

September 2011

EXCESS FACILITIES

DOD Needs More Complete Information and a Strategy to Guide Its Future Disposal Efforts

U.S. Government Accountability Office



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Why GAO Did This Study

GAO has designated the Department of Defense's (DOD) management of support infrastructure as a high risk area, in part because of challenges in reducing excess infrastructure. Operating and maintaining excess facilities consumes resources that could be eliminated from DOD's budget or used for other purposes. In response to direction in House Report 111-491, GAO reviewed DOD's (1) progress toward meeting demolition program targets for fiscal years 2008 through 2013; (2) facility utilization information—a source for identifying additional excess facilities; and (3) plans for managing and disposing of excess facilities after fiscal year 2013. GAO analyzed information on excess facilities, completed demolitions, and underutilized facilities in DOD's real property inventory database; reviewed DOD's plans for demolition after the on-going program ends; and conducted site visits to selected military installations.

What GAO Recommends

To better focus and manage its future disposal efforts, GAO recommends that DOD calculate and record complete and accurate utilization data for all facilities and develop strategies and measures to enhance the management of excess facilities after the current demolition program ends. In written comments on a draft of this report, DOD generally agreed with GAO's recommendations.

View [GAO-11-814](#). For more information, contact Brian Lepore at (202) 512-4523 or leporeb@gao.gov.

EXCESS FACILITIES

DOD Needs More Complete Information and a Strategy to Guide Its Future Disposal Efforts

What GAO Found

DOD is on track to meet its overall targets to demolish 62.3 million square feet of facilities and about \$1.2 billion in additional facilities that were not measured in square feet by the end of fiscal year 2013. Based on GAO's analysis of DOD's real property inventory database, the military services and defense organizations have all made progress in demolishing excess facilities during the first half of DOD's 6-year demolition program; however, based on DOD's projected demolition plans for the remaining years of the program, some organizations may not meet their individual demolition targets by the end of fiscal year 2013.

DOD is limited in its ability to identify other potentially excess facilities, because it does not maintain complete and accurate data concerning the utilization of its facilities. GAO found that DOD's real property inventory database showed utilization data for less than half of DOD's total inventory and that these data often were incomplete or did not reflect the true usage rate of the facilities. As a result, DOD may be missing opportunities to identify additional facilities that are candidates for consolidation, demolition, or other forms of disposal.

DOD's plans to eliminate excess facilities in the future are unclear, as are its plans for taking into account external factors, such as management of historical preservation requirements and environmental restrictions, which affect the disposal of long-standing excess facilities that were identified before fiscal year 2008. DOD officials stated that, as they plan for demolition of excess facilities after the current program ends in fiscal year 2013, demolition will be one component of a broader effort for facilities management that will include other approaches to eliminating excess facilities, such as consolidation and recapitalization. However, DOD has not yet defined the strategies and measures it intends to employ to carry out this broader approach. DOD officials further stated that the demolition of long-standing excess facilities may require more time and effort to complete because of several external factors. Without specific strategies and measures to evaluate future efforts, and without considering how external factors may affect goals, DOD may not be able to evaluate how well its efforts will serve to eliminate long-standing excess facilities and make the best use of its facilities.

Condemned Excess Facility at Camp Roberts, California, (left) and Historic Facility at Fort Sam Houston, Texas (right)



Source: GAO.

Contents

Letter		1
	Background	4
	DOD Has Made Progress toward Meeting Its Demolition Targets, but Long-standing Excess Facilities Still Remain	9
	Incomplete and Inaccurate Facility Utilization Data Limit DOD's Ability to Identify Potentially Excess Facilities	18
	DOD's Future Plans to Eliminate Excess Facilities and Address External Factors Affecting Disposal Are Unclear	22
	Conclusions	34
	Recommendations for Executive Action	35
	Agency Comments and Our Evaluation	35
Appendix I	Scope and Methodology	38
Appendix II	Comments from the Department of Defense	42
Appendix III	GAO Contact and Staff Acknowledgments	44
Related GAO Products		45
Tables		
	Table 1: Fiscal Years 2008 through 2013 Square-Footage Demolition Targets Compared to Actual and Planned Square-Footage Demolition (in millions of square feet)	13
	Table 2: Fiscal Years 2008 through 2013 Plant-Replacement- Value Demolition Targets Compared to Actual Plant Replacement Value of Facilities Measured in Other-Than Square Feet, as of September 30, 2010 (in millions of dollars)	14
	Table 3: Ranges of Excess Declaration Dates for Facilities Identified as Excess as of September 30, 2010	17
	Table 4: Comparison of DOD's Demolition Budget Plans (in million square feet)	23
	Table 5: DOD Offices and Installations Contacted during GAO's Review	40

Figures

Figure 1: DOD's Process to Identify and Dispose of Excess Facilities	6
Figure 2: Square Footage of Actual and Planned Demolition of Facilities Measured in Square Feet Compared to the Square-Footage Disposal Target for Fiscal Year 2013	11
Figure 3: Plant Replacement Value of Completed Demolition of Facilities Not Measured in Square Feet Compared to the Plant-Replacement-Value Disposal Target for Fiscal Year 2013	12
Figure 4: Percentage of Demolished Square Footage from Fiscal Year 2008 through 2010 by When Identified as Excess	16
Figure 5: Excess Historic Buildings at Naval Station Pearl Harbor	26
Figure 6: Historic Building 238 with Structural Cracks at Fort Sam Houston	27
Figure 7: Building 189—the Nurses' Quarters—Next to the Installation Borders at Fort Sam Houston	28
Figure 8: Condemned Excess Buildings at Camp Roberts	29
Figure 9: Separation of Two Wings of Building 146 at Lackland Air Force Base	32
Figure 10: Unrenovated World War II-Era Temporary Building Bathroom Currently Being Used at Camp Roberts	33
Figure 11: Renovated Temporary World War II-Era Building at Camp Roberts	34

Abbreviations

DOD	Department of Defense
FRPP	Federal Real Property Profile
GSA	General Services Administration

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GAO

Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

September 19, 2011

Congressional Committees

We have designated the Department of Defense's (DOD) management of its support infrastructure as a high-risk area,¹ in part because of challenges DOD faces in reducing infrastructure that is excess to the department's needs.² The operation and maintenance of excess facilities consumes valuable resources that could be eliminated from DOD's budget or used by DOD for other purposes. This is particularly important in light of the Secretary of Defense's efforts to achieve efficiencies, because maintaining only those facilities needed to meet mission requirements—and avoiding sustainment costs for those that do not—helps to conserve resources. Further, to the extent that DOD has unneeded facilities that have not yet been identified as excess, additional cost savings might be realized through the consolidation or disposal of such facilities.

In 2007, the Office of the Secretary of Defense directed that the military services and certain defense organizations³ determine targeted amounts of excess facilities to be disposed of, excluding facilities to be eliminated as part of the Defense Base Realignment and Closure process. On this basis, DOD established a 6-year demolition program for eliminating excess facilities beginning in fiscal year 2008. The program included demolition targets for each of the services and defense organizations to dispose of excess facilities, with departmentwide targets totaling 62.3 million square feet and \$1,179 million in plant replacement value (for facilities that are not measured in square feet) by fiscal year 2013.

¹ GAO, *High Risk Series: Defense Infrastructure*, [GAO/HR-97-7](#), (Washington, D.C.: February 1997) and GAO, *High Risk Series: An Update*, [GAO-11-278](#) (Washington, D.C.: February 2011). The High Risk Series focuses on government operations that GAO identified as high risk because of their greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges.

² Pursuant to 40 U.S.C. § 102(3), excess property is defined as property under the control of a federal agency that the head of the agency determines is not required to meet the agency's needs or responsibilities.

³ These defense organizations are the Defense Logistics Agency, the DOD Education Activity, and the TRICARE Management Activity.

In House Report 111-491,⁴ we were directed to review the status of DOD's plans for disposing of excess and obsolete facilities.⁵ In response, this report

- (1) assesses DOD's progress toward meeting the targets of its facility demolition program;
- (2) evaluates the completeness and accuracy of DOD facility utilization information—a source for identifying additional excess facilities and consolidation opportunities; and
- (3) reviews DOD's plans for managing and disposing of excess facilities after its current demolition program ends and reviews external factors to consider in planning for future disposal of excess facilities.

To assess DOD's progress toward meeting its demolition disposal targets, we analyzed selected data elements from DOD's annual Federal Real Property Profile reporting submissions and DOD's real property inventory database for fiscal years 2008, 2009, and 2010. We determined the number, square footage, and plant replacement value for facilities not measured in square feet of DOD facilities that were recorded as being demolished in fiscal years 2008 through 2010 and compared these amounts to DOD's demolition targets. We excluded all demolished facilities that the database showed as related to the Defense Base Realignment and Closure process. We also determined the number of excess facilities that remained in DOD's inventory, and the length of time since these facilities were determined to be excess, by analyzing the facilities reported as excess at the end of fiscal year 2010 in DOD's real property inventory data—excluding those excess facilities that were identified as residing on sites of acquisitions, closures, or realignments under the Defense Base Realignment and Closure process. We assessed the reliability of DOD's real property inventory data by (1) performing electronic testing for obvious errors in accuracy and completeness, (2)

⁴ H. Rep. No. 111-491, pages 506-507 (2010). In March 2011, we provided a briefing on our preliminary observations to congressional committees to meet the directed reporting deadline of March 30, 2011.

⁵ In this report, we refer to both excess and obsolete facilities as "excess facilities" in regard to the disposal process. Excess facilities that are disposed of include facilities that are obsolete in function or condition, although DOD does not separately identify its obsolete facilities.

reviewing existing information about the data and the system that produced them, and (3) interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report. Further, we examined federal and DOD guidance related to management and disposal of real property and interviewed officials from the Office of the Deputy Under Secretary of Defense (Installations and Environment) and the military departments. To determine the completeness and accuracy of DOD's facility utilization information, which can be used to identify excess facilities, we analyzed DOD's real property inventory database to identify facilities that were shown as being underutilized and to determine to what extent the data were complete for those facilities for which DOD is required to report utilization rates. To assess DOD's plans to manage and dispose of excess facilities after the demolition program ends in fiscal year 2013, we reviewed DOD's estimated demolition budget for fiscal years 2014 through 2016 and interviewed officials from the Office of the Deputy Under Secretary of Defense (Installations and Environment) to identify what they have planned for or have envisioned for disposal of remaining excess facilities. During our review, we conducted site visits at selected installations to gain a better understanding of the demolition efforts, determine whether utilization rates were accurate, and identify factors that may affect DOD's planning for future disposals.

