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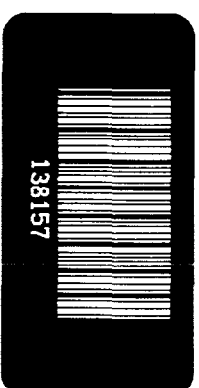
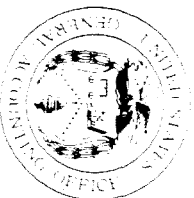
GAO

Report to the Honorable
Phil Gramm, U.S. Senate

March 1989

BASE SUPPORT SERVICES

Disestablishment of Two Consolidated Organizations in San Antonio



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National Security and
International Affairs Division

B-231328

March 8, 1989

The Honorable Phil Gramm
United States Senate

Dear Senator Gramm:

In response to your letter of June 16, 1988, and a subsequent meeting with your Office, we reviewed the Air Force's decision to disestablish the San Antonio Real Property Maintenance Agency (SARPMA) and the San Antonio Contracting Center (SACC).

Specifically, you asked us to focus on

- the rationale for disestablishing SARPMA and SACC,
- the impact on SARPMA and SACC employees,
- the costs of disestablishing SARPMA and SACC and reestablishing civil engineering and contracting offices at the applicable installations, and
- the operational costs of SARPMA compared with decentralized base civil engineering offices.

Background

The Air Force created SARPMA and SACC after a 1975 cost study indicated that \$2.2 million could be saved annually by consolidating real property maintenance support services at five Department of Defense (DOD) installations in the San Antonio, Texas, area. SACC began providing base-level contracting services during 1976, and SARPMA, which was significantly larger and required more time to organize, began real property maintenance operations in October 1978.

DOD approved the disestablishment of SARPMA and SACC on April 1, 1988, after studies by DOD and the Air Force indicated that savings were not being realized and that installation commanders wanted to reacquire direct control over these activities. SACC's disestablishment is scheduled to be completed on April 1, 1989. The Air Force plans to officially complete the disestablishment of SARPMA on October 1, 1989.

Results in Brief

We found the following.

- The Air Force determined, and DOD concurred, that SARPMA and SACC should be disestablished to return command and control over civil engineering and base-level contracting resources to individual installation

commanders. Air Force officials at the headquarters level and in San Antonio had been concerned about the installation commanders' loss of command and control over their civil engineering and contracting resources since the creation of the consolidated entities.

Indications are that SARPMA's performance and responsiveness are about the same as traditional civil engineering services. Air Force studies in 1983 and 1985 comparing the performance and responsiveness of SARPMA with those of traditional base-level organizations showed that SARPMA services were "perceived" to be at a lower level of satisfaction by customers, even though SARPMA provided services at performance levels and response times comparable to those of traditional base operations.

- Air Force officials responsible for the disestablishment told us that as of December 1988 they had found positions for 2,401, or 97 percent, of SARPMA and SACC permanent civilian employees. This number includes 125 employees from the non-SARPMA Staff Civil Engineer offices at the bases, which will be merged into the newly formed base civil engineering offices. The remaining 77, or 3 percent, of the work force is expected to be placed through future efforts, retire, or, if not placed, separated. In addition, the Air Force plans to accommodate as many of the 510 temporary SARPMA and SACC employees as can be funded.
- As of November 1988, the cost estimates projected by the Air Force and the Army to disestablish SARPMA and SACC and reestablish base civil engineering and base-level contracting units totaled \$12.5 million. These costs are for such things as facilities, communications, supplies, and severance pay.
- Studies comparing operational costs of SARPMA with base civil engineering offices at the installations have shown varying results. Air Force officials maintain that the cost to provide real property maintenance services after the disestablishment of SARPMA will be based primarily on the amount of funds available. They said the amount of base-level maintenance done each year is very sensitive to budget fluctuations, which probably has more bearing on the level of maintenance than does centralization or decentralization.

