

CHAPTER 15

INSTALLATIONS

Military installations provide the foundation for U.S. defense efforts. Maintaining these installations is, therefore, critical to supporting America's national security. DoD must continue to sustain and reshape this foundation so that military facilities adapt to the ever-changing requirements supporting readiness and quality of life.

INSTALLATIONS OVERVIEW

VISION AND GOALS FOR DEFENSE INSTALLATIONS

DEFENSE FACILITIES STRATEGIC PLAN

The vision is simple to state, but complex to achieve: Installations must be available and capable to effectively and efficiently support DoD's missions. Achieving this vision requires a substantial effort. To guide DoD's short-term work, the Department has four overarching goals:

- **Right Size**—Locate, size, and configure installations and facilities to meet force structure requirements.
- **Right Quality**—Acquire and maintain facilities to provide mission-ready installations and quality living and working environments.
- **Right Resources**—Leverage available resources and improve the balance between requirements and funding.
- **Right Tools**—Improve facility management by using modern asset management techniques.

This vision and these goals are incorporated in the Defense Facilities Strategic Plan and have guided the Department's work. The Department has many initiatives underway directed at achieving these goals and, ultimately, the vision for installations.

INSTALLATIONS POLICY BOARD

The Installations Policy Board (IPB) is a deliberating body through which Department-wide guidance, policies, and decisions are made with respect to important issues affecting installations. It is instrumental in developing new initiatives and enhancing joint efforts within the Department. The IPB is proving to be a valuable forum for addressing significant issues affecting Defense installations, providing direction to solve pressing problems, and implementing new programs to improve management and save energy.

STRATEGIC PLANNING FOR DEFENSE INSTALLATIONS

RIGHT SIZE

BASE REALIGNMENT AND CLOSURE

Securing legislative authority for future Base Realignment and Closure (BRAC) rounds is absolutely critical to enhance national security. The Department needs authorization for two future BRAC rounds for three primary reasons:

- DoD must reshape its base infrastructure to match changing mission requirements. BRAC is not just a budget exercise, it is critical to adapting DoD's infrastructure.
- DoD continues to maintain excess base capacity. The April 1998 *Report of the Department of Defense on Base Realignment and Closure* estimates 23 percent of DoD's base capacity is excess to its requirements in support of forces projected for 2003. Only a thorough BRAC analysis will allow the Department to precisely and prudently eliminate this unnecessary infrastructure.
- The savings from future rounds can be better spent on training DoD's forces, providing modern weapons to the Department's war fighters, improving sustainment support, reducing the backlog of deferred facility restoration and modernization at U.S. installations, and improving the quality of life for all military members. Based on the current estimate of the costs and savings for the BRAC rounds conducted in 1993 and 1995, the Department projects that the annual recurring savings from two future rounds would exceed \$3 billion. More efficient allocation of the Department's base infrastructure enhances readiness by keeping DoD's resources where they are needed.

BASE REUSE PROCESS

DoD is committed to helping communities affected by base closures. The redevelopment of 76 major bases closed or realigned during four rounds of BRAC has created approximately 61,000 new jobs and more than 1,400 tenants. Section 2821 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65) authorizes the Department to convey base closure property to local redevelopment authorities (LRAs) at no cost through economic development conveyances (EDCs). EDCs require the LRA to agree that any proceeds from sale or lease of the property received during the first seven years after the date of transfer will be used to support the economic redevelopment of the installation. The Department issued preliminary policy guidance on October 29, 1999, to implement this new EDC authority and coordination is underway to issue a formal instruction and publish an Interim Final Rule in the Federal Register.

An important milestone at a BRAC installation is the completion of the environmental analysis for disposal as required by the National Environmental Policy Act. By the end of FY 1999, more than 80 percent of BRAC installations had completed this requirement. DoD has also made significant progress under the President's fast-track clean up initiative in completing environmental restoration requirements. At the end of FY 1999, clean up had been completed at 54 percent of the 4,885 sites at BRAC installations, encompassing over 80 percent of the BRAC property slated for transfer out of DoD's control.

