



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

MEMORANDUM FOR ALMAJCOM/CONTRACTING OFFICES

18 FEB 1999

FROM: SAF/AQC
1060 Air Force Pentagon
Washington, DC 20330-1060

SUBJECT: Air Force Utilities Privatization Program

The Air Force is embarking on a series of dramatic changes to privatize its utility systems. Defense Reform Initiative Directive (DRID) #49 was signed by the Deputy Secretary of Defense on 23 Dec 98, formally establishing milestones for DoD utility privatization. Air Force "go/no-go" decisions on individual utility systems must be made by 30 Sep 00 and all requests for proposals must be ready for solicitation NLT 30 Sep 01. All privatization actions must be completed by 30 Sep 03. Contracting will play a key role in meeting these milestones and I urge you to partner with your civil engineers early on to understand the process and dynamics of privatizing utility systems.

The Air Force is currently conducting pilot studies at Scott AFB, Langley AFB, Hill AFB and Edwards AFB. These pilot programs are designed to test and validate processes the Air Force would employ at other installations. The Air Force has also entered into an agreement with the Defense Energy Support Center (DESC) to test the feasibility of privatizing utility systems on a regional basis. Under this agreement, DESC will partner with the Air Force, with Air Education and Training Command as the executive agent, to assess and, if possible, privatize the utility systems at Brooks AFB, Lackland AFB, Laughlin AFB, Goodfellow AFB, Sheppard AFB, Randolph AFB and Dyess AFB. Under this agreement, DESC will provide the contract support to execute a deal(s) including issuing the RFP, managing the source selection and developing the execution documents.

When requested, DESC can provide a dedicated contracting team to execute a utility privatization transaction and leveraging their capability should be considered in order to accomplish the privatization projects within your MAJCOM. Attachment 1 details the Air Force execution plan for privatizing utilities. The plan identifies installations and systems that will be assessed to determine economic viability for privatization and operational security impacts---there are no other exemptions. The plan takes into consideration the Secretary of the Air Force's desire to assess systems in the southeast region early in the program, completion of on-going efforts and consolidation of systems at installation, state or service region and, to the extent possible, MAJCOM desires.

Our point of contact for utilities privatization matters is Ms. Sandra Garland, SAF/AQCO, DSN 425-7030. DESC points of contact are Ms. Sharon Murphy, (703) 767-8572, or Mr. Kevin Ahern, (703) 767-8798. Your MAJCOM/CE has additional program details available for your review.


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Deputy Assistant Secretary (Contracting)