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Privacy Office, Mail Stop 0655  
Department of Homeland Security  
2707 Martin Luther King Jr. AVE SE  
Washington, DC 20528-065  
Fax: 202-343-4011  
Email: [foia@hq.dhs.gov](mailto:foia@hq.dhs.gov)

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**Homeland  
Security**

*Privacy Office, Mail Stop 0655*

August 25, 2021

SENT BY ELECTRONIC MAIL

Re: 2021-HQFO-00587

This is the electronic final response to your Freedom of Information Act (FOIA) request to the Department of Homeland Security (DHS), dated January 26, 2021, and received by this office on February 25, 2021. You are seeking a copy of the DHS Capital Plan (i.e., Agency-wide Real Property Capital Plan), as required and described in OMB Memorandum M-20-03 issued November 6, 2019, and M-20-03 Implementation Guidance issued July 2, 2020.

A search of the Office of the Chief Readiness Support Officer (OCSRO) for documents responsive to your request produced a total of 29 pages. Portions of these pages are partially releasable pursuant to Title 5 U.S.C. § 552 (b)(5) and (b)(6), FOIA Exemptions 5 and 6.

**FOIA Exemption 5** protects from disclosure those inter- or intra-agency documents that are normally privileged in the civil discovery context. The three most frequently invoked privileges are the deliberative process privilege, the attorney work-product privilege, and the attorney-client privilege. After carefully reviewing the responsive documents, we determined that portions of the responsive documents qualify for protection under the Deliberative Process Privilege. The deliberative process privilege protects the integrity of the deliberative or decision-making processes within the agency by exempting from mandatory disclosure opinions, conclusions, and recommendations included within inter-agency or intra-agency memoranda or letters. The release of this internal information would discourage the expression of candid opinions and inhibit the free and frank exchange of information among agency personnel.

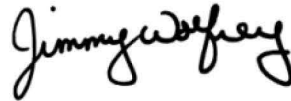
**FOIA Exemption 6** exempts from disclosure personnel or medical files and similar files the release of which would cause a clearly unwarranted invasion of personal privacy. This requires a balancing of the public's right to disclosure against the individual's right to privacy. The privacy interests of the individuals in the records you have requested outweigh any minimal public interest in disclosure of the information. Any private interest you may have in that information does not factor into the aforementioned balancing test.

You have a right to appeal the above withholding determination. Should you wish to do so, you must send your appeal and a copy of this letter, within 90 days of the date of this letter, to:

Privacy Office, Attn: FOIA Appeals, U.S. Department of Homeland Security, 245 Murray Lane, SW, Mail Stop 0655, Washington, D.C. 20528-0655, following the procedures outlined in the DHS FOIA regulations at 6 C.F.R. Part 5 § 5.8. Your envelope and letter should be marked "FOIA Appeal." Copies of the FOIA and DHS FOIA regulations are available at [www.dhs.gov/foia](http://www.dhs.gov/foia).

If you need any further assistance or would like to discuss any aspect of your request, please contact the analyst below who processed your request and refer to **2021-HQFO-00587**. You may send an e-mail to [foia@hq.dhs.gov](mailto:foia@hq.dhs.gov), call 202-343-1743 or toll free 1-866-431-0486, or you may contact our FOIA Public Liaison in the same manner. Additionally, you have a right to right to seek dispute resolution services from the Office of Government Information Services (OGIS) which mediates disputes between FOIA requesters and Federal agencies as a non-exclusive alternative to litigation. If you are requesting access to your own records (which is considered a Privacy Act request), you should know that OGIS does not have the authority to handle requests made under the Privacy Act of 1974. You may contact OGIS as follows: Office of Government Information Services, National Archives and Records Administration, 8601 Adelphi Road-OGIS, College Park, Maryland 20740-6001, e-mail at [ogis@nara.gov](mailto:ogis@nara.gov); telephone at 202-741-5770; toll free at 1-877-684-6448; or facsimile at 202-741-5769.

Sincerely,

A handwritten signature in black ink, appearing to read "Jimmy Wolfrey". The signature is fluid and cursive, with the first name "Jimmy" and last name "Wolfrey" clearly distinguishable.

Jimmy Wolfrey  
Senior Director, FOIA Operations and Management  
(Acting)

Enclosures: 29 pages



**Homeland  
Security**

**Real Property Capital Plan**



**U.S. Department of Homeland Security**

# **Real Property Capital Plan Fiscal Years 2021 through 2025**

Version: 1.0 DRAFT  
Date: July 15, 2020



## Promulgation Letter

To Director OMB:

This initial Department of Homeland Security (DHS) Real Property Capital Plan is submitted in demonstration of Agency Capital Plan submission requirements as detailed in Office of Management and Budget (OMB) M-20-03: *Implementation of Agency-wide Real Property Capital Planning*. This plan represents how DHS intends to execute real property capital planning activities and produce a mature Real Property Capital Plan.

This plan demonstrates implementation of guidance contained in OMB Circular A-11, *Supplemental Capital Programming Guide*; OMB Circular A-123: *Management's Responsibility for Enterprise Risk Management and Internal Control*; and GAO-14-740G: *Standards for Internal Control in the Federal Government*. It portrays the Department's sweeping and ambitious goals to coordinate DHS real property policy, strategy, planning, programming, budgeting, execution, and performance management activities.

In alignment with the Department's planning, programming, budgeting and execution (PPBE) cycle, the next version of the DHS Real Property Capital Plan is planned to be finalized in February 2021. This future plan will build on the foundation developed in this document. Between now and then, the Department will continue to advance its real property asset management capabilities and improve its risk-based resource decision making.

Note there is an internal annex document that exists, and this submission is not the Department's complete Real Property Capital Plan without this annex. The complete plan contains pre-decisional information not available for release outside of the Department.

If you have any questions about the Department's efforts to improve its real property asset management capabilities or efforts developing the Department's Real Property Capital Plan, please contact (b)(6) Office of the Chief Readiness Support Officer, at (b)(6)

(b)(6)	_____	Date
	_____	Date
	_____	Date
Chief Readiness Support Officer		





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## 1 Introduction

Office of Management and Budget (OMB) Circular A-11: *Preparation, Submission and Execution of the Budget and the Department's Financial Management Policy Manual* requires use of a Strategic Plan to guide management activities. It further directs objectives contained in the Strategic Plan be reconciled against the Department of Homeland Security's (DHS) budget authorities. In addition, OMB Circular A-11: *Supplement – Capital Programming Guide* requires the Department to use a robust capital programming process to manage its real property assets in support Department's mission objectives and priorities. Further, OMB M-20-03: *Implementation of Agency-wide Real Property Capital Planning* requires the Department document this activity in a plan. This Real Property Capital Plan has been developed to demonstrate the Department's approach to achieving these objectives.

