

Army Utilities Privatization Program

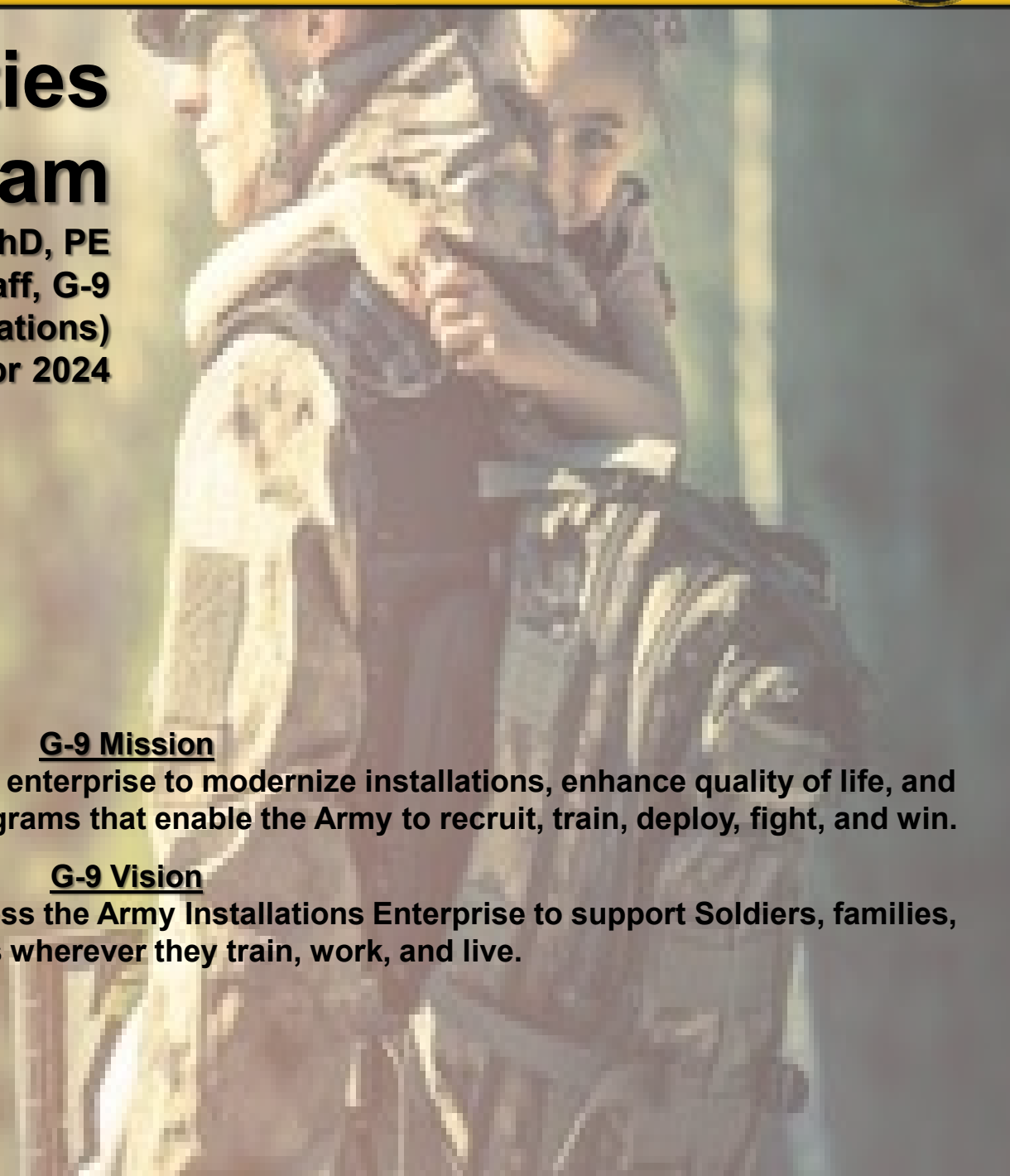
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(Installations)
23 Apr 2024

G-9 Mission

The DCS, G-9 leads integration across the Army enterprise to modernize installations, enhance quality of life, and develop and implement policies, plans, and programs that enable the Army to recruit, train, deploy, fight, and win.

G-9 Vision

Dedicated professionals driving excellence across the Army Installations Enterprise to support Soldiers, families, and Army civilians wherever they train, work, and live.