JOINT USE/REGIONALIZATION

The Department continues to pursue ways to maximize joint use of facilities and installations and to encourage DoD components to maximize use of current facilities before programming new construction. Installation commanders are now required to consult with tenant activities on the base, before submitting construction projects, in an attempt to consolidate individual requirements into a single more cost-effective project. Installations in the same region are joining forces to procure services such as base maintenance and repair, communication services, and other base operating support services. In broader regions, often including multiple states, installations are joining together to procure electricity and other natural resources to save money through increased bargaining power.

ENHANCED USE LEASING

Enhanced use leasing is part of an overall DoD strategy to partner with the private sector and with local communities in order to maximize the efficiency of base and community support services. In order to improve the utilization of the bases DoD is retaining, the Department submitted legislation to modify the provisions of the Department's leasing authority in Title 10, United States Code, Section 2667. In June 1999, the Department reported to Congress that the current authority has limitations that, if removed, would enable DoD to use its underutilized capacity more effectively and further reduce installation support costs. Congress already adopted most of the provisions requested by DoD.

DEMOLITION AND FACILITIES DISPOSAL

Eliminating unnecessary facilities is also important. In 1997, the Military Services surveyed DoD's installations and identified over 80 million square feet of obsolete buildings, including more than 8,300 individual structures which could be demolished to save operation and maintenance dollars. As part of DoD's Defense Reform Initiatives (DRI), the Department directed the Military Services to eliminate these obsolete buildings by the end of FY 2003. In FY 1998–2000, the Services demolished and disposed of 44.9 million square feet, representing 56 percent of the long-term goal and 5.5 million square feet ahead of the plan. The Department has expended \$473 million dollars to achieve the cumulative FY 1998–2000 result—an average of \$10.53 per square foot demolished. The cost per square foot goal at the three-year mark is \$11.36—meaning results so far are about 7 percent under target cost, although costs are rising. In addition to square footage, the Services are demolishing selected non-building facilities (non-square footage). Examples include obsolete communication towers and storage tanks. Also in FY 2000, the Marine Corps exceeded the DRI goal of 2.1 million square feet and will continue to identify and demolish obsolete facilities in the future. These additional demolitions will occur outside the DRI performance management framework. Through FY 2000, DoD avoided approximately \$95 million in operations and maintenance costs due to its investment in demolition in FY 1998–1999. In FY 2001 and continuing each year thereafter, DoD's investment in demolition will avoid approximately \$90 million in costs.

RIGHT QUALITY

FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION

Sustaining, restoring, and modernizing facilities is critical to properly supporting the military mission. In the absence of proper sustainment, restoration, and modernization programs, the capabilities of DoD's facilities wither and can not adequately support the Department's activities. The Department has been reviewing its methods for determining sustainment, restoration, and modernization requirements as well as

the process by which these programs are justified and funded. The Facilities Sustainment Model, now being implemented throughout the Department, resolves many of the uncertainties about proper levels of sustainment funding. Using commercial benchmarks, the Facilities Sustainment Model provides standard requirement calculations for 100 percent of the facilities in the DoD inventory.

QUALITY FAMILY HOUSING AND BARRACKS

The quality of housing for military members continues to be a critical element in retaining the high caliber personnel who make DoD's military forces the best in the world. But most of the military housing the Department provides is old, below contemporary standards, and in need of extensive repair or replacement. Realizing the importance of safe, adequate housing, the Secretary made improving housing one of the Department's top priorities. To that end, the Secretary established and funded a major 3-pronged initiative to improve military housing: Increase housing allowances to eliminate the out-of-pocket costs paid by service members for private sector housing; Increase reliance on the private sector through privatization; and Maintain military construction funding.

