

# Offutt AFB Housing Privatization Beat



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## Marching On!

Welcome to the second installment of the *Housing Privatization Beat*. The first issue was aimed at providing some introductory information and getting people familiar with the history of how the housing privatization evolved at Offutt AFB. In this issue, you'll find the latest updates on what's happening, get the scoop on how we believe this whole utility thing is going to work in our "Feature", and discover how to find out if your house is on the chopping block in our "Question of The Month." Remember it is our intent to make the *Housing Privatization Beat* as useful and informative as possible to you, the reader. If you have any ideas or suggestions on what you'd like to see discussed in our "Feature" section or anything you'd like presented differently, please leave your [feedback](#). So, without any further adieu, let's get the ball rolling...

## What's New?

It was a busy month for the Offutt Housing Privatization Team. Here is the latest status on some of the major activities worked on in April.

**Request For Proposal (RFP)** - The RFP is "a movin' on up." No, not to a "deluxe apartment in the sky" but up the review chain. Once HQ ACC gives its blessing, it's on to the Pentagon for one final look before being prepared for release. The date of projected release has been revised from May 02 to Jul 02.

**Industry Forum** - The Industry Forum was held on 11 Apr 02 at the Sheraton Omaha Hotel in downtown Omaha. Despite the rainy weather, nearly 100 people attended the event. Participants included real estate developers, general contractors, consultants, and several Air Force representatives. Brig. Gen. Greg Power kicked things off by welcoming all those in attendance and emphasizing the importance of revitalizing housing



for our military members. Several informative briefings ensued followed by a question and answer session with a panel of experts (see photo). The Forum wrapped up with a bus tour of existing housing units in Capehart, Wherry, and Coffman Heights.

Initial feedback from the event has been very positive and the prospects for a well-participated competition are encouraging. An article about the Industry Forum and housing privatization at Offutt was included in the April 12 edition of the [Omaha World Herald](#).

**Base Briefings** - With the RFP near finalization, now is the time to start getting the word out to the people who matter most in all of this...military members and their families. The 55 CES continued conducting housing privatization briefings at various functions across the base including the 55 CES Wing Update and the 55 LG Commander's Call. Unfortunately, some briefings had to be postponed but are being rescheduled.

On 16 May 02, at 7:00 p.m. in the Capehart Theater, the 55 Wing Commander will be hosting the next Wing Spouse Call. A housing privatization briefing will be given during this Spouse Call so if you are a resident of MFH, here is your chance to hear how privatization might impact you. After the briefing, you will have an opportunity to ask questions. Please attend if possible.

## Questions From Residents

April also saw a significant increase in the number of questions submitted to the Contracted Project Manager (CPM) by residents via telephone and e-mail. This is a positive sign that information is getting "out there" and that housing occupants are recognizing the fact that privatization is approaching. Most of the questions have been excellent and have often led to the team addressing items that had not been considered previously. So, from the office of the CPM, keep 'em coming!

**FEATURE**

**Utilities**

**FEATURE**

Of the myriad of technical components of the RFP, how utilities will work is perhaps the one that draws the most attention. It has piqued the interest of military members and potential developers alike. It was for this reason that it was chosen as the subject of this month's Feature. From a housing occupant's perspective, utilities present a concern because today, payment of gas,

electric, water and sewer bills is not their responsibility. In fact, it is a popular misconception that utilities for MFH units are free. Just because no bills are issued to housing occupants does not mean that the utilities used are not paid for. That aside, it is understandable why being asked to do something different (such as the added responsibility of paying utility bills) may create a little anxiety.

