

Appendix G: SPECIAL ISSUES

1. **Reversionary Statements:**

Once the system is turned over to the new owner, the Air Force has no reversionary interest in the utility privatization process. We can retain a right of first refusal, in the bill of sale, if the new owner later decides to offer the system for sale to someone else.

2. **Training & Manpower:**

Retaining government ownership of a utility system on an installation, solely for wartime training, does not constitute a valid reason to exempt that system from privatization. However, training on core tasks (those tasks tied directly to wartime and/or contingency mission accomplishment) is a military requirement and maintaining utility systems is a direct avenue to receive that training. Should a system be privatized, costs of accomplishing that (lost) critical training must be factored into the analysis. Training may be accomplished through various avenues such as agreements with the utility owner, contractor provided training, established formal training, mock-up systems, and/or use of AFRC Specialty Training Locations and ANG home station training sites. As in any military training program, strong consideration must be given to a standardized training regimen that meets the needs of the CE Community and maintains stringent AF guidelines on training and certification of that training. Any increased cost associated with developing alternate training methods should be included in the EA and must be factored into any final privatization directives. The decision to exempt a system is dependent on the wartime manpower requirements and the military/civilian mix at the respective installation. In general, the decision process is: If a unit does not have a wartime mission, the peacetime workforce should be civil service or contract, and utility systems should be privatized where economically feasible. If a unit does have a wartime mission, the peacetime workforce should be composed of civil service, contract, and enough military to meet the wartime mission. Utility systems on these installations should be privatized where economically feasible and where doing so would not reduce the military manpower below the wartime requirement. If privatizing the utility system takes the military electrical manpower below the core UTC threshold, that system may be exempted. If manpower does not go below the UTC requirement, the utility system is not exempt. If a non-exempt system is subsequently privatized, a condition may exist where the unit has a military training requirement for military with no electrical distribution system on which to train. Wartime task proficiency and training is a critical readiness issue and can be pursued through the other avenues mentioned above.

3. **A-76 Deconfliction:**

- a. As a result of DRID #49, the Air Force's accelerated privatization program now overlaps current and future Air Force A-76 actions. AF/XPMS memorandum, dated 7 Jan 99, recommended ALMAJCOM/XP/CE to cancel or hold in abeyance specific A-76 actions regarding utility systems pending the results of privatization feasibility

analysis. After HQ USAF has received and analyzed all responses, MAJCOMs will be notified specifically which of their A-76 studies have been approved for cancellation or abeyance. Until that time, MAJCOMs should proceed with all A-76 studies as planned. The memorandum included a list of utility A-76 projects affected and provides guidelines for deconflicting utilities A-76 studies with the Air Force Utilities Privatization Program as follows:

- b. A shift from A-76 to privatization will not drive a dollar or end-strength bill for the MAJCOM.
- c. Cancel all started and defer (until privatization determination is made) all future stand-alone utility A-76 projects.
- d. Separate and exclude the four utility systems (electric, water, wastewater and natural gas) from all A-76 BOS studies prior to releasing the RFP. Four installations with pending A-76 awards were excluded from this requirement (Tinker, MacDill, Eglin and Maxwell AFBs), but privatization analyses will be completed and transfer, where appropriate, will occur at an appropriate break point.

4. **Future Projects:**

Unless a system was exempted from privatization due to readiness impacts, any future requirements for MILCON, repair, maintenance and minor construction projects (operations and maintenance or environmental) planned and programmed for utility systems must fully demonstrate why such requirements must be accomplished prior to privatization rather than accomplished as part of a privatization effort. All program requests for utility systems must state that privatization was considered and justify specific reason(s) for exclusion.

5. **Environmental Requirements:**

- a. **Conducting Environmental Baseline Surveys in Exclusive Use Areas** - Current practice is to use a right-of-way for the entire utility system in place of any long-term leases. Those areas that are subject to exclusive use under the standard right-of-way (such as plants or significant substations) an EBS may be required. These EBSs will be conducted after the sale and managed as negotiated between the Air Force and the purchaser.
- b. **Conducting Environmental Baseline Surveys in Non-Exclusive Use Areas:** For those areas that are subject to non-exclusive use under the standard right-of-way, an EBS is not required.
- c. **Environmental Impact Analysis Process (EIAP):** Each installation will annotate the categorical exclusion (CATEX) on an AF Form 813 to document completion of the EIAP. Air Staff requested each MAJCOM submit a listing of all projects not eligible for a CATEX, with a brief explanation why a CATEX does not apply. Each

MAJCOM has indicated that a CATEX will be used for their utility systems. This applies to FY 99 and FY00 base per ILE memo dated 20 Jan 00.

6. Funds to Facilitate Privatization:

In lieu of carrying out a military construction project to construct, repair, or replace a utility system, the Secretary of the Air Force may use funds authorized and appropriated for the project to facilitate the conveyance of the utility system. These funds shall be a contribution toward the cost of construction, repair, or replacement of the utility system by the entity to which the utility system is being conveyed. Any such contribution must be included in the EA.

