



# **ARMY'S PRIVATIZATION & PARTNERSHIPS PROGRESS REPORT FOR AUSA**

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## PRIVATIZATION AND PARTNERSHIPS

### *Assistant Secretary of the Army (Installations and Environment)*

# THE CASE FOR CHANGE



White House photo by Eric Draper

**“No aspect of our current defense posture is more worrisome than the decline in the standard of living of our Service members and their families which has taken place in recent years. Reversing this trend and improving their quality of life is a principal priority of my Administration.”**

**“We owe you and your families a decent quality of life.”**

**“Without the ability to attract and retain the best men and women the Armed Forces will not be able to do their job.”**

**“... and perhaps most important, we must forge a new compact with war-fighters and those who support them, one that honors their service and understands their needs and encourages them to make national defense a life-long career.”**





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**P&P**  
**VIDEO PRESENTATION**  
**12 Minutes**



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# PRIVATIZATION & PARTNERSHIPS PROGRAM OUTLINE

- Privatization and Partnerships
- Residential Communities Initiative
- Utilities Privatization
- Historic Properties
- Business Initiatives





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# **PRIVATIZATION & PARTNERSHIPS**

## **VISION**

- **Support People, Readiness and Transformation -- by promoting the well being of soldiers and their families, and efficient management operations through privatization and partnership programs**

## **GOALS**

- **Provide better quality housing and desirable communities for our soldiers and their families**
- **Achieve more efficient operations through innovative business practices, partnerships with private industry, and leveraging assets**

## **OBJECTIVES**

- **Create Sustainable Business Partnerships**
- **Privatize Army's military family housing in the U.S.**
- **Privatize all eligible utility systems by 30 September 2005**
- **Seek Public-Private partnerships to support Army historic properties**
- **Support initiatives to create an efficient military by obtaining non-warfighting products / services from private sector where it makes good business sense**



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# **RESIDENTIAL COMMUNITIES INITIATIVE (RCI)**

## **CURRENT PROGRAM -- 26 PROJECTS\***

**72,922 Family Housing Units**  
**~80% of U.S. Owned Inventory**

### **Transferred Operations**

- Fort Carson, CO - 1999
- Fort Hood, TX - 2001
- Fort Lewis, WA - 2002
- Fort Meade, MD - 2002
- Fort Bragg, NC - 2003
- Presidio of Monterey-Naval PS, CA - Oct 2003

### **2003 Solicitations**

- Fort Leonard Wood, MO
- Fort Sam Houston, TX
- Fort Bliss, TX
- Fort Drum, NY
- Fort Monmouth / Picatinny Arsenal, NJ-Carlisle Barracks, PA

### **Awarded CDMP Development -- Transfer Date**

- Fort Stewart-Hunter AAF, GA - Nov 2003
- Fort Campbell, KY - Dec 2003
- Fort Belvoir, VA - Jan 2004
- Fort Irwin-Moffett Fed AF-Cp Parks, CA - Feb 2004
- Forts Eustis-Story, VA - Apr 2004
- Fort Hamilton, NY - May 2004
- Fort Polk, LA - Jun 2004
- Walter R. AMC, DC / Fort Detrick, MD - Aug 2004
- Fort Shafter / Schofield Barracks, HI - Oct 2004

### **2004 Solicitations**

- Fort Benning, GA
- Fort Rucker, AL
- Fort Gordon, GA
- Fort Knox, KY
- Fort Leavenworth, KS
- Redstone Arsenal, AL

\* Walter Reed Army Medical Center / Fort Detrick recently combined into 1 project



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## **RESIDENTIAL COMMUNITIES INITIATIVE PROGRESS SINCE 2002**

- **Awarded 11 more projects for a Total of 15 Projects**
  - Increase in # units -- from 15,727 to 51,763
  - Increase in Initial Development from \$1.2B to \$6.5B
  - Total Program = 26 = ~73,000 units
- **Published Baseline Standards**
- **Implemented Portfolio / Asset Management Program**
- **Executed 1<sup>st</sup> Joint Services project at Presidio of Monterey / Naval Postgraduate School**
- **Established Procurement Source Selection Advisory Council**