The Secretary's initiative increases the Department's program for housing allowances by more than \$3 billion over a five-year period. This funding increase, coupled with legislative relief from the requirement for at least 15 percent out-of-pocket expense, will enable the Department to gradually increase housing allowances, providing the service member with more money to pay for housing. The average out-of-pocket costs will be gradually reduced from the current 18.8 percent to 15 percent in FY 2001, until the costs are completely eliminated by FY 2005. This initiative further strengthens ongoing efforts to eliminate gang latrine barracks by 2008 and to eliminate inadequate government-owned family housing. It also complements the Department's military construction efforts in the housing area. The quality of life for service members will be improved in three significant ways:

- Higher allowances will help members who live in the private sector to afford good quality housing. By FY 2005, the typical member living in the private sector will have no out-of-pocket housing expenses—the same as military counterparts living in DoD-owned housing.
- Higher allowances will increase and enhance housing privatization, further improving service members' access to quality housing. Higher allowances will increase the income available to private sector developers, facilitating increases in the quantity and quality of privatized housing.
- The combination of increased allowances and continued use of privatization will permit more efficient use of current military construction funding. Increased availability of quality private sector options will ease pressure on government-owned housing, reduce the need to maintain old, costly housing, and allow DoD to spend operations and maintenance funding more wisely.

QUALITY WORKPLACE

The Department is an active partner with industry and academia to pursue research, demonstration, and development to improve the quality and performance of DoD's buildings and building systems. This research is conducted for the purpose of increasing the satisfaction, health, well being and productivity of occupants, and to enable organizational change, and technological adaptability while improving cost, energy and environmental effectiveness.

FORCE PROTECTION

Acts of global terrorism continue to be on the rise and pose a larger threat than ever before. The use of weapons of mass destruction is no longer just a fear, but a real threat. History reveals that terrorists attack where DoD's military and civilian personnel work and live. Antiterrorism force protection considerations are not a luxury and are an essential consideration in military construction planning. In 1999 and 2000 the Secretary of Defense directed the Services to ensure that all construction planning include force protection standards that are measurable and enforceable. Interim DoD Antiterrorism Force Protection Construction Standards were published in December 1999.

ENVIRONMENTAL, SAFETY AND OCCUPATIONAL HEALTH MANAGEMENT

The focus of the Department's environmental, safety and occupation health (ESOH) program is protecting the environment and human health and reducing accidents. Sound management of each of these responsibilities reduces operating costs. Indeed, DoD has reduced spending for environmental programs as a percentage of DoD's total obligation authority from just over 2 percent in FY 1994 to less than 1.5 percent in FY 2001. The ESOH program also enhances readiness by reducing training time lost to accidents, injuries and illnesses. To lower management costs, prevent accidents and injuries, and close out the cleanup of DoD's contaminated facilities, the Department's tools include: environmental management systems, operational risk management, job safety analysis, operational deployment of preventive medicine teams and safety experts, ergonomic cost benefit analysis studies, health risk analysis for personnel exposed to fuel, private sector cleanup models, partnering with regulators, and cooperative agreements with Native American tribes.

Since 1990, DoD has continually improved the environmental management at its facilities by using innovative techniques to reduce waste streams. For example, material substitutions helped reduce DoD's toxic pollutant releases 65 percent from 1994 to 1999. Effective management systems enabled DoD to keep abreast of the latest environmental regulations. In 1999, DoD had its lowest number of adverse regulator enforcement actions ever recorded. The vigilant efforts of the Department's environmental experts also helped DoD quickly identify and address drinking water safety issues, at a number of installation, when the Environmental Protection Agency issued strict new standards. Efforts such as these have lowered operating costs and avoided unnecessary expenses associated with failure to comply properly with the myriad of national, state and local environmental regulations.

In 1996, the Department's leadership assessed the extent to which DoD had improved its environmental program. The next step was to evaluate whether implementing an Environmental Management System (EMS) would accelerate the pace of improvement. Corporate experience demonstrated that an EMS provided a consistent management framework, improved risk identification, and reduced liability. DoD's leadership also believed that adopting an EMS as a management tool would help DoD overcome disruptions caused by personnel turnover, and improve relations with regulators.

Based on its experience with implementing EMS at 16 installations as part of a pilot study that began in 1997, DoD is committed to using EMS as a tool to enhance its environmental programs. In recognition of DoD's commitment to EMS and the Department's pilot study experience, the Environmental Protection Agency asked DoD to mentor other agencies as they implement EMS. Executive Order 13148, "Greening the Government Through Leadership in Environmental Management," requires all agencies to implement

an EMS at all federal facilities by 2005. DoD's advanced work on EMS implementation enabled DoD to begin meeting this requirement well ahead of the deadline.