We conducted this performance audit from September 2010 to September 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Further details on our scope and methodology can be found in appendix I.

Background

Managing and Accounting for DOD Real Property

The secretaries of the military departments⁶ are responsible for implementing policies to acquire, manage, and dispose of real property, in accordance with guidance provided by the Office of the Secretary of Defense. In managing the real property under their control, the military departments hold or make plans to obtain the land and facilities⁷ they need for their own missions and for any missions of other DOD components that the military departments' real property supports. Each military department must

- budget for and financially manage to meet its own real property requirements;
- maintain a program monitoring the use of real property to ensure that all holdings under its control are being used to the maximum extent possible consistent with both peacetime and mobilization requirements; and
- maintain accurate inventories to account for its land and facilities.

These inventories should include both a current count of the military department's facilities and up-to-date information regarding, among other things, the status, condition, utilization, present value, and remaining useful life of each real property asset as of the last day of each fiscal year. When DOD's real property is no longer needed for current or projected defense requirements, it is DOD's policy to dispose of it.

⁶ The Secretary of the Army, the Secretary of the Navy (for the Navy and the Marine Corps) and the Secretary of the Air Force. In addition, for certain functions related to real property management of the Pentagon Reservation, Washington Headquarters Services is considered a Military Department and its Director the secretary thereof. Department of Defense Instruction 4165.70, Real Property Management, § 3.1 (Apr. 6, 2005).

⁷ DOD defines a facility as a building (a roofed and floored facility enclosed by exterior walls and consisting of one or more levels), linear structure (a facility whose function requires that it traverse land, such as a road, pipeline, or fence) or structure (a facility, other than a building or linear structure, which is constructed on or in the land), including certain space surrounding the building, structure, or linear structures. Department of Defense Instruction 4165.14, Real Property Inventory and Forecasting, Enclosure 2, E2.1.5, E2.1.1, E2.1.14, (Mar. 31, 2006).

DOD's Process to Identify and Dispose of Excess Facilities

Federal law and regulations and DOD's guidance provide definitions and assign responsibilities for identifying and disposing of excess facilities. Excess property is defined as property under the control of a federal agency that the head of an agency determines is not required to meet the agency's needs or responsibilities.⁸ In DOD's case, excess facilities are those buildings or structures that DOD has determined are not required to meet the needs of any of the military services or DOD components. DOD requires its components to periodically review their real property holdings, both land and facilities, to identify unneeded and underused property. If a component determines that a facility has no foreseeable military use, either in peacetime or during mobilization, then the component offers the facility to other DOD components for their possible use. If other DOD components also determine that the facility has no foreseeable military use, then the facility is considered excess to DOD's needs.

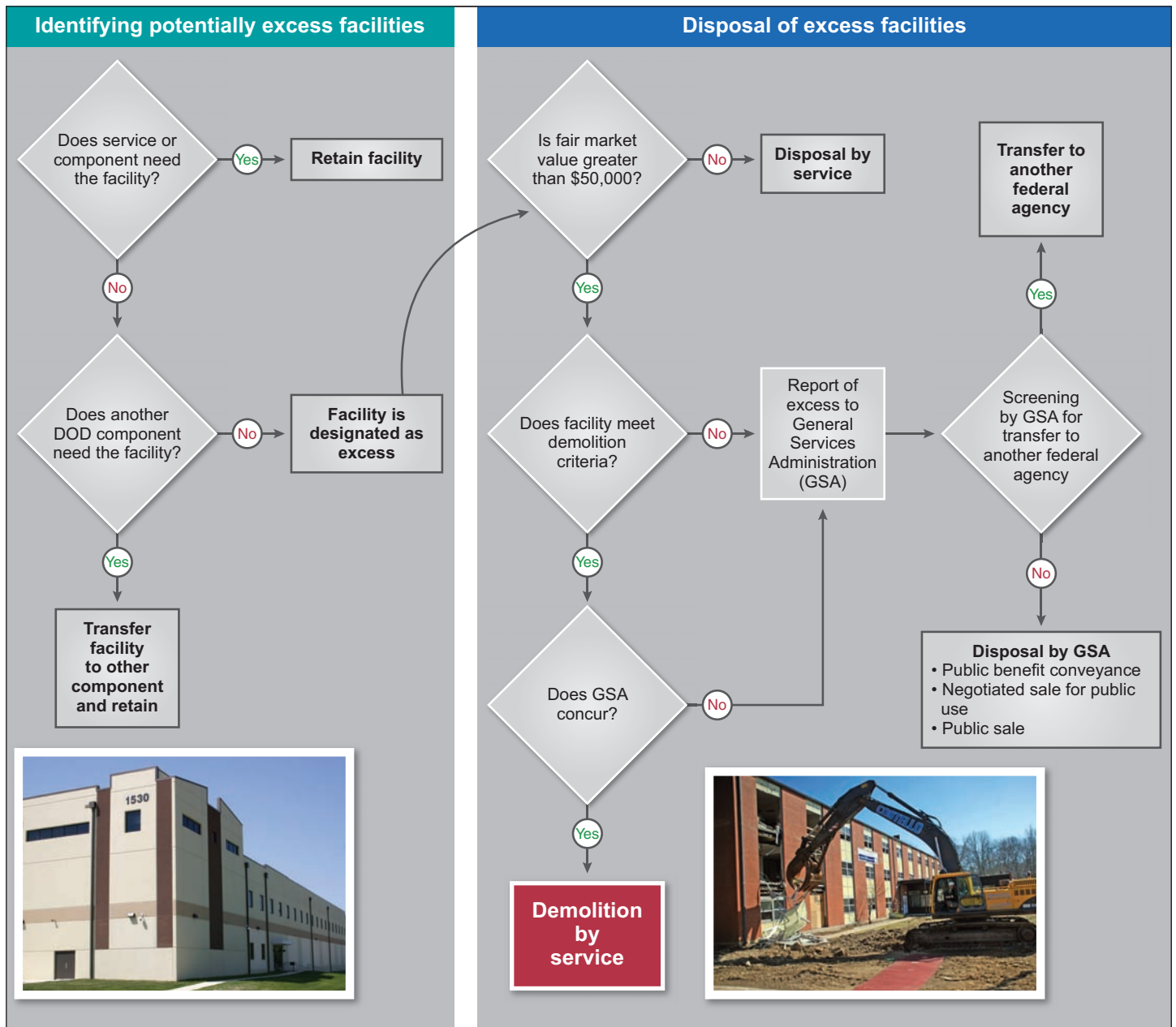
DOD ordinarily disposes of excess facilities by recommending them to the General Services Administration (GSA) for demolition or by reporting them to GSA for disposal, subject to certain exceptions.⁹ Before DOD may demolish a facility, it must determine that the facility has no commercial value or that the estimated cost of its continued care and handling exceeds the estimated proceeds from its sale, and inform GSA of this determination. GSA may approve demolition by DOD or may assume responsibility for other disposal actions.¹⁰ Figure 1 illustrates DOD's process to identify and dispose of excess facilities.

⁸ 40 U.S.C. § 102(3).

⁹ DOD has delegated authority to dispose of properties located at military installations closed or realigned as part of the Defense Base Realignment and Closure process, or assets with a fair market value of less than \$50,000. DOD may dispose of these assets through a variety of means such as by sale, demolition, or public benefit conveyance of surplus property to state or local governments for public use.

¹⁰ If GSA assumes responsibility for the disposal process and determines that a DOD property is also excess to the needs or responsibilities of all other agencies, the property is identified as "surplus." 40 U.S.C. § 102(10). In this report, because some surplus properties are still included in DOD's real property inventory database, we include surplus facilities as a subset of DOD's total inventory of excess facilities.

Figure 1: DOD's Process to Identify and Dispose of Excess Facilities



Source: GAO analysis of federal law as implemented in federal and DOD guidance.

Real Property Reporting

Federal agencies are required to annually list and describe real property assets under their jurisdiction, custody, or control to the Director of the Office of Management and Budget and the Administrator of General Services through the Federal Real Property Profile (FRPP). The FRPP tracks key facility inventory data, including the square footage, plant replacement value, utilization, annual operating cost, type, status of buildings and structures, and disposal information when the asset has been disposed of. DOD extracts data for its FRPP submission from its real property inventory database, which obtains information from the services' real property database inventories.

Federal Laws and Regulations Related to Real Property Disposal

During the process to identify and dispose of unneeded facilities, DOD must comply with several federal laws and regulations related to real property disposal. These laws and regulations—a selection of which is discussed below—require DOD to consider certain factors and consult with stakeholders when disposing of excess facilities.

- **Preservation of historic properties:** The National Historic Preservation Act¹¹ requires, among other things, that agencies establish an agency preservation program to manage historic properties under their control and jurisdiction, and consult with various stakeholders as part of their preservation activities. A historic property is any prehistoric or historic¹² district, site, building, structure, or object included in or eligible for inclusion on the National Register of Historic Places. To be eligible for the National Register, a property must meet one of several criteria, such as: (1) be associated with events that have made a significant contribution to the broad patterns of history; (2) be associated with the lives of significant people; (3) embody distinctive characteristics of a type, period, or method of construction; or (4) have yielded or may be likely to yield important information about prehistory or history. In addition, the property generally has to have achieved significance prior to the last 50 years. The act's implementing regulations require that federal agencies consider the adverse effects of any maintenance, repair, renovation, or disposal on historic

¹¹ Codified, as amended, at 16 U.S.C. § 470, et seq.