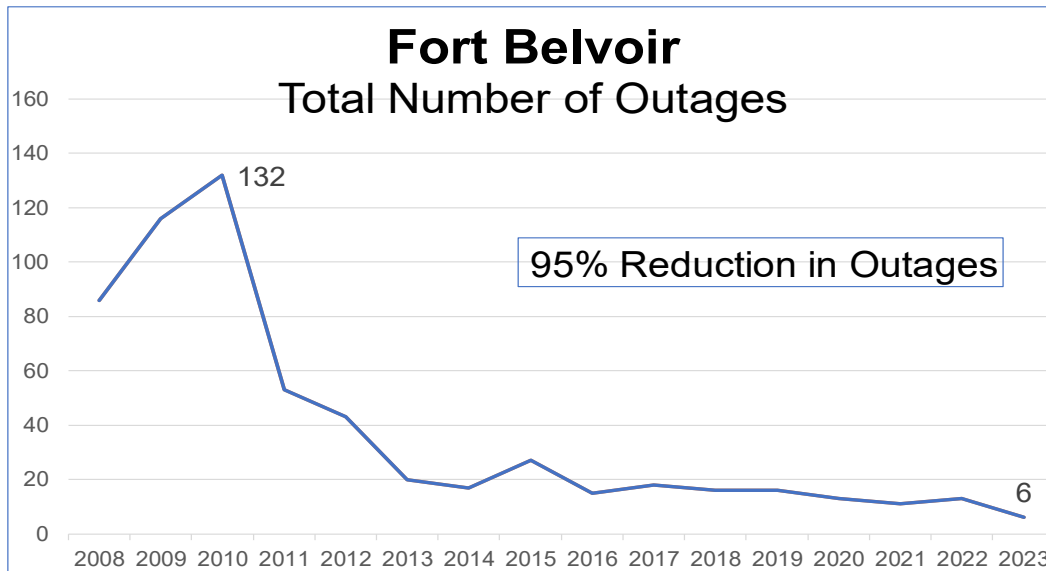


- The Army has been at the forefront of implementing utilities privatization within the Department of Defense (DoD). Its portfolio has grown to 98 UP contracts with 136 systems privatized.
- Army Privatized systems include 40 electric, 28 natural gas, 33 water, 33 wastewater, and 2 thermal utility systems.
- Army has made significant improvements to its utility infrastructure since 1999, and re-capitalized systems to bring them up to industry standards and provided a reliable, resilient, and efficient utility services to many Installations.
- There are 38 Active Army and 6 Army Reserve utility systems for evaluation in FY23 through FY28. Analysis of Alternatives (AOAs) for an average of six systems are scheduled for evaluation each year.

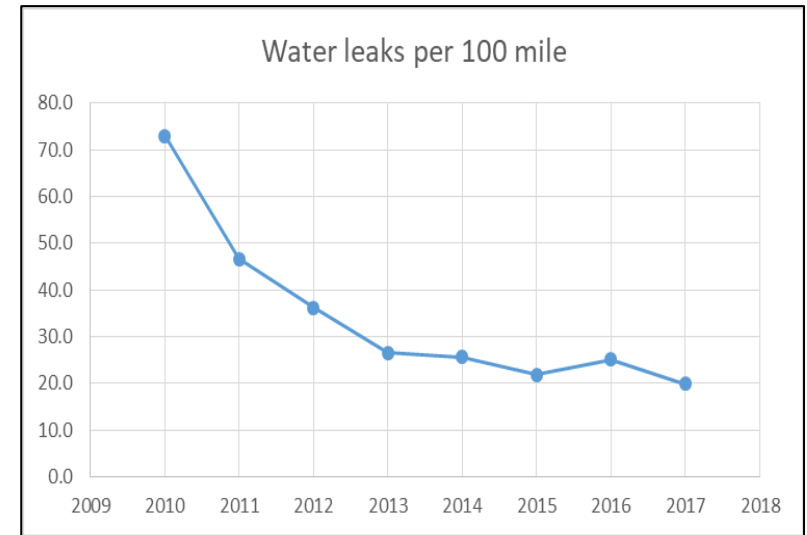
Army Privatization Team

- Administrative Contracting Offices - DLA Energy is DoD UP Center of Excellence since 2004
- Deputy Chief of Staff- G9
- Commands (AMC, IMCOM, USAR)
- Office of the Assistant Secretary of the Army for Installations, Energy and Environment (ASA-IE&E)
- Installation Directorates of Public Works (DPWs) and Contracting Officer's Representatives (CORs)
- US Army Corps of Engineers (USACE)
- Utility Industry Partners (System Owners)
- Technical Support Contractor for UP Program Management

- Reduced outages
- “Should-Cost” avoidance over 20%
- Commodity cost savings due to upgrades
- Installation enhanced readiness and resilience
- Reduced risk and liability



Fort Belvoir Electric (2008-2023)