The Department's approach will continually improve use of leading asset management objectives to plan real property program execution. Today, the Department's Real Property Asset Management System (RPAMS) is not fully able to do this effectively. Therefore, the strategy promulgated in this plan includes both real property program execution and RPAMS implementation priorities. In support of both, the Department has commissioned a RPAMS Manual. This policy implements a higher level of management disciplined based on International Standards Organization 55000 – *Asset Management System* standards in alignment with GAO-19-57: *Federal Real Property Asset Management* recommendations. The Department believes this approach will allow for the improvement of capabilities and to address areas of concern in federal real property management, as detailed in OMB M-20-10: *Addendum to the National Strategy for the Efficient Use of Real Property*.

The RPAMS Manual, currently in draft, establishes a framework to produce this Real Property Capital Plan. In this context, it serves as the Department's principal planning instrument coordinating Component real property program execution. In turn, development of this inaugural Real Property Capital Plan has stress tested the Department's RPAMS. At this point, the Department's RPAMS has limited capabilities to produce a mature, actionable, enterprise-level analysis supporting evidence-based resource decision-making. However, development of this plan has generated many insights and lessons learned giving the Department confidence it will be able to improve these planning capabilities so in the future. To do so will require the coordinated efforts of the Department establishing real property asset management policy and evaluating performance supported by Components implementation of this policy to coordinate performance-driven real property program execution.

To demonstrate evolving real property asset management capabilities, this plan is organized as follows:

- Chapter 2 – “Real Property Alignment with DHS Strategic Objectives”: This chapter will evolve to collect and translate the Department's strategic objectives and priorities into actionable guidance used to direct and prioritize real property program execution.
- Chapter 3 – “Real Property Asset Management Objectives”: This chapter will also develop a select group of key leading indicators using Specific, Measurable, Accurate, Relevant, Time-Bound (SMART) goals to guide resource decision-making and measure





performance of the Department's real property program and real property asset management activities.

- Chapter 4 – “Real Property Budget”: This chapter is used to ensure real property program execution aligns with the Department's budget authorities in compliance with planning, programming, budgeting, and execution (PPBE) policies.
- Chapter 5 – “Real Property Asset Management Strategy”: This chapter will grow to make use of information delivered in preceding chapters to establish real property program execution and RPAMS implementation priorities. This chapter concludes providing real property budget guidance supporting Resource Allocation Plans (RAP) development in accordance with OMB Circular A-11's Capital Programming Guide guidance.

Over time, Chapter 1 will introduce context and criteria setting the stage for future Real Property Capital Plans in coordination with Department and Component PPBE cycles.

## 2 Real Property Alignment with DHS Strategic Objectives

Pursuant to the Government Performance and Results Act of 1993 (GPRA Act) and the Government Performance and Results Modernization Act of 2010 (GPRAMA) as amended, and in accordance with Department policy, the DHS Strategic Plan fiscal years (FY) 2020 to 2024<sup>1</sup> established the following strategic goals:

- Counter Terrorism and Homeland Security Threats
- Secure U.S. Borders and Approaches
- Secure Cyberspace and Critical Infrastructure
- Preserve and Uphold the Nation's Prosperity and Economic Security
- Strengthen Preparedness and Resilience
- Champion the DHS Workforce and Strengthen the Department.

These strategic goals are advanced through strategic objectives and implemented through subordinate strategic plans that inform real property asset management decision-making. Achieving these strategic objectives requires operationally ready mission support capabilities. This includes real property efficiently located and maintained to support mission requirements while adapting to and anticipating emerging requirements and risks. The purpose of this Real Property Capital Plan is to ensure and assure real property capital planning is responsive to these needs.

Instrumental to this activity is the implementation of leading and universal real property asset management objectives. Each of these objectives is designed to provide independent insight of real property performance and the Department's ability to efficiently and effectively manage its real property portfolio. The Department's organizational structure responsible for doing this is shown in *Exhibit 1*.

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<sup>1</sup> [https://www.dhs.gov/sites/default/files/publications/19\\_0702\\_plcy\\_dhs-strategic-plan-fy20-24.pdf](https://www.dhs.gov/sites/default/files/publications/19_0702_plcy_dhs-strategic-plan-fy20-24.pdf)



### *Exhibit 1: DHS Operational Organization*

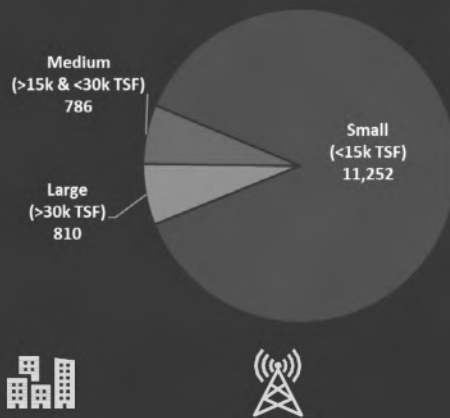
## U.S. Department of Homeland Security



This organizational structure governs Department real property asset management activities. Based on delegated authorities, the Department's Chief Readiness Support Officer working for the Deputy Under Secretary of Management is responsible for establishing real property policy, planning for, and coordinating real property program execution. Individual Components, with varying authorities and capabilities, are responsible for managing and executing real property programs supporting their mission requirements. An overview of the Department's real property portfolio is provided on the next page.



**Exhibit 4: Building Count by Category**



**Exhibit 3: Building Size (SF) by Legal Interest (Owned and Leased)**

Source: CAPSIS/RPDW



### 3 Real Property Asset Management Objectives

The six real property asset management objectives listed in *Exhibit 6* were selected to inform risk-based, resource decision-making. This is not an all-encompassing list of performance metrics; it is a select list to provide a range of leading, independent perspectives. Each objective evaluates past real property performance considering requirements, budgets, and performance interrelationships. This is to gain insights helpful to forecasting future performance. These insights are then used to inform budget development and set a performance baseline for follow-on asset management activities.

