

Stakeholder Report

FY2018-2019



Air Force Civil Engineer Center
Installations Directorate

Enterprise-wide solutions

Innovation

Unwavering care



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TO OUR STAKEHOLDERS



Base Realignment and Closure (BRAC) is renowned for the ripple effects of changes which impact both military and neighboring communities. Bases with thousands of Airmen and families closed down or realigned missions, triggering new basing actions at other installations to support mission bed-downs and an influx of personnel, requiring massive changes to infrastructure and the overall base footprint.

Today, as the Air Force prepares to bed down new missions and increase manpower by 40,000, we are experiencing movements of missions and Airmen that, in some ways, feel like a BRAC. For example, the population of Eielson Air Force Base (AFB), Alaska, is expected to double when two F-35A Lightning II squadrons are added to the base by 2022. From hangars and runways, to housing and other support facilities, much of Eielson's infrastructure faces sweeping change. Successful change demands experienced, innovative leadership to ensure our installations and Airmen are equipped to continue to Fly, Fight and Win. As the front door to installation support, the Installations Directorate provides the real property, housing, utilities privatization (UP) and BRAC enterprise-wide solutions the Air Force needs to support today's and tomorrow's Air Force missions, Airmen and their families.

The Fiscal Year (FY) 2018-19 Installations Directorate Stakeholder Report is our opportunity to reflect on the successes and challenges of the past year, measure progress toward our goals, and share our plans for FY19 and beyond so we remain accountable and responsive to our customers in a dynamic time in our Air Force.

I'm proud of the many milestones we achieved in FY18, to include: winning the Environmental Protection Agency's (EPA) first award for National Federal Facility Excellence in Site Reuse and developing a new utilities prioritization tool. I also value the pride our team takes in carrying out everyday tasks. From reducing the backlog of expired grants and reviewing housing leases, to reviewing real property records and providing ground-lease support where and when it's needed, the Installation Directorate's everyday responsibilities have a profound impact on Air Force readiness.

In order to continue momentum in FY19 and beyond, we developed thrust areas within our capabilities to maximize our installation support and advance Air Force priorities:

Housing Programming

Consolidate Air Force Family and unaccompanied program management; Development requirements and funds programming budget process for the Government Housing and First-Term Airmen Dormitory Programs and consolidate program advocacy.

Leveraging Authorities

Develop and deliver enterprise-wide solutions for the Air Force using unique real estate authorities.

Common Operational Picture

Mature collaborative strategic view and reporting across all directorate business lines.

Throughout the report you will see these thrust areas aligned with goals, objectives and customer impact. As you read this report I hope you take pride in the accomplishments we achieved together for our Air Force, and I look forward to working with you to support the Air Force mission.

Sincerely,

Robert E. Moriarty, P.E., SES, DAF
Director, Installations Directorate
Air Force Civil Engineer Center

REAL PROPERTY ACCOUNTABILITY, TRANSACTIONS AND DEVELOPMENT

Air Force installations are the power projection platforms that keep the Air Force mission in flight. The Installations Directorate's real property experts ensure installations have the land and facilities necessary to safely execute missions through record keeping processes to earn the Air Force Civil Engineering sustainment funds needed to maintain and construct Air Force-owned assets.

REAL PROPERTY ACCOUNTABILITY

Installations' real property management experts are helping the Air Force maximize sustainment, restoration and modernization funding and achieve effective asset management by improving asset records to improve financial management operations at the base level.

The Air Force Civil Engineer Center (AFCEC) real property team conducted 250 installation site visits in FY18 to prepare base-level real property offices for the Department of Defense-wide (DoD) financial audits. AFCEC began leading Financial Improvement Audit Readiness (FIAR) evaluations in FY14 to help headquarters Air Force (HAF) prepare for the congressionally mandated audits. Each year since FY16 the real property team has doubled the

“ I would like to extend my sincere appreciation for the outstanding support Ms. Linda Carter has provided my Civil Engineers. Through many new challenges, Linda has been a friend and supporter of our base, helping us make good progress at one of the Air Force's largest and most complex installations. Linda provided critical pre-audit and on-site support during the Ernst & Young FIAR audit of 2,260 structures and 267 jacket folders. E&Y left stating JB MDL was the best prepared of their audits thus far. ”

- Col. Aaron D. Altwies,
USAF Commander, 87th CE Group

number of site visits compared to the previous year. They also reviewed more than 15,000 file folders and completed more than 35,000 key supporting documents, ensuring proper accountability of installation assets.

The directorate met its goal to further develop the Real Property Accountability career field through training and education. The real property team hosted the Real Property World Wide Symposium, two Advanced Realty Courses (ARC) and led two Air Force Institute of Technology (AFIT) 424 courses in FY18. AFIT courses focused on educating new and seasoned real property personnel on policy, real estate law and new processes to aid in maintaining the Air Force Accountable Property System of Record to an acceptable level of accuracy and help the Real Property Assessable Unit achieve a favorable audit opinion in the future.

EMPLOYEE SPOTLIGHT

Cathy Ward received special recognition for her vast contributions to the Air Force real property program and career field. Cathy developed the accountability module of NexGen IT and developed a workaround to reduce a backlog of Real Property Unique Identifier requests by 43 percent. Cathy also corrected more than 70,000 errors during the end of year process and cleared approximately \$1 billion in data errors, improving the accuracy of Sustainment, Restoration and Maintenance dollars calculated for the Air Force.