¹² Although the Act does not further define "prehistoric" or "historic," in common usage, "prehistoric" ordinarily refers to the period of time before recorded history. In contrast, "historic," in this context, refers to events during the period of time after writing was invented.

properties and consult with officials, such as the State Historic Preservation Officer, to attempt to reach an agreement regarding actions that may adversely affect these historic properties.¹³ Thus, if installation officials would like to dispose of a facility, they are ordinarily required to consult with the State Historic Preservation Officer, among others, to consider a method to best preserve the historic value of the property prior to authorizing any actions that would restrict the range of alternatives to avoid, minimize, or mitigate the adverse effects of the disposal. According to officials, these methods could include reuse of the facility; preserving a portion of a group of similar facilities and demolishing others; documenting the historic value of the property through pictures or plaques at the location prior to demolishing the facility; or granting the facility to another organization that will preserve its historic value, by such means as renovating it to be a museum. While the act and its implementing regulations require coordination with state historic preservation groups and the federal Advisory Council on Historic Preservation, the agency official—usually a service secretary in DOD’s case—is the final decision maker for what to do with a particular historic property, but must consider any Advisory Council’s comments and document that consideration.

- Environmental and occupational safety mitigation: When developing a facility demolition or disposal project, DOD is required to consider the environmental impacts of the proposed action, such as the impact of hazardous materials that must be removed before the facility can be disposed. The National Environmental Policy Act of 1969¹⁴ establishes environmental policies and procedures that are to be followed to the fullest extent possible by all federal agencies. The act established the Council on Environmental Quality, which is responsible for, among other things, issuing guidelines and reviewing agencies’ policies and procedures to ensure compliance with the act.¹⁵ In accordance with National Environmental Policy Act of 1969’s requirements and Council on Environmental Quality’s regulations, federal agencies typically evaluate the likely environmental effects of

¹³ This process is implemented by 36 C.F.R. pt. 800.

¹⁴ Codified, as amended, at 42 U.S.C. §§ 4321-4347.

¹⁵ The Council on Environmental Quality regulations implementing the National Environmental Policy Act of 1969 appear at 40 C.F.R. Part 1500.

a project they are proposing to undertake using an environmental assessment, or if the project constitutes a major federal action significantly affecting the quality of the human environment, a more detailed environmental impact statement. Funding for the removal of hazardous materials (such as asbestos or lead-based paint) is typically included as part of these demolition projects.¹⁶

- Transfer of excess facilities to assist the homeless: The McKinney-Vento Homeless Assistance Act,¹⁷ as amended, requires that certain federal facilities, such as excess facilities, must be evaluated for suitability for use to assist the homeless. If the property is determined to be suitable, among other requirements, it is included on a published list of properties available for use to assist the homeless. Then, representatives of the homeless (state or local agencies, or private non-profit organizations that provide service to the homeless) may apply for use of the property. Once approved, the property may be made available by permit, lease, or transfer of ownership of the property to the representative.

DOD Has Made Progress toward Meeting Its Demolition Targets, but Long-standing Excess Facilities Still Remain

According to our analysis of DOD's real property inventory database and its demolition plans, DOD is on track to meet its overall departmentwide target to demolish 62.3 million square feet and its plant replacement value target of \$1,179 million by the end of fiscal year 2013. Moreover, each service and defense organization has made progress in disposing of excess facilities, but some may not meet their individual targets by the end of fiscal year 2013. Furthermore, the demolition program has so far primarily disposed of newly identified excess, but long-standing excess that was identified prior to the start of the current demolition program still remains in DOD's real property inventory.

¹⁶ The Defense Environmental Restoration Program conducts and funds environmental restoration activities at sites located on former and active defense properties that were contaminated while under its jurisdiction, including demolition and removal of unsafe buildings and structures. However, this program is generally not used for removal of common safety or environmental hazards, such as asbestos or lead-based paint, from buildings that will be demolished.

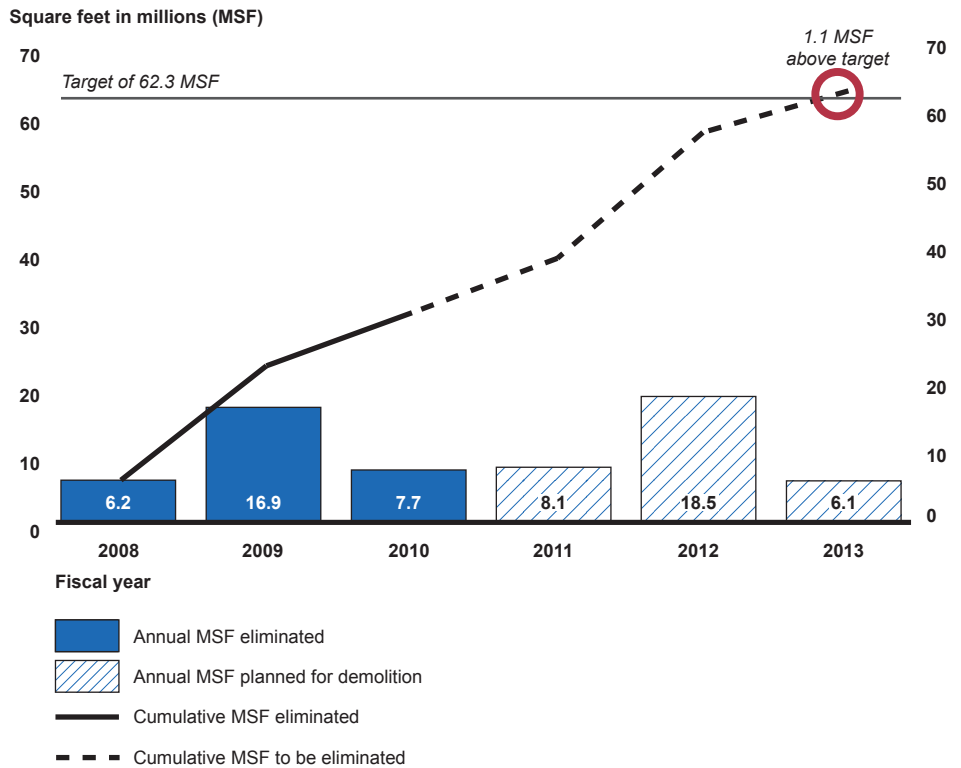
¹⁷ Codified, as amended, at 42 U.S.C. § 11411.

DOD Is on Track to Meet Its Overall Departmentwide Square-Footage Demolition Target

Based on our analysis of DOD's real property inventory database and DOD's demolition plans for the remaining 3 years of its 6-year demolition program, DOD is on track to meet its overall departmentwide square-footage demolition target of 62.3 million square feet. Our analysis of DOD's real property inventory database showed that, as of September 30, 2010, DOD has demolished about 30.8 million square feet—about 49 percent of its departmentwide square-footage target during the first 3 years of its 6-year demolition program.¹⁸ According to DOD, as of June 2011, it had spent about \$833 million for demolition in fiscal years 2008 through 2010 and plans to spend about an additional \$941 million to demolish about 32.7 million square feet of facilities in fiscal years 2011 through 2013. If DOD follows through with its plan to demolish an additional 32.7 million square feet by end of fiscal year 2013, we project that DOD will exceed its overall departmentwide square-footage target by about 1.1 million square feet. Figure 2 compares the square-footage target to the actual number of square feet demolished in fiscal years 2008 through 2010 and the number of square feet DOD plans to demolish in fiscal years 2011 through 2013.

¹⁸ The majority of the facilities demolished during this period (90 percent) were located within the United States and its territories.

Figure 2: Square Footage of Actual and Planned Demolition of Facilities Measured in Square Feet Compared to the Square-Footage Disposal Target for Fiscal Year 2013



Source: GAO analysis of DOD data.

Note: Numbers may not add due to rounding.

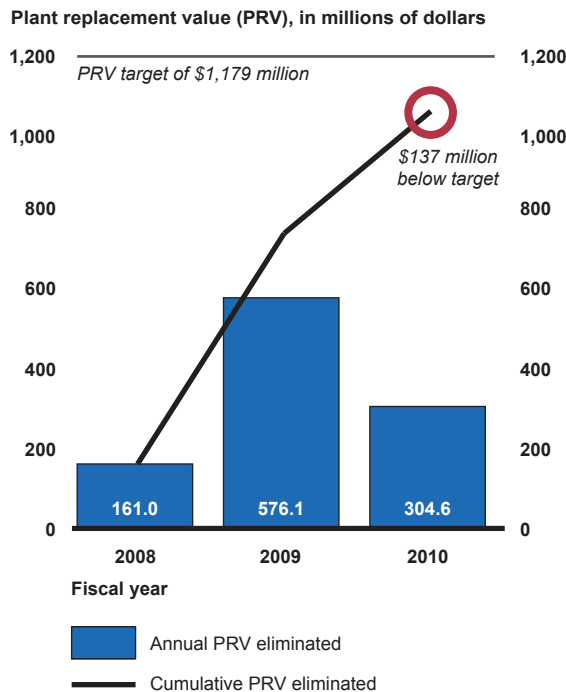
DOD Is on Track to Meet Its Overall Departmentwide Plant- Replacement-Value Demolition Target

DOD has made significant progress and will likely meet its overall departmentwide plant-replacement-value demolition target of \$1,179 million. Our analysis of DOD's real property inventory database showed that as of September 30, 2010, DOD had demolished about \$1,042 million worth of facilities not measured in square feet—about 88 percent of its departmentwide plant-replacement-value target during the first 3 years of its 6-year demolition program.¹⁹ Because DOD accomplished most of the demolition needed to reach its departmentwide plant-

¹⁹ The majority of the facilities demolished during this period (75 percent) were located within the United States and its territories.

replacement-value target halfway through its demolition program, we believe it will likely meet its target and demolish the remaining 12 percent—about \$137 million worth of facilities not measured in square feet—within the last 3 years of its demolition program. Figure 3 shows the plant replacement value of facilities not measured in square feet that DOD demolished in fiscal years 2008 through 2010.

Figure 3: Plant Replacement Value of Completed Demolition of Facilities Not Measured in Square Feet Compared to the Plant-Replacement-Value Disposal Target for Fiscal Year 2013



Source: GAO analysis of DOD data.

Services and Defense Organizations Have Made Progress in Demolishing Excess, but Some May Not Meet Their Individual Demolition Targets

The services and defense organizations have all made progress in disposing of excess facilities, but some may not meet their individual demolition targets. Based on our analysis of DOD's real property inventory database of facilities demolished in fiscal years 2008 through 2010 and the services' and defense organizations' reported future demolition plans for fiscal years 2011 through 2013, four of the six military services and defense organizations with square-footage demolition targets are projected to meet their individual targets. In addition, one of the three services and defense organizations with plant-replacement-

value targets has already met its individual target. Table 1 shows the individual square-footage targets by service or defense organization, the square footage that has already been demolished, the square footage that is planned for demolition, and the square footage over or under target that is projected to be demolished.

