



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

APR 29 2014

MEMORANDUM FOR UNDER SECRETARIES OF THE MILITARY DEPARTMENTS
DIRECTORS OF DEFENSE AGENCIES
DIRECTORS OF FIELD ACTIVITIES
WASHINGTON HEADQUARTERS SERVICES

SUBJECT: Facility Sustainment and Recapitalization Policy

The Department of Defense (DoD) maintains more than 550,000 facilities with an aggregate replacement value of more than \$820 billion. Regrettably, budget constraints have limited investment in facilities sustainment and recapitalization to the point that 20 percent of the Department's facility inventory is in "poor" condition (Facility Condition Index (FCI) between 60 and 79 percent) and another 8 percent is in "failing" condition (FCI below 60 percent) based on recent facility condition assessment data. DoD facilities affect not just our mission effectiveness but the very quality of life that our Service Members and their families deserve.

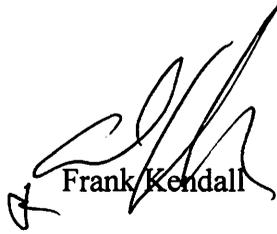
The constrained budget environment continues to impose sharp reductions to maintenance budgets, resulting in the potential undermining of DoD's significant investment in facilities over the last decade. Prior to Budget Control Act reductions to the topline, there was significant cause for concern as budgets for facility sustainment and recapitalization were shrinking disproportionately in comparison to the size of the Department's aging facility inventory. It is essential that the Department support its facilities through consistent long-term investment in order to keep our inventory of facilities mission capable and in good working order.

I am therefore establishing a facility sustainment and recapitalization policy consisting of three elements. First, I am reiterating DoD's goal to fund sustainment programs at 90 percent or higher of the Facility Sustainment Model requirement. Second, I am establishing 80 percent as the minimum inventory-wide FCI goal for each Component to meet annually for the facilities they manage beginning in FY 2016. If a Component determines that a higher FCI goal is necessary to meet operational requirements, the Component Head should submit to me an alternate goal with supporting rationale.

Finally, beginning with the FY 2016 Program Review, I am directing that Components develop mitigation plans for those facilities with an FCI below 60 percent as reported in the latest annual submission to the Department's Real Property Asset Database. The plans will provide the recommended mitigation (repair, replace, mothball, or demolish), estimated cost of the mitigation action and a notional fiscal year for funding the mitigation. The Components shall submit these plans annually to the Deputy Under Secretary of Defense for Installations and Environment (DUSD(I&E)) in conjunction with their Program Objective Memorandum submissions.

In light of the severe budgetary challenges facing the Department, I am not directing that Components program and fund to their inventory-wide FCI target or mitigation plans yet. However, in combination with the September 2013 DoD policy standardizing facility condition assessment, it is essential that Components track the overall condition of their facility inventory to make informed investment decisions today and to prepare for the reinvestment necessary to address the growing maintenance and repair backlog.

Thank you in advance for supporting this important DoD initiative. DUSD(I&E) will oversee implementation of this policy and issue additional guidance as needed. For further information, my point of contact is Captain Steve Donley, ODUSD(I&E), at 703-571-9082 or stephen.j.donley.mil@mail.mil.



Frank Kendall

cc:

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