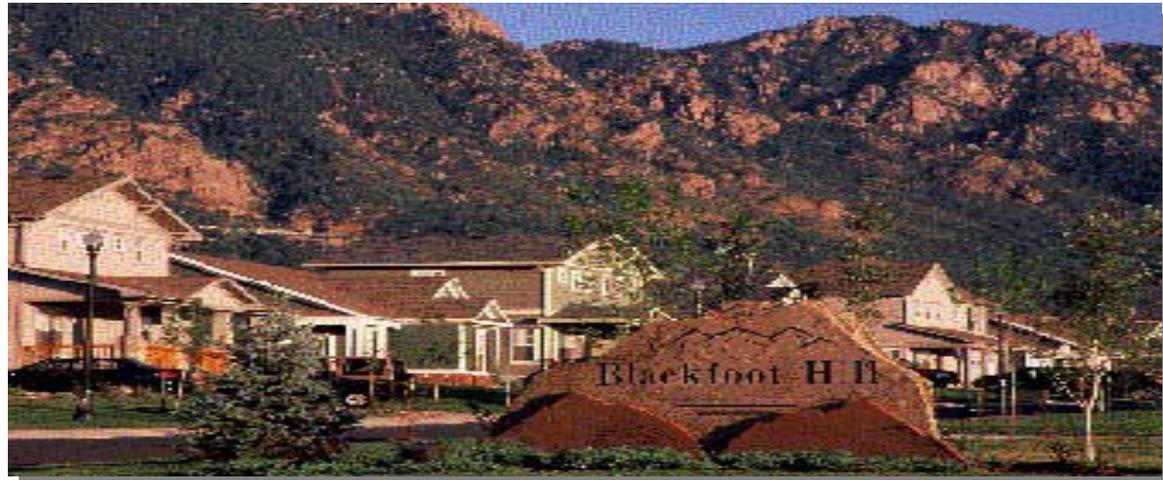
***1<sup>st</sup> 15 Projects: \$291M Govt Investment Provides \$6.5B in Private Initial Dev***



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# RESIDENTIAL COMMUNITIES INITIATIVE FORT CARSON DEVELOPMENT



Government Investment / End Inventory / Transferred To Partner

**\$10.1M**

**2,663**

**Nov 1999**

**STATUS: Out of 840 deficit, 710 built / 130 ongoing; 1,162 renovations completed**



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# **RESIDENTIAL COMMUNITIES INITIATIVE FORT HOOD DEVELOPMENT**



**Government Investment / End Inventory / Transferred To Partner**

**\$52M**

**5,912**

**Oct 2001**

**STATUS: Out of 290 deficit, 200 built / 90 ongoing; 274 replacements ongoing;  
224 renovations completed**



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# **RESIDENTIAL COMMUNITIES INITIATIVE FORT LEWIS DEVELOPMENT**



**Government Investment / End Inventory / Transferred To Partner**

**\$0**

**3,982**

**Apr 2002**

**STATUS: Out of 345 deficit, 200 built; 260 redevelopments ongoing**



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# **RESIDENTIAL COMMUNITIES INITIATIVE FORT MEADE DEVELOPMENT (JR NCO HOUSING)**



**Government Investment / End Inventory / Transferred To Partner**

**\$0**

**3,170**

**May 2002**

**STATUS: Out of 308 deficit, 126 ongoing; 925 upgrades completed**







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# **RESIDENTIAL COMMUNITIES INITIATIVE FORT STEWART / HUNTER AAF RENDERINGS**



**Government Investment / End Inventory / Transfer To Partner**  
**\$37.4M                                      3,702                                      Nov 2003**  
**STATUS: Approved by Congress; In transition to partner**



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## **ASSESSMENT OF RCI**

- **Obtains private expertise / capital to solve housing problems**
- **Shifts focus from "Houses" to "Quality Residential Communities"**
- **Streamlines procurement process**
- **Shows positive results at 1<sup>st</sup> 15 sites**
- **Assures long-term sustainment of adequate housing**
- **Allows for more local (large and small) business participation**
- **Increases well-being of ~73,000 soldiers and their families**
- **Protects our interests with a Portfolio / Asset Management Program**



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# UTILITIES PRIVATIZATION PROGRAM

**Privatization:** Transfer ownership of utility infrastructure and maintenance / repair responsibility to qualified municipal, regional, or private utility entities

**What:** An investment strategy to re-capitalize utilities systems

**Why:** Insufficient funds to keep pace with new technology / laws / regulations

**When:**

DOD -- Upgrade infrastructure to C2 condition by 2010 (Defense Planning Guidance)

