

DoD Facilities Portfolio Budget Project

ISSUE:

Building defensible budgets for the lifecycle of your facilities portfolio

SOLUTION:

Inventory-based cost analysis modeling using auditable cost factors based on industry standards

REQUIREMENTS:

To apply this solution to your portfolio you will need:

- A real property inventory of your facilities that is quantifiable
- Cost factors that relate to your facilities portfolio
- Adjustment factors to allow for inflation and geographical variations.

PRACTICAL APPLICATION:

The stated Department of Defense (DoD) mission for its installations is to "Provide, operate, and sustain, in a cost-effective and environmentally sound manner, the installation assets and services necessary to support our military forces".

To assist DoD in pursuing this mission, R&K provides consulting support the DoD and its subordinate organizations to forecast budgets for their facilities portfolio; consisting of three quarters of a million distinct facilities. Starting with a system for structuring the facility inventories of each DoD subordinate organization, we developed and support today three models using a single common facilities database. These models collectively define the budget requirements for major aspects of the facility lifecycle (sustainment, operations, and modernization).

Key

to this modeling was the development of common facility types that will apply to any organization's real property inventory. Within DoD there are over 2,700 distinct facility codes. Working with DoD analysts, R&K reduced these to 447 common facility types to address all facility, structures, and utilities found within the DoD facilities portfolio.

We then developed or assisted in the development of cost factors to apply to the inventory to calculate facilities sustainment, modernization, and operations costs. Where possible, "neutral" costs were obtained from private sector sources to ensure that there was no bias towards any specific organization. R&K now updates these cost factors annually and DoD publishes them in a DoD Facilities Pricing Guide. This Pricing Guide can be applied to any facility portfolio that can be mapped to the 447 common facility types.

The cost factors and adjustment factors coupled with the DoD facilities inventory are now used in models to calculate the sustainment, modernization, and operations dollar requirements for every building, structure, and utility system in DoD. Today DoD uses these models to project facility budgets over their six-year budget cycle, provide budget guidance to its organizations, and defend its facility budget requests before Congress and OMB. The DoD Director of Installations Requirements and Management has referred to these R&K models as his "Iron Triangle" for calculating and defending funding requirements of all DoD facilities.

This methodology is completely exportable and can be used by any organization that has an accurate facilities inventory and develops a crosswalk of their facilities to the 447 DoD facility types. R&K accomplished this for the United States Army Corps of Engineers (USACE) Civil Works and the Department of Energy (DoE).



DoD Real Property Classification System