Table 1: Fiscal Years 2008 through 2013 Square-Footage Demolition Targets Compared to Actual and Planned Square-Footage Demolition (in millions of square feet)

Service or defense organization	FY 08-FY 13 square-footage demolition target	FY 08-FY 10 square footage demolished	FY 11-FY 13 square footage planned for demolition	Total FY 08-FY 13 completed and projected demolition	Square footage projected over or under target
Army	9.0	6.3	6.3	12.6	3.6
Navy	32.0	8.1	3.2	11.3	-20.7
Marine Corps	1.4	2.7	1.4	4.1	2.7
Air Force	15	13.2	17.9	31.1	16.1
Defense Logistics Agency	N/A	0.2	0.0	0.2	N/A
DOD Education Activity	4.4	0.1	1.7	1.9	-2.5
TRICARE Management Activity	0.5	0.1	2.2	2.2	1.7
Total	62.3	30.8	32.7	63.4	N/A

Source: GAO analysis of DOD data.

Note: Numbers may not add due to rounding.

As shown in table 1, the Marine Corps has already met its square-footage target, and the Army, Air Force, and TRICARE Management Activity are projected to meet their square-footage targets by end of fiscal year 2013. However, the Navy and the DOD Education Activity are not projected to meet their square-footage targets by end of fiscal year 2013; the Navy is projected to demolish only 11.3 million square feet, or about 35 percent of its target, and the DOD Education Activity is projected to demolish only 1.8 million square feet, or about 42 percent of its target. Table 2 shows the individual plant-replacement-value demolition targets (for facilities not measured in square feet), the plant replacement value of such facilities that has already been demolished, and the plant replacement value over or under the targets of facilities that were demolished.

Table 2: Fiscal Years 2008 through 2013 Plant-Replacement-Value Demolition Targets Compared to Actual Plant Replacement Value of Facilities Measured in Other-Than Square Feet, as of September 30, 2010 (in millions of dollars)

Service or defense organization	FY 08-FY 13 plant placement value demolition target	FY 08-FY 10 plant replacement value demolition	Plant replacement value demolition over or under target
Army	N/A	\$ 202.0	N/A
Navy	N/A	293.4	N/A
Marine Corps	\$35.0	74.4	\$39.4
Air Force	868.0	386.9	-481.1
Defense Logistics Agency	276.0	84.6	-191.4
DOD Education Activity	N/A	0.1	N/A
TRICARE Management Activity	N/A	0.3	N/A
Total	\$1,179.0	\$1,041.7	N/A

Source: GAO analysis of DOD data.

Note: DOD does not have estimates for demolition of facilities measured in plant replacement value for fiscal years 2011 through 2013.

As shown in table 2, the Marine Corps has already met its plant-replacement-value target, the Air Force has demolished \$386.9 million, or 45 percent of its plant-replacement-value target, and the Defense Logistics Agency has demolished \$84.6 million, or 31 percent of its plant-replacement-value target.

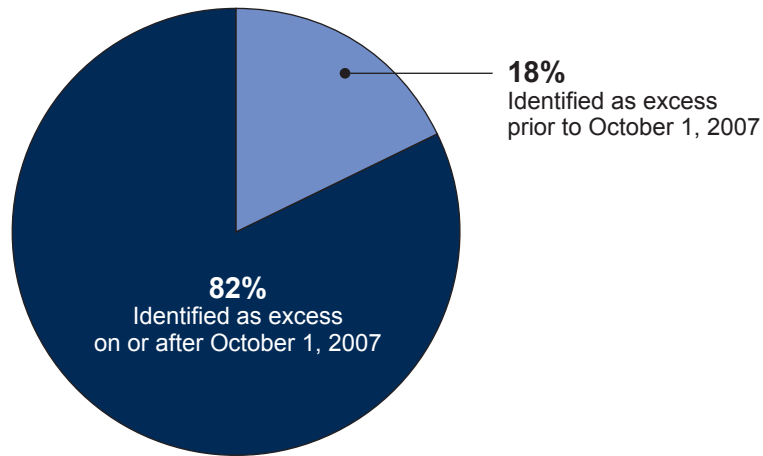
Although DOD officials told us that they measure the success of the demolition program by looking at the total demolition done by the services and defense organizations collectively, each military service is responsible for managing and disposing of the real property under its control and has its own strategy for managing its real property inventory in order to support its overall mission. In some cases, a military service's plans for managing its real property affected its progress toward achieving its individual demolition targets. For example, the Navy is unlikely to meet its individual square-footage demolition target because, according to the Navy, it planned for a "strategic pause" in order to reassess its broader efforts in managing its real property and suspended operation and maintenance funding for demolition for fiscal years 2012 through 2015. Operation and maintenance funding accounted for about 96 percent of the funding for its demolition program in fiscal years 2008 through 2010. The Navy has budgeted operation and maintenance funding for demolition starting in fiscal year 2016 and, until then, allows for demolition as part of certain military construction projects that also involve some reduction in current Navy infrastructure. As a result, the

Navy plans to demolish fewer facilities than it would have if it had not reduced funding for its demolition program. On the other hand, the Air Force is likely to exceed its individual square-footage demolition target, because it has plans to maintain a robust demolition program that was established prior to the start of DOD's departmentwide demolition program. Air Force officials told us that their demolition plans will assist them in meeting part of the "20/20 by 2020" goal to reduce 20 percent of the Air Force's infrastructure—about 86 million square feet—by the year 2020.

Most Remaining Excess Is Long Standing and May Be More Costly to Eliminate

The demolition program has so far primarily disposed of newly identified excess facilities, but long-standing excess facilities that were identified prior to the start of the current demolition program still remain in DOD's real property inventory. According to DOD officials, the remaining excess facilities may be more costly to eliminate. According to our analysis of DOD's real property inventory database, of the 30.8 million square feet of facilities demolished in fiscal years 2008 through 2010, about 25.4 million square feet (about 82 percent) was identified as excess after the demolition program began. DOD identifies additional property as excess every year and may demolish it in the same year in which it is identified. For example, of the approximately 7.7 million square feet demolished in fiscal year 2010, about 5.5 million square feet was identified as excess during the year in which it was demolished. Figure 4 shows a breakout of the percentage of square footage of excess facilities demolished from fiscal years 2008 through 2010 by when the facilities were identified as excess—either before the start of the current demolition program in fiscal year 2008 or after the program began.

Figure 4: Percentage of Demolished Square Footage from Fiscal Year 2008 through 2010 by When Identified as Excess



Source: GAO analysis of DOD data.

According to our analysis of DOD’s real property inventory database, DOD had identified 2,735 facilities as excess in this database at the end of fiscal year 2010.²⁰ This number includes about 9.1 million square feet of excess facilities and about \$399.2 million in plant replacement value for facilities not measured in square feet, which together are worth about \$3.3 billion. These facilities cost an estimated \$25 million in total to operate annually.²¹ More than half (53 percent) of the approximately 9.1 million square feet was declared excess prior to the start of the demolition program—including about 2.4 million square feet of long-standing excess that was identified as excess in the 1960s through the 1990s. Table 3 shows ranges of excess declaration dates for facilities reported as excess as of September 30, 2010, and the number of facilities, total square feet, and plant replacement value of facilities not measured in square feet for each range.

²⁰ We excluded those excess facilities that were identified as residing on sites of acquisitions, closures, or realignments under the Defense Base Closure and Realignment process, because these are outside of our scope for this report.

²¹ This annual operating cost is based on a DOD model that is used for FRPP reporting.

Table 3: Ranges of Excess Declaration Dates for Facilities Identified as Excess as of September 30, 2010

Excess declaration date by range of fiscal years	Excess facilities identified that are measured in square feet		Excess facilities identified that are not measured in square feet		Total number of facilities identified
	Number identified	Millions of square feet	Number identified	Plant replacement value (in millions)	
1960-1969	1	0.003	0	\$0.0	1
1970-1979	5	0.024	5	56.0	10
1980-1989	77	0.992	59	50.8	136
1990-1999	262	1.342	84	35.8	346
2000-2007	784	2.504	334	191.9	1,118
2008-2010	679	4.125	304	39.9	983
No excess declaration date ^a	41	0.114	100	24.8	141
Total	1,849	9.103	886	\$399.2	2,735

Source: GAO analysis of DOD data.

Note: Numbers may not add due to rounding.

^aWe were unable to determine when some facilities were identified as excess, because there was no excess declaration date recorded for them in DOD's real property inventory database. However, they were reported as excess in fiscal years 2008, 2009, and 2010. These facilities may have been declared excess prior to or in fiscal year 2008.

DOD officials stated that the remaining excess facilities may cost more to demolish than those that have already been demolished through the first 3 years of the demolition program. For example, the Navy reported that its demolition cost had increased from \$32 to \$45 per square foot to demolish facilities during fiscal years 2008 through 2010. According to the Navy, it needs to consolidate and renovate other facilities in order to demolish most of the remaining square footage, which would be at a higher cost—an estimated \$75 per square foot—than demolition completed in prior years. According to DOD officials, many of the demolition projects completed to date have been limited to what DOD officials characterized as “picking the low hanging fruit;” that is, those projects that are easily accomplished because they do not have many restrictions that would increase their cost or the time needed to complete them. DOD officials told us that in deciding which demolition projects to implement first, they often look at the cost of demolition and the savings that would be gained by disposing of the facility and prioritize those projects with the highest return on investment. DOD officials have estimated that for an uncomplicated demolition project, it takes approximately 3 to 5 years after demolishing the facility to realize the financial benefits of the demolition. Officials noted that, in the short term, the cost to demolish an excess facility often exceeds the cost to keep it open, but they stated that demolition is a better long-term solution than

operating and maintaining unused and often unsightly excess buildings that may be hazardous to health or safety over time.

