



RCI, PAL and Army Housing Training

Municipal Services Agreement Reimbursement

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Overview

- **Municipal Services Agreements (MSAs)**
 - Between Army and RCI Partnerships governing provision of services to include (as applicable):
 - Utilities
 - Fire/Police and emergency services
 - Pest Control
 - Other
- **MSAs**
 - Should be reviewed with Army RCI Team / Partner annually
 - Updated as necessary
 - Disputes must be resolved within 90 days or forwarded through chain of command
- **Why is this important?**
 - Non-controllable expenses were 30% of total operating expenses for 2013
 - Per unit utility costs increased 7.2% from 2012 to 2013; per unit utility costs were \$193/occupied unit per month annualized as of 31 Mar 14
 - Army budget challenges have resulted in greater focus on reimbursable expenses



Governing Authority

- **10 USC 2872 (a)**
 - **Mandates that Army is reimbursed for utilities or services provided for privatized housing to include:**
 - Electric power
 - Steam
 - Compressed air
 - Water
 - Sewage and garbage disposal
 - Natural gas
 - Pest control
 - Snow and ice removal
 - Mechanical refrigeration
 - Telecommunications service
 - Firefighting and fire protection services
 - Police Protection Services
- **MSAs**
- **Ground Lease**
- **ASA IEE memo: Utility and Services Reimbursement Policy for RCI and PAL partnerships – Policy Memorandum #5 dated 26 November 2012**
- **DASA (IH&P) Reimbursement Policy for Emergency Services Provided to RCI and PAL Partnerships Policy Memorandum #6 dated 9 Dec 13 and clarification to policy dated 3 Jul 14**



Utilities Reimbursement

- **Utility Reimbursement**
 - Starting point is the agreed to MSA
 - Should meet requirements detailed in the policy guidance
- **Costs will include:**
 - Actual commodity usage costs
 - Incremental costs incurred for operations and maintenance and sustainment
 - Capital investments and repair and restoration upgrades required outside of RCI and PAL points of demarcation will not be billed to RCI and PAL projects
 - Capital projects initiated solely to meet an RCI or PAL requirement shall have cost billed to the RCI or PAL project
- **Incremental Cost Definition:**
 - Cost of resources directly consumed by an individual activity that would not have been consumed if the individual activity did not require them, or a cost that is specifically identified with a single cost object



Case Study #1



Emergency Services Reimbursement

What is Reimbursable by RCI Projects

- **Reimbursement only for:**
 - **Incremental Costs:** Cost of resources directly consumed by an individual activity that would not have been consumed if the individual activity did not require them, or a cost that is specifically identified with a single cost object
 - **Costs reimbursed only for those man-hours required exclusively for the project**
 - **Measurable and segregable on a reasonable and auditable basis**
 - **Services provided during special events specific to housing or put on by RCI project for the primary benefit of its residents (e.g. Halloween, neighborhood parties)**



Emergency Services Reimbursement

What is NOT Reimbursable by RCI Projects

- Calculations will not be made using square feet as the denominator (pro-rata share)
- Capital costs – (fire/police stations, cars, trucks, paramedic vans, etc.)
- Costs associated with airfield or range protection
- Army will not seek reimbursement for salaries paid to uniformed Military Police or Military Firefighters
- Access control points and security personnel
- Administration expenses including 911 call centers
- Costs associated with child development centers
- Costs associated with on-post schools
- Animal control services
- Traffic violations and control
- Installation access passes
- Non-dedicated housing patrols
- Civilian weapons management
- Suicide prevention
- Fire prevention inspections
- Sporting event support (where FMWRC or Army involvement is included)



Case Study #2



Summary

- **MSAs need to be reviewed and updated annually**
- **Process to set rates should include the RCI Partner and the Asset Management Team; discussions should be early and often in the process**
 - **Original rates and methodology are a starting point**
- **ACSIM can provide overall guidance, but up to the installation level to work out**
- **Reminder that if rates cannot be agreed to with all parties within 90 days dispute should be elevated through command channels to ACSIM PPD**



Open Discussion of Challenges/Questions

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