In summary, the decision to return to the traditional concept for accomplishing civil engineering and base-level contracting services was based on Air Force studies that showed that, overall, the consolidated concept for performing real property maintenance and base-level contracting at the San Antonio bases is neither better nor worse than the decentralized approach. Air Force officials in both San Antonio and Washington, D.C.,

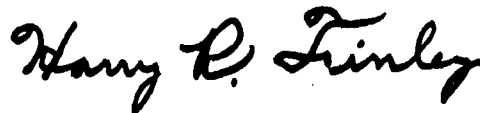
told us that the most important issue is a return of command and control of installation civil engineering and base-level contracting resources to the installation commanders.

As requested by your Office, we did not obtain official agency comments on this report. However, the views of responsible agency officials were sought during the course of our review and are incorporated where appropriate.

Appendix I contains the detailed results of our review, and appendix II describes our objectives, scope, and methodology. GAO staff members who made major contributions to this report are listed in appendix III.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 5 days after its issue date. At that time we will send copies to Congressman Albert G. Bustamante; the Secretaries of Defense, the Air Force, and the Army; and the Director, Office of Management and Budget. We will make copies available to other interested parties upon request.

Sincerely yours,



Harry R. Finley
Director, Air Force Issues

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Abbreviations

AFB	Air Force Base
DOD	Department of Defense
GAO	General Accounting Office
IG	Inspector General
SACC	San Antonio Contracting Center
SARPMA	San Antonio Real Property Maintenance Agency

Analysis of the Decision to Disestablish the San Antonio Real Property Maintenance Agency and the San Antonio Contracting Center

On October 1, 1978, the San Antonio Real Property Maintenance Agency (SARPMA) began operations under the control of the Air Force's Air Training Command to provide real property maintenance support services to five major military installations in the San Antonio, Texas, area—Brooks, Kelly, Lackland,¹ and Randolph Air Force Bases (AFB) and Fort Sam Houston. SARPMA replaced the civil engineering organizations at these installations. The SARPMA consolidation, directed by the Department of Defense (DOD), was approved by the Air Force in November 1976 after a 1975 cost analysis indicated that annual savings of \$2.2 million could be realized through reduced requirements for personnel, supplies, and equipment.

As of December 20, 1988, SARPMA employed 116 military and 2,720 civilian personnel. SARPMA operates through an industrial revolving fund that is basically self-sustaining through payments from the five installations. It generated revenues of about \$246 million in fiscal year 1988.

Under the SARPMA concept, real property maintenance functions are combined under and conducted by one consolidated agency. SARPMA maintains a field engineer and a work force at each installation to serve as a focal point for recurring maintenance work (cutting grass, cleaning sidewalks, general plant maintenance functions), and to handle installation maintenance jobs requiring less than 250 staff-hours. SARPMA Central, which is located at Fort Sam Houston, provides financial, engineering, planning, and supply services and operates a set of central shops. For example, the Major Projects Branch is located at SARPMA Central and performs large jobs (usually more than 250 staff-hours) that are beyond the resource capability of the individual field engineer organizations. Each installation has a Staff Civil Engineer unit (not a part of SARPMA), which manages the installation's real property maintenance funds, base fire department, military family housing, and program work for tenants collocated on the installation.

The San Antonio Contracting Center (SACC) began providing base-level contracting services to military installations in the San Antonio area during 1976. Like SARPMA, SACC was formed by combining the contracting activities of the five military installations. SACC provided base-level contracting services to support SARPMA engineering services and base operational services for the Air Force installations. (Kelly AFB withdrew from

¹ Wilford Hall Medical Center is located on Lackland AFB and for real property maintenance functions is considered a part of the base.

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the consolidated contracting arrangement in 1986.) SACC provided contracting support for Fort Sam Houston only to the extent required to support SARPMA engineering projects for the Fort. As of December 20, 1988, SACC employed 49 military and 143 civilian personnel. It generated operating income of \$4.2 million in fiscal year 1988.

