Federal Real Property: Improved Transparency Could Help Efforts to Manage Agencies’ Maintenance and Repair Backlogs &
Actions Needed to Improve How Agencies Manage Structures

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Federal Real Property
High-Risk Area

• High-risk program areas are vulnerable to fraud, waste, abuse, and mismanagement, or are most in need of transformation.

• In January 2003, GAO designated federal real property as a high-risk area, in part due to the deteriorating condition of some government facilities, which agencies estimate will require billions of dollars to repair or restore.
Maintenance and Repair GAO-09-10 (Oct. 2008)

- Agencies use different methods to define and estimate repair and maintenance backlogs.
- Agencies focus on maintaining and repairing mission-critical assets, regardless of whether items are part of the backlogs.
- GAO recommended that OMB, in consultation with FASAB, explore the potential for adding a uniform reporting requirement to the FRPP to capture fiscal exposure from repair and maintenance.
Objective 1: Identified selected agencies’—GSA, DOE, DHS, Interior, and VA—estimated fiscal year 2012 deferred maintenance and repair backlogs.

Objective 2: Examined strategies these agencies used to reduce their backlogs and how those strategies compared to leading practices identified in National Research Council reports.
Components of Agency Deferred Maintenance and Repair Backlogs

Origins of agencies’ backlogs:
- Maintenance, repair and system replacements not performed

Possible reasons why work may be deferred:
- Insufficient funding allotted for maintenance and repair
- Increasing age of assets, breakdowns increase
- Lack of facilities staff to perform work
- Scheduling of work conflicts with mission activities
- Neglect, incorrect maintenance practices
- Management’s decision in lieu of funding other priorities
- Asset is not mission critical; deliberate decision not to fund

How agencies may address their backlogs:
- Projects that address deferred maintenance and repair
- Replacement of assets through new construction
- Disposal through demolition, sale, or transfer of assets with deferred maintenance and repair
- Public-private partnerships between federal agencies and the private sector

Backlog: Including escalation costs of continuing to defer backlog projects

Source: GAO.
### Deferred Maintenance and Repair Backlog Estimates

<table>
<thead>
<tr>
<th>Agency</th>
<th>Financial report estimates</th>
<th>Federal Real Property Profile estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSA</td>
<td>$1.5</td>
<td>$4.7</td>
</tr>
<tr>
<td>DOE</td>
<td>4.7</td>
<td>5.1</td>
</tr>
<tr>
<td>DHS</td>
<td>0.8 – 0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Interior</td>
<td>13.8 – 20.2</td>
<td>14.4</td>
</tr>
<tr>
<td>VA</td>
<td>6.7</td>
<td>12.5</td>
</tr>
</tbody>
</table>

Sources: GAO analysis of agency financial reports and Federal Real Property Profile (FRPP) data.

Notes: FRPP estimates were calculated using the reported data elements “condition index” and “replacement value,” where condition index is defined by the formula \((1 – \text{repair needs/replacement value}) \times 100\).

Figures shown exclude deferred maintenance and repair backlog estimates for capital equipment which are required by FASAB as part of agencies’ annual reporting.
Deferred Maintenance and Repair Backlog Estimates

- Agencies’ methods for estimating their backlogs differ; backlog estimates are not comparable.
- FASAB reporting requirements for financial reports, as well as FRPP reporting guidance, do not require a specific process for determining the condition of assets and estimating backlogs; agencies can use their existing processes.
- Recent changes affecting reporting requirements may improve agencies’ backlog estimates.
- While changes are intended to result in improved information on agencies’ backlogs, it is not possible for agencies to identify trends since the estimates are not based on consistent definitions across reporting years.
To identify leading practices that agencies could use for managing their backlogs of deferred maintenance and repair we reviewed studies on maintaining federal facilities conducted by the National Research Council over the past 15 years, including:

- *Stewardship of Federal Facilities: A Proactive Strategy for Managing the Nation's Public Assets* (1998);
- *Investments in Federal Facilities: Asset Management Strategies for the 21st Century* (2004); and
## Leading Practices Used to Manage Deferred Maintenance and Repair Backlogs

<table>
<thead>
<tr>
<th>Practice</th>
<th>Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Establish clear maintenance and repair objectives and set priorities among outcomes to be achieved</td>
<td>✔</td>
</tr>
<tr>
<td>2. Identify assets that are mission-critical and mission-supportive</td>
<td>✔</td>
</tr>
<tr>
<td>3. Conduct condition assessments as a basis for establishing appropriate levels of funding to reduce any deferred maintenance and repair backlog</td>
<td>✔</td>
</tr>
<tr>
<td>4. Establish performance goals, outcome baselines, and performance measures</td>
<td>✔</td>
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<tr>
<td>5. Identify the primary methods to be used for delivering maintenance and repair activities</td>
<td>✔</td>
</tr>
<tr>
<td>6. Employ models for predicting the outcome of investments, analyzing tradeoffs, and optimizing among competing investments</td>
<td>✔</td>
</tr>
<tr>
<td>7. Align real property portfolios with mission needs; dispose of unneeded assets</td>
<td>✔</td>
</tr>
<tr>
<td>8. Identify the types of risks posed by lack of timely investment</td>
<td>✔</td>
</tr>
<tr>
<td>9. Structure budgets to identify funding allotted (1) for maintenance and repair and (2) to address any backlog of deferred deficiencies</td>
<td>✔</td>
</tr>
</tbody>
</table>