AFCEC also met its goal to help 13 bases migrate their data to the Air Force's new accountable property system of record, NexGen IT, bringing the total number of transitioned installations to 46. The directorate also provided additional training to prepare for more migrations in FY19. The system should achieve final operating capability by the end of the fiscal year 2020.

TRANSACTIONS

The directorate's Expired Grant Program renewed 348 expired grants in FY18. Reducing the backlog of expired grants supports accurate record keeping, audit readiness and directly impacts bases' Sustainment, Restoration and Modernization funding.

The Installations Directorate processed 1,200 real estate transactions in FY18, and laid the groundwork for several large-scale transactions scheduled for FY19, including acquiring land necessary for storing, operating, maintaining and securing the newest Air Force One aircraft. In order to accommodate the new hangar, Joint Base Andrews, Maryland, must relocate several mission elements, including a hazardous cargo pad. The Installations Directorate is working with local landowners to acquire the property needed to expand the base footprint, and with the Air Force Office of General Counsel's Installations, Energy and Environmental Law Division (SAF/GCN), Air Force Legal Operations Agency (AFLOA) and AFCEC's Environmental Directorate, to acquire land suitable for relocating the hazardous cargo pad.

At Wright Patterson AFB, Ohio, the directorate is working in partnership with the Air Force Life Cycle Management Center and civil engineers with the Air Force Installation and Mission Support Center's (AFIMSC) 6th Detachment and the 88th Air Base Wing to lease space off base. The Installation Directorate will use its unique real estate authorities to acquire the lease by March 1, 2019. The transactions team is also developing a streamlined process to include the customer's role and involvement during the selection process so they can remain focused on their core mission.

The Installations Directorate is also leveraging its real estate authorities and business expertise to advance two projects critical to restoring

The Installations Directorate processed a \$17 million facility gifted to the Air Force from the Intrepid Fallen Heroes Fund of New York. The 25,000-square-foot facility at Eglin Air Force Base, Florida, is a satellite of the National Intrepid Center of Excellence at the Walter Reed National Military Medical Center in Bethesda, Maryland. Pictured above, Lt. Gen. Dorothy Hogg, Air Force surgeon general, Brig. Gen. Evan C. Dertien, 96th Test Wing commander, and Col. Pamela Smith, 96th Medical Group commander, cut the ribbon during a ceremony Aug. 30, 2018, for the state-of-the-art treatment center for traumatic brain injuries, clinical training, and related services.



FY18 T

Provided
45
training
sessions for
base real
estate
personnel

Conducted
250
installation
site visits
in support
of FIAR



readiness, connectivity and energy:

The directorate is seeking commercial partners to help improve wireless capabilities Air Force-wide. The Long-Term Evolution (LTE) Infrastructure effort is an enterprise-wide solution for connectivity to ensure mobile devices used for mission accomplishment function effectively. The goal is to leverage commercially-available technology to provide economies of scale, keep up with technological updates, and provide improved commercial LTE coverage and LTE capacity to as many installations and sites as possible. On October 5, 2018, AFCEC issued its first solicitation for potential commercial partners interested in leasing space for installing cellular infrastructure for in-kind consideration across bases within Region 1.

At Creech AFB, Nevada, the directorate is executing an easement for Battery Energy Storage Systems (BESS) to mitigate outages. The BESS will be funded, owned and operated by Nevada Energy. This public-private partnership increases energy assurance for the Air Force.

TRANSACTION HIGHLIGHTS

Renewed
348
expired
grants

Processed
1,200
real estate
transactions

Secured
\$3.2M
for
disposals,
acquisitions,
appraisals
and
surveys

Processed
\$49.5M
worth
of real
property
gifts to
the Air
Force

TAKING CARE OF AIRMEN AND THEIR FAMILIES

The Real Estate Transactions team is partnering with a non-profit organization to provide housing for surviving spouses of retired enlisted Airmen at Eglin AFB, Florida. The directorate is working to convey 80 acres to Air Force Enlisted Village to expand safe, secure housing opportunities for surviving spouses. The team is also executing a 30-year ground lease with the private housing developer at Eglin AFB to meet growing housing demands in that area.

DEVELOPMENT

In addition to completing property disposal and acquisition transactions to support the mission, the Installations Directorate uses its real estate authorities and expertise to maximize the value of non-excess Air Force real estate and protect priority impact areas.

READINESS ENVIRONMENTAL PROTECTION INTEGRATION PROGRAM

The compatible-use development team, responsible for the Readiness Environmental Protection Integration (REPI) Program, secured a combined \$24.9 million for encroachment protection across 24 installations in FY18. The team uses agreements with eligible entities, like cities and land trusts, to cost share mutually beneficial land easements within priority impact areas.

The directorate received \$23.5 million from the annual Office of the Secretary of Defense (OSD) REPI proposal competition. The directorate secured the remaining \$1.4 million from Operation and Maintenance funding advocated at the end of the fiscal year within AFCEC and AFIMSC.

The directorate exceeded its goal to increase base proposal submittals by 10 percent. Program leaders will continue to advocate for a REPI Program Operation Management (POM) budget in FY21 to boost OSD proposal scoring and maximize REPI funds secured.

AIR FORCE REPI PROGRAM REPORT

	Installation participation	OSD REPI funds secured	Available OSD REPI funds captured	Air Force service contribution match	TOTAL encroachment funds secured
FY17	20 submittals	\$14.9 million	22 percent	\$15.6 million	\$30.5 million
					
	20%	57%	11%	91%	18%
FY18	24 submittals	\$23.5 million	33 percent	\$1.4 million	\$24.9 million

Since 2007 the Air Force REPI program has secured easements on over 60K acres on 400 parcels worth \$136 million. These easements protect critical mission capabilities by preventing incompatible development or by providing additional habitat protection.