*Exhibit 6: Real Property Asset Management Objectives*

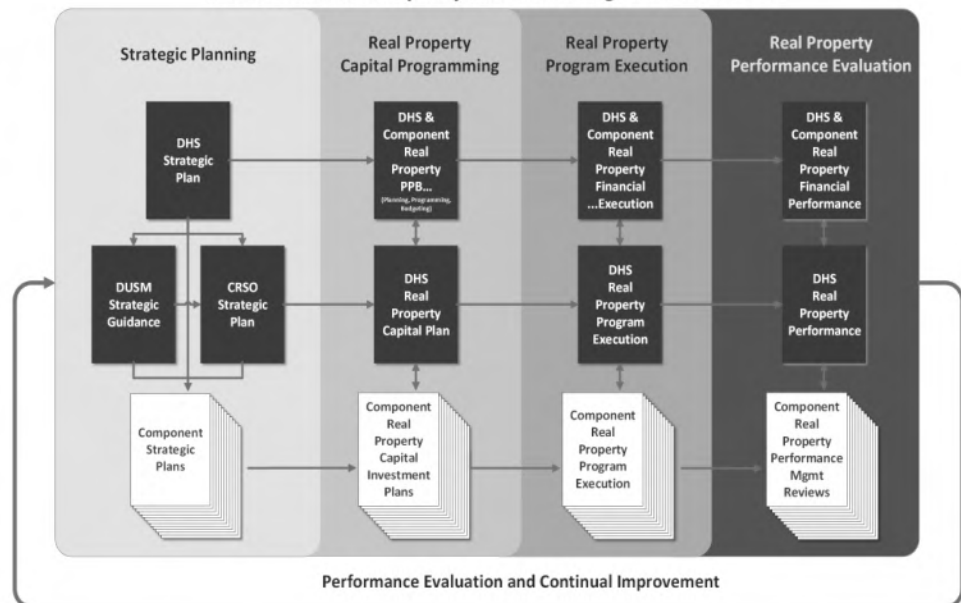
Section	Objectives	Purpose	Insights Gained	KPI
3.1	Optimize Inventory	Evaluates drivers effecting real property requirements, notably regional and local capabilities, to support mission execution.	Supports real property planning informing budget decision-making	Total Building Square Feet Per Employee
3.2	Recapitalize Assets	Evaluates the rate of recapitalization sustaining fully functional and operationally ready real property.	Informs Procurement, Construction and Improvement (PC&I) and major maintenance budget decision-making	Real Property Recapitalization Index
3.3	Maintain Condition	Evaluates the condition of existing real property assets, measuring their ability to support operational requirements.	Informs development of effective maintenance strategies	Facility Condition Index (FCI)
3.4	Optimize Utilization	Evaluates the efficient use of owned and leased real property, providing benchmark analysis to support resource decision-making.	Informs space management practices and strategies	Utilization Rate
3.5	Affordable Readiness	Evaluates performance of real property costs, searching for best practices and cost saving opportunities.	Provides benchmark comparisons informing budget decision-making	Operating Cost per Square Foot
3.6	Effective Asset Management	Evaluates the RPAMS's ability to support effective, risk-based resource decision-making.	Identifies opportunities for systematic, continual improvement	Asset Management Maturity



In accordance with the draft RPAMS Manual, DHS-wide real property asset management objectives are established in the Department's Real Property Capital Plan updated annually.

Real property asset management objectives translate DHS Strategic Plan objectives and priorities, summarized in Chapter 4, into practicable actions and initiatives, per the real property asset management process, as depicted in *Exhibit 7*. In turn, these actions and initiatives are reconciled against the Department's budget detailed in

**Exhibit 7: Real Property Asset Management Process**



Chapter 4. This process culminates in Chapter 5 used to commission the Department's Real Property Asset Management Strategy.

The rest of this chapter is used to share evolving real property asset management objectives and introduce their purpose.





### 3.1 Real Property Inventory Optimization Analysis

This analysis evaluates the size of the total real property building inventory, including both owned and leased space, in comparison to the number of federal employees. The number of personnel assigned is a leading indicator for building square footage requirements and overall real property budget requirements.

(b)(5)

The Department's total building square feet per person in 2019 was just over (b)(5). The intended use of this analysis is to evaluate the rate of change in personnel in measure to changes in the real property inventory. This is important because people directly generate real property requirements, which, in turn, directly generate resourcing requirements. Simply, harmonizing this relationship is one way to advance operational readiness.

(b)(5)

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<sup>2</sup> Projected data is not included because it is pre-decisional and not available for release.

<sup>3</sup> The total FTEs are reported from the FYHSP federal workforce plans. The TSF data is from RPDW for 2014 through 2020.

<sup>4</sup> This analysis reports the number of federal people per TSF, and therefore, it is wrong to make comparisons with design space standards. The numbers reported here are much higher because they account for all building space to include storage, training, food services, maintenance, and office space, etc.

<sup>5</sup> Projected data in not included because it is pre-decisional and not available for release.



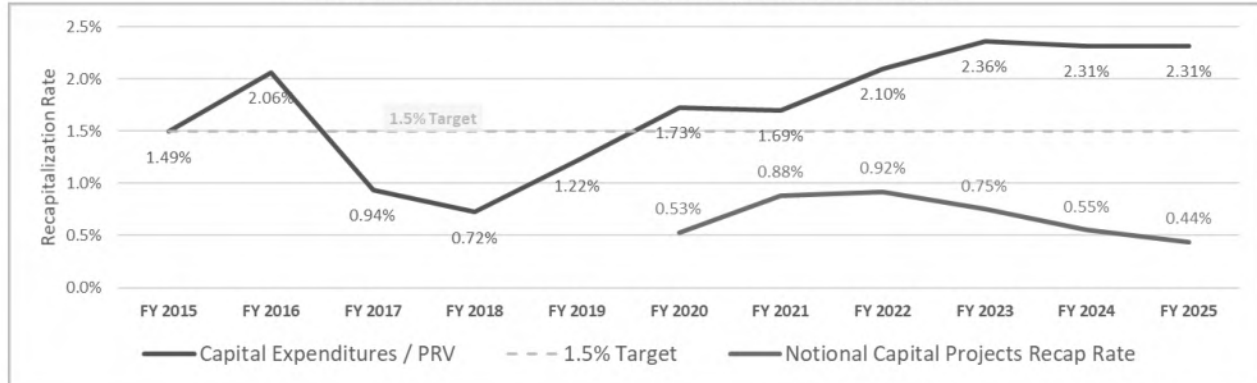
This analysis will be used to ensure Procurement Construction and Investment (PC&I) funds, large maintenance projects, and leasing activities have fully anticipated upcoming changes in the inventory driven by people requirements. This is helpful at Department and Component levels for national, regional, and local planning. Supporting analysis informs Real Property Asset Management Strategy development and budget decision-making. Specifically, strategies that promote flexibility and resiliency will favor more building square feet per person, whereas strategies that promote efficiency and cost effectiveness will favor less building square feet per person.

