



Office of the Assistant Secretary of the Army
Installations and Environment

American Engineering Association Seminar 2006

ODASA
Privatization and Partnerships
Overview

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(Privatization and Partnerships)



Privatization & Partnerships

INSTALLATIONS AS FLAGSHIPS

Enhance installation ability to project power and support Soldiers, families and civilians

- Residential Communities Initiative (RCI)
- Privatization of Army Lodging (PAL)
- UPH RCI Privatization Initiative
- Utilities Privatization
- Historic Properties
- Business Initiatives



Community Center Sketch
Picome Military Housing
Fort Bragg, North Carolina





RCI Overview

VISION – Quality residential communities for military families

GOAL – Eliminate inadequate Army Family Housing in the U.S. in conjunction with Military Construction and Basic Allowance for Housing increases while Providing Superior Customer Service and Amenities

OBJECTIVES

- Eliminate revitalization backlog
- Reduce deficits
- Sustain adequate housing
- Foster sense of community
- Establish collaborative partnerships
- Leverage private sector expertise, creativity, innovation, capital
- Establish incentive based fees
- Utilitize local businesses
- Protect Army / Soldier interests with a Portfolio & Asset Management program





RCI Scope / Installations

RCI PROGRAM -- 45 INSTALLATIONS

33 Installations (25 Projects) Transferred (72,825 Houses)

- Ft Carson, CO - Nov 1999
- Ft Hood, TX - Oct 2001
- Ft Lewis, WA - Apr 2002
- Ft Meade, MD - May 2002
- Ft Bragg, NC - Aug 2003
- Pres of Mont-NPS, CA - Oct 2003
- Ft Stewart-Hunter AAF, GA - Nov 2003
- Ft Campbell, KY - Dec 2003
- Ft Belvoir, VA - Dec 2003
- Ft Irwin-Moffett FAF-Parks RFTA, CA - Mar 2004
- Ft Hamilton, NY - Jun 2004
- Walter Reed AMC, DC / Ft Detrick, MD - Jul 2004
- Ft Polk, LA - Sep 2004
- Ft Shafter / Schofield Brks, HI - Oct 2004
- Fts Eustis-Story, VA - Dec 2004
- Ft Leonard Wood, MO - Mar 2005
- Ft Sam Houston, TX - Mar 2005
- Ft Drum, NY - May 2005
- Ft Bliss, TX-White Sands MR, NM - Jul 2005
- Ft Benning, GA - Jan 2006
- Ft Leavenworth, KS - Mar 2006
- Ft Rucker, AL - Apr 2006
- Carlisle Brks, PA-Picatiny Ars, NJ - May 2006
- Ft Gordon, GA - May 2006
- Ft Riley, KS - Jul 2006

- 86,348 Houses; 92% of Army Family Housing in U.S.
- 1st 33 Installations -- \$986M Govt Equity = \$9.8B Initial Development (10 to 1 leverage; OSD goal is ≥ 3 to 1)

2 Installations (2 Projects) Awarded (2,757) - Est Transfer

- Redstone Arsenal, AL - Oct 2006
- Ft Knox, KY - Jan 2007

10 Installations (8 Projects) In Solicitation or Under Development - Est Transfer (10,766)

- Ft Lee, VA - Sep 2007
- West Point, NY - Mar 2008
- Ft Jackson, SC - Sep 2008
- Ft Sill, OK - Nov 2008
- Fts Wainwright-Greely, AK - Jan 2009
- Ft Huachuca-Yuma PG, AZ - Apr 2009
- Aberdeen PG, MD - Aug 2009
- Ft Richardson, AK - Mar 2010



RCI Program

RCI IS NOT BUSINESS AS USUAL

- Privatization is "unique business relationship" between Army and private sector and it directly supports the Army Strategic Plan
- RCI DOES NOT follow TRADITIONAL decision making process
- Army involvement is NOW Oversight, NOT Execution
- Garrison Commander is Secretary of the Army's Representative in the management of the project
- ASA(I&E) centrally controls MAJOR business management decisions and oversight through a Portfolio & Asset Management process



