DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAY 15 2015

MEMORANDUM FOR CHAIRMAN, DEFENSE BUSINESS BOARD

SUBJECT: Terms of Reference - Best Practices for Real Property Management

Today, the Department of Defense (DoD) maintains an inventory of real property that is comprised of over 562,000 facilities on more than 4,800 sites located in all 50 states, 7 U.S. territories, and 40 foreign countries. The annual cost to operate and maintain these facilities is estimated at over $30 billion. It is necessary that DoD optimize the use of resources and maximize the dollars available to support missions. The Department's real property inventory and management provides a significant resource opportunity.

To help the Department identify these real property opportunities, I am establishing a Task Group under the Defense Business Board (DBB) to recommend to the DBB for thorough and open deliberation in a noticed, public meeting, those actions the Department should take to significantly reduce the cost of maintaining our real property inventory. The Task Group should consider creative ideas, such as outsourcing services and capabilities not unique to the military mission that would eliminate the need for certain types of facilities. They should also consider mergers and partnerships to realize cost savings and/or create value from underutilized capacity. Specifically, the DBB should:

- Review prior studies and reports conducted by DoD, DoD Advisory groups, Congress, the U.S. Government Accountability Office, the National Academies' Federal Facility Council, and other relevant advisory organizations to identify opportunities for real property savings in management and disposition. Prioritize and categorize the opportunities into:
    - Those that have been studied sufficiently to be readily actionable by the Department.
    - Those that are not readily actionable and require additional information to make specific recommendations.
- Identify any legislative or other barriers that hinder the Department from implementing the recommendations in each of the two categories above.
- For each recommendation, identify the organization(s) and executives within the Department that should be responsible for the prioritization and for the development of the executable implementation plan.
- Review the best practices from the private and public sectors in efficient real property management. Reconcile the results against DoD's legislative requirements or other barriers, resulting in adoptable changes that can be implemented in DoD's real property management processes and information systems. Develop a plan to implement the actions and maintain more efficient management of these assets.

The DBB will provide its findings and recommendations to the Secretary of Defense or the Deputy Secretary of Defense no later than April 21, 2016. The Office of the Deputy Chief Management Officer will serve as the DoD liaison for this project with guidance and technical assistance from the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics.

As a subcommittee of the DBB, and pursuant to the Federal Advisory Committee Act of 1972, the Government in the Sunshine Act of 1976, and other appropriate federal statutes and regulations, this Task Group shall not work independently of the DBB's charter and shall report its recommendations to the full DBB for public deliberation and approval. The Task Group does not have the authority to make decisions on behalf of the DBB, nor can it report directly to any federal representative. The members of the Task Group and the DBB are subject to 18 US Code Section 208, which governs conflicts of interest.