To implement this metric and analysis, the Department is working to improve the quality, fidelity, and availability of supporting data. This includes people and real property inventory data. Further, Real Property Capital Plans will seek to use this metric and analysis to implement solutions guided by the Real Property Asset Management Strategy detailed in Chapter 5.

### 3.2 Real Property Recapitalization Analysis

DHS's real property portfolio requires recapitalization to sustain asset viability and support operational requirements into the future. This objective evaluates the total value of constructing, restoring, and modernizing existing real property as a percentage of the owned real property's Present Replacement Value (PRV). The resulting metric is called the Real Property Recapitalization Index. The Department's initial target recapitalization rate is 1.5% of PRV.<sup>6</sup> *Exhibit 10* provides a representative summation of how this analysis will be presented.

*Exhibit 10: Notional Real Property Recapitalization Analysis<sup>7</sup>*



Source: CAPSIS/RPDW & RP Projects Exhibit

Important notations and observations are:

- The Notional Capital Project Recap Rate (orange line) is not based on real data. It is based on simulated data and is presented to demonstrate what an actual analysis would look like. In practice, its numerator is computed as the sum of Component reported

<sup>6</sup> This is based on an industry rule of thumb estimating a typical asset life span being 67 years, equating to a 1.5% straight-line depreciation rate per year as a percentage of the asset's PRV.

<sup>7</sup> Historical and Future Capital Expenditures are five-year averages divided by owned facility PRV. Filtered by Mission Dependency "Critical," Status Indicator "Active," Legal Interest "Owned," and RP Type is structures and buildings. Capital Project Recap Rate comes from Component's project exhibit submissions to OCRSO.



future requirements with a classification of “Recapitalization” from their Real Property Projects Exhibit submitted in the course of the Department’s PPBE process, as detailed in Chapter 4.

- The numerator for the Capital Expenditures (dark line) is the sum of expenditures or expected expenditures as reported in RPDW.
- The denominator for both the Capital Expenditures (dark line) and the Capital Project Recap Rate (orange line) is the PRV as reported in RPDW each year by the Components and also reported in the Department’s Federal Real Property Profile (FRPP) submission.
- Preliminary analysis finds there is a gap between what Component budget submissions and Component real property capital planning artifacts account for in terms of total recapitalization requirements. This is a source of risk and significantly limits Department and Component abilities to proactively and systematically optimize and harmonize real property capital planning and budget execution.

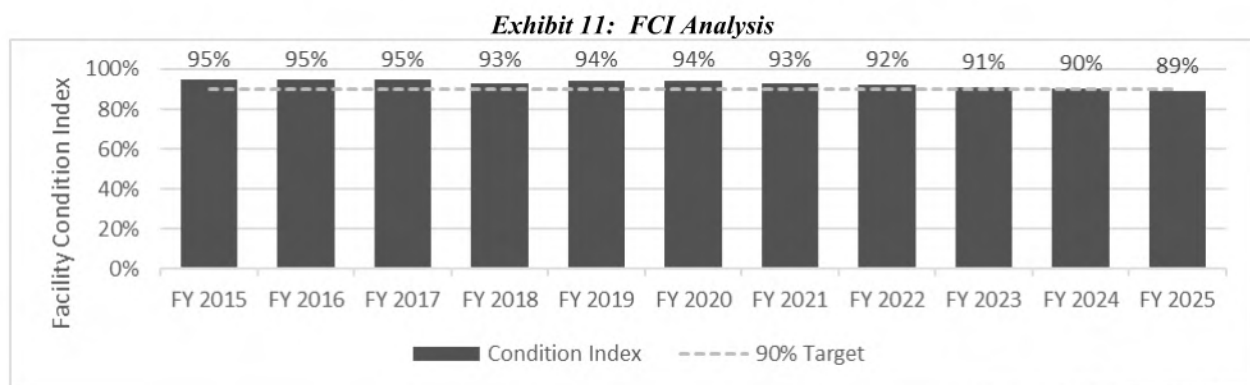
Strategies underway to improve this analysis include:

- Work is being performed to obtain an accurate estimate of the value of construction supporting recapitalization objectives each year. This includes reviewing Department and Component policies, cost estimating techniques, and data conventions, acquisition, and management practices. This is embedded in the RPAMS priorities in Chapter 5.

Analysis of the real property recapitalization rate is important because it informs PC&I and major maintenance budget development. It is the Department’s intention to use this metric and supporting analysis to establish a healthy capital program supporting the Department’s real property recapitalization objectives and priorities.

### 3.3 Facility Condition Index (FCI) Analysis

FCI is an important indicator used to manage the Department’s owned real property portfolio. The Department’s real property FCI trend and projection is shown in **Exhibit 11**. It is calculated in accordance with the General Services Administration’s (GSA) FRPP guidance as one minus the sum of deferred maintenance divided by PRV and weighted by PRV to calculate the rolled-up FCI. The Department has set a 90 % FCI target at the portfolio level and the FY 2018 FRPP submission reported over 89% of its real property assets exceeded this target.



*Source: CAPSIS/RPDW*



The Department's recurring maintenance target each year is set at 2% of PRV in alignment with generally accepted industry practice.<sup>8</sup> Important notations and observations are as follows:

- The backlog of deferred maintenance in the FCI's numerator is obtained from RPDW. This estimate is known to be inaccurate and has not been validated or verified. Therefore, the Department does not have confidence in this metric and does not use it to inform budget development or prioritize projects.

Department strategies to improve the FCI and its use are:

- The Department is conducting a top-down review of facility condition assessment programs. This review includes review of best practices, such as the Department of Defense's (DoD) Sustainment Management Systems (e.g., BUILDER). The objective of this review is to identify an affordable means to obtain and report accurate and comprehensive condition data
- Further, the Department is considering development of predictive, cause-and-effect analyses to link facility condition modeling with budget development. The objective of this activity is to develop a suitable and impactful means to improve Department real property asset management capabilities.
- These initiatives are embedded in the RPAMS priorities detailed in Chapter 5.