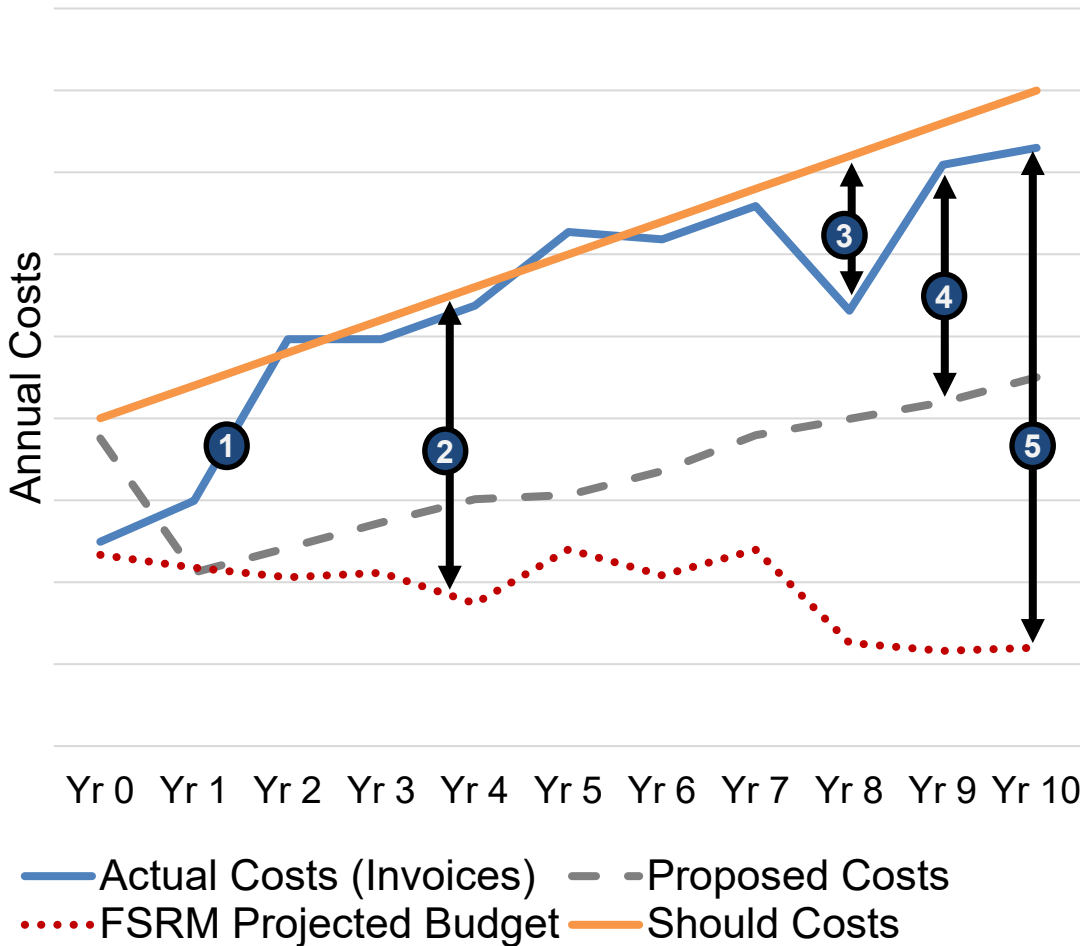
Fort Cavazos Water and Wastewater (2010-2017)

- On Jan 19, 2021, The Assistance Secretary of Army for Installation, Energy, and Environment (ASA-IE&E) directed DCS, G-9 to conduct a focused review of utilities program.
- The Army has focused the last few years on implementing the recommendations from the internal review, 3rd party program assessment, and Army audits of the utilities program.
- In 2022, issued Utilities Privatization (UP) Implementation Guidance
 - a) Conduct System Condition Assessments & Analysis of Alternatives (AoA) to inform Army utility investments
 - b) Consolidate contract management under DLA Energy (legacy and future UP contracts)
 - c) Add performance metrics and privatized system condition reporting
 - d) Enhance business processes, documentation and contract oversight

- Several AoAs pending finalization of business case analysis; Army anticipates new UP evaluations in coming years
- Continue rollout of AoA program and prioritize based on mission criticality and infrastructure condition
- Continue consolidation of legacy and future contract administration under DLA Energy (legacy transfers 45% complete)
- Implement system deficiency correction program as funding becomes available
- Implement microgrids and EV charging stations leveraging UP contracts

Back Up

DCS, G-9: Driving excellence across the Army Installations Enterprise



Benefits

- ① **Resiliency** – System upgrades resulted in significant decrease in unplanned outages (Ave cost of outage- \$3,542)
- ② **Investment** – Enables the Army to recapitalize historically underfunded utility infrastructure
- ③ **Economically viable** – Actual costs continue to be less than “Should Cost”

Risks

- ④ **Cost increase** – Tariffs and Economic Price Adjustments have long-term cost impacts
- ⑤ **‘Must-Pay’ cost under UP is greater than Previous Bill**