Similarly, DoD continues to be a pacesetter for successful Occupational Health and Safety programs. DoD emphasizes eliminating hazardous conditions and environments through effective hazard identification, hazard abatement and accident prevention. Operational risk management and job safety analysis are just two of the tools DoD uses to reduce mishaps and prevent injury of the Department's personnel. These tools have allowed DoD to reduce the number of accidental fatalities of military personnel from 39.9 per 100,000 people in FY 1992 to 30.3 per 100,000 people in FY 1999. DoD also lowered civilian injuries and reduced annual worker compensation costs by \$3.4 million. Because of top leadership emphasis on improving aviation safety, DoD continued to reduce aircraft accidents from 2.1 accidents per 100,000 flying hours in 1992 to 1.61 accidents per 100,000 flying hours in 1999. In some of its recent operations such as Operation Joint Endeavor in Bosnia, DoD used preventive medicine teams, and safety experts to reduce fatalities and illnesses. Each of these efforts enhances readiness by reducing the amount of training hours lost to illness and injury.

DoD is developing other tools and models to improve the Department's occupational health and safety program. For example, DoD is currently developing an ergonomic cost benefit model. This model will help safety and health experts identify ergonomic needs to reduce injury rates and medical claims. DoD also launched a collaborative effort with industry and academia to conduct additional studies to ensure complete understanding of how exposure to JP-8 fuel affects human health. DoD's goal is to protect the Department's personnel against hazardous levels of JP-8, the most common fuel to which military personnel are exposed.

Just as the Department's preventive measures have demonstrated success, improved management techniques have helped DoD more effectively clean up consequences of the Department's past practices. By the end of FY 1999, DoD put all remedies in place or reached response complete at 67 percent of active installations, 45 percent of Formerly Used Defense Sites properties, and 43 percent of BRAC installations. Overall, this means DoD has finished all clean up activities at 54 percent of DoD's installations and properties. To continue this trend, DoD is accelerating restoration activities in an effective and efficient manner through greater emphasis on private sector models and innovation and improvement of ties with regulators, tribal governments, and communities. The Department also will continue efforts to involve communities, regulators, and other stakeholders in environmental activities, viewing partnering essential to the success of DoD's restoration program. These efforts will eventually result in significant savings.

DoD's operational and training requirements, especially those occurring during World Wars I and II, had environmental impacts on American Indian and Alaska Native lands that remain today. Tribal governments are concerned about the adverse effects on tribal environmental health and safety, as well as economic, social, and cultural welfare. Under the Federal Indian trust responsibility, DoD has a legal obligation to address these environmental effects.

In recognition of DoD's trust responsibility, Congress has required DoD to devote \$8 to 10 million annually since 1993 to address environmental impacts to Native American lands. In response, DoD created the Native American Lands Environmental Mitigation Program. DoD uses cooperative agreements to clean up contamination of tribal lands caused by past DoD activities. These partnerships give tribes control

over, and responsibility for mitigation efforts, and enable DoD to provide technical assistance. DoD signed the first cooperative agreement in 1997 and now has nine agreements.

RIGHT RESOURCES

With new tools being developed, the Department is better able to provide relevant guidance on installations programs to the Services, and more capable in measuring program performance. DoD has improved guidance on housing improvements and facilities demolition, and plans to revise guidance on facilities operations, sustainment, restoration, modernization, and construction.

STANDARDIZING AND VALIDATING HOUSING REQUIREMENTS

The Department continues to work on the development of a single model for determining the government-owned housing needs using a set of standard DoD-wide factors along with flexible variables that accommodate Service differences. This model will help DoD determine the number of government-owned housing units that need to be constructed or maintained as well as determine the size of the Department's housing privatization projects.

