



June 2015

UNDERUTILIZED FACILITIES

DOD and GSA Information Sharing May Enhance Opportunities to Use Space at Military Installations

Accessible Version

GAO Highlights

Highlights of [GAO-15-346](#), a report to congressional committees

Why GAO Did This Study

GAO has designated DOD's Support Infrastructure Management as a high-risk area in part due to challenges in reducing excess infrastructure. DOD installations can establish agreements to allow entities such as non-DOD federal agencies and private entities to use property on DOD installations that are unutilized or underutilized. DOD reports that, as of the end of fiscal year 2013, its real property portfolio consisted of more than 562,000 facilities with an estimated value of \$850 billion.

The National Defense Authorization Act for Fiscal Year 2014 included a provision that GAO review the potential for relocating federal government tenants onto military installations. This report identifies (1) available options for DOD to allow non-DOD entities to use unutilized and underutilized space on military installations, and what factors DOD considers for each option; (2) any limitations and benefits of bringing non-DOD federal tenants onto military installations, and (3) the extent to which DOD and other federal agencies coordinate to do so. GAO evaluated DOD and military service guidance; visited selected installations having non-DOD tenants, including two that support the Arctic mission; and interviewed cognizant officials.

What GAO Recommends

GAO recommends that DOD and GSA collaborate to enhance routine information sharing concerning non-DOD federal agencies seeking workspace at military installations. DOD and GSA concurred and agreed to take action to help ensure that government-owned assets are used to capacity.

View [GAO-15-346](#). For more information, contact Brian J. Lepore at (202) 512-4523 or leporeb@gao.gov.

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DOD and GSA Information Sharing May Enhance Opportunities to Use Space at Military Installations

What GAO Found

Department of Defense (DOD) guidance outlines options for granting the use of unutilized (vacant) and underutilized (partially vacant) space on military installations to non-DOD entities, such as other federal agencies, and installations consider several factors when contemplating such grants. For example, DOD and military department guidance identifies the real estate instruments, such as leases and licenses that are to be used to issue grants to non-DOD entities. All seven of the installations that GAO visited reported using this guidance to select the appropriate instrument based on the type of non-DOD entity, type of facility, and proposed use of the asset. For example, installations selected permits as the appropriate real estate instrument when issuing grants to a non-DOD federal agency as outlined in DOD and military department guidance. Prior to granting the use of space to a non-DOD entity, officials at installations reported considering several factors, including the availability of space, effect on the mission, and factors unique to the installation. In instances where there are competing interests for space, officials reported considering priorities set forth in DOD guidance for assigning available space on the installation. Officials also reported considering whether the tenant could potentially have a negative effect on the installation's ability to comply with any regulations, such as preserving protected habitats.

DOD faces both limitations and benefits from moving non-DOD agencies onto installations. Limitations such as the availability of suitable space affect DOD's ability to bring non-DOD federal agencies onto military installations. For example, officials at all seven of the installations GAO visited reported a lack of vacant space or vacant space that is usable, which limited their ability to accommodate space requests. However, when a match can be made between an installation's available space and a potential tenant agency's needs, both parties can benefit. For example, installations can potentially benefit through the avoidance of direct and indirect costs, such as the cost for utilities and maintenance incurred for unused or underutilized space. Non-DOD federal agencies can save costs on commercial leases because DOD charges for use of space by other federal entities on a cost-recovery basis.

Despite the potential benefits, routine information sharing does not occur between DOD and the General Services Administration (GSA) concerning opportunities to move non-DOD federal agencies onto military installations. Specifically, when GSA is working to satisfy the space needs of its clients, it does not routinely contact DOD installations to inquire whether space might be available. DOD, on the other hand, waits for non-DOD federal agencies to inquire whether space is available and does not generally reach out to GSA or agencies that may be interested in space. Without taking actions to share information, GSA offices working with non-DOD federal agencies to find them space may risk missing opportunities for their clients to reduce or avoid costs. In addition, both GSA and DOD may miss opportunities to leverage resources and enhance utilization of federal real property.

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Abbreviations

DOD	Department of Defense
EUL	Enhanced Use Lease
FRPP	Federal Real Property Profile
GSA	General Services Administration
OSD	Office of the Secretary of Defense
RPAD	Real Property Assets Database
RPI	Real Property Inventory

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June 18, 2015

Congressional Committees

Since 1997, we have designated the Department of Defense's (DOD) Support Infrastructure Management as a high-risk area, in part due to the challenges DOD faces in reducing excess and obsolete infrastructure.¹ DOD reports that, as of the end of fiscal year 2013, the global real property portfolio it manages consisted of more than 562,000 facilities (buildings, structures, and linear structures²), located on over 4,800 sites worldwide, covering more than 24.7 million acres, and with a value of approximately \$850 billion.³ However, this portfolio includes property that is currently unutilized (vacant) and underutilized (partially vacant), but may be needed in the future.⁴ The operation and maintenance of unutilized and underutilized facilities consumes valuable resources that could be eliminated from DOD's budget or used by DOD for other purposes. DOD installations can establish outgrants—agreements with tenants, such as other DOD organizations, non-DOD federal agencies, and other government and private entities—to allow use of property on DOD installations that are unutilized or underutilized. Such agreements may offer potential opportunities for financial benefits, including reduced

¹GAO, *High-Risk Series: Defense Infrastructure*, [GAO/HR-97-7](#) (Washington, D.C.: February 1997); *High-Risk Series: An Update*, [GAO-11-278](#) (Washington, D.C.: February 2011); and *High-Risk Series: An Update*, [GAO-13-283](#) (Washington D.C.: Feb. 14 2013); The High-Risk Series focuses on government operations that we have 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.

²Buildings are roofed and floored facilities enclosed by exterior walls and consisting of one or more levels that are suitable for single or multiple functions. Structures are facilities other than a building or linear structure constructed on or in the land (e.g., tower, storage tank, wharf, and pier). A linear structure is a facility whose function requires that it traverse land (e.g., runway, road, rail line, pipeline, fence, pavement, electrical distribution line) and is reported by a linear unit of measure.

³Department of Defense, *Base Structure Report —Fiscal Year 2014 Baseline, A Summary of Real Property Inventory* as of Sept. 30, 2013. These were the most recent data available at the time of our review.

⁴According to DOD, unutilized and underutilized property represents assets that are needed to meet current or projected defense requirements, but are not currently utilized to the maximum extent possible.

maintenance costs to DOD. In March 2015, the Acting Assistant Secretary of Defense for Energy, Installations, and Environment testified that a 2004 study concluded that DOD had 24 percent aggregate excess infrastructure capacity and that DOD's 2005 base realignment and closure process disposed of 3.4 percent of those facilities.⁵

In addition, we have designated federal real property management as a high-risk area since 2003 in part because the federal government continues to maintain too much excess and underutilized property and relies too heavily on costly leases.⁶ The federal government's real property holdings are vast and diverse—comprising hundreds of thousands of buildings and permanent structures across the country, and costing billions of dollars annually to operate and maintain. The need to better utilize existing real property has been the focus of government-wide efforts since at least 2004. Most recently, on March 25, 2015, the Office of Management and Budget issued a memorandum to clarify the existing policy to dispose of excess properties and promote more efficient use of real property assets.⁷

Our prior work has also found that the Office of the Secretary of Defense (OSD) and the military departments do not have complete and accurate data on the utilization of DOD's property.⁸ Most recently, we found in September 2014 that DOD had made some improvement in collecting real property utilization data, but that these data continue to be

⁵John Conger, Acting Assistant Secretary of Defense for Energy, Installations, and Environment, testimony before the Subcommittee on Readiness, House Committee on Armed Services, 114th Cong., 1st Sess., March 3, 2015. In June 2013, we found that the methodology that DOD uses to estimate excess capacity had limitations including only considering an installation's primary mission when developing the estimate. While we did not make specific recommendations concerning the limitations of DOD's methodology, DOD agreed with the limitations that we identified. GAO, *Defense Infrastructure: DOD's Excess Capacity Estimating Methods Have Limitations*, [GAO-13-535](#) (Washington, D.C.: June 20, 2013).

