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Office of the Assistant Secretary of the Army
Installations and Environment

Privatization and Partnerships Program Update

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(Privatization and Partnerships)**



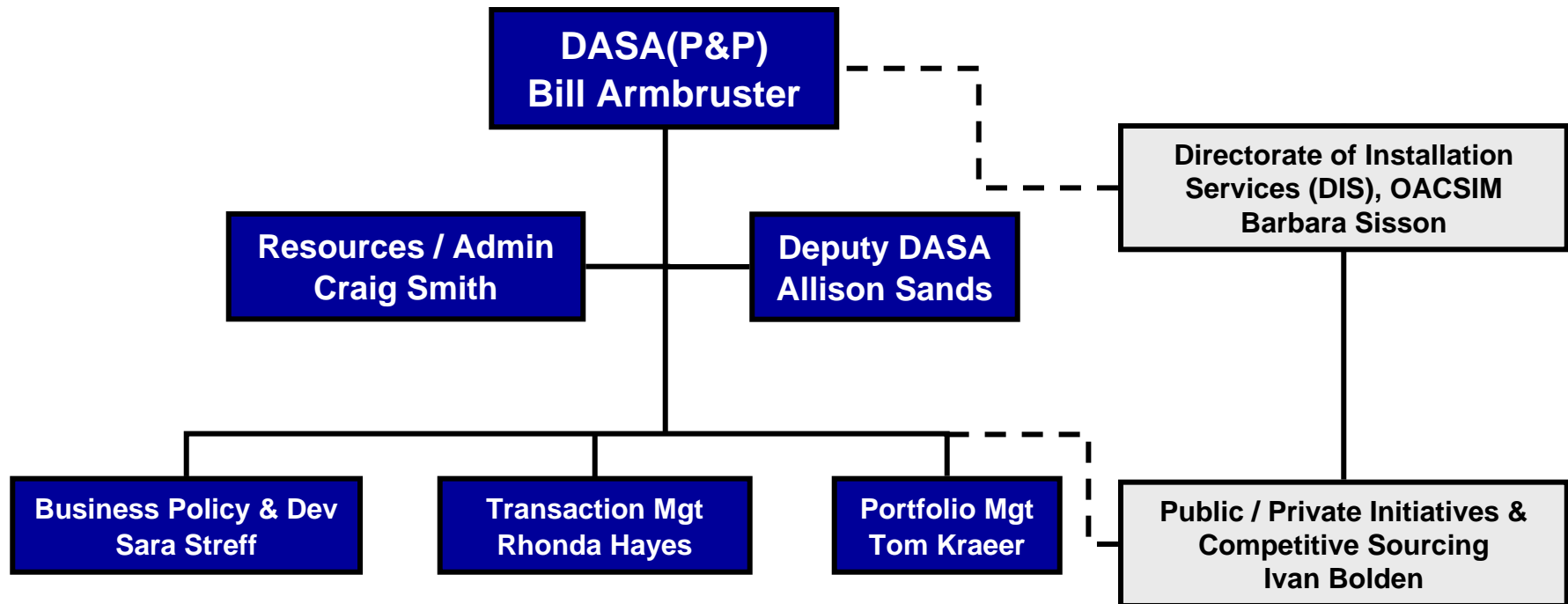
Topics

- **ODASA(P&P) Reorganization**
- **Current Army Environment**
- **Army's incorporation of Privatization and Partnership Initiatives as a strategic sourcing option**
- **Active Programs / Achievements – Program Overview**
- **Challenges**
- **Future Focus**



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Reorganized P&P Structure





Why Reorganize?

- **HQDA structure is being re-assessed**
- **Tasked to find a way to export proven concepts to new initiatives without increasing staffing**
- **Business Transformation using Lean Six Sigma**
- **Complex actions require focus on functional relationships BETWEEN organizations/programs**



The Army Environment Today

- **Global War on Terror**
- **Base Realignment and Closure**
- **Grow the Army**
- **Army Modular Force Initiative**
- **Reset / Modernization**
- **Business Transformation**



Business as Usual Not an Option

- **Increases in Army requirements consistently outpacing available funding**
- **Long history of failure to adequately sustain infrastructure**
 - Federal budget system requires great discipline to ensure long-term sustainment
 - Immediate needs trump recapitalization
- **Beginning of a cultural shift –**
 - Recognition of need to focus on core mission
 - Looking to other sources for provision of non-core services
- **Army's Privatization and Partnerships Office established to spearhead new strategies for leveraging Army assets to meet requirements**



Active Programs / Achievements

- **Residential Communities Initiative (RCI)**
 - Most mature program
 - To Date: 28 projects closed (36 installations) - \$10.3 B in scope
- **Privatization of Army Lodging (PAL)**
 - Estimated \$1.3B in development opportunity
 - First of 3 project groups awarded (13 installations)
- **Unaccompanied Personnel Housing (UPH) Privatization**
 - 5 pilot sites identified, work currently underway at 2 sites
- **Utilities Privatization (UP)**
 - 457 systems privatized, 56 under evaluation
- **Municipal Services Partnerships (MSP)**
 - Success at 2 pilot sites
 - Legislation pending to expand opportunities
- **Army-Community Heritage Partnerships**
 - 9 sites actively engaged in development of initiatives



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RCI Integrated Community at Fort Belvoir



Ft. Belvoir Family Housing
Phase 1
November 18, 2005



Connecting Homes w-Retail

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



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Privatization of Army Lodging

- **GOAL: Improve quality of lodging in the U.S. and provide for long-term sustainment**
 - Overcome \$1.3B+ revitalization backlog
 - Transfer non-core function
- **Current Status: First of 3 projects in progress – partner selected, working development plan**
 - Group A partner is Actus Lend Lease with InterContinental Hotels Group
 - Transfer in 2008