MILITARY FAMILY HOUSING PRIVATIZATION

Approximately two-thirds of DoD's nearly 285,000 government-owned houses are in need of extensive renovation or replacement. Fixing this problem using only traditional military construction will take almost 30 years and \$16 billion. The Department's Military Housing Privatization Initiative (MHPI), signed into law in 1996, began a five-year test of authorities provided by Congress to help solve the housing problem. As part of the National Defense Authorization Act for Fiscal Year 2001, Congress extended the authorities for an additional four years, until December 31, 2004. The authorities allow DoD to provide the private sector with any one or combination of the following incentives: direct loans, guarantees of loans or occupancy, differential rent payments, conveyance or lease of DoD-owned property and facilities, and investment in nongovernmental entities. The MHPI enables the Department to decrease its up-front construction expenses and eliminate the operations, maintenance, and management costs that are incurred over the life of the traditional housing construction projects through private sector leverage. Housing privatization projects can be sited either on base or off base. Siting privatization projects on base allows the Military Services to keep military members close to the military mission and provides a level of comfort and protection when family members are left during periods of deployment.

DoD has awarded eight projects to date: 404 townhouse units at Naval Air Station, Corpus Christi, Texas; 185 townhouse units at Naval Station, Everett, Washington; 420 housing units at Lackland Air Force Base, Texas; 670 units at Robins Air Force Base, Georgia; 402 units at Dyess Air Force Base, Texas; 712 units at Camp Pendleton, California; 150 units at Kingsville, Texas; and a whole-base housing privatization project totaling 2,663 units at Fort Carson, Colorado. In addition, the following projects are currently in solicitation: 6,631 units at Fort Hood, Texas; 3,589 units at Fort Lewis, Washington; 3,170 units at Fort Meade, Maryland; 1,890 units at Kirtland Air Force Base, New Mexico; 258 units at Goodfellow Air Force Base, Texas; 114 units at Marine Corps Logistics Base Albany, Georgia; 3,248 units in San Diego, California; 661 units in South Texas; 935 units at Naval Air Station New Orleans; Louisiana; 200 units at Stewart Army Subpost, New York; 288 units at Everett, Washington; and 780 units at Elmendorf Air Force Base, Alaska.

Four projects encompassing more than 3,600 units were privatized by the end of FY 1999, more than 4,700 were privatized by the end of FY 2000 and, by the end of FY 2001, over 37,000 units will be privatized.

UTILITY PRIVATIZATION AND ENERGY MANAGEMENT

With military installations spending over \$2.2 billion annually to procure energy commodities, optimizing energy use is critically important to the Department. To accomplish this objective, DoD is privatizing its utility infrastructure to improve system condition and efficiency, installing energy savings measures throughout its bases and buying electricity competitively in states that have restructured their electricity markets.

The Defense Reform Initiative directed the Military Services to privatize military owned electric, water, wastewater, and natural gas systems by September 30, 2003, where practicable. Transferring ownership and the associated management responsibilities to the private sector will free up resources that can be utilized to improve readiness. The capital and expertise of the private sector will be used to maintain and upgrade these systems. The Military Services identified nearly 1,500 individual utility systems as candidates for privatization.

The Department is making steady progress to reduce its energy and water consumption and is on track towards meeting the President's energy management goals, as directed by Executive Order 13123. Building and facility energy use has been reduced more than 22 percent on a square foot basis since 1985. DoD's strategy for conserving energy and water resources uses a balanced program of appropriated funded projects, and private sector capital through Energy Savings Performance Contracts (ESPCs) and Utility Energy Services Contracts (UESC) to finance energy-saving investments. Use of ESPCs and UESCs more than doubled during the last two years and by the end of FY 2000 there were over 200 of these contracts underway at DoD installations.

The Department is expanding the use of Sustainable Design in its construction program, with all Military Services embracing the design concept. Sustainable buildings optimize the use of resources by using innovative technologies to reduce energy and water consumption, decrease waste products and increase the recyclable content of construction materials, while creating livable, healthy and productive surroundings for the occupants. These buildings do not necessarily increase initial construction costs and when life-cycle costs are considered they are usually more cost-effective than traditionally designed buildings.