On April 1, 1988, DOD granted the Air Force and the Army the authority to disestablish SARPMA and SACC. Air Force Headquarters directed Air Training Command Headquarters in May 1988 to initiate the disestablishment of SARPMA and SACC simultaneously. The disestablishment of SARPMA and the reestablishment of base civil engineering operations at the installations are expected to be completed on October 1, 1989. The disestablishment of SACC and the reestablishment of base-level contracting operations at the installations are expected to be completed on April 1, 1989.

**Rationale for
Disestablishment of
SARPMA and SACC**

In February 1988 Air Force Headquarters requested DOD's approval to dissolve SARPMA and reestablish standard base civil engineering offices at the San Antonio installations. This decision followed studies by DOD and the Air Force in 1983 and 1985 that cited installation commanders' concern over lack of command and control of their engineering support functions and criticized the efficiency and effectiveness of SARPMA and SACC.

Due to its significantly larger budget and number of employees, SARPMA is the main focus of the disestablishment efforts. SACC is being dissolved because its main customer is SARPMA.

**Concern Over Lack of
Command and Control of
Resources**

The Air Force decided and DOD concurred in April 1988 that SARPMA and SACC should be disestablished to return command and control over civil engineering and base-level contracting functions to the installation commanders. Command and control for installation commanders means having the ability to give orders, set expectations, and ensure that their orders are carried out in accordance with the expectations.

In a February 1988 letter to DOD requesting authority to disestablish SARPMA, the Secretary of the Air Force stated that SARPMA was not working because (1) authority had been removed from the installation commanders, (2) performance accountability had been lost in the bureaucracy of SARPMA, and (3) SARPMA's responsiveness to installation commanders had deteriorated.

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In his request, the Secretary noted that DOD Directive 4001.1, Installation Management, issued September 4, 1986, gives installation commanders broad authority to decide how to accomplish their engineering and makes them accountable for those resources. The directive is considered by DOD personnel as a major shift in DOD's management policy because it gives installation commanders a greater degree of authority, decision-making, and flexibility in managing their assigned bases in the most effective and efficient manner. According to the Secretary, installation commanders in the San Antonio area unanimously stated that they lack the authority to control their engineering support missions under the SARPMA concept. The Secretary concluded that dissolving SARPMA was essential and that installation commanders must be given authority to improve civil engineering performance and responsiveness.

**SARPMA Performance and
Responsiveness**

The decision to dissolve SARPMA and SACC was preceded by 38 audits, inspections, and reviews, including three major DOD and Air Force studies of SARPMA. A DOD/Inspector General (IG) report, San Antonio Real Property Maintenance Agency (No. 83-097), issued April 11, 1983, cited internal control weaknesses in SARPMA operations and questioned SARPMA's ability to effectively and efficiently perform its assigned mission. Installation commanders in the San Antonio area expressed concern about SARPMA's lack of responsiveness, loss of productivity, and the loss of command and control over base civil engineering and base-level contracting resources. Although installation commanders cited some problems with SARPMA and SACC performance, none of the commanders documented these problems.

The Air Force made two major studies of SARPMA after the DOD/IG April 1983 report. The studies, completed in 1983 and 1985, indicated that SARPMA provided civil engineering services at a level comparable to that of traditional base operations, but at a much lower perceived level of customer satisfaction. For example, the November 1983 report, In-Depth Review of the San Antonio Real Property Maintenance Agency (SARPMA), concluded that SARPMA provided real property maintenance services to its customers at about the same level that existed before SARPMA, but its customers resented their loss of direct control of the civil engineering work force. This resulted in a negative perception of SARPMA's performance. The report stated that, although an analysis of six options to provide real property maintenance did not determine a clear winner, the overall balance did tilt toward abolishing SARPMA and returning to traditional base-level civil engineering organizations. The report stated that all of the present users of SARPMA services endorsed such a move and

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none of the users believed the cost of the transition, whether in money, personnel, or management turbulence, was prohibitive.