RCI Portfolio & Asset Management (PAM)

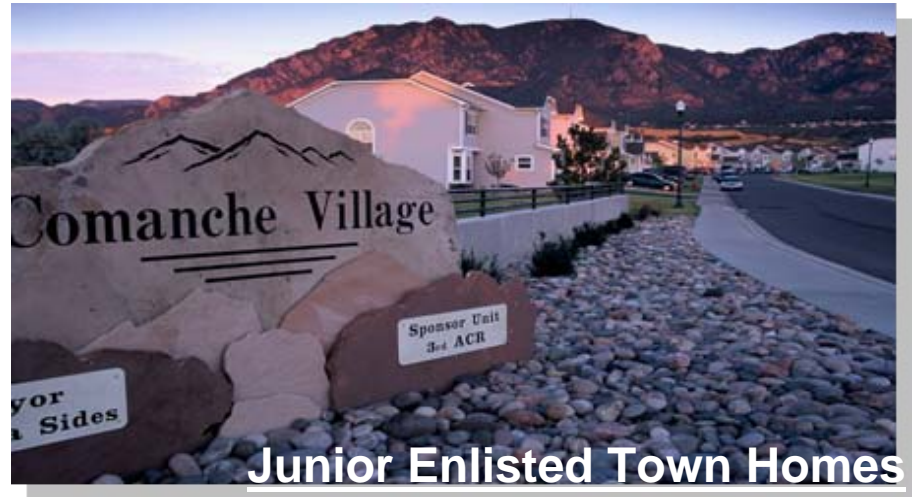
HOW 50-YEAR OVERSIGHT IS PROVIDED

- **86,348-house portfolio:**
 - Is comparable to largest publicly traded residential companies
 - RCI Includes \$10B in development 1st 10 years; annual portfolio income of \$1.4B
- **Program designed to:**
 - Monitor health of RCI Portfolio; solve problems before they occur or grow
 - Report to all stakeholders on program / projects for next 50+ years
- **PAM includes:**
 - Asset Management – Project oversight -- Installation Level
 - Portfolio Management -- Oversight / protection -- HQDA Level
- **Portfolio Performance Metrics:**
 - Corresponds to the 3 major components of the project's business plan and legal agreements – Finance, Development and Operations / Property Mgt



