



UNDER SECRETARY OF THE AIR FORCE
WASHINGTON

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MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Air Force Utilities Privatization Program

The Air Force is at a critical point in its effort to privatize utility systems. We are committed to accomplishing this Department of Defense initiative in a measured, balanced, and accountable manner. The program is currently transitioning from the planning phase into the execution phase.

To oversee this program's execution, I have appointed Mr. Ronald L. Orr, Assistant Deputy Chief of Staff for Installations and Logistics as my program champion. I am also instituting a Senior Steering Group (SSG), chaired by Mr. Orr, to track program progress. Request your leadership and support in expediting solutions to the contractual, legal, and financial challenges we will face as we begin privatizing our utility systems.

We have prepared a list of the SSG roles and responsibilities and draw your attention to those key items extracted from Section 2 of the United States Air Force Utilities Privatization Policy and Guidance, dated October 1998. A strong commitment to these responsibilities is necessary to ensure our program remains "measured, balanced, and accountable."

Together, our combined efforts will allow us to count utility privatization among the early Air Force successes in reengineering government as we enter the new millennium.

Carol DiSantoro

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UTILITIES PRIVATIZATION ROLES AND RESPONSIBILITIES

PURPOSE: To provide program managers at all levels of the Air Force with a review of the roles and responsibilities in the privatization of utility systems

DISCUSSION:

- Senior Steering Group
 - Focus: The Senior Steering Group (SSG) for utilities privatization will track program status with a focus on key trigger points and attention to programmatic issues
 - Key Trigger Points: The execution of OSD and AF milestones within the AF utilities privatization program will be tracked as key trigger points. SSG members will assign action items as required to maintain progress towards execution
 - SSG Membership and Roles and Responsibilities:
 - AF/IL-2: SSG Chair and Air Force Utilities Privatization Program "Champion"
 - SAF/AQ: Resolve acquisition/contracting issues
 - SAF/FM: Resolve budgeting issues
 - SAF/GC: Resolve legal challenges to privatization
 - SAF/MI: Resolve real property/personal property transfer issues
 - AF/ILE: SSG vice-chair -- serves as program technical advisor and sponsor for MAJCOM execution
 - SSG support is provided by the Air Force Utilities Privatization - Integrated Process Team
- Air Staff Utilities Privatization - Integrated Process Team Membership, Roles and Responsibilities have been well defined in Section 2 of the *United States Air Force Utilities Privatization Policy and Guidance Manual*, October 1998. An excerpt of these roles is provided:
 - Competitive Sourcing and Privatization Division (HQ USAF/ILED)
 - Engineering (HQ USAF/ILEC): Conducts corporate reviews and coordinates policy for Military Construction (MILCON) level programming, design, and construction associated with privatization projects. As an example, ILEC is critical to the execution of privatization efforts of the wastewater system at Schriever AFB, CO

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- Environmental (HQ USAF/ILEV): Coordinates environmental policy regarding the implementation of utility privatization projects.
 - ILEV was critical to the refinement of environmental actions necessary during privatization. Developing a category exclusion (CATEX)
- Operations (HQ USAF/ILEO): Evaluates operations cost impacts of proposed privatization projects
- Readiness (HQ USAF/ILEX): New Air Staff Directorate, taking on the work force, manpower, and readiness impacts of proposed privatization projects from ILEO
- Programs (HQ USAF/ILEP): Advocate for HQ USAF/ILE Program Objective Memorandum (POM) initiatives for privatization
- Air Force Civil Engineer Support Agency (HQ AFCESA): Functions as program facilitator by providing technical engineering and privatization expertise and contracting support to HQ USAF/ILE. MAJCOMs and installations
 - Reviewing readiness and unique security requirements
 - Outlining "road maps" for special projects by developing Program Management Plans (PMPs)
 - Executing contract support for program requirements and project analyses
 - Participating in installation site visits
 - Providing technical guidance and assistance in preparing and reviewing technical reports, briefings, and other program documentation
 - Providing advice on utility rates and legal service
 - Assisting negotiation of real estate and utility contracts
 - Providing assistance/advice to commands/bases during the source selection process
- Air Force Center for Environmental Excellence (HQ AFCEE): Provides technical and contractual support to HQ USAF/ILE for any required environmental baseline studies (EBS) and regulatory compliance requirements
 - Provides assistance/advice to commands/bases during the source selection process
- Air Force Real Estate Agency (HQ AFREA): Acquires, manages, and disposes of all Air Force-controlled real property. Specifically, HQ AFREA is responsible for the following:
 - Obtaining necessary approvals from the SAF and Congress for all major land disposals
 - Reviewing out-grants regarding the use of Air Force real property

- Budget and Cost (SAF/FMB)
 - Reviewing and approving programming documents
 - Ensure adequate funding is in program and migrated to MAJCOMS to support directed UP
 - Providing appropriate congressional notifications
- Cost and Economics (SAF/FMC)
 - Establishes policy and procedures for economic analysis
- Acquisition (SAF/AQ)
 - Providing acquisition policy guidance for all privatization contracts governed by the Federal Acquisition Regulation (FAR)
 - Processing any changes or deviations to the FAR
- Installations (SAF/MII): Efforts based on the size of the solicitation (most are at the wing level)
 - Approving overall policy for privatization
 - Approving the business arrangement, or "deal" before congressional notification
 - Approving real property arrangements before award
 - Reviewing, approving, signing, and forwarding project award notifications to the appropriate congressional authorization committees
 - Ensuring interim usage, or the transfer of ownership, of real property will not interfere with the objective of the Air Force or the Department of Defense
- Legal (SAF/GCN and AFLSA)
 - Provide authoritative legal guidance on all legal issues
- Public Affairs (SAF/PA)
- Major Commands
 - Assist Air Staff in identifying unique security requirements that will preclude privatization of particular utility systems
 - Serve as the link between individual bases and Air Staff functions (i.e., AFCEE, AFCESA, Pentagon, etc.) or outside agencies.
 - Assist/advise bases during source selection process
 - Assist installations in screening projects for privatization feasibility

- Support site visits, and developing and submitting project documents
- Assist in developing the RFP and source selection criteria
- Tracking the RFP, proposal, and source selection processes
- Identifying, programming, and budgeting utility privatization support
- Establishing and directing a MAJCOM utilities privatization management team that includes professionals from contracting, real property, financial analysis, environmental, engineering, legal, and other specialties required for privatization analyses
- Assessing the mission impact of privatizing utility systems on a case-by-case basis
- Reviewing/Approving the Preliminary, Draft, and Final Economic Analysis
- Initiating and maintaining communications with the affected employees, unions, local community, local elected officials, regulators, and MAJCOM
- Installation/Wing Commanders
 - Serve as Source Selection Authority
 - Support the SAF with revalidating readiness impacts that might affect privatization
 - Support the SAF with revalidating unique security requirements that might affect privatization
 - *Prepare the Project Plan*
 - Assess the feasibility of utilities privatization using the process described in this policy and guidance
 - Support any Environmental Impact Analysis Process (EIAP) assessment of the environmental impacts of the privatization of utilities or categorical exclusion, as required
 - Prepare installation real estate documents from draft real estate documents, including legal descriptions and appraisals if appropriate
 - Prepare EBS as required by contract language under privatization
 - Initiate/man and manage the acquisition process
 - Award the resulting utility service contract and provide post award project quality assurance and contract administration
 - Review the Preliminary, Draft, and Final Economic Analyses
 - Establish installation privatization team members
 - Establish budgets requirements in support of UP