In FY18, the REPI program exercised the Air Force's first ever Land Exchange Authority (10 U.S. Code 2869) in conjunction with the largest single REPI easement transaction. The 30,000-acre easement supports Melrose Air Force Range, New Mexico, conservation by protecting against wind tower development near the range. The transaction should be complete by early 2019.

At Eglin AFB, Florida, the REPI team is working with the Longleaf Alliance utilizing OSD REPI funds to aid in off base species recovery of the Reticulated Flatwoods Salamander. The five-year species recovery plan will mitigate regulatory restriction to on-base training.

ENHANCED USE LEASE PROGRAM

The Air Force implemented the Enhanced Use Lease (EUL) program to optimize resources and obtain value from non-excess real property. Revenue generated by EUL rent consideration is leveraged at both the installation and enterprise level to meet Air Force asset management, renewable energy, and energy security goals in accordance with 10 U.S.C § 2667. Successful EUL projects can also stimulate state and local economic development and provide unique opportunities for private sector business development.

Rent consideration from EULs funded several infrastructure improvements in FY18, including roof renovations for two buildings at Luke AFB, Arizona, a gym expansion and renovation at Seymour Johnson AFB, North Carolina, an appraisal for an out grant and a new Firefighting Training Facility at Eglin AFB, Florida. In addition to generating monetary return, the Installations Directorate leverages the EUL program as another tool for energy assurance and preventing encroachment. For example:

Office of Energy Assurance (OEA); the Assistant Secretary of the Air Force for Installations, Environment, and Energy; and AFCEC's Energy Directorate to execute energy projects where Air Force land is leased to public or private entities for energy production. While the energy generated is directed and sold to an off-base grid, EULs help boost mission assurance through energy security by diversifying production sources and ensuring



Eglin AFB, Florida, funded several infrastructure projects with EUL proceeds in FY18, including a \$546,497 firefighting Training Facility.

Office of Energy Assurance (OEA); the Assistant Secretary of the Air Force for Installations, Environment, and Energy; and AFCEC's Energy Directorate to execute energy projects where Air Force land is leased to public or private entities for energy production. While the energy generated is directed and sold to an off-base grid, EULs help boost mission assurance through energy security by diversifying production sources and ensuring

- Freedom Beacon Park, the fifth EUL project at Eglin AFB, closed on November 27, 2018. The 50 acre, mixed-use parcel was an ideal EUL prospect because it enabled the commander to maximize the value of the real estate, limit encroachment and retain ownership of the parcel.

- To support energy assurance, the Installations Directorate works in partnership with the access to reliable energy supplies. The real estate development team is currently preparing to update the EUL playbook to synchronize process mapping for energy projects with OEA.

The directorate conducts quarterly and annual compliance testing to assess the long-term health and viability of all lease agreements. As of FY18, the EUL portfolio includes 13 lease agreements with a combined net present value of \$200.4 million. To date, the Air Force has received more than \$56 million in cash and in-kind consideration and all 13 projects maintain acceptable or excellent ratings.

The AFCEC leaders established several goals for the EUL program in FY19. The results will enhance the program's ability to leverage real estate to help restore readiness and cost-effectively modernize facilities at the installations. The EUL team will: update the EUL Playbook with best practices and lessons learned; continue monitoring lease compliance to mitigate risk; and evaluate new opportunities to maximize the value of underutilized Air Force assets. The program currently has 11 EUL projects in the execution pipeline.

EMPLOYEE SPOTLIGHT



Joe Weathersby was awarded the 2018 Military Readiness Conservation Award by the Compatible Lands Foundation during the Sustaining Military Readiness Conference held Aug 13-16, 2018, in St. Louis, Missouri. The MRC is awarded annually to one individual who demonstrates outstanding support to military readiness and land/natural resources conservation.



The Honorable John W. Henderson, assistant secretary of the Air Force for installations, environment and energy, and the Goldsboro, North Carolina, Mayor cut the ribbon during a ceremony celebrating the Bryan Multi-Sports Complex EUL project April 23, 2018. The mutually beneficial agreement provides a \$600,000 addition to the Seymour Johnson AFB fitness center and enables the city of Goldsboro to host weekend sports tournaments, generating approximately \$7 million annually.

PROGRAM HIGHLIGHTS

“Our success as a community would not be what it is without the fantastic working relationship we have with the AFCEC EUL team. As one of 22 commercial, joint-use airports in the country, the EUL team solidified our future to serve the thousands of military members and our region, to include over 1.5 million visitors.”

- Tracy Stage, A.A.E.

Airports Director, Okaloosa County

The Air Force project team behind the Vandenberg AFB, California, solar Power Purchase Agreement received a certificate of recognition by the California Legislature Assembly for fostering beneficial partnerships to promote clean, reliable and renewable power in California. The Installations Directorate provided the lease execution for the PPA. The project team was nominated for the Joe Sciabica Teamwork Award.

“The information provided during the EUL Education Staff Assistance Visit was very valuable in explaining what a EUL is and how it can benefit a base, if there is available base property.”

- Traci Stites, Community Planner

Offutt AFB, Nebraska

AIR FORCE HOUSING

One of the pillars of taking care of Airmen is ensuring they have safe and affordable housing options. As the central program execution office for all Air Force housing activities, the Installations Directorate streamlines approval authorities, reduces decision timelines, provides consistency, enables commanders and mission support groups to remain mission focused and advocates for Airmen and their families.