⁶GAO, *High-Risk Series: An Update*, [GAO-15-290](#) (Washington, D.C.: February 2015).

⁷Office of Management and Budget, *Management Procedures Memorandum No. 2015-01: Implementation of OMB Memorandum M-12-12 Section 3: Reduce the Footprint* (Washington, D.C.: Mar. 25, 2015).

⁸GAO, *Defense Infrastructure: DOD Needs to Improve Its Efforts to Identify Unutilized and Underutilized Facilities*, [GAO-14-538](#) (Washington, D.C.: Sept. 8, 2014); and *Excess Facilities: DOD Needs More Complete Information and a Strategy to Guide Its Future Disposal Efforts*, [GAO-11-814](#) (Washington, D.C.: Sept. 19, 2011).

incomplete and inaccurate. In addition, we found that OSD did not have a strategic plan to manage DOD's real property efficiently and facilitate the identification of opportunities for consolidating unutilized or underutilized facilities. We recommended that DOD establish a strategic plan to identify any unutilized and underutilized facilities as part of a results-oriented management framework. DOD concurred with our recommendation and stated that as of September 2014, a strategy review was under way with initial guidance and initiatives to be identified by the close of calendar year 2014. According to a DOD official, as of February 2015, DOD had developed a strategic plan for identifying underutilized and unutilized assets and is currently coordinating with the military services to establish an implementation approach. Our prior work also has concluded that collaboration can be used to enable agencies to become better stewards of government resources.⁹ Specifically, we identified certain practices that can help enhance and sustain collaboration among federal agencies, including establishing compatible policies, procedures, and other means to operate across agency boundaries, which can be accomplished through frequent communication among collaborating agencies.

The National Defense Authorization Act for Fiscal Year 2014 included a provision that GAO report on the potential for relocating federal government tenants onto military installations in the United States. This report identifies (1) what options, if any, are available for DOD to allow non-DOD entities, including federal government agencies, to use unutilized and underutilized space on military installations, and what factors DOD considers when considering exercising each option; (2) any limitations and benefits of bringing non-DOD federal agencies onto

⁹GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005). (See list of related GAO products at the end of our report.)

installations, and (3) the extent to which DOD and other federal agencies coordinate to do so.¹⁰

To address our objectives, we reviewed applicable DOD and military department guidance pertaining to real property management and support agreements. To provide context concerning non-DOD entities using space on military installations, we selected seven installations to visit based on (1) the number of real property assets that were identified in DOD's Real Property Assets Database (RPAD) as being used by non-DOD federal agencies at the end of fiscal year 2013, and (2) installations supporting DOD's Arctic mission, to respond to a consideration in the mandate.¹¹ Our observations from these installation visits are not generalizable. While we have previously reported on inaccurate and incomplete utilization data in the database, we determined that the RPAD data were sufficiently reliable for the purposes of selecting installations to visit. Using these factors, we selected the installation from each military service that had the greatest number of real property assets identified as being used by non-DOD federal agencies, two installations that supported DOD's Arctic mission, and two installations that had a relatively small number of real property assets identified as being used by non-DOD federal agencies. We also reviewed installation processes for identifying and managing unutilized and underutilized facilities.

¹⁰The fiscal year 2013 Federal Real Property Profile (FRPP), which acts as the federal government's only database of all real property under the control of executive-branch agencies, identified the following agencies, in addition to DOD, as controlling real property: the Departments of Agriculture, Commerce, Energy, Health and Human Services, Homeland Security, the Interior, Justice, Labor, State, State (USAID), Transportation, the Treasury, and Veterans Affairs as well as the Environmental Protection Agency, General Services Administration (GSA), National Aeronautics and Space Administration, National Science Foundation, and Office of Personnel Management. Our review focused on DOD and GSA because these two agencies control approximately 75 percent of all federal real property.

¹¹The installations we visited were selected from a universe of 100 installations located in the United States and its territories that DOD considers large sites because the real property assets at these sites had plant replacement value of \$1.794 billion or greater. The National Defense Authorization Act for Fiscal Year 2014 included a provision for GAO to evaluate the potential for and obstacles to consolidation of federal tenants on installations that support Arctic missions, focusing on federal entities with homeland security, defense, international trade, commerce, and other national security functions that are compatible with the missions of military installations, or can be used to protect national interests in the Arctic region.

To determine what options, if any, are available for DOD to allow non-DOD entities, including federal government agencies, to use unutilized and underutilized space on military installations and the factors DOD considers, we reviewed applicable DOD and military department guidance to identify (1) the circumstances under which non-DOD tenants are allowed to utilize space on military installations including the order of priority among non-DOD tenants, and (2) the types of agreements and understandings that installations are allowed to enter into with non-DOD tenants. In addition, we interviewed responsible officials at OSD, the military department headquarters, and seven selected installations to determine their roles in bringing a non-DOD tenant onto a military installation and the factors that each considered.

To identify the limitations and benefits of bringing non-DOD federal agencies onto installations, we reviewed applicable DOD and military department guidance, including regulations and instructions, to identify whether a process exists to promote the use of unutilized or underutilized space by non-DOD federal agencies. We also interviewed OSD, military department headquarters, and responsible installation officials to obtain their perspectives concerning the process by which non-DOD entities are provided space on DOD installations as well as the limitations and benefits that exist to allowing non-DOD federal agencies to use space on military installations.

To determine the extent to which DOD and other federal agencies coordinate to better use unutilized and underutilized facilities on military installations, we reviewed General Services Administration (GSA) guidance on its process to seek and assign space to its clients and interviewed cognizant GSA officials concerning that process, to determine whether it includes coordination with landholding agencies such as DOD. We also interviewed responsible OSD, military department headquarters, and installation officials to obtain their perspectives on coordination between DOD and GSA. We compared that information to criteria on practices to enhance collaboration among federal agencies that we

identified previously.¹² Further details on our objectives, scope, and methodology can be found in appendix I.

We conducted this performance audit from March 2014 to June 2015 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 provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

DOD and Military Department Guidance Governs Management of Infrastructure

DOD's Real Property Management Program is governed by statute and DOD regulations, directives, and instructions that establish real property accountability and financial reporting requirements. These laws, regulations, directives, and instructions require DOD and the military departments to maintain a number of data elements about their facilities to help ensure efficient property management which, among other things, could help identify potential facility consolidation opportunities.

Three DOD documents—DOD Directive 4165.06, DOD Instruction 4165.14, and DOD Instruction 4165.70¹³—assign responsibilities for managing DOD's real property inventory to a number of organizations, including the Under Secretary of Defense for Acquisition, Technology and

¹²GAO-06-15. Because the federal government faces a series of challenges in the 21st century that will be difficult for any single agency to address alone, we identified key practices that can help enhance and sustain federal agency collaborative efforts. To identify these key practices as well as federal agency collaborative efforts that illustrate these practices, we reviewed academic literature and prior GAO and Congressional Research Service reports. In addition, we interviewed experts in coordination, collaboration, partnerships, and networks from the National Academy of Public Administration, the IBM Center for The Business of Government, and the University of California, Berkeley. We believe that these practices remain valid as federal agencies continue to seek opportunities to utilize their resources, including real property, to the maximum extent possible.

¹³Department of Defense Directive 4165.06, *Real Property* (Oct. 13, 2004, certified current Nov. 18, 2008); Department of Defense Instruction 4165.14, *Real Property Inventory (RPI) and Forecasting* (Jan. 17, 2014); and Department of Defense Instruction 4165.70, *Real Property Management* (Apr. 6, 2005).