First of all, the only utilities that occupants will be required to pay under privatization are gas and electric. Water and sewer will be paid for by the developer. Second, it is important to note that under housing privatization, when determining rent, the developer is required to deduct a *Utility Allowance* from Basic Allowance for Housing (BAH). The good news is that the *Utility Allowance* will be equal to not just the expected cost of utilities but 110% of the expected cost of utilities! In other words...

$$\text{Rent} = \text{BAH} - \text{Utility Allowance}$$

where *Utility Allowance* = 110% (Expected Utilities Cost). But just how is "Expected Utilities Cost" determined? The formula is:

$$\text{Expected Utilities Cost} = \text{Estimated Consumption} \times \text{Applicable Utility Rate}$$

The *Applicable Utility Rate* is simply the rate established by the utility provider based on market conditions. This is expected to be the same residential rate as non-military people pay. *Estimated Consumption* is calculated based on unit type and historical utility consumption within the housing areas. *Utility Allowance* for each unit type will be recalculated annually by the developer and evaluated by the Management Review Committee (MRC). The MRC is an entity set up by the Air Force to oversee the developer's progress and resolve issues. The MRC will be chaired by the Wing Commander and consist of several base representatives (Civil Engineering, Base Legal Office, Contracting, etc), housing occupant representatives, a developer representative, and selected community members.

The goal of determining *Utility Allowance* will be to provide as accurate an estimate as possible to minimize the chances of any additional out of pocket expenses. However, the method is not perfect, which is exactly why the result is multiplied by 110%. The additional 10% is provided to offset the uncertainty associated with predicting the actual cost.

So, now that we all have a bit of an understanding on how the *Utility Allowance* will be determined, how will utilities actually be billed and paid for? Currently, there are no meters on the housing units to measure utility consumption. However, the developer will be required to install meters on each unit. Exactly, when this will occur will depend on the developer's construction schedule, which will not be known until the developer is selected. After meters are installed, occupants will be billed (most likely directly from the provider) for the amount consumed. What happens before meters are installed will again depend on the developer. One way it may work is that the developer will simply collect all of the BAH from each occupant and then provide payment for utilities to each provider in one bulk amount.

### Utilities Calculation Example

Say you're an E-3 (BAH = \$663) and the Expected Utilities Cost has been established as \$100/month. Your monthly rent for the year would be:

$$\text{Rent} = \$663 - (1.10 \times 100) = \$663 - \$110 = \$553/\text{month}$$

Now let's assume meters have been installed so you will be billed based on actual consumption. Let's also say, you're somewhat energy conscious and actual utilities end up costing \$85 that month. Guess what, you end up with \$110 - \$85 = \$25 additional dollars in your pocket!

### ???????Question of the Month???????

**I live on (your address). Will my unit be demolished and if so, when?**

The Air Force has identified a total of 838 units the developer is required to demolish. Included are the 355 remaining Wherry housing units and 483 units throughout the Capehart housing area. The timeframe required for demolition of these units is as follows:

- 355 Wherry units - within 30 months of award
- 36 Capehart units - within 12 months of award
- 436 Capehart units - within 72 months award

A specific schedule for when each unit will be demolished will not be available until the developer is selected. The majority of the units could still be in the inventory for another six years. Others could be used for temporary relocation for renovation/construction. Therefore, current occupants of these units must continue to adhere to their responsibilities as tenants.

It is important to note that the 483 units represent the minimum number to be demolished. More units could be added to the list depending on what the developer's proposes. The one number that will not change is 2,229, which is the total number of available units after all demolition, construction, and renovation activities are complete. The developer may even propose to knock down all 2,570 conveyed units and build 2,229 new ones.

A list of all units on the required demolition plan is available in the Offutt Housing Privatization Project Management Office. If you want to know if the unit you are currently occupying is on the list, it is available on the [web site](#) or you can contact the CPM (POC information is provided below).

### What's Next?

- Spouse Call 16 May 02
- Advertise RFP Jul 02

**Direct all questions to the CPM, Mr. Chris Wolf of Booz Allen Hamilton, at 294-1149 or e-mail at [christopher.wolf@offutt.af.mil](mailto:christopher.wolf@offutt.af.mil)**