RCI Results at Fort Carson

BEFORE / AFTER



Junior Enlisted Town Homes



Senior NCOs



RCI Results at Fort Hood

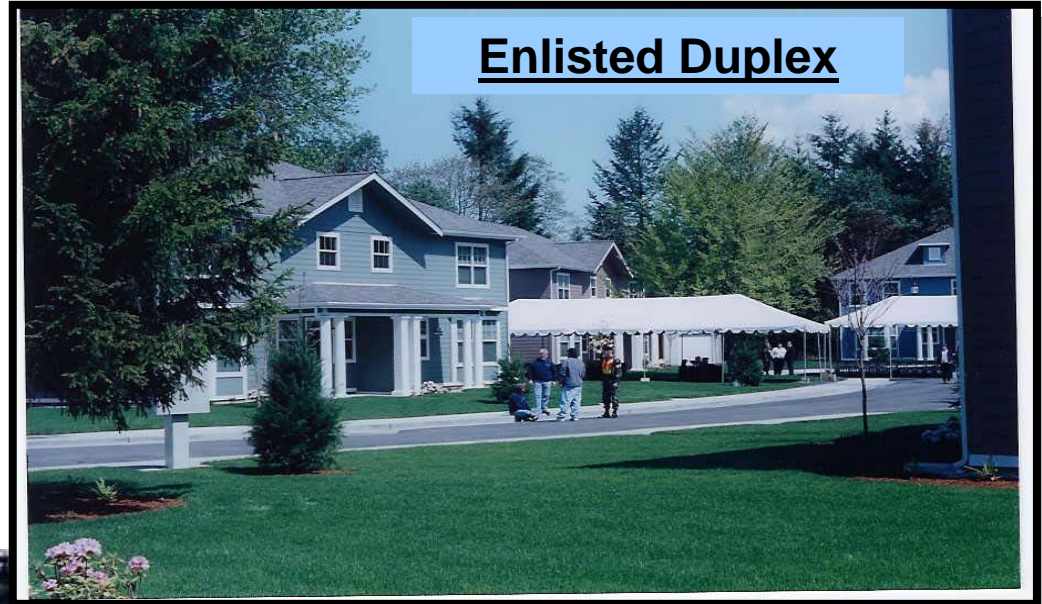
BEFORE / AFTER





RCI Results at Fort Lewis

BEFORE / AFTER





RCI Results at Fort Bragg

BEFORE / AFTER

Junior Enlisted



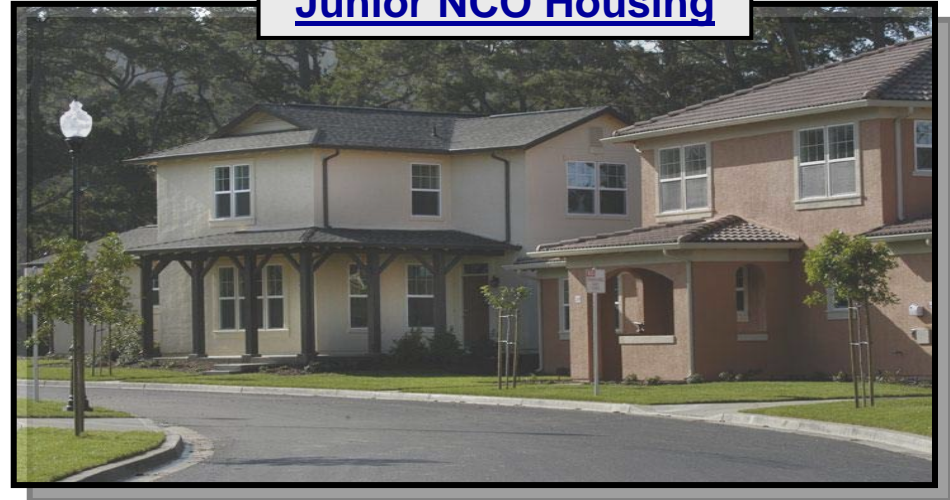


RCI at PoM / Naval PS

BEFORE / AFTER



Junior NCO Housing





RCI Results at Fort Campbell

BEFORE / AFTER



Boundless Playground



Junior Enlisted Duplexes



Community Center



RCI Results at Fort Belvoir

URBAN COMMUNITY



Connecting Homes with Retail

- Starbucks / Convenience Store
- Day Spa / Nail & Beauty Shops
- Barber Shop
- Sports Memorabilia
- Cigar Shop
- Watch Repair & Engraving
- Home Decor

Ft. Belvoir Family Housing
Phase 1
November 18, 2005



RCI Results at Fort Hamilton



Apartment Modular Construction

- From foundation to in-factory work to on-site installation
- Faster, at less expense, and with better quality work / control



RCI Results in Hawaii

RIBBON-CUTTING CEREMONY JUNIOR ENLISTED DUPLEXES





Why RCI is Successful

RCI PROGRAM HIGHLIGHTS

- Strong Army leadership support
- Streamlined organization and decision making
- Organization located in the Army Secretariat
- Direct access to Congress, OMB, OSD, Secretariat, other Federal Agencies, financial / real estate markets, local / state governments
- Designing Sustainable Communities (not just building housing)
- As of Jun 06, 62% of subcontracts to small / disadvantaged businesses
- Partnerships, not Contracts
- Outstanding government and consultant team
- Extensive Soldier and family involvement



Privatization of Army Lodging (PAL)