Incomplete and Inaccurate Facility Utilization Data Limit DOD's Ability to Identify Potentially Excess Facilities

Because DOD does not maintain complete and accurate data concerning the utilization of its facilities, it is unable to determine whether all of its facilities are required in order to meet its mission needs, an inability that limits identification of potentially excess facilities. As a result, DOD may be missing opportunities to identify additional facilities that are candidates for consolidation, demolition, or other disposal. Our review found that DOD's real property inventory database displayed facilities utilization data for less than half of DOD's total inventory and that these data often were incomplete or did not reflect the true usage rate of DOD's facilities.

DOD Maintains Utilization Rate Data for Fewer Than Half of Its Facilities

We analyzed DOD's real property inventory database as of September 30, 2010, and found that facility utilization data were recorded for 238,498 of DOD's 521,500 facilities, or about 46 percent of its inventory. DOD guidance requires that the secretaries of the military departments maintain programs to monitor the use of real property to ensure that all real property holdings under their control are used to the maximum extent possible, consistent with both peacetime and mobilization requirements. The military departments' programs for monitoring utilization of facilities generally begin at an installation with the personnel gathering information about current occupancy, the amount of square footage being used, and the various mission functions being performed within a building or structure.²² Facility management officials at the installation use this information to enter utilization data into their military department's real property inventory database. These data are used to calculate utilization rates. DOD's real property database receives utilization rates from the military departments' databases and displays these rates as percentages.

DOD officials acknowledged that utilization data in its database do not cover the full DOD inventory, because the primary focus of their efforts to collect and record such data has been in response to reporting requirements from the Federal Real Property Council. The council's guidance requires that DOD and other federal agencies annually report

²² Installation facility officials may obtain this information through written surveys or interviews with building occupants, as well as by first-hand observations.

utilization information for five categories of buildings—offices, warehouses, hospitals, laboratories, and housing—as part of the agencies’ data submissions for the FRPP. In turn, DOD guidance emphasizes gathering the utilization data for the annual FRPP report and requires periodic utilization reviews only for the same five categories of buildings. Although DOD guidance does not preclude the military departments from maintaining additional utilization data for other facilities—as previously noted, the military departments captured utilization rate data for 46 percent of their facilities—DOD’s database shows that only 145,239 (or about 28 percent) of its facilities belong to one of the five categories for which the FRPP requires utilization information.²³ As a result, DOD’s focus is limited to only approximately a quarter of its total inventory, and its database does not provide all of the utilization data the military departments need to ensure that the real property holdings under their control are being used to the maximum extent possible.

DOD’s Processes for Recording and Reporting the Use of Its Facilities Do Not Produce Accurate Information

Our analysis also revealed gaps in required data fields and multiple instances in which recorded utilization rates for facilities differed from the rates at which they were actually being utilized. Moreover, our review of the utilization information DOD reported for the FRPP for fiscal year 2010 showed similar discrepancies between the reported utilization designations and actual building utilization.

Gaps in Utilization Data in DOD’s Real Property Inventory Database

Our analysis of DOD’s real property inventory database as of September 30, 2010, showed that for 32,999 of the 145,239 buildings in the five categories for which DOD requires a periodic utilization review, no utilization rate was recorded. DOD guidance for collecting data for its real property inventory in fiscal year 2010 stated that utilization rates for these five categories of buildings must be included in the military departments’ annual real property inventory submissions to the Deputy Under Secretary of Defense (Installations and Environment). DOD officials indicated that the submissions were missing utilization rates for some of the required building types because the military services had not entered the data necessary to calculate utilization rates. The officials noted that during their annual process to collect and reconcile real property

²³ Facility categories that make up the remainder of DOD’s inventory include, among others, airfield pavements, industrial facilities, schools, utility systems, and weapons ranges.

**Inaccurate Utilization Data in
DOD's Real Property Inventory
Database**

inventory data from the military departments' databases, they identified data anomalies such as missing utilization rates and gave the military services an opportunity to correct them, if possible. However, if the military services still did not enter a utilization rate, DOD's process permitted that field to remain blank in DOD's real property inventory database.

Our review of the utilization data that DOD maintains indicated that the data often do not reflect the true usage of DOD's facilities. For example, data for the Air Force showed a utilization rate of zero percent for 22,563 buildings that were in an active status—more than 17 times the number of unused buildings reported by any other military service. When we asked an Air Force headquarters official about the unusually large number of apparently unused buildings, the official stated that this number was erroneous and was because of a miscalculation in the Air Force's utilization data. The Air Force official acknowledged that the data were incorrect and said that the Air Force planned to correct this miscalculation for future real property inventory submissions. During our evaluation of utilization rates for selected DOD locations, we found further instances in which utilization rates shown in DOD's database differed from the actual usage of the buildings. For example, at Joint Base San Antonio, Texas, specifically the Fort Sam Houston installation, all three of the buildings for which a zero percent utilization rate was reported were actually being fully utilized, according to installation officials. Similarly, according to an installation official from Joint Expeditionary Base Little Creek-Fort Story, Virginia, all four of the buildings for which the database showed a zero percent utilization rate were being fully utilized. Officials we interviewed at several other installations told us that they did not use utilization data in planning for disposal of facilities. These findings are consistent with statements by DOD installation officials that one weakness of the real property inventory data is its inability to accurately identify vacant and underutilized properties and that the officials have identified gaps between policy and practice in this area. DOD officials stated that efforts are under way to address the quality of DOD's data on facility utilization and that a review of the data submitted by the military services for the fiscal year 2011 real property inventory will assist in determining what policy changes or clarifications may be required.

**Inaccurate Reporting of
Utilization Information for the
FRPP**

To gain additional insight into the utilization information that DOD maintains, we analyzed its submission for the FRPP for fiscal year 2010 and found similar inaccuracies. Specifically, DOD reported utilization information for all facilities in the five categories on which it was required to report, even though 32,999 of the applicable utilization data entries

were not recorded in DOD's database—DOD's authoritative source for generating its FRPP reporting. While the FRPP describes utilization of buildings using one of four designations,²⁴ Federal Real Property Council guidance states that agencies should maintain actual utilization percentages for audit purposes. As noted earlier, DOD's process for collecting utilization rate data in its database allows for blanks in mandatory fields. Officials stated that when utilization rates were unavailable to generate the FRPP utilization designations for fiscal year 2010 reporting, they used previous years' utilization data and that, if even old data were unavailable, DOD reported that the facility was utilized, even when there were no data to support such reporting.²⁵ We also evaluated FRPP utilization designations for selected locations and found instances in which the utilization information reported by DOD differed from the actual usage of the buildings. For example, at Naval Station Pearl Harbor, Hawaii, installation officials confirmed that six buildings reported as not utilized were correctly reported, but that two others were vacant and should also have been reported as not utilized. At Fort Sam Houston, 16 of 17 buildings that were reported as not utilized were actually in use, according to installation officials; the one building that was correctly shown as not utilized was observed to be under major renovation.

DOD's methodology for calculating and recording utilization data does not encompass all of its facilities, and as a result, DOD is impaired in its ability to identify facilities that may be excess to its needs. Moreover, its processes to record and report utilization information do not ensure that this information reflects a facility's true status. Without complete and reliable information about the utilization of the full range of its facilities, DOD is not able to readily identify underutilized facilities and thus may be missing opportunities to identify additional candidates for consolidation, demolition, or other disposal.

²⁴ The four designations used in the FRPP to describe a building's utilization are over-utilized, utilized, under-utilized, and not utilized.

²⁵ Officials noted that in the building categories that require a utilization report, the utilization field must be populated for the record to be accepted into the FRPP application.

DOD's Future Plans to Eliminate Excess Facilities and Address External Factors Affecting Disposal Are Unclear

DOD's future plans to eliminate excess facilities after its current demolition program ends in fiscal year 2013 are unclear, as are its plans for taking into account external factors that affect the disposal of long-standing excess facilities that were identified before fiscal year 2008. Since we previously reported on DOD's plans for demolition of excess facilities as part of our high risk series,²⁶ DOD has significantly reduced its estimated demolition plans for fiscal years 2014 through 2016. Also, DOD officials told us that after the current demolition program ends, they intend to view demolition as one component of a broader effort for future facilities management. They stated that this effort will include other approaches to eliminating excess, such as consolidation and recapitalization. However, it is not clear what strategies and measures DOD plans to establish to manage its disposal of excess facilities as part of this broader effort. As previously stated in this report, DOD's demolition efforts have focused on the more easily completed projects. DOD officials acknowledge that the demolition of the remaining long-standing excess facilities may require more time and effort to complete because of several external factors, including management of historic preservation requirements, environmental restrictions, host nation agreements, and consolidation efforts. Without focusing on disposal of long-standing excess and considering external factors that affect disposal in developing its future plans, DOD may be unable to determine how effective its future efforts to eliminate excess and promote better use of its facilities will be.

DOD Has Adjusted Its Plans for Demolition after Fiscal Year 2013

DOD adjusted its demolition plans to lower the amount it estimates it will complete after the current demolition program ends in fiscal year 2013. In February 2011, we reported in our high risk series that DOD had planned to demolish up to 222 million square feet of excess facilities from fiscal year 2011 through fiscal year 2016. We reported that the majority of this square footage—about 178 million square feet or 80 percent of the total—was planned to be demolished in fiscal years 2014 through 2016. We also reported that the amounts of demolition DOD estimated it would do in prior years are much higher on average than the amounts that were completed or planned for fiscal years 2008 through 2013. However, DOD adjusted its original estimate and, as of June 2011, expects to demolish about 31 million square feet in fiscal years 2014 through 2016. Table 4

²⁶ [GAO-11-278](#).

shows a comparison of the demolition budget plan reported in our high risk series and DOD's most recent demolition plan as of June 2011.

Table 4: Comparison of DOD's Demolition Budget Plans (in million square feet)

	Completed demolition			Estimated demolition					
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
DOD's demolition plan as reported in GAO's high risk series ^a	N/A	N/A	N/A	5.5	28.6	10.1	44.4	39.3	94.1
DOD's completed demolition as of September 2010 and demolition plan as of June 2011	6.2	16.9	7.7	8.1	18.5	6.1	8.7	10.5	12.2
Difference increase/(decrease)	N/A	N/A	N/A	2.6	(10.1)	(4.0)	(35.7)	(28.8)	(81.9)

Source: GAO analysis of DOD data.