Analysis and use of the FCI supporting facility performance and resource decision-making has been practiced in the industry for over three decades. A more detailed example on how it can be used is contained in **Appendix B: Facility Condition Index Detailed Data**. Its use has been challenged by poor and inconsistent data, resulting in it not being considered a reliable source for budget decision-making or work prioritization.<sup>9</sup> DHS is further challenged by a federated approach where different Components have different capabilities, means, authorities, and strategies to manage their real property inventories. To address this, the Department is working with Components to improve means to systematically acquire and use facility condition data to support budget decision-making and work prioritization.

### 3.4 Asset Utilization Analysis

Asset utilization is a leading indicator that evaluates how well existing assets are utilized. This informs budgetary decision-making and performance analysis. An efficient commercial utilization rate is 95%. Lower utilization rates indicate a greater portion of non-productive inventory. **Exhibit 12** depicts historic and forecasted space utilization rates for the Department's owned and leased office buildings. In this case, utilization rates are calculated as the TSF of building space divided by the number of people regularly using the space.

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<sup>8</sup> Committing to the Cost of Ownership, National Academies Press, 1990, and Predicting Outcomes from Investments in Maintenance and Repair of Federal Facilities, National Academies Press, 2012.

<sup>9</sup> Predicting Outcomes from Investments in Maintenance and Repair of Federal Facilities, National Academies Press, 2012



Exhibit 12 (b)(5)

The Department's office space utilization rate target is 150 SF per person. This is based on a general determination the Department should strive to be efficient like the private sector but should not weigh cost management over operational flexibility and redundancy as aggressively as the private sector. Important notations and observations are:

- The Department's historic total aggregated office space utilization rate has been steady over the past four years where relatively good data exists and has not meet the Department's space utilization target.

Strategies to mitigate risks and optimize space utilization to lower overall costs include:

- The Department is accelerating Regional Mission Support Consolidation activities at targeted locations due to recognized high potential return on investments (ROI). This is covered in real property program execution priorities in Chapter 5. Locations currently or soon to be evaluated include Seattle, San Diego, Philadelphia, and Miami. The desired outcome of these field efficiency initiatives is net reduction in total admin/office real property in each location, which should result in a sympathetic net improvement in space utilization rates.
- The Department will also perform a top-down review to target low performing and non-mission critical facilities for divestiture as well as review reasons and causes slowing down the process to remove facilities designated for divestiture.
- Further, the Department will seek to expand space analysis beyond OMB's Reduce the Footprint policy focused on office and warehouse space, see **Appendix C: Reduce the Footprint Policy** for additional details. Some of this is being accomplished through Regional Mission Support Consolidation efforts. This will include advancing master planning capabilities within Components and across the Department.

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<sup>10</sup> Office/Admin Utilization Rate compiled from RPDW is Sum of Usable square feet in office buildings divided by sum of total federal employees working in them. FY15 -FY19 are actuals while FY20-FY25 are projected per the 5-year Inventory Plan.





This analysis is important because it provides insight on the owned and leased real property management decisions. Specific decision-making objectives include owned versus lease determinations, lease management, consolidations, and divestiture. Information generated by this analysis is relevant to the Real Property Asset Management Strategy, master planning, resource prioritization, and budget development activities.

### 3.5 Affordable Readiness

Sustaining operating costs, defined as affordable readiness, is another leading performance analysis selected by the Department to inform real property capital planning. This analysis evaluates the aggregated cost to maintain owned and leased space. **Exhibit 13** depicts historical and forecasted operating sustainment costs for the Department's owned and leased asset portfolios. By convention operating sustainment costs include general maintenance and exclude recapitalization.

**Exhibit 13: Affordable Readiness Cost Analysis**



Source: CAPSIS/RPDW

This is a benchmark analysis, and currently, the Department has not established target levels for owned and leased assets. However, it is known this information will vary largely from location to location and for different purposes. Important notations and observations include:

- Using data from (b)(5) sustainment costs were normalized by total square footage to compare owned and leased costs. Leased space is based on rentable square feet and was therefore adjusted to TSF to enable an apples-to-apples comparison with owned space<sup>11</sup>.
- On average, leased square footage is 184% more expensive than owned square footage.
- Future owned building costs are inflated by 4% each year after the budget year per RPDW convention.

Strategies to mitigate risks and optimize costs moving forward include:

<sup>11</sup> Costs per leased square footage were adjusted per DoD Space Planning Criteria, (divided by 1.35), [https://wbdg.org/FFC/DOD/MHSSC/spaceplanning\\_healthfac\\_130\\_july\\_2018.pdf](https://wbdg.org/FFC/DOD/MHSSC/spaceplanning_healthfac_130_july_2018.pdf)



- In the coming years, the Department will seek to enhance this analysis so it can support cost comparisons for Component data and perform analysis across different locations. This includes standardizing space definitions and conventions across the Department as detailed in Chapter 5.

This benchmarking analysis does not directly relate to budget development but does provide a critical basis for real property planning and investment decision-making. As this and supporting capabilities develop along with improvements in data quality and availability, the Department intends to advance this and similar key performance indicators to better inform resource decision-making capabilities.

### 3.6 Asset Management System Analysis

The Department has initiated a detailed review of its real property asset management capabilities. This included an analysis of obligation data. For 2019, total obligations made supporting real property was \$8.18 billion.<sup>12</sup> The analysis, shown in **Exhibit 14**, compares Component submitted real property budget exhibits, which is the sum of real property requirements being proactively managed through the PPBE process and described in more detail in Chapter 4 to obligations recorded for the same years.

**Exhibit 14: Comparison of Component RP Budget Exhibit to Enacted Budget<sup>13</sup>**

Real Property	FY2017	FY2018	FY2019	3-Year Average
Obligations	(b)(5)			
Component Budget Exhibit				
Percent of Budget Exhibit to Obligations				

The results show almost half of all obligations supporting the delivery of real property are not addressed in budgets being submitted by Components. Additional context associated with this analysis includes:

- Obligations include single-year, multi-year and no-year funds. Single and multi-year obligations are tied to the year of the enacted budget. Part of the gap between budget and obligations comes from no-year funds that may have been appropriated in a prior year. In this analysis, no-year funds amounted to approximately 16% of the annual obligations on average.
- Obligations reflect the primary Real Property Budget Object Class (BOC)<sup>14</sup> codes plus additional obligations identified in non-real property BOCs within real property contracts.