PRIVATIZED HOUSING BY THE NUMBERS

12,595
RENOVATED
UNITS



22,219
NEW HOMES
DELIVERED

PRIVATIZED HOUSING

For more than 20 years, privatized housing has provided Airmen and their families with quality housing options. The Installations Directorate is responsible for overseeing these long-term private sector deals to ensure future Airmen have similar options.

At the close of FY18, the Housing Privatization (HP) portfolio had 53,237 units online, including 22,219 new and 12,595 renovated units. The Air Force's \$619 million investment has resulted in \$8.3 billion in development — meaning for every Air Force dollar an additional \$13 was invested through the private sector and government loans.

HP projects are subject to a host of positive and negative impacts over the course of a 50-year deal.



Base leadership at Keesler AFB, Mississippi, met with the project owner Aug. 28, 2018, to better understand the mold remediation process in base housing. The HP program is working with POs to develop action plans for sites experiencing mold or other potential risks to human health to ensure the units meet or exceed health standards.

The Installations Directorate provides essential program oversight, to include monitoring financial health, for the duration of each deal.

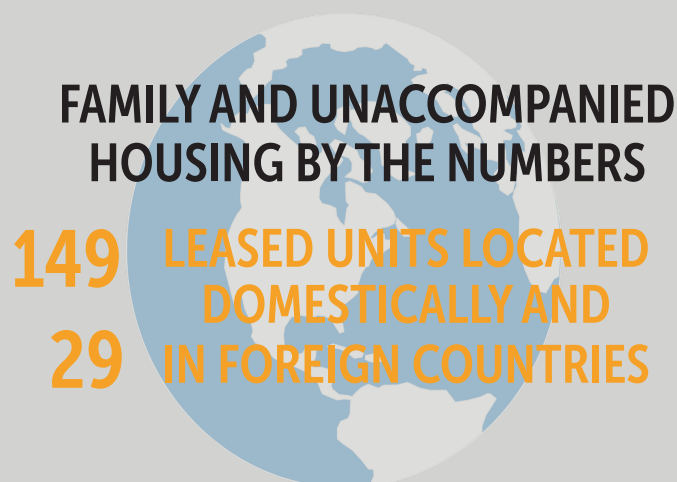
The HP program initiated financial restructure agreements for four projects in FY18. The Installations Directorate pursued restructuring based on financial forecasts the HP program completed for all 32 projects in FY17. The forecasts analyzed potential funding availability for long-term program sustainment.

The program initiated restructures for two projects in FY18, including the BLB project. The project, which includes Barksdale AFB, Louisiana; Joint Base Langley-Eustis, Virginia; and Joint Base Anacostia-Bolling AFB in Washington D.C., is currently forecasted to have only 22 percent of the funds required to complete sustainment needs over the next 10 years. This equates to a funding shortfall of approximately \$61 million over the next 10 years, and more than \$100 million through the project's mid-point. In order to resolve the funding shortfalls, the Air Force and Project Owner (PO) agreed on a restructure to fully fund sustainment needs throughout the lease term.

Variable Basic Allowance for Housing (BAH) and occupancy rates continue to be challenges for the HP program. The program team is working with POs and installation teams to mitigate impacts to financial performance by addressing low occupancy and considering restructure agreements for projects that don't meet debt ratios, sustainment or reinvestment account targets.

The Installations Director and Air Force Housing leadership are working on several measures to more effectively assess project and program health, identify potential sustainment risks, and inform stakeholders. The HP program developed a visual scorecard to communicate housing metrics to Major Command (MAJCOM) Commanders. The scorecards, which are part of the Installations Directorate's MAJCOM Health of the Fleet briefings, provides figures and outlooks associated with project operations, finance and long-term outlook. The Air Force Housing Program plans to improve and expand the scorecard by incorporating unaccompanied housing in FY19.

Looking to FY19, the HP program and Utilities Privatization (UP) program are analyzing whether it would be beneficial for AFCEC to engage POs on taking back utility infrastructure. The Installations Directorate is also evaluating pilot projects to pursue utility takebacks where there is potential to improve project financials and improve energy resiliency.



FAMILY AND UNACCOMPANIED HOUSING

Adding to the legacy of the HP portfolio management, the AFIMSC commander centralized traditional Family Housing, Unaccompanied Housing (UH) and Furnishings Management Services into one portfolio under the Installations Directorate. Following consolidation, the Installations Directorate developed proposed guidance and processes for housing activities. The new housing governance structure was approved by the AFIMSC Commander, Air Force Director of Civil Engineers and HAF on April 18, 2018 and all field commands were notified in May of the Installation Directorate's Air Force Housing Authorities.

The Installations Directorate's housing authorities gives the Air Force an enterprise-wide view of all housing activities, enabling the directorate to identify potential risks in each portfolio and identify solutions to protect the long-term health and viability of Air Force Housing.

At the close of FY18, the housing inventory consisted of 15,167 homes: 111 homes in the Contiguous U.S. and 15,056 Outside Continental U.S. (OCONUS). Within the inventory, 22 percent of the homes had a Facility Condition Index (FCI) of less than 80 (poor condition) and four percent of the homes had an FCI of less than 60 (failing condition). OSD's goal is to have 90 percent of homes with an FCI of 80.

FY18 sustainment efforts included the executing \$138 million of real property maintenance activities (RPMA) and real property maintenance by contract (RPMC). RPMA consisted of 83 projects, with numerous designs, worth \$80 million. The HP program placed significant focus on funding and executing design work to ensure future projects were in position to award in the first three quarters of the FY and identify problems early in the process. The program will continue to focus on timely project design and early FY execution in FY19. The team will also begin updating the Family Housing Master Plan in late FY19.