PAL OVERVIEW

- **The Army operates over 17,000 lodging rooms in the Continental United States, Alaska and Hawaii**
- **Installation lodging facilities suffer from chronic under-funding**
- **PAL seeks to revitalize installation transient lodging through partnerships with the private sector**
- **PAL is consistent with Leadership direction to transfer non-core functions to the private sector**



Privatization of Army Lodging (PAL)

PAL PROGRAM STATUS

- **PAL Phase I – Group A (4,112 rooms currently in operation)**
- **Group A includes lodging operations at 13 locations**
 - Redstone Arsenal and Fort Rucker, Alabama
 - Yuma Proving Ground, Arizona
 - Tripler Army Medical Center / Fort Shafter, Hawaii
 - Forts Leavenworth and Riley, Kansas
 - Fort Polk, Louisiana
 - Fort Sill, Oklahoma
 - Forts Hood and Sam Houston, Texas
 - Forts Myer / McNair, Virginia / Washington D.C.
- **Selection of developer for Group A is expected late September 2006 and transfer of operations estimated in late 2007**
- **PAL Phases II and III**
 - Transfers of Phases II & III are estimated for late 2008 and 2009, respectively



UPH Privatization Initiative

UNACCOMPANIED PERSONNEL HOUSING (UPH) PRIVATIZATION PROJECTS

1 EXECUTED; 1 APPROVED; 3 IN DEVELOPMENT

- 2004, Ft Irwin RCI project included 200 SFC-above apartments for single Soldiers – construction started May 2006
- 2006, SSGs-above single Soldier apartment complex at Ft Drum approved by Army / OSD / OMB / Congress
- 2006, 3 projects for SSGs-above at Fts Bragg (408 apartments), Bliss (290) and Stewart (262) in development



Utilities Privatization (UP)

UP PROGRAM UPDATE

United States:

- 351 Systems
- 269 Completed
 - 111 Privatized
 - 158 Exempted
- 82 Underway

Japan and Korea:

- 128 Systems
- All 128 Exempted

Europe:

- 589 Systems
- 320 Privatized





Historic Properties and Partnerships

OFFICE OF HISTORIC PROPERTIES

Historic Properties

- 14,000 properties listed on or eligible; 20,000 more coming of age
- Seeking available facilities to offer to the private sector



Reuse Opportunities

- Fort Bliss, TX: William Beaumont Historic Hospital District; 93 Acres / 39 Buildings
- Fort Sam Houston, TX: Brooke AMC; 500,000 S.F.
- Walter Reed AMC, DC: 200,000 S.F.

Army-Community Heritage Partnerships

Preserve America Executive Order Page 1 of 1



Home

Preserve America is a White House initiative in cooperation with the Advisory Council on Historic Preservation, the U.S. Department of the Interior, and the U.S. Department of Commerce.



Promote heritage tourism potential and improve downtown historic district vitality to provide desirable services to Army active duty, civilians, dependents, retirees and visitors

Locations:

- USMA & Highland Falls, NY
- Ft Leavenworth & Leavenworth, KS
- Ft Benning & Columbus, GA
- Ft Huachuca & Sierra Vista, AZ
- Carlisle Barracks & Carlisle, PA
- Ft Riley & Junction City, KS
- Ft Bragg & Fayetteville, NC
- Ft Lee & Petersburg, VA



Municipal Services Partnerships

MUNICIPAL SERVICES -- OVERVIEW

- **FY 05 National Defense Authorization ACT (P.L. 108-375, Sec. 325), authorizes the Army to contract municipal services to a municipality or county Government at two pilot sites**
- **Authorized Services:**
 - Refuse collection
 - Refuse disposal
 - Library services
 - Recreation services
 - Facility maintenance and repair
 - Utilities
- **Pilot Sites -- Fort Gordon, GA and Fort Huachuca, AZ**



The Installations Environment Post-BRAC



"This one is for converting a military base into a crafts center."



Privatization & Partnerships Summary

SUMMARY

- Program mission and objectives remain steadfast
- Evolving approaches to maintain exceptional performance realized to date

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