(b)(5)

<sup>13</sup> Obligations were sourced from an analysis of Data Act File B (FY 2017 through 2019) and File C (FY 2018 through 2019) from USASpending.gov and include obligations tied to the year of the enacted budget plus no-year obligations. Component reported planned spending values were based on bottom-up real property forecasts that were submitted by Components to DHS Headquarters (HQ).

<sup>14</sup> Primary real property BOCs per OMB Circular A-11, Section 83 include 23.1, 23.2, 25.4, & 32.0



- Component reporting of planned real property spending is not yet sufficiently mature to align with enacted budget and obligation data introducing another reason for the gap.
- Another cause for the gap may be due to Component budget submissions being incomplete.

This analysis identifies that the Department's RPAMS is not working as well as it should be. Specifically, the inability to reconcile what Components understand as their real property budget with actual obligations means there are many factors and sources of risk that cannot be evaluated, managed, or mitigated.

Strategies to mitigate risks and optimize performance moving forward include:

- The Department is invigorating its top-down review of its RPAMS. This activity involves Components helping to identify means to better track real property funds through the accounting structure. Further, work is underway to develop systematic solutions to correct and mitigate root causes to this problem. Implementing these solutions will take years due to their scale and complexity
- The Department is also continuing to support OMB-led efforts through the Federal Real Property Council (FRPC) to both share RPAMS advancements to serve as examples that may help others and will continue to support OMB and GSA Office of Government-wide Policy's efforts to improve federal real property asset management policy. An example of this is the Department's support and development of the recommendation to OMB's Budget Officer Advisory Council to correct federal real property accounting. Currently the real property program is not adequately identified via OMB approved sub-object classes; therefore, real property cost identification is extrapolated at best. The recommendation made will better align common real property management activities with the budget structure and thus improve and streamline the ability to reconcile PPBE and RPAMS decision-making. The outcome of this more effective alignment between financial management and real property asset management activities resulting in risk reductions and operational readiness improvements.
- The above initiatives are embedded in the RPAMS priorities detailed in Chapter 5.



## 4 Review of Real Property Budget

Pursuant to OMB Circular A-11: *Preparation, Submission, and Execution of the Budget* and OMB M-20-03: *Implementation of Agency-wide Real Property Capital Planning* requirements, one of Real Property Capital Plan's key purposes is to inform real property budget decision-making. This chapter reviews the Department's real property budget developed in accordance with DHS Directive 101-01: *Planning, Programming, Budgeting, and Execution* to ensure the Real Property Capital Plan aligns with it.

### 4.1 Real Property Budgets

The Department's total real property past and current budgets are shown in **Exhibit 15**.



Context and observations for the real property budget include:

- Budgeted values for FY 2017 through FY 2020 based on the enacted budget;
- While pre-decisional and not reported here, RAP data is used internally to report a projected five-year capital plan forecasted budget<sup>16</sup> for FY 2021 through FY 2025;
- Budgeted values are based on the four real property OMB A-11, BOCs: 23.1, 23.3., 25.4, 32.0 that account for the bulk of appropriation sources supporting real property (e.g., PC&I, Operations and Support, fees);
- Other real property funds from non-real property specific BOCs are also considered in the analysis but are not represented, in part due to issues detailed in **Section 3.6**.

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<sup>15</sup> Projected data is not included because it is pre-decisional and not available for release.

<sup>16</sup> Enacted budget sourced from BFEM

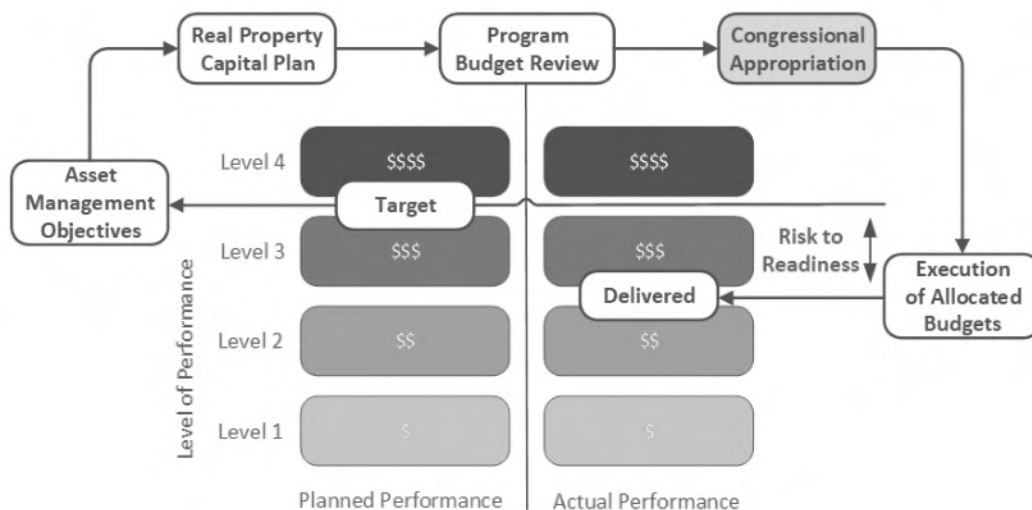


Knowing how much funding is available is essential to real property capital planning and risk management for the following reasons:

- Real property program scopes are limited by available funding;
- Real property asset management objectives performance thresholds will be calibrated based on levels of funding;
- Project go/no-go decisions to include project planning activities are determined based on funds availability, (e.g. prioritized project lists containing funding cut lines);
- Interdependent strategies balancing recapitalization and maintenance supported by different funding sources will be calibrated based on funds available for each;
- Cross-Department equities and cost-saving needs and opportunities are evaluated in the context of funding availabilities.

Put into context, as detailed in the Department's draft RPAMS Manual, budget numbers and funds allocation are the single most important determinant of real property operational readiness. This information, consistent with Department and Component PPBE processes, enables an important risk management feedback loop as shown in *Exhibit 16*. Facilitated by real property asset managers, DHS operators and mission support personnel communicate certain needs and expectations translated into real property asset management objectives, as developed in Chapter 3. In practice, these leading real property asset management objectives are supported by a wide array of other specific performance indicators that all support Real Property Capital Plan development.