The Department has made it a priority to use renewable energy where it is cost-effective. DoD installations installed more than 2,500 solar roofs during 1998–1999, single-handedly surpassing the President's goal for the Federal Government of 2,000 roofs by the year 2000. Green power proposals are encouraged in solicitations for competitive electricity in states that have restructured their electricity markets.

The Defense Energy Support Center (DESC) continues to expand and improve the services it provides to the DoD components. In addition to its role as the implementing agency for the DoD Direct Supply Natural Gas program, DESC has become DoD's primary agent for the procurement of electricity in restructured markets, consolidating demand among installations regionally across Services, taking advantage of larger, diverse loads to obtain better rates. DESC actively tracks and reports on the progress that states are making in restructuring the electricity market. DESC also provides extensive contracting support to the Services'

utilities privatization programs, including the Texas Regional Demonstration pilot that includes installations from all four Services.

COMPETITIVE SOURCING AND STRATEGIC SOURCING

One of the four initiatives underlying the Department's overarching reform efforts is to compete DoD's commercial activities and apply market mechanisms to improve quality, reduce costs, and respond to customer needs. Experience demonstrates that competition yields both significant savings and increased readiness for the Military Services. Thus, competitive sourcing is a major pillar of the business strategy for defense as enunciated in the Defense Reform Initiative (DRI) Report. There is currently \$12.4 billion in funding for readiness and modernization that depends upon successful implementation of the Department's current competitive and strategic sourcing plans. By FY 2005, the Department plans to study 271,440 positions to achieve these savings.

In Spring 2000, the Department completed an updated and comprehensive inventory and review to appropriately identify candidates for competition. The inventory and review of all civilian and military positions determined which positions within the Department are: inherently governmental, commercial activities exempt from competition, and commercial activities available for competition under Office of Management and Budget (OMB) Circular A-76.

About 2,851,000 positions were reviewed. In response to the Federal Activities Inventory Reform (FAIR) Act of 1998, 452,807 civilian manpower authorizations were identified as commercial, with 57 percent (259,628) of them identified as subject to competition or direct conversion under the provisions of OMB Circular A-76.

As a result of the traditional A-76 competitive sourcing program, the Department saves about 35 percent on service costs and will reduce manpower involved in commercial activities by about 24 percent. Although the program has achieved significant savings, the Department has recognized that a broader approach to the traditional A-76 competitive sourcing program could lead to greater savings and efficiencies and would identify more opportunities for competition. This broader approach, called Strategic Sourcing, complements the A-76 program and is consistent with the reinvention goals expressed in the DRI and the competitive sourcing process described in OMB Circular A-76.

Strategic Sourcing is not avoidance of A-76. Rather, this approach more logically focuses on functions rather than billets and allows the Department to move beyond theoretical debates about what is inherently governmental because it shifts focus back to actual program implementation. Strategic Sourcing allows the Department to make wiser business decisions because it is an enterprise-wide versus compartmentalized approach. This approach looks across the entire organizational spectrum at all functions, including those that are exempt from the traditional A-76 process, as well as commercial activities, to determine if the function should be retained, eliminated, or revised. This is a more logical approach because, as the Department's inventory confirmed, most organizations have an embedded mixture of functions that are both inherently governmental and commercial in nature.

MILITARY CONSTRUCTION

The Military Construction (MILCON) program is DoD's source of funding for the capital necessary for replacement and new mission facilities. The average age of DoD facilities is 41 years, and is increasing.

The Department must prudently manage its lean MILCON budget. For FY 2001, Congress appropriated \$9 billion for military construction, family housing, and BRAC. This amount included \$3.7 billion for over 400 construction projects at more than 200 locations, \$500 million for activities such as planning and design and unspecified minor construction, \$200 million for NATO Security Investment Program, \$1.0 billion to implement prior rounds of base realignments and closures, \$2.7 billion to operate and maintain family housing, and \$900 million to build new or to improve existing family housing.