^aDOD's demolition plan as reported in GAO's High Risk Series Update ([GAO-11-278](#)) did not include annual completed demolition amounts for fiscal years 2008 through 2010. The High Risk Series Update does not report the estimated future demolition by fiscal year, but DOD's demolition plan shown here sums to 222 million square feet, as reported in the update.

A DOD official stated that the reason for this reduction was that the initial demolition-budget plan included erroneous estimates, which resulted in significantly larger amounts of total square footage projected to be demolished for fiscal year 2014 through fiscal year 2016 than were projected in previous fiscal years. This official told us that the June 2011 budget plan reflected corrected estimates. Our analysis of this budget plan showed that these estimates were in line with the amounts of demolition done or planned on average for prior fiscal years.

It Is Unclear What Strategies and Measures DOD Will Use to Dispose of Long-standing Excess as Part of Its Future Facilities-Management Plan

DOD officials told us that after the department's current demolition program ends in fiscal year 2013, DOD will continue working toward its requirements to promote the most efficient and economical use of DOD property and to dispose of property that is no longer needed for current or projected defense needs. DOD officials told us that they plan on continuing demolition, but that they do not currently have plans for new demolition targets in the future, and that they do not want demolition to be viewed as a separate program. Officials told us that they are in the process of updating their 2007 Defense Installations Strategic Plan to guide efforts to eliminate DOD's long-standing excess facilities and better use existing facilities, but that they do not yet have a finalized plan. They told us that the updated plan will contain a set of priorities under a broader effort for future facilities management, which will include other

approaches to eliminating excess, such as consolidation, demolition as part of military construction, and recapitalization.

We have previously reported that several elements are critical to strategic planning, including strategies to reach goals, measures to gauge progress, and consideration of external factors that could affect goals.²⁷ However, at this time, it is unclear what strategies and measures DOD plans to use to manage its efforts to dispose of excess facilities after the demolition program ends in fiscal year 2013. As we stated earlier in this report, DOD's demolition efforts have focused on the more easily completed projects. Officials told us that long-standing excess facilities typically will require more time and effort to dispose of, in part due to external factors that will affect how disposal of these facilities is to be managed. It is not clear whether DOD's planning will take into account these external factors. DOD is beginning to consider how it will integrate demolition of its excess facilities into a broader facilities management effort in the future, but until DOD focuses on disposal of long-standing excess and considers external factors, such as historic preservation and environmental restrictions, that affect disposal in developing its future plans, DOD may be unable to determine how effective its future efforts to eliminate excess are and to promote better use of its facilities.

Several External Factors May Delay or Complicate DOD's Future Disposal Efforts

Although DOD's future plans for eliminating excess facilities are unclear, several external factors can delay or complicate DOD's future disposal efforts. We previously stated in this report that many of the demolitions that had been completed under the current program had a projected high return on investment, because the demolished facilities typically did not have many restrictions that would increase the cost or time to demolish them. However, DOD officials stated that many of the remaining excess facilities will require more time and effort to dispose of. These DOD officials told us that in planning for disposal of these facilities, DOD has to account for the time and resources needed to manage consultation requirements for historic preservation, environmental restrictions, and contingent actions related to disposal in international settings or DOD's consolidation efforts.

²⁷ GAO, *Managing for Results: Critical Issues for Improving Federal Agencies' Strategic Plans*, GAO/GGD-97-180 (Washington, D.C.: Sept. 16, 1997).

Management of Consultation Requirements for Historic Preservation

Because DOD is required to take into account the effects of its actions on historic properties, DOD's management of the consultation requirements for historic preservation can delay or complicate demolition of excess facilities that have been determined to have historic significance. As of September 30, 2010, DOD reported in its submission for the FRPP that its 2,735 excess facilities consist of: 603 facilities assessed as having historic significance, 204 facilities assessed as having no historic significance, 1,819 facilities that have not yet been evaluated, and 109 facilities for which historical data are unreported. Before a historic facility can be demolished, DOD is required to consult with state and local historic preservation groups to negotiate and try to agree on methods to avoid, minimize, or mitigate the effect of DOD's actions on the facility's historic significance. DOD and installation cultural resources officials have told us that these methods can include preserving a portion of a group of similar facilities and demolishing others or documenting the historic significance of the property through pictures or plaques at the location prior to demolition. These officials stated that although these negotiations lengthen the demolition process and can increase the cost of the demolition—depending on the agreed method of preserving the historic significance of the facility—DOD has been successful in negotiating agreements and demolishing some excess facilities that have historic significance. However, officials also told us that the timing and complexity of the historic preservation consultation process is a factor that needs to be considered when planning for demolition of a historic facility.

At the installations we visited, we observed several examples of facilities that the military services would like to demolish but have not yet demolished because of ongoing historic preservation consultations, and conversely, examples of how the military services have been successful in negotiating historic preservation agreements while allowing for demolition. At Naval Station Pearl Harbor, most of the excess facilities—224 of 270—are national historic landmarks or eligible for the national historic register, requiring DOD to coordinate with state and local historic preservation groups prior to any demolition. Naval Station Pearl Harbor officials told us that managing this process can delay demolition, because it takes time and resources to coordinate with these groups, analyze whether potential methods to preserve historic significance are cost-effective or practical, and reach agreement on which method to pursue. For example, officials showed us several excess historic buildings, including pre-fabricated Quonset huts that were built during World War II to be used as barracks or offices and a small uninsulated wooden pagoda built in the 1930s (shown in fig. 5). Although these buildings are not needed or useable in their current condition, officials do not have

immediate plans to demolish them because a solution has not yet been negotiated with the historic preservation groups to either dispose of or reuse them.

Figure 5: Excess Historic Buildings at Naval Station Pearl Harbor



Quonset Hut



Wooden Pagoda

Source: GAO.

On the other hand, Naval Station Pearl Harbor officials have been able to demolish some historic facilities and have established a Cultural Resources group at the installation to facilitate coordination with state and local historic preservation groups to preserve historic significance while disposing of excess facilities. For example, through the Cultural Resources group, officials were able to negotiate the renovation and preservation of one warehouse with historic significance while allowing for the demolition of two other similar warehouses.

We also saw examples of historic significance affecting demolition of excess facilities at the Fort Sam Houston installation on Joint Base San Antonio. Because a large portion of the installation has been designated as a National Historic Landmark district, Joint Base San Antonio has a Cultural Resources Manager and a series of programmatic agreements with state and local historic preservation groups that provide a process to review the repair, alteration, or renovation of historic properties in order to ensure that historic properties on the base are appropriately recognized and considered in the course of the management and use of the properties. However, installation officials stated that the historic preservation consultation process has resulted in delays in disposing of these buildings as they consult and negotiate with state and local historic preservation groups to reach agreement on how best to preserve the historic significance of these buildings. Officials said that some of these

historic buildings have been vacant for years, and they are continuing their efforts to dispose of these facilities. For example, officials stated that in 1994 they were able to demolish one of three similar small buildings, on the condition that the remaining two would not be demolished within the next 5 years, while officials determined whether the buildings could be renovated for use. However, according to officials, it has been 17 years since this agreement was made, and the two buildings remain vacant because they have large structural cracks, and officials were not able to repair them for use. Figure 6 shows the cracks on one of these buildings.

Figure 6: Historic Building 238 with Structural Cracks at Fort Sam Houston



Source: GAO.

A further complication can occur if a facility is deemed to have historic significance but competing guidance—such as force protection restrictions—precludes it from being renovated and fully used. At Fort Sam Houston, officials stated that Building 189—known as the Nurses’ Quarters—remains vacant and is not planned for demolition or reuse, in part because of its historic significance but also because of its location next to the installation’s borders. Fort Sam Houston officials told us that the structure is not sound and would be costly to repair for reuse, but state historic preservation groups do not want it to be demolished. In addition, anti-terrorism and force-protection guidance limits the occupancy of buildings that are within a certain distance from an

installation's borders, and officials told us that the Nurses' Quarters would not comply with this standard. Officials stated that they have not disposed of or renovated the building because they have been unable to negotiate an agreement that will satisfy the need to preserve its historic significance and also fully use it under force protection restrictions. Figure 7 shows the Nurses' Quarters and its proximity to the installation's fence line.

Figure 7: Building 189—the Nurses' Quarters—Next to the Installation Borders at Fort Sam Houston



Source: GAO.

Management of Environmental Impacts

DOD's management of various environmental and health and safety restrictions may also delay demolition of some excess facilities. When developing a project for demolition or disposal of a facility, DOD is required to consider the environmental impacts that may result from the disposal—such as hazardous materials that must be removed before the facilities can be disposed of—which may increase cost and time for disposal. For example 308 excess facilities at Camp Roberts, California, totaling nearly 1.2 million square feet, are World War II-era temporary structures that are covered in lead-based paint, according to Camp Roberts officials. Officials at the installation told us that disposal of these facilities required additional environmental precautions and has taken more time to complete. These buildings have been condemned and have not been used for many years because of safety and health issues such

as the presence of lead-based paint, asbestos, and hantavirus.²⁸ Figure 8 shows examples of these vacant excess buildings.

Figure 8: Condemned Excess Buildings at Camp Roberts



Condemned building with danger sign



Excess World War II-Era condemned building

Source: GAO.

Installation officials told us that they are required to dispose of lead-based paint-covered materials in landfills with a type of liner that prevents the lead from contaminating the ground and water. They told us that the nearest such landfill is many miles away and that it requires more time and cost to transport and appropriately dispose of the hazardous materials there. However, officials stated that they have been successful in demolishing some of these buildings and have developed a way to mitigate the debris' environmental harm. The officials are in the process of constructing a lined landfill at the installation, which they estimate will cost about \$3 million to complete and will save time and resources in disposing of these materials.