Logistics¹⁴ and the Secretaries of the military departments. Specifically, the directive assigns overall responsibility and oversight of DOD real property to the Under Secretary of Defense for Acquisition, Technology and Logistics, but assigns specific responsibilities for real property management to the Secretaries of the three military departments, including implementing policies and programs to acquire, manage, and dispose of real property. Accordingly, each of the military departments has developed its own procedures and guidance for managing its infrastructure. Some of the key guidance used by the military departments for managing real property includes Army Regulation 405-70; Naval Facilities Engineering Command P-78; and Air Force Policy Directive 32-10.¹⁵

Military department guidance requires, among other things, that real property records be accurate and be managed efficiently and economically. It also requires the military departments to maintain a complete and accurate real property inventory with up-to-date information, to annually certify that the real property inventory has been reconciled, and to ensure that all real property holdings under the military departments' control are being used to the maximum extent possible consistent with both peacetime and mobilization requirements. In managing the real property under their control, the Secretaries of the military departments are responsible for implementing real property policies and programs to, among other things, hold or make plans to obtain the land and facilities they need for their own missions and for other DOD components' missions that are supported by the military departments' real property. Additionally, the military departments are required to (1) budget for and financially manage so as to meet their own real property requirements; (2) establish and maintain accurate inventory to account for their land and facilities; and (3) maintain a program monitoring the use of real property to ensure that all holdings under their

¹⁴The Deputy Under Secretary of Defense for Installations and Environment is organizationally underneath the Under Secretary of Defense for Acquisition, Technology and Logistics and generally is responsible for managing policy for DOD's real property management.

¹⁵Army Regulation 405-70, *Utilization of Real Property* (May 12, 2006); Naval Facilities Engineering Command (NAVFAC) P-78, *Real Property Inventory (RPI) Procedures Manual* (July 2008); Air Force Policy Directive 32-10, *Installations and Facilities* (Mar. 4, 2010).

control are being used to the maximum extent possible consistent with both peacetime and mobilization requirements.

Generally, the military departments rely on the installations to manage and monitor the utilization of facilities. According to OSD guidance, installations are required to conduct inventories for each real property asset every 5 years except for those real property assets designated as historic, which are to be reviewed and physically inventoried every 3 years. According to DOD Instruction 4165.70, the military departments' real property administrators are accountable for maintaining a current inventory count of the military departments' 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.¹⁶ Inventory counts and associated information should be current as of the last day of each fiscal year. In addition, DOD Instruction 4165.70 requires the DOD components to periodically review their real property holdings, both land and facilities, to identify unneeded and underutilized property. Underutilized property represents assets that are needed to meet current or projected defense requirements, but are not currently utilized to the maximum extent possible. Such assets can be considered for temporary use by other DOD entities, other federal agencies, state and local governments, or private entities which is also referred to as outgranting. DOD guidance establishes the types of agreements that are used to document the support that military installations provide to their tenants.

When DOD's real property is no longer needed for current or projected defense requirements, it may be designated as excess, at which point it is DOD's policy to dispose of it.¹⁷ However, we reported in September 2011 that external factors can delay or complicate disposal efforts because 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.¹⁸ We recommended that DOD develop strategies and measures to enhance the management of its excess facilities, taking into account

¹⁶Department of Defense Instruction 4165.70, *Real Property Management*.

¹⁷See 40 U.S.C. § 102 (3) and Department of Defense Directive 4165.06, *Real Property*.

¹⁸[GAO-11-814](#).

external factors that may affect future disposal efforts. DOD concurred with this recommendation and stated that it would work with the military departments to continue to develop and implement the most effective and efficient methods to eliminate excess facilities and capacity, but did not provide any details or specific time frames for these efforts.

GSA's Role in Managing Federal Real Property

GSA has key leadership responsibilities related to real property management for the federal government. First, GSA is authorized by law to acquire, manage, utilize, and dispose of real property for most federal agencies, a function that is commonly referred to as the landlord role.¹⁹ This function is performed by GSA's Public Buildings Service; GSA has an inventory of about 9,000 government-owned or government-leased facilities. GSA is responsible for managing the life cycle of federally owned assets, including eventually disposing of such properties and entering into, renewing, and terminating contracts for leased properties. Second, in a government-wide policy role, GSA sets real property management policy for the federal government as a whole. GSA's Office of Government-wide Policy is tasked, among other things, to identify, evaluate, and promote best practices to improve efficiency of management processes. In this policy role, GSA also supports the Federal Real Property Council by providing oversight guidance, publishing performance measures, and maintaining the Federal Real Property Profile (FRPP) database.²⁰ Additionally, the *Freeze the Footprint* policy assigns GSA leadership responsibilities, directing GSA to consult with other agencies on promoting full implementation of the policy, including how to use technology and space management to consolidate, increase occupancy rates in facilities, and eliminate lease arrangements that are not cost or space effective.²¹

¹⁹See 40 U.S.C. § 581, et seq. GSA's authority to manage federal property is subject to certain exceptions. Notably, DOD facilities are not generally subject to GSA's authority. See 40 U.S.C. § 582.

²⁰The FRPP acts as the federal government's only database of all real property under the control of executive branch agencies.

²¹Office of Management and Budget, *Memorandum to the Heads of Executive Departments and Agencies: Promoting Efficient Spending to Support Agency Operations* (May 11, 2012). This memorandum established a *Freeze the Footprint* policy, which directed agencies to not increase the size of their civilian real property inventories, subject to certain exceptions, stating that increases in an agency's total square footage must be offset through consolidations, co-locations, or disposals of property.

DOD's Options for Granting the Use of Space to Non-DOD Entities Are Outlined in Guidance, and Several Factors Are Considered by Installations

DOD and Military Department Guidance Identify the Real Estate Instruments and Support Agreements Used to Grant Space

DOD and military department guidance identify the real estate instruments used to issue outgrants, and—depending on the type of non-DOD tenant and type of facility occupied—the appropriate instances in which to use each real estate instrument.²² The military installations can use a variety of real estate instruments to issue outgrants.

- **Leases** grant a nonfederal entity exclusive possession of real property for a specified term in return for rent or other consideration.²³ For example, an installation may grant a lease for a credit union to build a branch office.
- **Enhanced Use Leases (EUL)** refer to more complex leases into which the military departments may enter. EULs generally provide for in-kind consideration, and some EULs involve complex agreements and long terms. For example, an EUL might provide for a 50-year lease of military land to a private developer that would be expected to construct office or other commercial buildings on the land and then rent the facilities to private-sector tenants for profit.

²²For the purposes of this report, an outgrant refers in general to a legal document that conveys or grants the use of DOD-controlled real property; real estate instruments refer to the form that the conveyance or grant takes with respect to the specific rights that the grantee receives and includes leases, licenses, permits, and easements.

²³Consideration refers to cash or in-kind payment by the lessee in exchange for the lease. In the context of DOD's general leasing authority, payment in kind may take the form of maintenance, protection, alteration, improvement, or restoration of property or facilities, among other things.

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- **Licenses** grant any entity the use of space at an installation for a specific purpose generally in return for rent or other in-kind consideration. For example, an installation may grant a license to a YMCA program for carrying out activities for youths.
 - **Permits** are licenses granted to non-DOD federal agencies generally in return for reimbursement of direct and indirect costs, as required by DOD guidance.²⁴ Examples of direct and indirect reimbursement for costs include utilities, maintenance, and other services.
 - **Easements** grant any entity a right to use or pass over parcels of land in specific ways; for example, to install and run utility lines across an installation, or to build roads, streets, or railroad tracks.

Officials at all seven of the installations that we visited reported selecting the appropriate real estate instrument based on the type of non-DOD entity occupying space at the installation, the type of facility, and the proposed use of the asset. The type of entity can include federal agencies other than DOD, state and local governments, and nongovernmental and private organizations, while the type of facility can include buildings, structures, and linear structures. Table 1 below illustrates the relationship that exists among the type of non-DOD entity, the type of real estate instrument, and the type of real property asset.

²⁴Department of Defense Instruction 4165.70, *Real Property Management*.