RIGHT TOOLS

INSTALLATIONS READINESS REPORTING

In FY 2000, the Department reported to Congress for the first time on Installations Readiness as part of the regular DoD Readiness Reporting System. The Department developed this tool to give a macro level assessment of the condition of DoD's installations and facilities, and the effect facility condition has on military readiness. Major commands rate each of the nine facility classes, using standard readiness definitions and use these ratings to help in the decision making process on how to allocate repair and construction funds.

ACCOUNTABILITY FOR REAL PROPERTY

The Department needs accurate and timely information on the real property inventory for programming, budgeting, and financial reporting, and has undertaken a variety of activities to improve its inventory system. These includes a concentrated effort to validate recorded cost and quantity data and improve financial statements, creation of a unified facilities assessment database that covers the entire Department, and modernization of real property reporting instructions. The Department is presently studying the capabilities of the current and planned real property information systems to support decision making in the future.

FACILITIES SUSTAINMENT MODEL

The Facilities Sustainment Model (FSM), developed by a cross-Department working group, is a new, simple but powerful forecasting tool. The model generates an annual funding requirement to sustain an inventory over a normal life cycle. FSM is grounded in standard facility-specific cost factors, tied to the inventory that must be sustained, and applicable throughout the Department of Defense. The cost factors are based, whenever possible, on commercial benchmarks. Version 2.0 of the *DoD Facilities Cost Factor Handbook* covers 100 percent of the DoD physical plant, including 90 percent with commercially based benchmarks. The model computes a unique sustainment cost for each type of facility and accounts for variable area costs.

To accommodate the use of FSM across the Department, the facilities maintenance and repair accounting structure has been modified. DoD now has a Facilities Sustainment program, which captures the cost to keep an inventory in good working order, plus a Facilities Restoration and Modernization program, which captures the cost to restore damaged facilities to functional status or to modernize facilities to new standards. The new focus is on outputs—sustained, restored, and modernized facilities—rather than maintenance and repair activities.

FACILITIES AGING MODEL

The Facilities Aging Model (FAM) is under development as a tool for understanding the requirement for capital investments in facilities. The tool predicts the aging of the physical plant under variable investment scenarios. The idea behind FAM is to enable the Department to better manage the remaining useful life of facilities—to accept less in some cases, or to buy more in others—depending on the type of facilities and the mission they support. The FAM uses the concept of Target Replacement Life, the point at which functional obsolescence sets in without a major modernization or replacement project. The FAM is related to the FSM in the sense that the Target Replacement Life is reduced in the absence of full sustainment.

UPDATING DOD DIRECTIVES AND INSTRUCTIONS

The Department is striving to ensure consistency among the Services' competitive sourcing programs by updating the formal regulations. Interim guidance, issued in April 2000, provides the Services direction on the strategic sourcing program. To provide a more consistent and disciplined application of the OMB rules in DoD, the interim guidance includes policy on various aspects of the competitive sourcing program.

In addition to these policy documents, the Department is working on handbooks for the field technicians. These handbooks will not be mandatory, but will contain best practices and provide a single source document to assist in the various aspects of the cost comparison process. In addition to these handbooks, the Department is also developing an A-76 cost comparison knowledge management system. This system will not only contain links to all other sites that have A-76 information, but it will also have the capability for field technicians to submit lessons learned and best practices.

Competition with the private sector is, and will continue to be, a dominant factor in the Department's plan to do its business better, faster and cheaper. The Department will also consider a wide range of options, including consolidating functions, reengineering and restructuring of organizations, adoption of streamlined business practices, elimination of obsolete practices, and privatization of functions in order to reach its goal of obtaining efficiencies and generating savings.

CONCLUSION

The Department is adapting the facilities inventory and the facilities delivery system to meet the demands of the 21st century. New tools are coming on line to help determine the proper amount and allocation of resources, allowing the Department to make sound decisions to improve the quality and adjust the size of the facilities inventory. Right tools and right resources are the inputs to the facilities delivery system; right size and right quality are the outputs. The Department is committed to making significant progress toward all four of these goals in pursuit of its long-term vision to make installations and facilities available when and where needed, with the capabilities necessary to effectively and efficiently support DoD missions.