Management of Contingent Actions Related to Disposal in International Settings and DOD's Consolidation Efforts

Another factor that may affect DOD's disposal of facilities is management of contingent actions, such as efforts related to DOD's property in international settings or DOD's facility consolidation to improve the efficiency of its operations. DOD officials told us that when DOD disposes of facilities that are located in foreign nations, it can return facilities and land areas to the host nation, but that negotiations with the host nation

²⁸ Hantavirus is spread to humans by rodents and can lead to a life-threatening disease—Hantavirus Pulmonary Syndrome—that has symptoms similar to influenza.

may influence when the return can be completed. For example, as part of a series of bilateral security consultations between the United States and Japan, 8,600 Marines and their estimated 9,000 dependents are to move from Okinawa, Japan, to Guam. This relocation is dependent on “tangible progress” toward the completion of a replacement for Marine Corps Air Station Futenma²⁹ in southern Okinawa, Japan, to a less densely populated area in northern Okinawa. Officials stated that about 171 excess family-housing units are on the land that DOD plans to return as part of this relocation effort and that the officials do not intend to dispose of these excess facilities until the replacement facility is completed. On June 21, 2011, officials from the United States and Japan noted that completion of the replacement facility and Marine relocation will not meet the previously targeted date of 2014.³⁰ DOD officials stated that because there have been delays in completing the replacement facility, the return of excess family-housing units located in Futenma has also been delayed. Furthermore, while it is difficult to determine at this time what, if any, impact the March 11, 2011, earthquake, tsunami, and associated nuclear-reactor incident will have on this agreement, DOD officials have said that there is potential for increases in the cost of materials and labor in Asia, which may lead to further delays in the return of excess facilities in Okinawa.

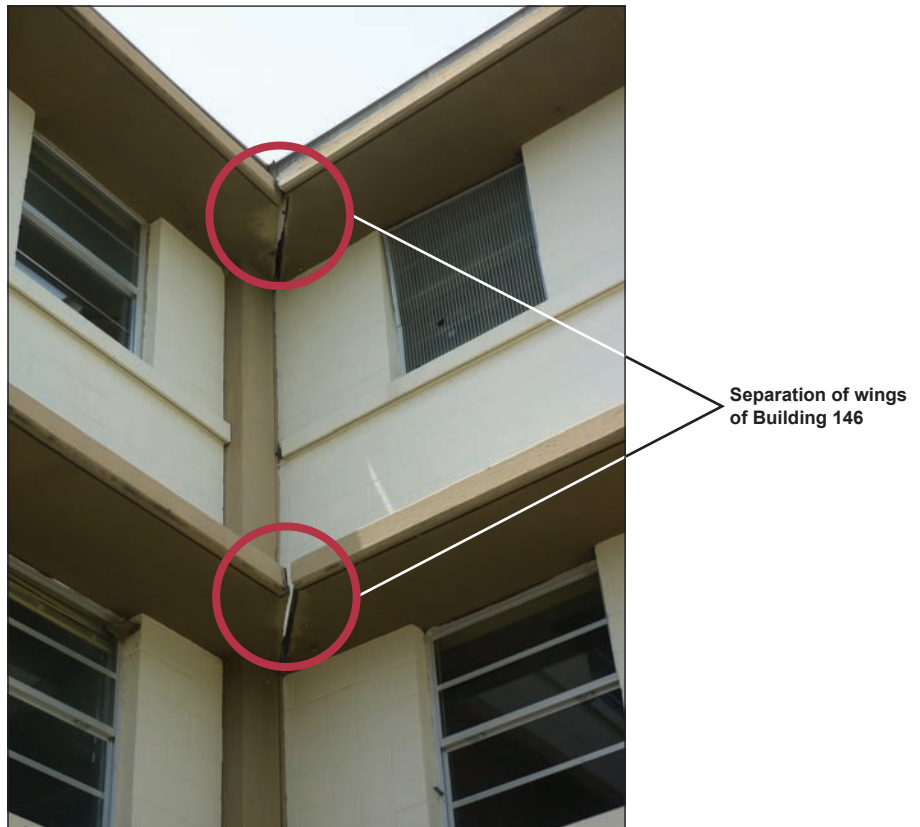
In addition, installation officials told us that consolidation efforts can also delay disposal of some facilities. They told us that there are facilities that they would like to identify as excess because they are in poor condition or not well configured for DOD’s mission, but the officials are awaiting renovation of existing facilities, or new construction, so that they can move servicemembers and DOD civilians who are currently using the older facilities. For example, in Texas, Lackland Air Force Base, Fort Sam Houston, and Randolph Air Force Base were combined to form Joint Base San Antonio, which officials stated has resulted in an increase in

²⁹ *Agreement Between the Government of the United States of America and the Government of Japan Concerning the Implementation of the Relocation of III Marine Expeditionary Force Personnel and Their Dependents from Okinawa to Guam* (Feb. 17, 2009). We have previously reported on the costs and challenges involved in the relocation of U.S. forces from Japan to Guam. GAO, *Military Buildup on Guam: Costs and Challenges in Meeting Construction Timelines*, [GAO-11-459R](#) (Washington, D.C.: June 27, 2011).

³⁰ Security Consultative Committee Document Progress on the Realignment of U.S. Forces in Japan (June 21, 2011).

missions at Lackland Air Force Base. Officials told us that, because of the increase in mission, people are working in buildings that were previously planned for disposal, and these buildings are obsolete and in poor condition. However, disposal has been delayed until the workforce can move into other locations that are being built or renovated. Installation officials stated that they are in the process of developing a joint base master plan in order to strategically invest resources for their consolidation efforts. They told us that the plan will assist in identifying and managing the disposal of any excess facilities that are identified after consolidation efforts are completed. Figure 9 shows Building 146 at Joint Base San Antonio, specifically, Lackland Air Force Base, which has structural cracks and separation but is nevertheless being partially occupied until consolidation and renovation of other buildings is completed.

Figure 9: Separation of Two Wings of Building 146 at Lackland Air Force Base



Source: GAO.

Another example of the management of consolidation efforts leading to delays in disposal of facilities is at Camp Roberts. Installation officials told us that they would like to declare as excess and demolish 351 World War II-era temporary buildings that are in poor condition or are not well-configured for the installation's current needs. The buildings were built to house the growth in troops during World War II and were not designed for permanent use. Although the Senate Armed Services Committee encouraged DOD to develop a plan to demolish these facilities in 1982,³¹ officials told us that they are not able to demolish these buildings because they are awaiting new construction so they can move servicemembers

³¹ S. Rep. No. 97-440 (1982).

and DOD civilians who are currently using these facilities. Figure 10 shows a bathroom in a World War II-era temporary barracks building that has not been renovated, but is currently being used.

Figure 10: Unrenovated World War II-Era Temporary Building Bathroom Currently Being Used at Camp Roberts



Source: GAO.

Officials told us that they are spending millions of dollars of sustainment and restoration funds to repair and renovate some of these buildings so that they can continue to use them while waiting for the new construction to be completed. Although these buildings are not planned for demolition in the near term, they have been identified for future disposal as part of the Camp Roberts Real Property Development Plan. Figure 11 shows a World War II-era temporary building that officials told us was renovated with sustainment and restoration funds while they awaited new construction.

Figure 11: Renovated Temporary World War II-Era Building at Camp Roberts



Source: GAO.

Conclusions

Challenges in managing and reducing its inventory of excess facilities have placed DOD's support infrastructure at high risk in part because of the need for transformation to address economy, efficiency, or effectiveness challenges. Continuing to maintain excess facilities consumes resources that could be made available for other uses. Although DOD has made progress in disposing of excess facilities through its demolition program, many of the facilities it has disposed of were identified as excess only after the current program began. According to DOD officials, these facilities were more easily demolished than the long-standing excess facilities, because they had fewer of the complications and restrictions that typically increase the cost or time needed to complete demolition projects. As a result, many of the long-standing excess facilities remain in DOD's inventory. Moreover, DOD does not have reliable data to identify underutilized facilities—information that could be used to identify additional excess facilities or potential recapitalization or consolidation opportunities. Complete and reliable information about underutilized facilities aids local installation personnel in

managing their facilities and guides the department as it makes basing decisions and develops annual resource plans. DOD has reduced its demolition budget estimates for the years after the demolition program ends in fiscal year 2013. DOD officials stated that they are exploring a broader approach to managing the elimination of excess facilities beyond fiscal year 2013. This approach would include consolidating and recapitalizing facilities instead of focusing primarily on demolition. As noted, several external factors, such as management of historic preservation requirements and environmental restrictions, may affect DOD's future disposal efforts. However, without specific strategies and measures to evaluate future efforts and without considering how external factors may affect goals, DOD may be unable to accurately determine how well this broader effort will help to eliminate long-standing excess facilities, manage disposals in the future, and promote DOD's efforts to make the best use of its facilities.

Recommendations for Executive Action

To better focus and manage DOD's future disposal efforts, we recommend that the Secretary of Defense direct the Deputy Under Secretary of Defense (Installations and Environment) to work with the Secretaries of the military departments and take the following two actions:

- Develop and implement a methodology for calculating and recording utilization data for all types of facilities, and modify processes to update and verify the accuracy of reported utilization data to reflect a facility's true status.
- Develop strategies and measures to enhance the management of DOD's excess facilities after the current demolition program ends, taking into account external factors that may affect future disposal efforts.

Agency Comments and Our Evaluation

In written comments on a draft of this report, DOD generally concurred with our recommendations to better focus and manage DOD's future disposal efforts. DOD's comments are reprinted in appendix II. DOD also provided technical comments that we have incorporated into this report where applicable.

DOD partially concurred with our recommendation to direct the Deputy Under Secretary of Defense (Installations and Environment) to work with the Secretaries of the military departments to develop and implement a methodology for calculating and recording utilization data for all types of

facilities, and modify processes to update and verify the accuracy of reported utilization data to reflect a facility's true status. In comments, DOD stated that it recognizes the need for further improvements in the collection and reporting of utilization data across the department and has already begun some efforts to improve its utilization data. DOD also stated that it will continue the development and implementation of appropriate procedures. While DOD's statements appear to be responsive to our recommendation, DOD did not specify what actions it has completed to date or the time frames for completing its efforts to improve the collection and reporting of utilization data.

DOD concurred with our recommendation to direct the Deputy Under Secretary of Defense (Installations and Environment) to work with the Secretaries of the military departments to develop strategies and measures to enhance the management of DOD's excess facilities after the current demolition program ends, taking into account external factors that may affect future disposal efforts. DOD stated in its comments that it will work with the military departments to continue to develop and implement the most effective and efficient methods to eliminate excess facilities and excess capacity, but did not provide any details or specific time frames for these efforts.