Table 1: Applicability of Real Estate Instrument Type and Asset Type to Organization Utilizing Facilities on Military Installations

Real estate instrument type	Facility type	Nongovernmental and private organizations	State and local governments	Non-Department of Defense (DOD) federal agencies
Leases	Buildings	✓	✓	
	Structures	✓	✓	
	Linear structures	✓	✓	
	Land	✓	✓	
Enhanced use leases (EUL)	Buildings	✓	✓	
	Structures	✓	✓	
	Linear structures			
	Land	✓	✓	
Licenses	Buildings	✓	✓	
	Structures	✓	✓	
	Linear structures	✓	✓	
	Land	✓	✓	
Permits	Buildings			✓
	Structures			✓
	Linear structures			✓
	Land			✓
Easements	Buildings			
	Structures			
	Linear structures	✓	✓	
	Land	✓	✓	

Source: GAO analysis of DOD and military department data. | GAO-15-346

All seven of the installations we visited had established outgrants with at least one non-DOD federal agency as well as with other DOD entities, state and local governments, and private organizations to varying degrees. For example, these installations had established leases with public school districts, credit unions, and nonprofit organizations and had easements with local utility companies and state transportation agencies. None of the installations we visited had any EULs in place with nonfederal entities.

DOD and military department guidance also outline several types of support agreements that installations can use to document specific provisions of their agreements with tenant organizations. The support agreements used at the installations that we visited include the following:

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- **DD Form 1144:** This form is used in instances where there is a need to document recurring reimbursable support that an installation provides to a federal agency, such as utilities, refuse disposal, and other services.
 - **Memorandums of Understanding:** These document areas of general understanding that do not involve reimbursement, such as expiration dates and procedures to mediate disputes.
 - **Memorandums of Agreement:** These document specific terms and responsibilities for a single reimbursable purchase, nonrecurring reimbursable support, or nonreimbursable support, and include financial provisions, such as billing and payment terms.

Several Factors Are Considered in Determining Whether to Grant Space to Non-DOD Entities

While DOD and military service guidance provide the tools for installations to issue several types of outgrants, officials must first determine the viability and desirability of bringing a tenant onto the base. Prior to granting the use of space to a non-DOD entity, officials at the installations we visited reported considering several factors. These factors generally fit into three categories: (1) general factors, (2) mission-related factors, and (3) local factors. General factors include considerations related to the availability of space, mission-related factors take into account the effect that a proposed tenant would have on the ability of the installation to perform its mission, and local factors include unique circumstances that exist on a particular installation. The factors discussed below represent the considerations identified by officials at the seven installations that we visited, but are not an exhaustive list of all the possible factors that an installation could consider in granting the use of space to a non-DOD entity.

General Factors

One of the general factors that officials at all seven installations we visited reported considering is whether they have space available that is suitable for the tenant. In making this determination, installation officials considered whether the installation had the amount and type of space available to support the proposed activity that the tenant would be bringing onto the installation. If suitable space is identified, a second factor that officials at all seven installations reported considering was whether the installation had competing interests for real property assets that are available. Generally, installations are required to prioritize the order in which non-DOD entities are granted space. DOD Instruction 4165.70 provides the priorities for considering requests from DOD or non-DOD entities to use unutilized or underutilized space. According to the

instruction, an installation's first priority is DOD entities. Assuming no DOD organizations have a need, the next priority for outgrants is federal agencies whose mission on the installation is closely associated with the installation's national defense mission. Third, installations should provide space to other federal agencies above local government or private entities. Fourth, installations must prioritize nonfederal government entities, such as state and municipal agencies, over private organizations. Finally, in the event that there are no competing interests, installations may grant space to private organizations.

Mission-Related Factors

One of the mission-related factors officials at all seven of the installations we visited reported considering is whether the installation needs to allow unutilized or underutilized space to remain vacant in order to meet future DOD needs in support of its mission. Installation officials estimated their facility needs to address anticipated changes in DOD's force structure or mission such as needing more facilities to move or house service members and supporting civilian employees in the event of a new contingency, including the need to mobilize reserves. In this instance, granting space to a tenant may preclude the installation from accommodating fluctuations in its force.

A related factor that officials at six of the seven installations we visited reported considering is whether the requested space conforms to the Installation Master Plan, which contains the installation's planned layout of its assets to support the mission. Officials stated that any space that is granted to non-DOD entities cannot be used for a purpose that conflicts with the Master Plan's layout of the installation's infrastructure. For example, installations will not grant space to a tenant that requests industrial space in an area that the Master Plan has designated for residential use.

Another mission-related factor officials at five of the seven installations we visited reported considering is whether the tenant's presence will negatively affect the installation's required level of security. Installations have different security measures with varying degrees of stringency, in part to safeguard the integrity of the mission. For example, Kirtland Air Force Base, New Mexico, controls civilian access to its premises in part to safeguard the sensitive nature of some material and information that is housed within its premises, including some work that is carried out by the Department of Energy. In this case, officials would have to consider whether having a non-DOD tenant would increase the number of civilians on the base, which could in turn create additional vulnerabilities that would not be mitigated through existing security measures.

Another mission-related factor that officials at all of the installations we visited reported considering when bringing additional tenants onto the base is the effect on the installation's infrastructure. Specifically, officials said they considered whether the installation's existing infrastructure, such as the electrical distribution system, sewage lines, water pipes, and roads can adequately accommodate additional tenants. For example, officials with whom we spoke at Marine Corps Base Quantico, Virginia, explained that the installation's existing roads could not accommodate the increase in traffic volume that resulted from an increase in personnel inside the Federal Bureau of Investigation compound. To mitigate this problem, Marine Corps officials worked with the bureau and the Department of Justice to secure funding for the construction of additional roads to accommodate the added traffic on the installation.

Local Factors

Officials that we spoke with at three of the seven installations we visited mentioned that local topography can be a factor that is considered when evaluating whether to grant space to a non-DOD tenant. For example, according to officials at Joint Base Elmendorf-Richardson, Alaska, partly because of the presence of mountains on the boundary of the installation and its proximity to a significant amount of marshlands—and environmental regulations related to these—the installation has limited opportunity to expand, which limits its ability to bring entities onto the base. Officials at all seven of the installations we visited stated that the effect that tenants may have on the local environment must be considered. For example, officials at Naval Base Coronado, California stated that there are a large number of endangered species present on the installation, which requires the completion of an environmental assessment prior to authorizing additional tenants coming onto the installation. Finally, some officials also mentioned that there are local agreements that are considered. For example, Kirtland Air Force Base must consider the local effect that existing regional and federal agreements with Native American groups may have on the installation's ability to grant space to non-DOD tenants.

Tenancy on Military Installations Has Limitations and Benefits

Some Limitations Exist Related to DOD's Ability to Bring Non-DOD Tenants onto Installations

Several limitations can affect a military installation's ability to bring non-DOD tenants onto an installation. First, the installation would have to have available space that is suitable for a tenant's needs to successfully bring a potential tenant onto a base. Officials at all seven of the military installations we visited cited limitations in accommodating space requests from potential tenants due to a lack of vacant space that aligns with the tenant's request, such as the amount of space or type of space needed, or vacant space that is not in suitable condition. Specifically, officials at the seven installations we visited reported that they were either short on suitable space or that the vacant space they did have was in poor condition, or both.²⁵ Officials at one installation said that because the space may not be in good condition, the need for renovations may limit the desirability of the space for potential tenants.