When the Installations Directorate acquired Family Housing it also acquired the leases of 300 units worldwide for both the Air Force and State Department. The Family Housing program is currently reviewing leases approved prior to centralization. While all leases are being validated, the program is establishing a process for maintaining accurate leasing data. This will create enterprise-wide visibility and accountability for all housing leases and supports more accurate POM builds and budgeting.

When the Installations Directorate took on the UH program, it accepted the operations, maintenance and improvement of 866 “permanent party” dorms at 76 locations. Currently, the Air Force is developing a portfolio-wide Dormitory Master Plan (DMP). The plan, which is sponsored by AFIMSC, AFCEC and HAF Housing Branch, is a comprehensive investment planning tool to help meet permanent party UH requirements.

The 2018 DMP investment plan is a tabletop update to meet the FY21 forecast for the UH requirement identified in the Integrated Manpower Requirement Document (IMRD). The investment plan — which is developed in coordination with the base housing team, engineers and community planner — integrates facility condition, campus planning and the updated Air Force policy for improvement planning to produce a consolidated long-term investment plan to meet the IMRD. The DMP outlines recommendations to build deficit dormitories and to sustain, improve, replace, demolish or divest existing dormitories. The investment strategy identifies large improvement projects through Operations and Maintenance (O&M) Funding and new construction through Military Construction (MILCON) funding. The housing team plans to complete the DMP in early 2019.

As of the close of FY18, the permanent party UH remains in good standing with less than two percent scoring below 60 percent on the Facility Condition Index. Presently, the Air Force does not have focused funds for UH. To ensure dormitories are sustained at the current condition, the DMP projects funding needs to be targeted at \$100 million annually for permanent party.

WHAT'S IN STORE FOR FY19?

The housing career field is experiencing rapid change. As the Air Force Housing program continues to fine-tune their operations to better support Airmen and their families, program leaders will also focus on career field development.

The Installations Directorate is prioritizing education, training and professional development to ensure the career field adapts with change and personnel are equipped to continue to meet the Air Force's housing needs, now and in the future. With the mantra, “increase proficiencies by increasing competence,” AFCEC is investing in the education and training the housing career field needs to produce the next generation of leaders. AFCEC is working with the Civil Engineering school house at AFIT to align curriculums with recent program transformations and is sponsoring four training events in FY19. The emphasis on training and education will help reinvigorate Housing Management Offices which have been impacted by manpower reductions and other program changes. Training

will be open to all grade levels for installation personnel and three of the venues will be sponsored for OCONUS theaters to maximize program effectiveness and efficiency. Subsequent iterations will be offered on an annual basis at varying locations in these theaters to reach as many housing professionals as possible. The directorate is also creating a housing professional career development guide to identify recommended training venues and highlight assignment preferences for career progression. The final product, will also offer recommendations to installation-level housing professionals who aspire to work in staff positions. With a more than 30-percent turnover rate at the installations over the past few years, the Air Force Housing program has a vested interest in cultivating a workforce with a large pool of qualified personnel prepared to backfill vacancies.

While many of the challenges the Air Force Housing team is tackling in FY19 have long been on the Installation Directorate's radar, one blew in suddenly near the beginning of FY19. Tyndall AFB, Florida, was in the eye of Hurricane Michael Oct. 10, 2018. The category 4 hurricane damaged nearly every base structure and base housing was declared uninhabitable. Recovery will be a long process, but the Installations Directorate is committed to helping Tyndall AFB navigate housing challenges as we support recovery of privatized housing assets.



Tyndall AFB, Florida, housing was left uninhabitable after the eye of Hurricane Michael passed over the base Oct. 10, 2018. Nearly 600 military families will stay in alternate accommodations until repairs are complete. The Installations Directorate is working with Air Force leaders, the base and project owner to establish a plan and timeline for restoring housing.

UTILITIES PRIVATIZATION

ENERGY-AS-A-SERVICE

As the Air Force becomes increasingly dependent on energy at installations to execute its mission, the Office of the Deputy Assistant Secretary for Environment, Safety, and Infrastructure is piloting an Energy-as-a-Service (EaaS) business model to better support Air Force installations in meeting their energy requirements. The UP program provided resources and contract support to help the Office of Energy Assurance launch the EaaS pilot program at Altus AFB, Oklahoma, and Hanscom AFB, Massachusetts. The pilots will help identify potential constraints presented by these authorities and explore ways to better support mission readiness and adapt to a changing operational environment.

FY18 HIGHLIGHTS

In June 2018, the Air Force UP Program awarded two utility service contracts for six utility systems at Grand Forks Air Force Base, North Dakota and Cavalier Air Force Station, North Dakota. The 50-year contract was awarded for **\$272.5 million** and provides an estimated cost avoidance of **\$217.1 million**.

The Utilities Privatization (UP) program was established to provide safe and reliable utility systems to meet industry standards. The Installations Directorate has made significant progress establishing a centralized UP program office since acquiring cradle-to-grave program management operations in January 2017. The directorate is also the source selection decision authority.

Privatization leverages the expertise and capital of private industry to own, operate, maintain, upgrade and repair utility infrastructure to industry standards and allows installation leadership to focus on their core missions.

Since the 2017-2018 Stakeholder Report, the Installations Directorate has reassessed the portfolio and modified tracking and reporting to include only systems at active installations conveyed under Title 10 USC 2688 and centrally funded through the UP program. This means some of the portfolio numbers reported in FY17 do not correspond with the updated figures for FY18.