We are sending copies of this report to the Secretary of Defense; the Secretaries of the Army, the Navy, and the Air Force; the Commandant of the Marine Corps; the Administrator of the General Services Administration; the Director of the Office of Management and Budget; and appropriate congressional committees. The report also is available at no charge on the GAO Web site at <http://www.gao.gov>. If you or your staff have any questions concerning this report, please contact me at (202) 512-4523 or leporeb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix III.



Brian J. Lepore
Director, Defense Capabilities and Management

List of Committees

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Daniel K. Inouye
Chairman
The Honorable Thad Cochran
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Howard P. McKeon
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable C.W. Bill Young
Chairman
The Honorable Norman D. Dicks
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Appendix I: Scope and Methodology

To assess DOD's progress toward meeting its demolition disposal targets, we analyzed selected data elements from DOD's annual Federal Real Property Profile (FRPP) reporting submissions and DOD's real property inventory database for fiscal years 2008, 2009, and 2010. Using these data sources, we determined the number, square footage, and plant replacement value for facilities not measured in square feet of DOD facilities that were recorded as being demolished in fiscal years 2008 through 2010. Because DOD's demolition program excluded demolitions related to the Defense Base Realignment and Closure process, we excluded all demolished facilities that the data showed as being demolished because of an action related to the Defense Base Realignment and Closure process. To determine DOD's progress toward achieving its departmentwide demolition targets, we compared the total square footage demolished to DOD's departmentwide square-footage demolition target and compared the total plant replacement value of facilities not measured in square feet demolished to DOD's departmentwide plant-replacement-value target. To determine the military services' and defense organizations' progress toward achieving their individual demolition targets, we compared the total square footage they demolished to their square-footage demolition targets and compared the total plant replacement value of facilities not measured in square feet they demolished to their plant-replacement-value demolition targets. To determine the extent to which DOD's demolition program disposed of newly identified excess (i.e., identified after the demolition program began), we used the excess declaration date to determine when the facility was declared excess. If there was not an excess declaration date recorded, we used the status data element to determine if it was reported as excess prior to the start of the demolition program. To determine the number, square footage, and plant replacement value of excess facilities that remained in DOD's inventory and the length of time these facilities were determined to be excess, we selected all facilities with a status of excess as of September 30, 2010. We used the data element for the excess declaration date to determine when a facility was identified as excess. If there was not an excess declaration date recorded, we used the status data element to determine when a facility was reported as excess. We excluded those facilities that were identified as residing on sites of acquisitions, closures, or realignments under the Defense Base Realignment and Closure process. We assessed the reliability of DOD's real property inventory data by (1) performing electronic testing for obvious errors in accuracy and completeness, (2) reviewing existing information about the data and the system that produced them, and (3) interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this

report. To gain an understanding of DOD and the military services' demolition efforts, we interviewed officials from the Office of the Deputy Under Secretary of Defense (Installations and Environment) and the military services and reviewed applicable documentation related to their demolition efforts.

To assess the completeness of DOD's facility utilization data, we analyzed its real property inventory database as of September 30, 2010, to determine the number of facilities with an entry in the data field for Real Property Asset Utilization Rate. We included those facilities that were identified as residing on sites of acquisitions, closures, or realignments under the Defense Base Realignment and Closure process because DOD guidance requires utilization reviews for all real property facilities that are currently in use. To assess the accuracy of DOD's utilization information, we analyzed its real property inventory database and the information DOD submitted for the fiscal year 2010 FRPP. We evaluated the extent the data were complete for those facilities for which DOD was required to report a utilization description and identified for further review those facilities in an active operational status that either source showed as not being used. We examined Federal Real Property Council, DOD, and the military departments' guidance for recording and reporting facility utilization information and interviewed officials from the Office of the Deputy Under Secretary of Defense (Installations and Environment), military service headquarters, and selected regional level commands. We contacted officials at Air Force headquarters and at selected locations to determine whether utilization information for facilities that were identified as active, but unused, was accurate.

To assess DOD's plans to manage and dispose of excess facilities after the demolition program ends in fiscal year 2013, we analyzed any changes in its estimated demolition budget plans for fiscal years 2014 through 2016 and interviewed officials from the Office of the Deputy Under Secretary of Defense (Installations and Environment) to determine the reasons for the changes. We also spoke with these officials to identify what they have planned for or have envisioned for disposal of remaining excess facilities. We examined federal law and regulations and DOD guidance related to management and disposal of real property and interviewed environmental management and cultural resources officials from the Office of the Deputy Under Secretary of Defense, military service headquarters, selected regional level commands, and conducted site visits at selected installations to identify factors that may affect DOD's planning for future disposals. At these sites, we also observed examples of excess buildings and buildings that were in poor condition or not well-

configured that have not been declared as excess and interviewed installation officials to determine their plans for disposal of these buildings and any reasons for delays or complications to disposal.

To address each of these objectives, we spoke with officials from the Office of the Deputy Under Secretary of Defense (Installations and Environment), military service headquarters, selected regional level commands, and selected installations. We judgmentally selected installations to contact that had a large number of square footage of facilities identified as excess and/or a large amount of square footage disposed during fiscal years 2008 through 2010 as evident in DOD’s real property inventory database as of September 30, 2010. We used these criteria to select eight installations while ensuring each military service was represented. We contacted or received information from DOD representatives, as delineated in table 5.

Table 5: DOD Offices and Installations Contacted during GAO’s Review

Office of the Secretary of Defense	<ul style="list-style-type: none"> Office of the Deputy Under Secretary of Defense (Installations and Environment)
Army	<ul style="list-style-type: none"> Office of the Assistant Chief of Staff for Installation Management, Arlington, Virginia Camp Roberts, California
Navy	<ul style="list-style-type: none"> Commander, Navy Installations Command Headquarters, Washington, D.C. Navy Region Mid-Atlantic, Norfolk, Virginia Commander, Fleet Activities Yokosuka, Japan Joint Base Pearl Harbor-Hickam, Naval Station Pearl Harbor, Hawaii Joint Expeditionary Base Little Creek-Fort Story, Virginia
Marine Corps	<ul style="list-style-type: none"> Headquarters Marine Corps, Washington, D.C. Camp Lejeune, North Carolina Camp Butler, Okinawa, Japan
Air Force	<ul style="list-style-type: none"> Headquarters Air Force, Asset Management and Operations Division, Washington, D.C. Air Combat Command, Langley Air Force Base, Virginia Joint Base San Antonio, Fort Sam Houston, Texas Joint Base San Antonio, Lackland Air Force Base, Texas Wright-Patterson Air Force Base, Ohio

Source: GAO.

We conducted this performance audit from September 2010 to September 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the Department of Defense



ACQUISITION
TECHNOLOGY
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OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

SEP 2 2011

Mr. Brian J. Lepore
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Lepore:

This is the Department of Defense (DoD) response to the GAO draft report, "EXCESS FACILITIES: DoD Needs More Complete Information and a Strategy to Guide Its Future Disposal Efforts," dated July 28, 2011, (GAO Code 351543). Detailed comments on the report recommendations are enclosed.

The Department partially concurs with recommendation number 1 and concurs with recommendation number 2. We appreciate your efforts in conducting this review, and we thank the members of your staff for their comprehensive work.

Sincerely,

A handwritten signature in black ink that reads "John Conger".

John C. Conger
Acting Deputy Under Secretary of Defense
(Installations and Environment)

Enclosure:
As stated

GAO DRAFT REPORT – DATED JULY 28, 2011
GAO CODE 351543

"EXCESS FACILITIES: DoD Needs More Complete Information
and a Strategy to Guide Its Future Disposal Efforts"

DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense direct the Deputy Under Secretary of Defense (Installations and Environment) to work with the Secretaries of the military departments to develop and implement a methodology for calculating and recording utilization data for all types of facilities, and modify its processes to update and verify the accuracy of its reported utilization data to reflect a facility's true status.

DOD RESPONSE: Partially concur. While DoD recognizes the need for further improvements in the collection and reporting of utilization data across the department, some efforts to do so are already underway. The Office of the Deputy Under Secretary of Defense (Installations and Environment) will work with the military departments to continue the development and implementation of appropriate procedures.

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense direct the Deputy Under Secretary of Defense (Installations and Environment) to work with the Secretaries of the military departments to develop strategies and measures to enhance the management of DoD's excess facilities after the current demolition program ends, taking into account external factors that may impact future disposal efforts.

DOD RESPONSE: Concur. The Office of the Deputy Under Secretary of Defense (Installations and Environment) will work with the military departments to continue development and implementation of the most effective and efficient methods to eliminate excess facilities and excess capacity.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Brian J. Lepore, (202) 512-4523 or leporeb@gao.gov

Acknowledgments

In addition to the contact named above, Laura Durland, Assistant Director; Hiwotte Amare; John Edwards; Cynthia Grant; Gina Hoffman; Joanne Landesman; Susan Mason; Stephanie Santoso; and Michael Willems made key contributions to this report.

Related GAO Products

Defense Infrastructure: The Enhanced Use Lease Program Requires Management Attention. [GAO-11-574](#). Washington, D.C.: June 30, 2011.

Military Buildup on Guam: Costs and Challenges in Meeting Construction Timelines. [GAO-11-459R](#). Washington, D.C.: June 27, 2011.

High-Risk Series: An Update. [GAO-11-278](#). Washington, D.C.: February 2011.

Military Base Realignment and Closures: DOD Is Taking Steps to Mitigate Challenges but Is Not Fully Reporting Some Additional Costs. [GAO-10-725R](#). Washington, D.C.: July 21, 2010.

Federal Real Property: Authorities and Actions Regarding Enhanced Use Leases and Sale of Unneeded Real Property. [GAO-09-283R](#). Washington, D.C.: February 17, 2009.

Defense Infrastructure: Services' Use of Land Use Planning Authorities. [GAO-08-850](#). Washington, D.C.: July 23, 2008.

Defense Infrastructure: Continued Management Attention Is Needed to Support Installation Facilities and Operations. [GAO-08-502](#). Washington, D.C.: April 24, 2008.

Federal Real Property: Progress Made Toward Addressing Problems, but Underlying Obstacles Continue to Hamper Reform. [GAO-07-349](#). Washington, D.C.: April 13, 2007.

Defense Infrastructure: Military Services Lack Reliable Data on Historic Properties. [GAO-01-437](#). Washington, D.C.: April 6, 2001.

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