A second limitation that can affect the ability of an installation to bring non-DOD tenants onto the installation is that the process is reactive in nature. Specifically, officials from OSD and the services stated that the process of providing space to non-DOD federal agencies generally starts when potential tenants approach the installations to request space and is usually not initiated by the services or installations in an effort to find tenants. Officials at six of the seven installations we visited stated that they did not actively pursue opportunities to bring non-DOD federal agencies onto the installation, but reacted to space requests initiated by the potential tenants. At one installation—Fort Bliss, Texas—officials stated that previous installation commanders pursued potential tenants with compatible missions using informal networking and meetings. According to the officials, this approach is not currently needed because new missions assigned to Fort Bliss have increased use of space at the installation. Moreover, installation officials reported a lack of non-DOD

²⁵Officials at five of the installations we visited reported that they were both short on space and that the space that was vacant was in old, dilapidated buildings. Officials at an additional installation reported being short on space, and officials at one other installation reported that their vacant space was in old, dilapidated buildings.

federal agency requests for space. While all the installations we visited had non-DOD federal tenants as of March 2015, officials at four of the seven installations stated that they receive few new requests for space from non-DOD federal agencies. In some cases, this may stem from a limited demand for space in particular areas. For example, at Eielson Air Force Base outside of Fairbanks, Alaska, officials reported that the base received few space requests because there are few non-DOD federal agencies in the local area. Also, the base is located approximately 20 miles from Fairbanks, which installation officials said may not be desirable for potential tenants. In other cases, this may be the result of a lack of information sharing among agencies that may have a need for space. For example, at each of the installations we visited, none had shared information routinely with other federal agencies or GSA concerning available space at the installation. For example, none of the installations had contacted or were contacted by GSA, which has a key role in acquiring real property for the federal government and would have knowledge of the space needs of multiple federal agencies regionally or locally. We discuss this issue in greater detail later in this report.

Finally, officials at each military installation we visited also reported that limitations specific to their location could affect their ability to bring non-DOD tenants onto the installation. For example, Joint Base Elmendorf-Richardson officials explained that because of certain agreements that affect the rights to land on the installation, the installation must exercise care when creating an outgrant to ensure that the outgrant agreement does not conflict with the preexisting agreements. According to officials at Kirtland Air Force Base, New Mexico, when Kirtland was expanded in 1971 to incorporate two nearby installations, the new boundaries of the installation encompassed land that remains under the control of other federal entities. Consequently, Kirtland does not have the unilateral authority to authorize the use of these lands or the facilities located on them.

Bringing Non-DOD Federal Agencies onto Military Installations Can Provide Benefits to the Installation and Tenant Agency

While there are limitations to bringing tenants onto military installations, according to installation officials, both the installation and tenant agency can benefit when a match can be made between an installation's available space and the tenant agency's needs. Specifically, an installation can receive benefits in the form of services provided by the tenant agency. For example, officials at Kirtland Air Force Base, New Mexico, said that the Federal Aviation Administration provides air traffic control services to the base, and officials at Camp Pendleton, California, said the U.S. Coast Guard presence provides offshore security to the

installation. In addition, installations can receive financial benefits from having non-DOD federal agency tenants on the installation by avoiding utility and maintenance costs for tenant-occupied facilities that would have otherwise been incurred.²⁶ Officials at six of the seven installations we visited noted that the reimbursement of direct and indirect costs for these facilities can provide a financial benefit to the installations.

Non-DOD federal agencies can also benefit from using space on military installations. For example, non-DOD federal agencies could receive a financial benefit from being located on a military installation due to differences in costs charged by DOD when compared with the costs of commercial leases. Specifically, a DOD instruction allows military installations to collect reimbursements from non-DOD federal agencies for direct and indirect costs such as utilities, maintenance, and services provided, but generally do not allow installations to collect additional rent beyond cost recovery. According to installation officials at all seven installation we visited, the installations did not collect more than the reimbursements for direct and indirect costs, and did not charge any additional rent beyond cost recovery, which represented a savings to the tenant agency. In addition, there are occasions where the non-DOD federal tenant receives nonfinancial benefits from being located on a military installation. For example, the Department of Energy receives the benefit of the installation security for its facilities located on Kirtland Air Force Base, New Mexico, which represents potential cost avoidance for the department.

Finally, both the installation and the agency can benefit from having the non-DOD federal agency on the military installation to accomplish a shared mission. For example, the Coast Guard recently became a tenant at Joint Base Elmendorf-Richardson, enabling both the installation and the Coast Guard to better accomplish their search and rescue mission. Specifically, the installation is responsible for the air portion of the mission and the Coast Guard is responsible for the sea portion of the mission. Being located on the same installation enables them to coordinate training in preparation to execute the search and rescue mission.

²⁶Department of Defense Instruction 4165.70, *Real Property Management* states that installations can receive reimbursements from non-DOD federal agencies for direct and indirect costs. Direct and indirect costs include utilities, maintenance, construction, environmental compliance and restoration, historic and cultural preservation, security, fire protection, and demolition or disposal.

DOD and GSA Do Not Routinely Share Information Concerning Opportunities to Use Unutilized or Underutilized Facilities

Despite the benefits to DOD and non-DOD federal agencies, routine information sharing does not occur between DOD and GSA concerning opportunities to move non-DOD federal agencies onto military installations to make better use of unutilized and underutilized facilities, although GSA may have information on agencies near an installation needing space. Government-wide efforts continue to focus on the need to better utilize existing real property assets in order to promote efficiency and leverage government resources, which can be facilitated by coordination between federal agencies. The 2015 National Strategy for Real Property states that execution of opportunities to improve space utilization is one way in which the federal government can improve its management and use of federal assets to maximize the use of scarce budgetary resources.²⁷ The strategy includes a focus on reducing and promoting more efficient use of the federal office and warehouse footprints—property categories in which DOD controls approximately 35 percent and 48 percent of the federal space, respectively. One way agencies can become better stewards of government resources is through enhancing and sustaining collaboration and coordination, which can be accomplished through various practices, including operating across agency boundaries through compatible policies, procedures, and frequent communication.²⁸ Frequent communication would encourage the sharing of information that could be used to better utilize facilities on military installations. For example, in July 2012 we concluded that coordinated efforts at the local and regional level could enhance information sharing and facilitate increased utilization of federal real property, which could in turn result in cost savings or avoidance through the reduction of leased space.²⁹

As part of its role of acquiring, managing, and utilizing federal real property, according to GSA, it provides workspace to federal agencies at the best value for the American taxpayer by leveraging limited government resources and proactively working with agencies to maximize use of space. GSA works with non-DOD federal agencies to help them

²⁷Office of Management and Budget, *National Strategy for the Efficient Use of Real Property 2015–2020, Reducing the Federal Portfolio through Improved Space Utilization, Consolidation, and Disposal* (Mar. 25, 2015).

²⁸[GAO-06-15](#).

²⁹GAO, *Federal Real Property: Strategic Partnerships and Local Coordination Could Help Agencies Better Utilize Space*, [GAO-12-779](#) (Washington, D.C.: July 25, 2012).

seek and obtain space. Non-DOD federal agency clients can begin this process by calling a regional GSA office and providing information on their program and mission requirements, such as the required geographic area, estimated total square footage needed, and how long the space is needed, among other things. GSA will then review that information, work with the agency to clarify and refine the requirements as necessary, and search within the defined geographic area for suitable federally controlled space—either owned or leased. According to GSA, placing a federal agency in owned space is generally a better long-term solution and provides cost-savings over time. According to GSA officials, the search for suitable federally controlled space includes a check of GSA-owned and GSA-leased real property. If there is no suitable GSA space available, GSA will then seek space in United States Postal Service facilities, per a memorandum of agreement between the two agencies and the *Federal Management Regulation*, before helping its clients to acquire space through a commercial lease.³⁰

Even though DOD holds over 60 percent of all federal real property and GSA may have information on agencies near an installation needing space, according to GSA officials, the process to seek and assign space to its non-DOD federal agency clients does not include sharing this information with DOD or other federal landholding agencies, with the exception of the Postal Service. Specifically, the GSA officials with whom we spoke reported that generally regional GSA offices do not communicate with military installations to identify whether there may be suitable vacant space in the installation-level real property inventories, which is information maintained by the installations. The officials also stated that if a client were to express interest in space on a military installation, GSA would direct the client to contact the installation directly and would have little to no involvement with the installation concerning the details of any agreement between DOD and the non-DOD federal agency for the use of space on a military installation. For example, the officials identified one instance where GSA provided the Department of State with a point of contact in the Army so that the Department of State could inquire directly with the Army concerning the potential for using training space on a local installation.