7. Source Selection Costs

A proposal was made for a second center of excellence to complement and be co-located with the technical center of excellence at the Air Force Civil Engineer Support Agency (AFCESA), Tyndall AFB, FL. Together, they could provide centralized technical and contracting expertise for program execution. The AF Utilities Privatization Integrated Process Team (AF IPT) reviewed the proposal. Rather than funding this initiative, four alternative options are offered to the MAJCOMs to be funded internally:

- a. MAJCOMs conduct the acquisition with base and MAJCOM personnel as currently defined in the Policy and Guidance;
- b. MAJCOMs conduct the acquisition with DESC as their contracting service agent (under this approach, travel for base personnel is limited and eliminates most of the AF, MAJCOM, and base TDY support costs);
- c. MAJCOMs execute using AF Reserve personnel. AF/RE indicates that Reserve personnel are available to support this effort;
- d. MAJCOM fund their proposal with MAJCOM resources

8. Source Selection General:

- a. **Evaluation Factors Guide:** AFCESA worked with a team that included representation from HQ AETC/LGC, HQ AETC/CEOG, 325 CONS, DESC, and HQ ACC/CE to create an extensive Source Selection Evaluation Factors Guide. This Guide was developed to assist SSET members evaluate offerors' proposals submitted in response to RFP for Utility Privatization. The Guide closely parallels Section M, Evaluation Factors for Award, of the Air Force Utilities Privatization standard competitive RFP template, which outlines the basis for contract award.
- b. **Electronic Tool:** DESC uses IDS automated source selection service to automate and streamline their Utility Privatization Program Office acquisition and source selection processes. In addition to an application service access, support also includes application set-up and configuration, review and validation of all supporting

acquisition-related documentation, user training, maintenance, and help-desk support. DESC has approximately 30 source selections to accomplish, with a high end estimate of \$20,000 per acquisition, which would equate to roughly \$600,000 total support. This software is optional for non-DESC contracted actions if Air Force or MAJCOM Contracting directorates approve.

9. RFP Template Deviations:

SAF/AQCO has approved a standard RFP Template to streamline the review process for Air Force contract actions under utilities privatization. A separate template has also been approved for DESC managed utilities privatization actions. Substantive changes to an approved template must be identified in a cover letter and addressed to SAF/AQCO. The definition of an RFP template deviation is as follows:

- a. “Any substantive changes (i.e., changes other than filling in the blanks, formatting, corrections, and incorporation of base/utility system specific information in section J Attachments) to the SAF approved RFP template, ROW Instrument, and/or Bill of Sale.”
- b. Requests shall be forwarded to the Air Force Utilities Privatization IPT for review and approval prior to issuance of any final RFP.

10. Bundling:

The solicitation will allow various options by offerors to obtain the best value for the Air Force, such as allowing offers for independent systems or, conversely, bundled utility systems. Regardless of the offeror’s proposal, each utility system must stand alone on its own economic merit for purposes of the statutorily required EA. To be a viable proposal, the EA for each utility system must indicate that the privatization cost of each utility system is less than the adjusted status quo cost of the Government.

11. Back Up Generators:

The Air Force will retain backup generators on our facilities. We will not retain a backup generator that is an intrinsic asset to the system we are conveying (for example, backup generator to a wastewater treatment plant or lift station). Utility providers have disaster response plans and our subsequent service contracts must include an agreement on emergency response and mutual support in cases of national disaster. Included in the Utility Provider plans should be a program of regular maintenance and operation of the utility provider’s backup generators.

12. Contractor Involvement in Exercise Scenarios:

From the RFP, Exercises and Crisis Situations Requiring Utility Support, the Contractor shall respond to installation emergency and crisis situations (i.e., hostage situations, bomb threats, etc.) and exercises for emergency and crisis situations that require utility support. The Contractor shall respond to these events as emergency service calls and respond to the emergency situation with qualified personnel and equipment as soon as possible after notification during normal duty hours. In no case will response be longer than those requirements listed in the RFP, *Emergency Service Requests*. The Contractor shall advise and assist the on-scene commander until the event is terminated.

13. POM Guidance:

Refer to the ILE memorandum, dated 17 Feb 00, Programming and Funding Policy for Utilities Privatization.

14. Joint Project Process:

For projects that include joint efforts (for example, the Texas Regional Demonstration), the approval package paperwork will be largely the same. Each utility system divested should use the real estate document or documents of the Military Department that has real property accountability for the land. The owner of the utility system is not determinative; the "owner" of the land is the controlling factor. Since the ROW can not be separated from the conveyance authority, the owner of the real property (pipes & wires) must first transfer the real property to the Agency which "owns" the real estate (land) and is executing the conveyance under 10 USC § 2688.

- a. Per 10 USC § 2688, each Military Department will have to provide its own report to Congress for any system it is selling, even if the action is a joint one. The statute doesn't provide for a joint program, nor is one necessary; joint efforts are OSD initiatives. The reporting requirement is specific to each utility system, not to groups of utility systems. In lieu of reporting directly to Congress, OSD has requested that all reports be routed through them.
- b. An important area for interface is during the solicitation/evaluation process. It is at that time that we need to ensure there is a single activity doing the work, although the effort should certainly include representatives from each participating service. It is recommend that the participating Services simply agree that the solicitation/evaluation process be performed with representatives of each party participating. It must be clearly understood that the value of one Service's utility system is not going to be traded off to compensate for another Service's system and that the actual source selection decision for a particular Service must be approved by that Service.