Phase 1 (Group A) Project:

- Redstone Arsenal, AL
- Ft. Rucker, AL
- Ft. Leavenworth, KS
- Ft. Riley, KS
- Ft. Polk, LA
- Ft. Sill, OK
- Ft. Hood, TX
- Ft. Sam Houston, TX
- Yuma Proving Grounds, AZ
- Ft. Myer, VA
- Ft. McNair, DC
- Ft. Shafter, HI
- Tripler Army Medical Center, HI



Utilities Privatization

United States:

- 351 Systems
- 295 Completed
 - 137 Privatized
 - 158 Exempted
- 56 Underway

Japan and Korea:

- 128 Systems
- All 128 Exempted

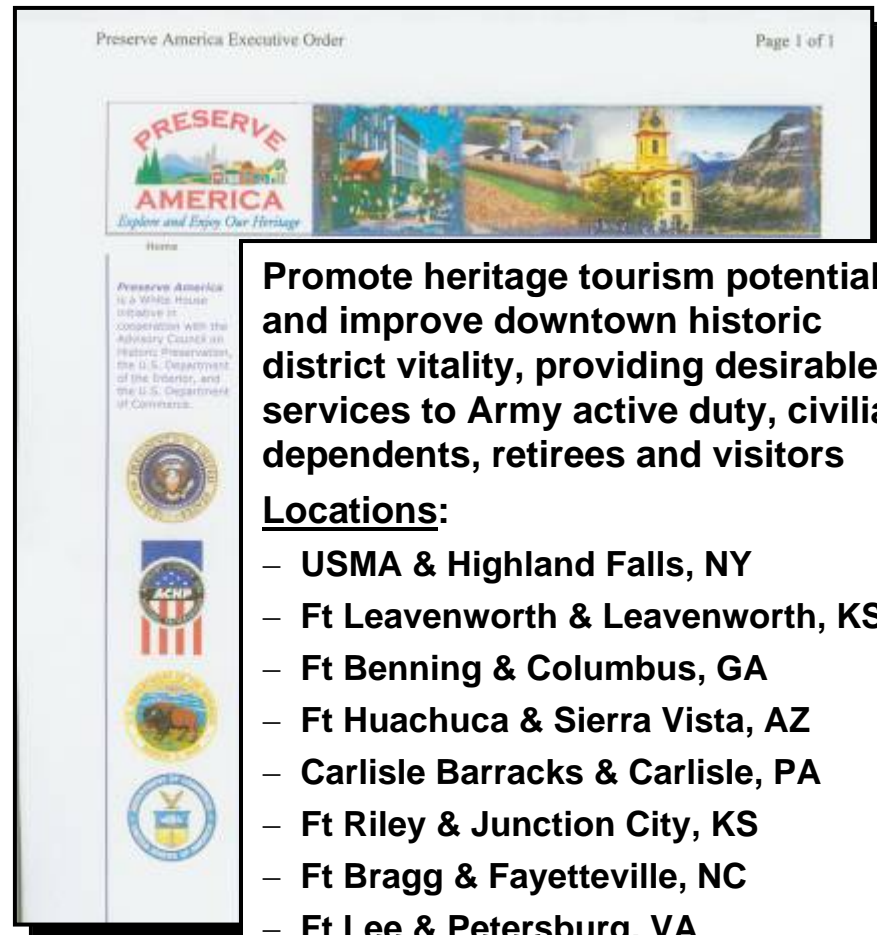
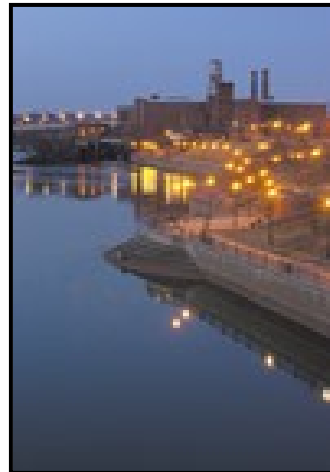
Europe:

- 589 Systems
- 320 Privatized





Army-Community Heritage Partnerships



Promote heritage tourism potential and improve downtown historic district vitality, providing 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
- Ft Stewart & Hinesville, GA
- Ft Polk & Leesville, LA



Municipal Services Partnerships

- **FY 2005 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**
- **FY 2008 Pending Legislation**
- **FY 2009 Proposed Legislation**



Competitive Sourcing

- Process better known as "A-76"
- #2 item on President's Management Agenda
 - Purpose -- to compete tasks readily available in commercial marketplace
- ASA(I&E) is current designee as Army Component Competitive Sourcing Official (Army CCSO)
- Army has:
 - Competed 37,000 positions
 - Requested credit for 16,000 non-A-76 positions
 - Balance of 24,000 positions to be competed by end of FY 2013



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.





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Enhanced Use Leasing (EUL)

- **Out-lease of land and facilities that are available but not excess to the government's needs**
- Competitive developer selection process
- Benefits for the Government
- Benefits for the Private Sector
- Traditional and Specialized Uses
- ODASA(P&P) working with ODASA(I&H) to formalize process that ensures coordination of actions and facilitates identification of opportunities for integration of initiatives



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Challenges

- **Huge requirements**
- **Limited authorities**
- **Dealing with private sector, on their terms, while still trying to operate within our bureaucracy**
- **OMB Scoring**
- **Congress as our “Board of Directors”**



Future Focus

- **Continue to look for innovative financing strategies**
- **Synchronize various privatization, partnership and Enhanced Use Leasing initiatives to maximize benefits**
- **Seek expansion of legislative authorities to support development of new business initiatives**