³⁰General Services Administration and U.S. Postal Service, *Agreement Between the General Services Administration and the United States Postal Service Covering Real and Personal Property Relationships and Associated Services* (July 31, 1985), and 41 C.F.R. §102-79.55.

The GSA officials with whom we spoke said that a primary reason GSA does not routinely coordinate with DOD concerning the availability of unutilized and underutilized space is that they assume that space in DOD-owned facilities typically would not meet the needs of GSA's non-DOD federal agency clients because installation security requirements and locations are not likely to be compatible with the non-DOD federal agency missions. However, DOD reports having non-DOD federal tenants on many of its installations, although such factors can limit some non-DOD federal agencies from being located on a military installation in some circumstances. Therefore, there are instances when a non-DOD federal agency's space needs can be met on military installations. Further, GSA's assumption that agencies' needs cannot be met on a military installation may preemptively limit options available to the agencies for which GSA is working to find space and thus the non-DOD federal agency tenants do not receive full information on potential facilities located on the installations.

DOD also does not routinely share information with GSA or other non-DOD federal agencies when space is available on military installations. In addition to the government-wide guidance to better utilize federal property, DOD Instruction 4165.70 directs the Secretaries of the military departments to maintain a program that monitors the use of real property to ensure that it is being used to the maximum extent possible consistent with both peacetime and mobilization requirements. We found that military installations do not routinely share information with GSA or other non-DOD federal agencies when space is available in part because, as stated before, military installations generally wait for non-DOD federal agencies to inquire about available space. DOD officials at the OSD, service, and installation levels said that they do not conduct outreach to communicate information regarding unutilized and underutilized space on military installations in part because the installations primarily focus on supporting missions within DOD, not other non-DOD federal agencies. However, when there is available space on military installations that is not currently used by other DOD entities, DOD's process to wait for agencies to approach installations does not assist the installation in utilizing their space to the maximum extent possible consistent with military requirements as required by DOD policy.

Further, department-level and installation-level officials said they had not interacted or shared information with GSA concerning the availability of space on installations that might be suitable for non-DOD federal agencies that are working with GSA, including providing details about installation-level real property inventories, because DOD's real property

management process does not require coordination with GSA until the property has been declared excess.³¹ Although coordination is not required, if space is available but not currently in use, it would likely benefit the installation to have a tenant use the space rather than allowing the space to remain unutilized or underutilized for the following reasons. As discussed earlier, DOD guidance directs the military departments to utilize their space to the maximum extent possible consistent with military requirements. Also, because a tenant offsets some direct and indirect costs, such as utilities and maintenance, in a constrained budget environment installations can keep facilities in good condition that would otherwise be unutilized or underutilized.

Officials at the OSD, service, and installation levels told us that actively pursuing potential tenants would be an administrative burden on the installations, especially if there is not a significant amount of available space on the installation. However, there are ways that DOD could accomplish this without significantly increasing the administrative burden on the installation. For example, DOD does not provide regional or local contacts or information on the process for requesting space for installations to GSA or other non-DOD federal agencies. Each installation we visited already had an established process for evaluating requests for space from non-DOD entities. However, installation officials at some of the locations we visited said that non-DOD federal agencies are not always aware of the process or the proper organization at the installation to which requests should be submitted. For example, some agencies route their requests to the wrong organization at the installation, which can lead to delays in processing the request. Further, GSA officials told us that not knowing whom to contact locally or regionally for military installations is one factor that inhibits information sharing between GSA and DOD, including information about non-DOD federal agencies requesting space through GSA. Without actions to share information at the regional and local level, GSA offices working with non-DOD federal agencies may risk missing opportunities for clients to use available underutilized or unused federal space at lower cost than commercial leases. In addition, DOD may be missing opportunities to leverage

³¹Pursuant 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. Unutilized and underutilized property refers to assets that are needed to meet current or future mission requirements, but are not currently being used to the maximum extent possible.

resources with GSA to enhance utilization of its unutilized and underutilized facilities and reduce costs associated with maintaining these facilities.

Conclusions

DOD and the federal government as a whole face challenges in continuing to operate and maintain unutilized and underutilized facilities that use valuable resources that could potentially be eliminated from the budget or allocated to other uses. Coordinated efforts among federal agencies, as called for in the 2015 National Strategy for Real Property, could enhance utilization of federal real property. At this time, DOD and GSA do not share information concerning unutilized and underutilized space at military installations or potential clients working with GSA that could facilitate the use of available space by non-DOD federal agencies. Without such information sharing, DOD may be missing opportunities for installations to maximize the use of space and reduce costs, and GSA risks missing opportunities for some of its clients to reduce or avoid rental costs altogether and to reduce their reliance on commercial leases.

Recommendation for Executive Action

We recommend that the Secretary of Defense direct the Assistant Secretary of Defense for Energy, Installations, and Environment, in collaboration with the Administrator of GSA, to identify and implement actions to enable and enhance routine information sharing between DOD and GSA about the utilization of facilities on military installations. Such actions should include establishing recurring processes to (1) share information about non-DOD federal agencies seeking workspace, and (2) ensure that GSA and DOD organizations are aware of the appropriate points of contacts within their organizations at the regional and local levels.

Agency Comments and Our Evaluation

We provided a draft of this report to DOD and GSA for official review and comment. We received written comments from both agencies.

In its comments, DOD concurred with our recommendation and stated that it would be supportive of GSA's efforts to share information about the non-DOD federal agencies seeking workspace. It would work with GSA to ensure that GSA and DOD organizations are aware of the appropriate points of contacts within their organizations at the regional and local level. In its comments, GSA concurred with our recommendation and stated that it agreed with our findings and would take actions to implement our recommendation. It further stated considering DOD military installations

as potential housing solutions prior to going to the open market will help ensure that government-owned assets are used to capacity. GSA also outlined four specific actions to address our recommendation: (1) convene a working group with DOD real property officials to understand DOD's national land holding portfolio and identify unutilized and underutilized space at military installations; (2) collaborate with DOD to establish a shared real property inventory database; (3) review GSA's inventory of customer agencies' current and future needs; and (4) revise the Federal Management Regulations to include DOD in GSA's priorities for housing federal agencies.

We agree that the actions outlined by DOD and GSA represent a positive step toward ensuring that government-owned assets are used to capacity. DOD's and GSA's official comments are reprinted in appendix II and appendix III, respectively.

We are sending copies of this report to the appropriate congressional committees; the Secretaries of Defense, the Army, the Navy, and the Air Force; and the Administrator, General Services Administration. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4523 or LeporeB@gao.gov. Contact points for our office of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.



Brian J. Lepore
Director
Defense Capabilities and Management

List of Committees

The Honorable John McCain
Chairman
The Honorable Jack Reed
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Mark Kirk
Chairman
The Honorable Jon Tester
Ranking Member
Subcommittee on Military Construction, Veterans' Affairs, and Related
Agencies
Committee on Appropriations
United States Senate

The Honorable Mac Thornberry
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable Charles W. Dent
Chairman
The Honorable Sanford Bishop
Ranking Member
Subcommittee on Military Construction, Veterans' Affairs, and Related
Agencies
Committee on Appropriations
House of Representatives

Appendix I: Objectives, Scope, and Methodology

To evaluate the potential for and obstacles to federal agencies other than Department of Defense (DOD) organizations relocating onto military installations to save costs and enhance security, this report identifies (1) what options, if any, are available for DOD to allow non-DOD entities, including federal government agencies, to use unutilized (vacant) and underutilized (partially vacant) space on military installations, and what factors DOD considers when considering exercising each option; (2) any limitations and benefits of bringing non-DOD federal agencies onto installations; and (3) the extent to which DOD and other federal agencies coordinate to do so.