The November 1983 Air Force study addressed the issue of responsiveness, and it reported that there was little evidence that SARPMA failed in this area. The study concluded that SARPMA provided real property maintenance services to its customers at about the same responsiveness level that existed before SARPMA. However, the report stated that most of SARPMA's customers judge SARPMA's efforts simply by how fast they think their needs are met rather than by engineering standards or their past experience. Any rumor that some customer received faster treatment fueled a perception that "because I don't have command and control over those functions, I am being taken advantage of."

The second report, Air Force Engineering Services Center Analysis of SARPMA, issued in July 1985, also observed that the customers do not typically judge SARPMA by engineering standards or their past experience. The study concluded that overall improvements had occurred in SARPMA's design and construction, customer support, and supply services since the November 1983 report and that the quality of services at SARPMA is essentially the same as that provided by a standard base civil engineering operation. The report also stated that, regardless of the improvements, installation commanders, staff agency heads, and tenant units perceived the general support by SARPMA to be lower than that provided by a standard base civil engineering operation.

**Views of Air Force
Officials on Performance
and Responsiveness of the
New Base Organizations**

Air Force officials told us that the newly established base civil engineering and contracting organizations will be able to effectively accomplish their assigned real property maintenance and contracting support missions. These officials base their position on the fact that in the aftermath of SARPMA's and SACC's disestablishment, the installations will now operate under the standard Air Force organizational structure for providing real property maintenance and base-level contracting services to the installations.

Commanders at the San Antonio installations told us that the newly reestablished organizations will provide real property and contracting services as good as or better than SARPMA and SACC. They also told us that base civil engineering and base-level contracting organizations will be more responsive to their needs and missions than SARPMA and SACC. The commanders said that improvements will result from increased accountability and greater commitment from having staff, who are

directly responsible and accountable to the installation commanders, manage the functions.

Impact on SARPMA and SACC Employees

Air Force officials responsible for personnel matters in the disestablishment process estimate that as of December 20, 1988, 2,401 (97 percent) of the 2,478 employees constituting SARPMA's and SACC's permanent civilian work forces will have been placed in installation civil engineering, contracting, and support positions when the disestablishment is completed. The numbers include 125 employees from the non-SARPMA Staff Engineer offices from the bases that will be merged into the new base civil engineering offices.

The remaining 77 permanent employees, or 3 percent, are expected to be placed through future efforts, retire, or, if not placed, be separated through reduction in force procedures. The organizations also had 510 temporary employees. The Air Force intends to hire as many temporary employees as can be funded. The number will depend on the amount of funds that are budgeted to the installations for real property maintenance.

Costs of Disestablishing SARPMA and SACC and Reestablishing Base Units

The Air Force and the Army estimated in November 1988 that it will cost about \$12.5 million to disestablish SARPMA and SACC and reestablish civil engineering and contracting functions at the five installations. The Air Force and Army estimates were based on costs to be incurred in breaking up SARPMA and SACC and returning those functions to the bases. Costs such as salaries of personnel were not included, since they would be incurred whether SARPMA is disestablished or remains intact.

About \$11.1 million of the \$12.5 million is for expenses necessary to reestablish civil engineering and base-level contracting units. These funds are currently being expended for renovating, leasing, and/or purchasing facilities; purchasing or leasing telecommunication equipment, including telephone instruments and cables; purchasing and installing management information systems terminals and software for the civil engineering and contracting offices; transportation of equipment, supplies, and furniture; funding transition teams for the civil engineering units; and other expenses if needed. The remaining \$1.4 million is planned for severance pay for those employees who may be displaced and caretaker expenses to be incurred in officially closing the organizations and facilities. According to Air Force and Army officials, any other

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costs of the installations will come from their real property maintenance funds already budgeted for.