Source: GAO analysis of agency-provided information.
Refined FRPP Data Could Provide Transparency on Agency Backlogs

• FRPP data elements
  - Provide a partial mechanism for assessing funding allotted for maintenance and repair
  - Do not allow for the collection and reporting on the funding agencies spend on addressing deferred maintenance and repair deficiencies
• OMB currently working with FRPC on developing new real property metrics; considerations include (See Federal Real Property: National Strategy and Better Data Needed to Improve Management of Excess and Underutilized Property, GAO-12-645)
  - New performance measures in FRPP
  - New external metrics
• As part of this ongoing assessment of the FRPP data and performance measures, the opportunity exists to revise requirements for agencies to collect and report costs agencies expend on annual maintenance and to address deferred maintenance and repair backlogs.
Recommendations to Provide Increased Transparency About Funding Spent to Maintain Assets and Manage Backlogs

• OMB in collaboration and consultation with FRPC member agencies:
  ➢ Collect information though FRPP or other mechanisms on agencies’ costs for annual recurring maintenance and repair performed—information that is currently incorporated with agencies’ annual operating costs—and report summary level information in the FRPC’s fiscal year report.
  ➢ Collect information through FRPP or other mechanisms on funding agencies annually spent to address existing deferred maintenance and repair deficiencies and report summary level information in the FRPC’s fiscal year report.
Structures
GAO-14-87 (Jan. 2014)

• Objective 1: Scale and scope of federally owned or leased structures.
• Objective 2: How federal agencies track and categorize federal structures.
• Objective 3: The extent to which the challenges federal agencies face in managing buildings also apply to structures.
Agencies Operate a Wide Variety of Structures

- Fiscal year 2012 FRPP

  - Over 480,000 individual structures; approximately half of federal real property assets
  - Nearly 176,000 structures are responsibility of federal civilian agencies
  - USDA, DOE, Interior, DOT, and VA are responsible for 83 percent of civilian federal structures
Structures Vary Widely

Large
Parker Dam (California)

Small
Corn crib (Maryland)
Some are Common Across Agencies

64 percent of all federal civilian agency structures are classified in 5 FRPP categories

- Roads/bridges
- Recreational
- Navigation/Traffic Aids
- Utility systems
- Parking

Utility structures at a DOE site in California
Others are Mission Specific

USDA: Farm related structure at the Beltsville Agricultural Research Center in Maryland

Interior: Parker Dam in California

Interior: Historic ship at San Francisco Maritime National Historic Park, California

DOT: Flight and navigation structures at Washington Dulles International Airport, Virginia

VA: Committal shelter used for ceremonies prior to burial at Quantico (VA) National Cemetery, Virginia

DOE: Particle Accelerator at Lawrence Livermore National Laboratory in California

Source: GAO.
Agencies Use Inconsistent Approaches to Tracking Structures

Different definitions

- DOT: Facility fixed to the ground without 4 walls and a roof
- VA: Facility not enclosed or lockable
- Interior: All assets that are not buildings
- USDA / DOE: Officials at instillation decide

Power plant at Argonne National Laboratory is part of the Laboratory’s power distribution system structure.
Agencies Use Inconsistent Approaches to Tracking Structures

Different counting

- The entire 117-mile Delta-Mendota Canal (California) – and all its associated elements – are counted as 1 structure by Bureau of Reclamation.
Agencies Use Inconsistent Approaches to Tracking Structures

Different counting
• This one radio tower at Dulles International Airport (Virginia) is counted by FAA as 6 different structures
FRPP Data for Structures are Outdated or Incorrect

Replacement value

- The Palo Verde Dam railroad (California) was dismantled in 1957 but is still listed in Interior’s database with a value of $2.2 million.

Possible remnants of the Palo Verde Dam railroad spurs.
FRPP Data for Structures are Outdated or Incorrect

Replacement value

- The Fort Point National Historic Site (California) has remained largely unchanged for years, yet it’s replacement value has varied:
  - 2010: $171 million
  - 2012: $750 million
  - 2013: $820 million
Agencies Face Similar Challenges in Maintaining,Securing, and Disposing of Structures as They Do for Buildings

**Interior**: A series of water towers located in the middle of Prince William Forest Park in Virginia are no longer needed.

**DOE**: Explosives storage magazines that are near capacity usage at Lawrence Livermore National Laboratory’s Site 300 in California.

**VA**: This is an obsolete satellite dish located near the main administrative building in Quantico (VA) National Cemetery in Virginia and is no longer used. VA has no plans to remove this structure.
Recommendations to Ensure Quality of Data on Structures

• OMB, in collaboration with the FRPC, develop guidance to improve the accuracy and reliability of data on structures

• GSA, in collaboration with the FRPC, should:
  ➢ Better define what a structure is for FRPP reporting
  ➢ Consider limiting the amount of data related to structures at the governmentwide level
Questions

FEDERAL REAL PROPERTY: Improved Transparency Could Help Efforts to Manage Agencies’ Maintenance and Repair Backlogs (GAO-14-188)

www.gao.gov/products/GAO-14-188

FEDERAL REAL PROPERTY: Actions Needed to Improve How Agencies Manage Structures (GAO-14-87)

www.gao.gov/products/GAO-14-87
Thank You