To determine what options are available and factors to consider for DOD to allow non-DOD entities, including federal government agencies, to use unutilized and underutilized space on military installations, we reviewed applicable DOD and military department guidance to identify the circumstances under which non-DOD tenants are allowed to utilize space on military installations, the order of priority for considering non-DOD tenants for use of space, the types of real estate instruments used to grant non-DOD entities use of space on military installations, and the documents used to record the terms and conditions associated with the use of space on military installations. In addition, we interviewed responsible officials within the Office of the Secretary of Defense (OSD) and the military department headquarters to determine their roles in bringing non-DOD tenants onto military installations and identify the factors that are considered when determining whether to grant a non-DOD entity use of space on a military installation. Finally, we selected seven installations to visit to identify what non-DOD entities are present on installations, the process the installations used to determine whether to grant non-DOD entities access to space on the installations, and the factors that installations considered when determining whether to grant non-DOD entities access to space.¹ While our observations from these installations are not generalizable, the observations do provide context concerning non-DOD entities using space on military installations. The primary factor we considered in selecting the installations we visited was the number of real property assets that were identified as being used by non-DOD federal agencies in DOD's Real Property Assets Database (RPAD) at the end of fiscal year 2013. While we have previously reported

¹The installations we visited were selected from a universe of 100 installations located in the United States and its territories that DOD considers large sites because the real property assets at these sites had plant replacement value of \$1.794 billion or greater.

on inaccurate and incomplete utilization data in the database, we determined that the RPAD data were sufficiently reliable for the purposes of selecting installations to visit. The secondary factor that we considered, in order to respond to a consideration in the mandate, was whether the installation supported DOD's Arctic mission. Specifically, the National Defense Authorization Act for Fiscal Year 2014 included a provision for GAO to consider the potential for and obstacles to consolidation of federal tenants on installations that support Arctic missions, focusing on federal entities with homeland security, defense, international trade, commerce, and other national security functions that are compatible with the missions of military installations, or can be used to protect national interests in the Arctic region. Using these factors, we selected the installation from each military service that had the greatest number of real property assets identified as being used by non-DOD federal agencies, two installations that supported DOD's Arctic mission, and two installations that had a relatively small number of real property assets identified as being used by non-DOD federal agencies. Our selected installations included

- Kirtland Air Force Base, New Mexico;
- Fort Bliss, Texas;
- Naval Base Coronado, California;
- Marine Corps Base Quantico, Virginia;
- Joint Base Elmendorf-Richardson, Alaska (Arctic mission);
- Eielson Air Force Base, Alaska (Arctic mission and few non-DOD federal agencies); and
- Marine Corps Base Camp Pendleton, California (few non-DOD federal agencies).

To identify the limitations and benefits of bringing non-DOD federal agencies onto installations, we reviewed applicable DOD and military department guidance, including regulations and instructions, to determine whether any procedures are identified for promoting the use of unutilized or underutilized space by non-DOD federal agencies and whether any limitations and benefits are identified. In addition, we interviewed responsible OSD, military department headquarters, and installation officials to obtain their perspectives concerning the process by which non-DOD entities are provided space on DOD installations as well as the

limitations and benefits that exist to allowing non-DOD federal agencies to use space on military installations.

To determine the extent to which DOD and other federal agencies coordinate to better use unutilized and underutilized space on military installations, we reviewed General Services Administration (GSA) guidance on its process to seek and assign space to its clients and interviewed cognizant GSA officials concerning that process, to determine whether it includes coordination with landholding agencies such as DOD. We also interviewed responsible OSD, military department headquarters, and installation officials to obtain their perspectives on coordination between DOD and GSA. We compared that information with criteria on practices to enhance collaboration among federal agencies that we identified previously.

We conducted this performance audit from March 2014 to June 2015 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 provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the Department of Defense



ENERGY
INSTALLATIONS
AND ENVIRONMENT

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

3400 DEFENSE PENTAGON
WASHINGTON, DC 20301-3400

JUN 8 2015

Mr. Brian 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 Government Accountability Office (GAO) Draft Report, GAO-15-346, "UNDERUTILIZED FACILITIES: DoD and GSA Information Sharing May Enhance Opportunities to Use Space at Military Installations," dated May 5, 2015 (GAO Code 351909). Detailed comment on the report recommendation is enclosed.

Sincerely,

A handwritten signature in black ink, appearing to read "John Conger", is positioned above the printed name.

John Conger

Performing the Duties of the Assistant Secretary of Defense
(Energy, Installations and Environment)

Enclosure:
As stated

GAO Draft Report Dated May 5, 2015
GAO-15-346 (GAO CODE 351909)

“UNDERUTILIZED FACILITIES: DOD AND GSA INFORMATION SHARING MAY
ENHANCE OPPORTUNITIES TO USE SPACE AT MILITARY INSTALLATIONS”

DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATION

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense direct the Assistant Secretary of Defense for Energy, Installations, and Environment, in collaboration with the Administrator of the General Services Administration, to identify and implement actions to enable and enhance routine information sharing between DoD and GSA about the utilization of facilities on military installations. Such actions should include establishing recurring processes to (1) share information about non-DoD federal agencies seeking workspace, and (2) ensuring that GSA and DoD organizations are aware of the appropriate points of contacts within their organizations at the regional and local levels.

DoD RESPONSE: The Department concurs with the recommendation.

DoD will be supportive of GSA action to share information about the non-DoD federal agencies seeking workspace. DoD will also work with GSA to ensure that GSA and DoD organizations are aware of the points of contact within their organizations at the regional and local level.

As stated in the 2015 National Real Property Strategy, GSA is working with non-DoD agencies to identify their space requirement using the GSA Client Portfolio Planning program. Following this review, GSA should be required to contact DoD to determine if space is available on DoD installations in the geographic area under consideration.

While serving as landlord to non-DoD agencies is not generally a DoD mission, the recommended information sharing could lead to cases of cost avoidance. However, we think it is important to recognize that hosting non-DoD agencies comes with some risk of distracting from our primary mission. We also note that DoD does not charge rent but rather recovers costs and these costs should be fully documented in the real estate permits governing these tenant agreements.

Appendix III: Comments from the General Services Administration



The Administrator

June 4, 2015

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
Washington, DC 20548

Dear Mr. Dodaro:

The U.S. General Services Administration (GSA) appreciates the opportunity to review and comment on the U.S. Government Accountability Office (GAO) Draft Report entitled, *Underutilized Facilities: DOD and GSA Information Sharing May Enhance Opportunities to Use Space at Military Installations* (GAO-15-346).

GAO recommends that the Secretary of Defense direct the Assistant Secretary of Defense for Energy, Installations, and Environment, in collaboration with the Administrator of GSA, to identify and implement actions to enable and enhance routine information sharing between the U.S. Department of Defense (DOD) and GSA about the utilization of facilities on military installations. Such actions should include establishing recurring processes to (1) share information about non-DOD federal agencies seeking work space, and (2) ensure that GSA and DOD organizations are aware of the appropriate points of contacts within their organizations at the regional and local levels.

GSA agrees with the report's findings and will take action to implement the recommendation. The practice of information sharing and collaboration with the DOD is in the best interest of both agencies and will further GSA's efforts to promote sound housing strategies and real property planning. Consideration of DOD military installations as potential housing solutions prior to going to the open market will help ensure that government-owned assets are used to capacity. The proactive steps and associated timeframes outlined below will ensure that the DOD and GSA are able to maximize the value that we deliver to the American taxpayer.

GSA will work with DOD to take the following actions:

- Convene a working group with DOD real property officials to understand DOD's national land holding portfolio and identify unutilized and underutilized space at military installations. GSA will evaluate potential solutions as part of GSA's locational policy as stated in Executive Order 12072, "Federal Space

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2

Management". GSA will convene the working group in July 2015.

- Collaborate with DOD to establish a shared real property inventory database. The target for the inventory database is October 2015 and will include (but is not limited to):
 - DOD vacant, available space;
 - Type of space that is available (office, warehouse, etc.);
 - DOD's long-term goal for such space (retention, backfill, or disposal); and,
 - The condition of vacant, available space (usable or in need of improvement(s)).
- Review GSA's inventory of customer agencies' current and future space needs. The review will focus on GSA's leased space where existing occupancies will expire in less than 36 months. GSA then will determine if the backfill of DOD space is feasible when consideration is given to location, space type, amount of space, and condition. GSA expects to complete the review in December 2015.
- Revise the Federal Management Regulations (FMR) to include DOD and reflect GSA's priorities for housing federal agencies: (1) GSA federally owned space, (2) U.S. Postal Service space, (3) DOD military installations, and (4) commercial lease. GSA expects that the FMR will be revised by April 2016.