**Military Construction
Projects Not Included in
Estimated Costs**

Costs of military construction projects for civil engineering units or base contracting offices at Brooks and Lackland AFBS and extensive facility renovations at Kelly AFB civil engineering offices are not considered part of the disestablishment process by Air Force officials, even though these facilities will house base civil engineering and/or base contracting units in the future. Collectively, the projects amount to about \$14.4 million. According to officials at these installations, all of their military construction projects were either planned before the announcement of the decision to disestablish SARPMA and SACC or were projects that would have been accomplished regardless of the decision.

**Operational Costs of
SARPMA Versus Base
Civil Engineering
Offices**

Studies comparing operational costs of SARPMA with base civil engineering offices at the installations have shown varying results. The April 1983 DOD/IG report compared SARPMA's 1982 operational costs with the projections in the 1975 cost study, the results of which were used as a basis to establish SARPMA. The report concluded that, among other things, SARPMA was not operating as envisioned in the 1975 cost study. The 1975 study estimated savings of \$2.2 million based on personnel reductions. The report stated that the auditors were unable to confirm that the consolidation of SARPMA real property maintenance activities resulted in economies of operation.

According to the report, the number of SARPMA personnel in 1982 surpassed the 1975 planned SARPMA baseline levels by 577 (from 1,939 to 2,516), or 30 percent. The increase in personnel occurred even though there had been only a small growth in work load at one installation and an increase in the cost of real property maintenance jobs contracted out. The report estimated that by exceeding the planned baseline, real property maintenance could be costing \$7 million more for personnel annually than expected under the planned SARPMA concept.

Commenting on the report, the Air Force agreed that the expected savings in personnel had not been realized. However, the Air Force stated that by using a series of questionable assumptions, the 1975 analysis unrealistically projected a savings of \$2.2 million.

As a result of the DOD/IG report, the Air Force performed a review of SARPMA, which was completed in November 1983. The report stated that

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a direct comparison of SARPMA with the 1975 cost analysis could not be made due to changes in SARPMA's size and mission and changes in public laws and regulations governing operations. As part of this study, the Air Force made comparisons of SARPMA operations with various civil engineering operations at other Air Force bases. The Air Force concluded that costs of operating SARPMA were about the same as a standard base civil engineering organization.

Air Force officials told us that the cost to provide real property maintenance services after the disestablishment of SARPMA will be based primarily on the amount of funds available. They said that the amount of base-level maintenance scheduled and completed each year is very sensitive to budget fluctuations and has more bearing on their ability to complete real property maintenance projects than whether the functions are centralized or decentralized.

Objectives, Scope, and Methodology

Senator Phil Gramm requested that we review the decision to disestablish SARPMA and SACC. The objectives of our review were to determine (1) the rationale for disestablishing SARPMA and SACC, (2) the impact on SARPMA and SACC employees, (3) the costs of disestablishing SARPMA and SACC and reestablishing civil engineering and contracting units at the applicable installations, and (4) the operational costs of SARPMA compared with decentralized base civil engineering offices.

We performed most of our review in San Antonio, Texas, at SARPMA and SACC Headquarters, Fort Sam Houston, and Randolph, Kelly, Lackland, and Brooks AFBS. We also interviewed DOD and Air Force Headquarters officials in Washington, D.C., and Army officials at Fort Belvoir, Virginia, and Fort Gillem, Georgia.

We interviewed Army, Air Force, and DOD officials involved in (1) the decision to disestablish SARPMA and SACC, (2) the planning for the disestablishment and reestablishment of installation-level civil engineering and contracting organizations, and (3) the implementation of the plans. We also obtained the views of SARPMA and SACC officials as well as those of installation commanders and staff civil engineers. We reviewed studies and audit reports regarding SARPMA's performance and problems, collected information on disestablishment and reestablishment costs, and reviewed policies, plans, and procedures to be followed in placing SARPMA and SACC personnel.

We performed our review from August 1988 through January 1989 in accordance with generally accepted government auditing standards.

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