Goal -- Privatize by 2005

**Result:** Safe, reliable, efficient utilities services



## PRIVATIZATION AND PARTNERSHIPS

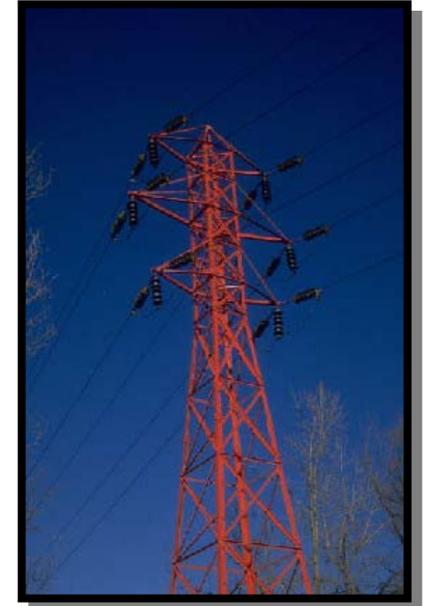
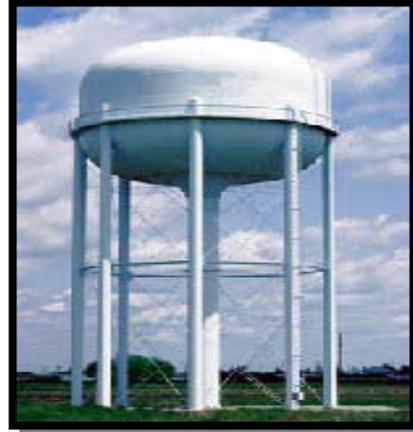
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# UTILITIES PRIVATIZATION STATUS

### Europe:

- 589 systems
- 215 privatized



### US:

- 351 systems (91 electric, 77 natural gas, 93 water, 90 wastewater)
- 83 privatized

#### Privatized:

- FY 90-98: Privatized 31
- FY 99: Privatized 7
- FY 00: Privatized 6
- FY 01: Privatized 8
- FY 02: Privatized 11
- FY 03: Privatized 20

#### Today

Ready for award	5
Negotiating	92
RFP open	7
RFP to be issued	108
Exempt/Uneconomical	30
Deferred	26



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## **UTILITIES PRIVATIZATION STATUS PROGRESS SINCE LAST YEAR**

- **Privatized 20 systems (7 electric, 5 natural gas, 4 water, 4 wastewater)**
- **Implemented standard RFP for utilities privatization**
- **Established Army Utilities Privatization Team**
- **Established Installation Management Agency / Regions**
  - **Assigned UP POCs at each Regional HQ**
  - **Budgeted \$33M in HQDA account for increased cost due to privatization**
- **Establishing Center of Expertise at Defense Energy Support Center**



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## **HISTORIC PROPERTIES / ENHANCED USE LEASING**



***Alternative Method of Delivering Facilities and Services***



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# **PRIVATIZATION & PARTNERSHIPS**

## **HISTORIC PROPERTIES / ENHANCED USE LEASING**

- **Preserve America**

- Executive Order 13287, 3 March 2003
- Improve inventory; build preservation partnerships; support Heritage Tourism

- **Army Community Heritage Partnerships**

- 3 Pilot Installations -- USMA and Forts Leavenworth / Benning
- Helps downtown historic district improve services to Army family
- Links Heritage Tourism potential between community and installation



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# **PRIVATIZATION & PARTNERSHIPS BUSINESS INITIATIVE COUNCIL (BIC)**





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# **PRIVATIZATION & PARTNERSHIPS**

## **DoD BIC INITIATIVES**

- **Property Conveyance for Conservation**
- **Guaranteed Fixed Price Remediation (GFPR)**
- **Allow for Contracting of Security Guards**
- **Provide Adequate Fitness Facilities**
- **DoD Commercial Lodging Management (Army Lodging Success Program)**



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## **ARMY BIC INITIATIVES**

- **Barracks Area Constraints**



- **Army Lodging Wellness Fast Track / Privatization of Army Lodging (PAL)**



***Visit Our website for additional BIC Program Information***  
***<http://www.asafm.army.mil>***



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# PRIVATIZATION & PARTNERSHIPS

## SUMMARY

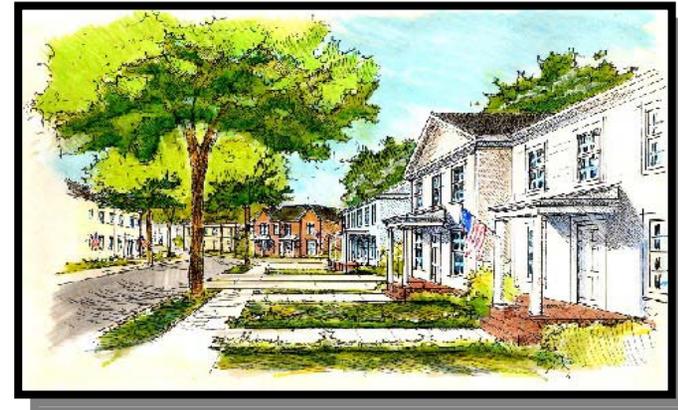
- Our charter is clear -- divest out of non-core functions
- RCI a great example / model

## CONTACTS

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