If you have any additional questions or concerns, please do not hesitate to contact me at (202) 501-0800, or Ms. Lisa A. Austin, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Sincerely,



Denise Turner Roth
Acting Administrator

cc: Mr. Brian J. Lepore, Director, Defense Capabilities and Management, GAO

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

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

Staff Acknowledgments

In addition to the contact named above, Gina Hoffman, Assistant Director; Alberto Leff; Kelly Liptan; Tamiya Lunsford; Michael Silver; Erik Wilkins-McKee; Michael Willems; and John Wren made key contributions to this report.

Appendix V: Accessible Data

Text in Appendix II: Comments from the Department of Defense

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OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
ENERGY, INSTALLATIONS AND ENVIRONMENT
3400 DEFENSE PENTAGON
WASHINGTON, DC 20301-3400

June 8, 2015

Mr. Brian 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 Government Accountability Office (GAO) Draft Report GAO-15-346, "UNDERUTILIZED FACILITIES: DoD and GSA Information Sharing May Enhance Opportunities to Use Space at Military Installations," dated May 5, 2015 (GAO Code 351909). Detailed comment on the report recommendation is enclosed.

Sincerely,
Signed by
John Conger
Performing the Duties of the Assistant Secretary of Defense
(Energy, Installations and Environment)

Enclosure:
As stated

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**GAO Draft Report Dated May 5, 2015
GAO-15-346 (GAO CODE 351909)**

**"UNDERUTILIZED FACILITIES: DOD AND GSA INFORMATION SHARING MAY
ENHANCE OPPORTUNITIES TO USE SPACE AT MILITARY INSTALLATIONS"**

DEPARTMENT OF DEFENSE COMMENTS TO THE GAO RECOMMENDATION

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense direct the Assistant Secretary of Defense for Energy, Installations, and Environment, in collaboration with the Administrator of the General Services Administration, to identify and implement actions to enable and enhance routine information sharing between DoD and GSA about the utilization of facilities on military installations. Such actions should include establishing recurring processes to (1) share information about non-DoD federal agencies seeking workspace, and (2) ensuring that GSA and DoD organizations are aware of the appropriate points of contacts within their organizations at the regional and local levels.

DoD RESPONSE: The Department concurs with the recommendation.

DoD will be supportive of GSA action to share information about the non-DoD federal agencies seeking workspace. DoD will also work with GSA to ensure that GSA and DoD organizations are aware of the points of contact within their organizations at the regional and local level.

As stated in the 2015 National Real Property Strategy, GSA is working with non-DoD agencies to identify their space requirement using the GSA Client Portfolio Planning program. Following this review, GSA should be required to contact DoD to determine if space is available on DoD installations in the geographic area under consideration.

While serving as landlord to non-DoD agencies is not generally a DoD mission, the recommended information sharing could lead to cases of cost avoidance. However, we think it is important to recognize that hosting non-DoD agencies comes with some risk of distracting from our primary mission. We also note that DoD does not charge rent but rather recovers costs and these costs should be fully documented in the real estate permits governing these tenant agreements.

Text in Appendix III: Comments from the General Services Administration

Page 1

The Administrator
U.S. General Services Administration
1800 F Street, NW
Washington, DC 20405
Telephone: (202) 501-0800
Fax: (202) 219-1243

June 4, 2015

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
Washington, DC 20548

Dear Mr. Dodaro:

The U.S. General Services Administration (GSA) appreciates the opportunity to review and comment on the U.S. Government Accountability Office (GAO) Draft Report entitled, *Underutilized Facilities: DOD and GSA Information Sharing May Enhance Opportunities to Use Space at Military Installations* (GAO-15-346).

GAO recommends that the Secretary of Defense direct the Assistant Secretary of Defense for Energy, Installations, and Environment, in collaboration with the Administrator of GSA, to identify and implement actions to enable and enhance routine information sharing between the U.S. Department of Defense (DOD) and GSA about the utilization of facilities on military installations. Such actions should include establishing recurring processes to (1) share information about non-DOD federal agencies seeking work space, and (2) ensure that GSA and DOD organizations are aware of the appropriate points of contacts within their organizations at the regional and local levels.

GSA agrees with the report's findings and will take action to implement the recommendation. The practice of information sharing and collaboration with the DOD is in the best interest of both agencies and will further GSA's efforts to promote sound housing strategies and real property planning. Consideration of DOD military installations as potential housing solutions prior to going to the open market will help ensure that government-owned assets are used to capacity. The proactive steps and associated timeframes outlined below will ensure that the DOD and GSA are able to maximize the value that we deliver to the American taxpayer.

GSA will work with DOD to take the following actions:

- Convene a working group with DOD real property officials to understand DOD's national land holding portfolio and identify unutilized and underutilized space at military installations. GSA will evaluate potential solutions as part of GSA's locational policy as stated in Executive Order 12072, "Federal Space

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Management". GSA will convene the working group in July 2015.

- Collaborate with DOD to establish a shared real property inventory database. The target for the inventory database is October 2015 and will include (but is not limited to):
 - DOD vacant, available space;
 - Type of space that is available (office, warehouse, etc.);
 - DOD's long-term goal for such space (retention, backfill, or disposal); and,
 - The condition of vacant, available space (usable or in need of improvement(s)).
- Review GSA's inventory of customer agencies' current and future space needs. The review will focus on GSA's leased space where existing occupancies will expire in less than 36 months. GSA then will determine if the backfill of DOD space is feasible when consideration is given to location, space type, amount of space, and condition. GSA expects to complete the review in December 2015.
- Revise the Federal Management Regulations (FMR) to include DOD and reflect GSA's priorities for housing federal agencies: (1) GSA federally owned space, (2) U.S. Postal Service space, (3) DOD military installations, and (4) commercial lease. GSA expects that the FMR will be revised by April 2016.

If you have any additional questions or concerns, please do not hesitate to contact me at (202) 501-0800, or Ms. Lisa A. Austin, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Sincerely,
Signed by
Denise Turner Roth
Acting Administrator

cc: Mr. Brian J. Lepore, Director, Defense Capabilities and Management, GAO

Related GAO Products

High Risk: 2015 Update. [GAO-15-290](#). Washington, D.C.: February 11, 2015.

Defense Infrastructure: DOD Needs to Improve Its Efforts to Identify Unutilized and Underutilized Facilities. [GAO-14-538](#). Washington, D.C.: September 8, 2014.

Federal Real Property: Better Guidance and More Reliable Data Needed to Improve Management. [GAO-14-757T](#). Washington, D.C.: July 29, 2014

Defense Infrastructure: DOD's Excess Capacity Estimating Methods Have Limitations. [GAO-13-535](#). Washington, D.C.: June 20, 2013.

Federal Real Property: Excess and Underutilized Property Is an Ongoing Challenge. [GAO-13-573T](#). Washington, D.C.: April 25, 2013.

High-Risk Series: An Update. [GAO-13-283](#). Washington, D.C.: February 14, 2013.

Federal Real Property: Improved Data and a National Strategy Needed to Better Manage Excess and Underutilized Property. [GAO-12-958T](#). Washington, D.C.: August 6, 2012.

Federal Real Property: Strategic Partnerships and Local Coordination Could Help Agencies Better Utilize Space. [GAO-12-779](#). Washington, D.C.: July 25, 2012.

Federal Real Property: National Strategy and Better Data Needed to Improve Management of Excess and Underutilized Property. [GAO-12-645](#). Washington, D.C.: June 20, 2012.

Excess Facilities: DOD Needs More Complete Information and a Strategy to Guide Its Future Disposal Efforts. [GAO-11-814](#). Washington, D.C.: September 19, 2011.

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

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