*Exhibit 16: Asset Management Optimization Framework*







As shown above, this Real Property Capital Plan is then used to inform the PPBE process starting with Component Resource Allocation Plan development on an enterprise scale. After budgets are received and executed and work products and outcomes delivered, there becomes an ultimate reconciliation. Need to determine if operators and mission support personnel are receiving the real property mission enabling capabilities needed to achieve Department and Component objectives and priorities. This real property asset management reconciliation complements financial reconciliations, providing critical insights. These insights generate feedback loops, strengthening the interrelationship that exists between Department and Component RPAMS and PPBE cycles. The natural outcome of this interface leads to activities and strategies that will develop and better justify budgets measured through reduction in “risk to readiness” gaps and optimized use of limited resources (e.g., ROI).

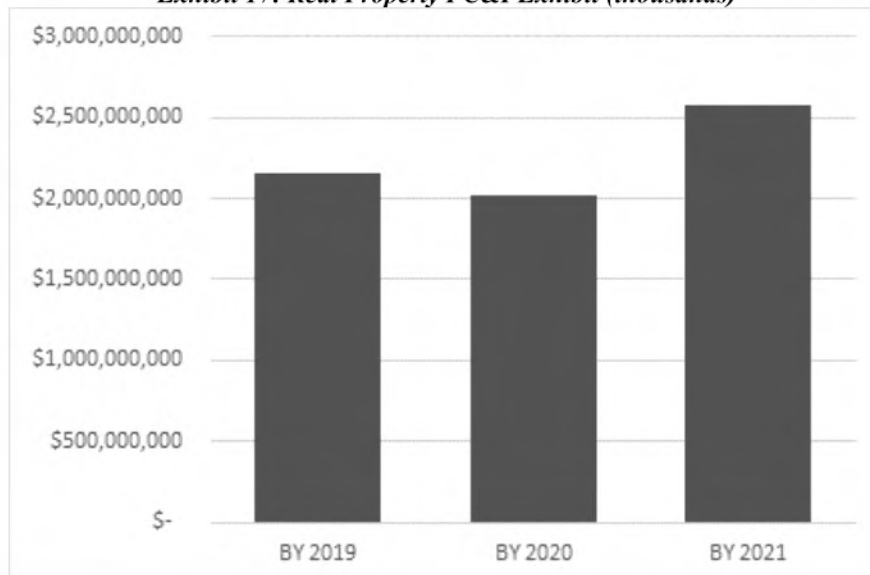
### 4.2 Real Property Budget Exhibits

The process detailed above cascades through budget exhibit development. Development of the Department’s real property budget involves two externally submitted exhibits and two internal exhibits offering insights as follows:

#### 4.2.1 Real Property PC&I Exhibit

The real property PC&I Exhibit provides information on the Department’s Master Acquisition Oversight List (MAOL) projects level 1 and 2 as defined DHS Financial Management Policy Manual. A summation of projects on the Real Property PC&I Exhibit is provided in **Exhibit 17**. A detailed list of PC&I projects covered by this exhibit is contained in **Appendix A: Real Property PC&I Project List**.

*Exhibit 17: Real Property PC&I Exhibit (thousands)*



Development of PC&I projects is a complex activity involving many planning and decision-making steps that may take three or more years to complete. This all happens before the construction or acquisition process begins. These steps are detailed in Department and Component policies to include DHS Directive DHS Directive 101-01: *Planning, Programming,*



*Budgeting and Execution*, DHS Directive 102-02: *Capital Planning and Investment Control*, and DHS Directive 119-02: *Real Property Management Program*. This budget exhibit analysis seeks to reaffirm PC&I activities align with Department and Component priorities detailed in Chapter 2 and are supportive of real property asset management objectives detailed in Chapter 3.

#### 4.2.2 Space Budget Justification (Exhibit 54)

Costs for leased real property are generally captured by the Space Budget Justification, also referred to as Exhibit 54. **Exhibit 18** of this document provides a synopsis of Exhibit 54 information for the Department as reported to OMB in the FY 2021 budget submission for both rental payments to GSA and to non-federal organizations.

(b)(5)



Information contained in this exhibit establishes parameters important to real property capital planning and application of several real property asset management objectives. Work developing the Real Property Capital Plan includes both the optimization of lease space and making owned versus lease decisions. Supporting factors related to these decisions are evident in content contained in Chapters 2, 3, and 5. This section ensures content contained in these chapters is synchronized with Department and Component budget authorities.



#### 4.2.3 Component Reported Planned Spend

DHS Instruction 252-04-001 requires Components to submit real property capital investment information on an annual basis. The Department issues guidance and templates to the Components that details information being requested. Information covers prior year, current year, budget year, and forecasted budget years (e.g., four out-years). The submission identifies Component real property funding needs and funding requests categorized among the following categories: procurement and acquisitions, leasehold improvements, operations, maintenance, repairs, rent, and disposals. These submissions are designed to inform the annual PBR (via Component RAP submissions), which for this year targets the Budget Year (BY) 2023 programming cycle. Related information is not releasable in this Real Property Capital Plan because it is pre-decisional.

#### 4.2.4 Component Capital Project Exhibit

DHS Instruction 252-04-001 also requires Components to compile and report a list of prioritized projects. The Department requests a listing of projects from Components on an annual basis. This submission aligns with the Components' five-year capital investment plans. These capital investment plans are only a subset, yet important source to the Department's Real Property Capital Plan. Related information regarding supporting details is also not releasable in this Real Property Capital Plan because it is pre-decisional. It is crucial that these plans are outlined in the budget documentation for the appropriate year or there is no way to evaluate the plan or progress.

## 5 Real Property Asset Management Strategy

This last chapter establishes the Department's Real Property Asset Management Strategy. In future Real Property Capital Plans, it will be based on content developed in preceding chapters as follows:

- Chapter 1 – Sets the pretext and establishes criteria guiding plan development
- Chapter 2 – Catalogs and affirms alignment with strategic objectives and priorities
- Chapter 3 – Translates strategic objectives and priorities into real property asset management objectives, which, in turn, guide real property program investment and execution strategy and plan development
- Chapter 4 – Reviews budget authorities to confirm real property program execution strategy alignment

Chapter 5 establishes the Department's strategy to generate unity of purpose behind inter-Department coordination and intra-Component harmonization of real property program budgets and execution strategies. This Department-level Real Property Asset Management Strategy is designed to do two things. It informs real property budget development consistent with OMB Circular A-11: *Supplement Capital Programming Guide requirements*. It also establishes performance goals, targets, and priorities to be used by Components managing their real property portfolios.