As of FY18, the UP portfolio consists of 57 privatized systems with 224 systems awaiting evaluation to determine if, and when, privatization should take place. The program is on target to award 17 additional systems by FY22.

In FY18, the directorate drafted the Utility Systems Investment Strategy in coordination with the Holistic Utilities Systems Working

"A BIG THANK YOU...



...from all the DLA Energy participants for an excellent workshop. My team really enjoyed the workshop and got a lot of benefit from each of the sessions. Any discussions I had with the COR community indicated they found it to be very helpful and the opportunity to connect with their counterparts in the field was a real bonus. The Navy indeed will have big shoes to fill next year. ”

Group (HUSWG). The proposed strategy, which will be presented to the Deputy Assistant Secretary of the Air Force for Environment, Safety and Infrastructure (SAF/IEE), prioritizes investment based on condition, mission criticality, availability and energy consumption. The strategy and other outputs from the HUSWG will ensure the Air Force is leveraging all the execution tools in the tool box, while ensuring UP is strategically leveraged as a tool to provide energy assurance for critical missions.

The UP program developed several resources to guide and inform Installation Real Property Offices (RPOs) and system owners, to include standardized Bill of Sale and Amended Bill of Sale templates, a comprehensive acquisition schedule and a Monthly System Performance Report (MSPR). MSPRs provide data to quantify improved reliability after systems are upgraded and deficiencies corrected following privatization. They will allow the program to report reliability along with the financial and risk components of annual portfolio evaluation. The directorate is on track to have 60 percent of contracts modified, to include the MSPR, by spring 2019.

The UP program used a number of forums to stay connected with and educate, inform and engage UP stakeholders throughout FY18:

- The directorate instituted regular Program Management Reviews (PMRs) with SAF/IEE and the Defense Logistics Agency Energy (DLA – Energy) to ensure critical decisions are approved through appropriate Air Force governance.
- The Air Force UP Program supported the 2018 Tri-service Utilities Privatization Post-award Workshop to share information, guidance, and lessons learned between Air Force, Army, Navy, and DLA Energy stakeholders, as well as system owners.

BASE REALIGNMENT AND CLOSURE

BRAC BY THE NUMBERS

77

NUMBER OF
PROJECTS
FUNDED IN FY18

4,977

SITES MEET OFFICE OF
THE SECRETARY OF
DEFENSE'S RESPONSE
COMPLETE REQUIREMENT

\$67.6M

VALUE OF
PROJECTS
IN FY18

86,417

ACREAGE TRANSFERRED
TO LOCAL COMMUNITIES

2027

PROJECTED YEAR FOR
100 PERCENT PROPERTY
TRANSFER

\$208M

COST AVOIDANCE FROM
USING PERFORMANCE-
BASED CONTRACTS

The Air Force BRAC program supports the mission through environmental investigation, mitigation and restoration, and property disposal. With each acre transferred to local communities, the BRAC program reduces excess facilities and infrastructure, and frees up Air Force resources to maintain resilient installations, infrastructure and combat support capabilities.

The BRAC program accomplishes these actions through three lines of effort: continuing BRAC property environmental restoration and disposals, addressing emerging contaminants and maintaining lessons learned for the BRAC program.

BRAC PORTFOLIO

The Air Force BRAC program continued environmental mitigation and restoration activities in FY18. The program's efforts to meet all state and federal regulatory environmental cleanup objectives reduced environmental liabilities and allowed the Air Force to transfer property to local communities at three former installations. The BRAC program exceeded its goals to transfer 321.7 acres to local communities and achieve response complete (RC) at 18 BRAC sites in FY18. The BRAC program transferred a total of 346.73 acres of land to local communities at three former installations — McClellan AFB, California; Chanute AFB, Illinois; and Galena Forward Operating Location, Alaska — and achieved RC at 57 BRAC sites.

The Air Force BRAC program continues to meet or surpass environmental restoration goals set by the Office of the Secretary of Defense (OSD). Emphasis on recurrent program management meetings by Air Force BRAC program leaders will ensure the program stays on track to meet OSD's goal of RC at 95 percent of hazardous waste sites by FY21. If the FY19 goal of RC at 20 Air Force BRAC sites is achieved, the BRAC program will be at 94.7 percent RC and very close to OSD's goal.

The U.S. EPA honored the Air Force BRAC program for outstanding site reuse efforts at the former McClellan AFB. The McClellan project team was the national winner,

claiming “National Federal Facility Excellence in Site Reuse” for National Priority List BRAC Sites. Following base closure in July 2001, the McClellan BRAC project team has worked in close partnership with the Local Redevelopment Authority, Sacramento County, the business park developer, EPA Region 9 and California regulators to integrate property redevelopment with environmental cleanup, consolidate waste disposal efforts and support early property transfer with cleanup privatization. The project team’s efforts have saved taxpayers an estimated \$383 million and expedited new business opportunities for the more than 230 companies and 15,000 employees associated with McClellan Business Park.



Pictured left to right, Philip Mook, Chief of AFCEC Installations Directorate BRAC Western Execution Branch; Steve Mayer, McClellan BRAC remediation program manager; Steve TerMaath, AFCEC BRAC Program Management Chief; and the Hon. John Henderson, Assistant Secretary of the Air Force for Installations, Environment, and Energy accepted the United States Environmental Protection Agency’s first annual National Federal Facility Excellence in Site Reuse award for their efforts at the former McClellan Air Force Base, in Sacramento County, California.

AIR FORCE RESPONSE TO PFOS/PFOA



Emerging contaminants of concern captured significantly more attention and restoration dollars in FY18.

