. The photograph on the following page shows drydock No. 2 with connecting hoses leading from the ship to the pipes of the waste disposal tanks. Northern Engineering Field Division officials said they did not know why the drydocks were shown as substandard, and they could not locate the original engineering evaluation report.
- Two buildings constructed in 1973 at the Public Works Center, San Diego, California, were shown in the system to be adequate and used, but also to be substandard and recommended for disposal. The Navy's procedures for maintaining real property data in the system provide that a facility classified for disposal should be substandard, and cannot, under any circumstance, be made adequate for any purpose. Disposal in this case does not include facilities that are excess to any known need by the activity.

During our tour of the buildings in March 1977, we found the buildings in good condition and being used. As a result, NAVFAC officials reevaluated the buildings in June 1977, and removed the "disposal" classification. NAVFAC officials said they would also remove the codes showing substandard conditions.



DRYDOCK NO. 2— SHIP WITH HOSES CONNECTED TO WASTE DISPOSAL TANKS

Shore activities make limited use of information system

The Shore Facilities Planning System is designed to provide information on real property needed by an activity to perform its mission, and on real property available at the activity to meet those needs. Such information is, in our opinion, basic to effective property management. However, some of the data put into the system is inaccurate, and therefore, the output is unreliable. Consequently, Navy activities are making only limited use of the information which is provided.

Although NAVFAC officials said that information provided by the system is important for planning MILCON requirements, officials at three of the nine shore activities visited said they do not use it, the reason often being that the data is inaccurate.

Our review of repairs and improvements projects at two shore activities disclosed three cases where a total of \$383,000 had been programmed for questionable projects. These projects were programmed even though available planning information or pertinent documentation provided by the Shore Facilities Planning System should have raised questions as to the need for the work.

Details on these projects and the outcome of our review are presented below.

Naval Station, Honolulu, Hawaii

Naval Station officials programmed a special project, costing about \$139,000, to repair the roof on building number 38 at Ford Island. The requirements for the building were not included on a Basic Facilities Requirements List at the time of our review. Naval Station officials said they would investigate the status of the building before spending any funds and would consider relocating these facilities as a practical and cost-saving option to repairing the roof.

Naval Supply Center, Honolulu, Hawaii

Naval Supply Center officials programmed special projects, totaling about \$200,000, to repair two warehouses, but there were no requirements for the warehouses shown in the system. After we brought this matter to their attention, Naval Supply Center officials said they would update their requirements list to include the two warehouses, thus requiring retention of the special projects.

In another case, Naval Supply Center officials had programed a special project, costing about \$44,000, to convert some existing space to administrative use. At the time of our review, however, we found that the space was already being used for administrative purposes. Naval Center officials said the special project will be cancelled.

NAVFAC EFFORTS TO IMPROVE OPERATIONS OF THE SYSTEM

NAVFAC officials have recognized the need to improve operation of the Shore Facilities Planning System. They have instituted a computer routine to test the validity of certain input data for reasonableness, and issued a revised Shore Facilities Planning Manual in April 1977. A NAVFAC official believes the revised manual will enable shore activities and Engineering Field Division personnel to better understand the mechanics of the system. Additionally, NAVFAC has developed a training program to instruct shore activity personnel on how to use the system more effectively.

Although NAVFAC officials have taken these steps, they said they have no authority to compel shore activities to comply with the procedures in the Shore Facilities Planning Manual. They also stated that the number of training sessions has been limited because funds have not been available.

CONCLUSIONS

The Navy has limited its opportunity to make further use of vacant and underutilized real property by excluding buildings and structures from its annual real property reviews. As a result, the Navy has overlooked available real property when programing construction projects. Also, the Navy has limited the potential use of vacant real property by not making it available to other agencies.

The Navy has made limited use of the Shore Facilities Planning System in managing its real property. Although the Navy has taken steps to improve the operations of the system, it lacks authority to compel shore activities to comply with the procedures in the Shore Facilities Planning Manual. We believe more complete and accurate input data by shore activities would make the system more useful to managers at all levels.

RECOMMENDATIONS

We recommend that the Secretary of the Navy require Navy activities to:

- Include all land, buildings, and structures in their annual utilization reviews.
- Promptly report to appropriate Navy levels all vacant or underutilized facilities.
- Provide the required data for the facilities planning system.
- Use the data provided by the system in their property management activities.