(b)(5)

The remainder of this chapter establishes a foundation for future strategies and a framework to be used to produce the Department's first actionable Real Property Capital Plan. Moving forward, development of this plan will be synchronized with the Department's PPBE cycle as detailed in the Department's draft RPAMS Manual.

## **5.1 Real Property Program Execution Priorities**

The following are cross Department real property program execution priorities:

### **5.1.1 Execute PC&I Program Objectives**

In alignment with budget authorities and in accordance with DHS Directive 101-01: *PPBE*, DHS Instruction 101-01-001: *PPBE Instruction*, DHS Instruction 102-02-001: *Capital Planning and Investment Control*, and DHS Instruction 252-04-001: *Integrated Planning and Capital Investment Strategy for Real Property* execute PC&I program objectives.

### **5.1.2 Budget for DHS Resource Planning Guidance (RPG) Priorities**

As described in the annual DHS Acting Secretary's RPG and developed in compliance with DHS OCFO RAP instructions. The RPG identifies priority mission and support investments for the Department that Components must plan and budget for as part of the annual RAP submission.

### **5.1.3 Execute DHS Real Property Efficiency Plan**

As detailed in the CRSO Strategic Plan 2019 through 2023, and developed in compliance with OMB Memorandum No. 2015-01: *Implementation of OMB Memorandum M-12-12*, Section 3: *Reduce the Footprint*, dated March 25, 2015, execute the DHS Real Property Efficiency Plan: *FYs FY 2019 to FY 2028*.

### **5.1.4 Execute DHS Strategic Sustainability Performance Plan**

As detailed in the CRSO Strategic Plan 2019 through 2023, and developed using guidance in the DHS Instruction Manual 023-02-002-001, *DHS Environmental Management Manual* executes the DHS Strategic Sustainability Performance Plan.

### **5.1.5 Establish DHS-GSA Regional Coordination Infrastructure and Plans**

As introduced in the Deputy Under Secretary for Management (DUSM) letter to the Commissioner of Public Building Services at GSA dated December 20, 2019, the Department shall establish an appropriate management structure and prepare regional plans supporting DHS-GSA regional efficiency initiatives.



### **5.1.6 Implement DHS Firing Range Availability Master Plan**

As detailed in the CRSO Strategic Plan 2019 through 2023, complete development of and implement the DHS firing range availability master plan.

### **5.1.7 Achieve NCR DHS Consolidation Objectives**

As established by law and supported by the CRSO Strategic Plan 2019 through 2023, achieve DHS Consolidation Objectives.

## **5.2 Real Property Asset Management System Implementation Priorities**

The following are cross Department RPAMS implementation priorities:

### **5.2.1 Implement the Real Property Asset Management System Manual**

As detailed in the CRSO Strategic Plan 2019 through 2023, complete development and implement the Department's RPAMS Manual.

### **5.2.2 Deploy DHS's First Real Property Capital Plan**

As detailed in the CRSO Strategic Plan 2019 through 2023, and in compliance with OMB M-20-03: *Implementation of Agency-wide Real Property Capital Planning*, develop and execute the Department's Real Property Capital Plan.

### **5.2.3 Implement Updated Workspace Design Standards**

As detailed in the CRSO Strategic Plan 2019 through 2023, develop and implement updated workspace design standards consolidating requirements across DHS.

### **5.2.4 Execute Real Property Data Integrity Plan of Action**

As detailed in the CRSO Strategic Plan 2019 through 2023, develop and implement a real property data integrity plan of action.

### **5.2.5 Advance Federal Real Property Policy and Respond to Audit Findings**

Signed in 2004, Executive Order 13327 – *Federal Real Property Asset Management* established the FRPC later codified by the Federal Property Reform Act of 2016. The DHS CRSO serves as the Department's Senior Real Property Officer (SRPO). As a Member of the FRPC, and in accordance with its charter, demonstrate leadership advancing federal real property policies to streamline and advance achievement of DHS missions and act to rectify or remedy GAO and other applicable, authoritatively sourced audit findings.

## **5.3 Budget Development Guidance**

The following is guidance supporting DHS budget development:





### 5.3.1 Execute Real Property Programs

Components shall execute real property programs in accordance with standing policy and Department objectives and priorities.

### 5.3.2 Investments in Effective Operational Readiness

In accordance with DHS Directive 119-02: *Real Property Management Program*, DHS Directive 102-01: *Acquisition Management*, and DHS Directive 101-01: *PPBE*, Components shall develop and execute real property programs to achieve objectives established by this plan. Specific budget submissions supporting PBR and RAP development shall demonstrate contribution achieving real property asset management objective performance targets detailed in Chapter 3 of this plan.



## **Appendix A: Real Property PC&I Project List**

The exhibit below reports PC&I funded projects on the BY2021 Construction Capital Investment Congressional Justification.

(b)(5)



## Appendix B: Facility Condition Index Detailed Data

**Exhibit 20** provides an example of how FCI data is evaluated extending the analysis summarized in **Section 3.3**. The table is based on the FY 2019 Quarter 4 reporting period and includes all owned buildings, except for those in a disposed or to-be-acquired status. The table breaks out the rows based on the mission dependency coding and lists key statistics for those categories. The table also breaks out those assets which are above and below an 85% FCI threshold. The buildings are further detailed by the following holding period ranges: 0 to five years, six to 14 years, and 15 or more years.

(b)(5)



## Appendix C: Reduce the Footprint Policy

The following summarizes the Department's Reduce the Footprint policy response.

DHS manages a global real property portfolio of over (b)(5) assets and more than (b)(5) million square feet of building space, spanning all 50 states, the District of Columbia, and seven U.S. territories. The DHS portfolio comprises buildings, structures, and land. The Department's real property portfolio contains a variety of predominant uses, the largest being office, warehouse, and family housing.

The Department's Reduce the Footprint snapshot metrics for FY 2021 through 2025 is presented in the exhibits below. Department metrics are based on Component submissions. This information and subsequent analyses are critical to several asset management objectives detailed in Chapter 3 and real property program execution and asset management system priorities detailed in Chapter 5. This information is presented here to demonstrate its relevance and use supporting Real Property Capital Plan development.

(b)(5)