The Air Force began investigating whether its use of legacy Aqueous Film Forming Foam (AFFF) fire suppressant may have impacted drinking water supplies at active, closed, reserve and guard bases in 2012. Although AFFF was used, little was known of two of its chemical components, perfluorooctanesulfonic (PFOS) and perfluorooctanoic (PFOA) acid, which subsequently were designated by the EPA as emerging contaminants of concern. The Air Force was one of only a handful of public or private entities to proactively follow the EPA’s preliminary health advisory (HA) for PFOS/PFOA in drinking water.



At Former Wurtsmith AFB, Michigan, state discharge requirements for PFOS/PFOA impacts three legacy pump and treat systems (PTS) at the former base. Though no longer treating groundwater for volatile organic compounds, the Air Force continued operating the groundwater pumps to hydraulically control PFOS/PFOA contamination from reaching down gradient drinking water supplies. In FY18, the BRAC program designed and constructed a central Granular Activated Carbon treatment facility to remove PFOS/PFOA from groundwater pumped from the Arrow Street and Benzene Plants. The BRAC program plans to fund tying in the third plant, Mission Street, in FY19. In addition to the new GAC PTS, the Wurtsmith project team installed 39 monitoring wells and 37 vertical aquifer sampling borings, collected 119 groundwater samples and sampled 27 drinking water supplies in 2018.

The BRAC program made significant progress locating PFOS/PFOA contamination sources at impacted bases in FY18. The BRAC team exceeded its Site Inspection (SI) goal by completing SI field work for five installations. Data gathered throughout these investigations not only helps the Air Force find sources of contamination, but it also helps the Air Force identify and mitigate contamination pathways to drinking water sources.

In FY18, the BRAC program spent \$25.6 million to protect or replace drinking water supplies. To date, the BRAC program has completed 30 SIs and spent \$129.8 million investigating and responding to PFOS/PFOA contamination Air Force-wide.

STANDING READY

BRAC program leaders continue to prioritize readiness to ensure the program is prepared to support the Air Force and its communities under any scenario. Whether it's a future round of BRAC or a yet-to-be-identified contaminant of concern, today's BRAC program team retains expertise and information critical to continued mission success, including the environmental restoration efforts.

The BRAC program continued developing a draft version of the Post Transfer Management (PTM) SharePoint Module dashboard in coordination with the Financial Management Office. The PTM module is expected to be fully developed by December 2018. Once complete, the PTM Module will track all known liabilities at all BRAC installations to include when inspections are due, the inspection results and document LUC Implementation Plans.

Throughout FY18, key team members captured and catalogued lessons learned to help others successfully navigate similar scenarios and challenges in the future. The annual BRAC Workshop held in April 2018 served as an education venue to discuss lessons learned, share institutional knowledge and receive hands-on training. Several Air Force BRAC program leaders and project managers attended the EPA Region 1 PFAS Forum in June 2018 in New Hampshire. The forum provided communities impacted by contamination an opportunity to present viewpoints and recommendations on EPA's forthcoming National PFAS (Per- and polyfluoroalkyl substances) Strategy. The BRAC program also participated in several Regional Environmental Restoration Summits throughout 2018. The Air Force implemented regional summits in 2017 to strengthen relationships and promote collaboration with the EPA and state regulators. The 2017 summits focused on learning about each other's organizations and challenges. The 2018 summits featured further discussions on emerging contaminants and joint strategies for communicating current cleanup goals, funding, and policies within the cleanup community.

SPECIALIZED LEGAL SUPPORT



Attorneys in the Air Force General Counsel's Installations, Energy and Environmental Law Division (SAF/GCN) provide integral legal advice, legal drafting and representational skills Air Force leaders depend on to make informed, defensible decisions to improve mission-support capabilities.

SAF/GCN attorneys not only provide legal advice on real property, privatization and policy matters to senior leaders, they are also essential contributors to all Installations Directorate transactions. Collaborating with specialists from across the directorate's portfolio, these legal experts offer professional counsel at every step: determining appropriate authorities, coordinating with other legal counsel, negotiating terms and conditions, and drafting transaction documents. SAF/GCN legal advice enabled informed, defensible decisions critical to the success of FY18's most important real property projects.

In FY18, SAF/GCN helped complete more than 1,490 housing, BRAC, EUL and real-property-related tasks that enabled missions, improved the quality of life for Airmen and their families, and aided community development.

SAF/GCN teamed with environmental attorneys to negotiate a groundbreaking agreement establishing the very first DoD wetlands mitigation bank. The agreement enables JB Andrews, Maryland, to pursue mission-critical construction projects at the base.

For the Continental and ACC Group III housing privatization projects, SAF/GCN helped close and fund more than \$42.2 million in government direct loans. The loans will help protect quality housing options for more than 4,600 airmen and their families.

SAF/GCN produced conveyance documents for privatizing the water system for Little Rock AFB, Arkansas. This privatization saves the Air Force \$18.4 million over the life of the utility services contract.

At Nellis AFB, Nevada, SAF/GCN finalized the settlement of a \$3 million claim for relocating personal property to secure critical Nevada Test and Training Range operations.

SAF/GCN negotiated and drafted public school leases at Joint Base San Antonio, Texas; Eglin AFB, Florida; Minot AFB, North Dakota; Little Rock AFB; Holloman AFB, New Mexico; MacDill AFB, Florida; and Davis-Monthan AFB, Arizona, to ensure more than 4,000 military dependents continue to receive quality education at those locations.

FY18 LEGAL SUPPORT SNAPSHOT



40 TASKS RELATED TO GIFTS OF REAL PROPERTY NEEDED TO SATISFY MISSION REQUIREMENTS

Provided legal support for real property gifts valued at more than \$49.5 million, including a \$17 million gift from The Intrepid Fallen Heroes Fund for a state-of-the-art treatment center for traumatic brain injuries, clinical training and related services at Eglin AFB.

42+ REPI AND ENCROACHMENT-RELATED ACTIONS

Negotiated and drafted agreements in support of the REPI program with partners obligating \$23.5 million in funding which leveraged an additional \$9.1 million in agreed contributions. Negotiated the acquisitions of 14 easements totaling approximately 5,378 acres in FY18 securing lands to prevent future encroachments



55 LEASING ACTIONS

At Vandenberg AFB, SAF/GCN negotiated and drafted a lease for a 28-megawatt solar array generating enough electricity to meet a third of the base's energy needs, reducing annual energy costs by \$1.75 million over 25 years. Negotiated and expedited two leases for Virginia Air National Guard's 185th Cyber Operations Squadron and Vermont Air National Guard's emergency runway ramp, avoiding mission stoppage.

60 TASKS FOR ACQUIRING AND DISPOSING OF INTERESTS IN PROPERTY

Enabled and negotiated the acquisitions of a \$2.5 million easement outside Joint Base Andrews in support of Presidential Aircraft Replacement expansion and relocation of Hazardous Cargo Pad functions and Explosive Ordnance Disposal range. At Norwalk, California, SAF/GCN supported final negotiations, transferring 15 acres to the city for use as community baseball fields and a park.



309 PRIVATIZATION ACTIONS

Supported the \$8.3 billion housing privatization program, including negotiating a soil remediation agreement at two bases saving the Air Force \$124 million in removal and disposal costs, and negotiating a settlement on a related delay claim saving more than \$4 million. SAF/GCN also collaborated on a proposal to construct apartments at Edwards AFB, California for unaccompanied Airmen through an existing PO sublease.

2019 and Beyond

“AFIMSC gives commanders a single center focused on installation support. The Tyndall team has a massive job in front of it, and AFIMSC will stay engaged so the wing leadership can focus on the mission.”

A hurricane nearly leveling an installation is an extreme scenario, but the ongoing recovery work at Tyndall AFB demonstrates the value of centralized installation support.

Just like a base closure, mission impacts at Tyndall have a ripple effect Air Force-wide. As Air Force leaders grapple with hard decisions regarding the base's future, we at the Installations Directorate are leveraging directorate authorities and expertise to support recovery at Tyndall and help the Air Force identify solutions with the least disruption to Air Force readiness.

More than 800 Tyndall families lived in privatized housing at the installation before the storm, and early assessments indicated nearly every home and dormitory received some level of damage.

Another priority is ensuring Air Force housing needs continue to be met now and in the future. We are developing requirements and are working with the privatized developer and SAF/IE to recover the privatized housing to support future Tyndall mission needs.

The Privatized Housing program faces major challenges outside of Tyndall, too. Over the past year Privatized Housing has come under scrutiny DoD-wide from our residents, Congress and leadership for purported health and safety concerns, like mold and lead, poor maintenance and poor customer service. In the mid-nineties, Air Force housing was in crisis and privatization provided a quick and effective vehicle for transforming the Air Force housing inventory and vastly improving the quality of life for Airmen and their families. Over the past two decades we've witnessed the program eliminate inadequate housing and expand services for our

residents. The program achieved what we set out to accomplish, in terms of improving the inventory of homes and community amenities, but we have to improve the customer experience.

The challenge we face now is restoring trust in the program. This can only be achieved by improving program oversight at all levels to improve the health and safety and resident experience. We remain committed to improving and sustaining the program for current and future generations of Airmen. As the program execution office we are committed to tackling project issues alongside our Project Owners and installation leadership and using what we learn to strengthen the program and better serve our Airmen and families.

Looking beyond housing, we are continuing to explore innovative ways to exercise our unique real estate authorities to help the Air Force solve pressing issues—like expanding LTE commercial cell coverage in FY19 in order to improve both a mission and a quality of life issue.

Whether in recovery mode like Tyndall, or regular mission operations, the Installations Directorate team strives to provide base commanders with a common operational picture to encompass all business lines and support collaborative planning and informed decision-making. The directorate improved reporting in FY18 by developing a MAJCOM scorecard for HP metrics. In FY19 we will expand the scorecard by incorporating unaccompanied housing. Similarly, we are using UP data gathered from MSPRs to provide an in-depth reliability story for future UP portfolio reports. While reporting for these two programs is currently separate, as we fine tune data gathering and reporting metrics for each, we are working toward creating a common dashboard to offer commanders a strategic snapshot of two closely related business lines.

The BRAC Program is the face of the Air Force to communities and regulators at 40 installations closed under BRAC legislation. Our goal is to expedite the transfer of former Air Force property to communities for reuse, but our commitments do not end with property transfer. By adhering to applicable laws and regulatory requirements, we ensure the Air Force fulfills its responsibilities to remedy mission-related contamination, to include emerging contaminants of concern. Thus, protecting drinking water across our BRAC bases remains our priority as we respond to AFFF releases at former installations. We will continue to work with our community partners and regulators to protect human health and address contamination, and we are prepared to adjust our approach to continue fulfilling our responsibilities as advancements in environmental sciences are made and laws and standards evolve.



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WHOLE BASE TRANSFER

ENVIRONMENTAL
RESTORATION

LONG-TERM
MANAGEMENT

