

Offutt AFB Housing Privatization Beat



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Getting Back on Track

As has been reported in the last two issues, the housing privatization project has been put in a holding pattern over the last two months while Air Staff and ACC assess the viability of including additional improvements. During the last month, additional work was completed by the Offutt team to determine the pros and cons of each alternative being considered. A meeting between all the key players including HQ ACC, the Air Force Center for Environmental Excellence (AFCEE), and the Privatization Support Contractor (PSC) was held at Offutt. Economic impact and other analyses were completed in support of helping the Air Force leadership make the best decision possible. Several other important issues were discussed as well including official responses to several open questions received from various developers and utility companies. Also, the highly anticipated new project milestones were established (see "What's New" section). Although the official decision needed to put the release of the Request for Proposal (RFP) back on the move is still pending, we are a lot closer than we were a month ago.

The **Feature** in this month's issue focuses on what the private developer is required to provide outside the individual housing units. In other words, it describes the requirements and desirables included in the RFP that will benefit all occupants and improve the overall atmosphere of the privatized housing communities. In the **Question of the Month**, find out why the housing privatization deal is so much longer than most other Air Force projects. First, however, let's discuss the latest...

What's New?

RFP - Although the RFP is still technically on hold, the Offutt team has worked on amending the document so it will be ready for release regardless of whether or not additional improvements are included. This will help ensure its timely release as soon as possible after we get the word on what additional requirements (if any) to include.

Revised Project Milestones - As mentioned previously, as part of this month's on-site meeting, the key project players evaluated remaining requirements and developed new target project milestones. These dates are important not only because it keeps military members informed on when to expect the changes associated with privatization, but also because it helps give the business community (i.e., developers, utility companies, etc.) an

idea on the status so they can plan accordingly. The revised dates are as follows:

02/17/03	Congressional Notification Begins
03/17/03	Release RFP
05/17/03	Step I Prep & Eval
09/17/03	Step II Prep & Eval
11/01/03	Congressional Notification Begins
02/01/04	Closing

These dates are or will be posted on both the Offutt Housing Privatization web page and the PSC web page (www.jllpsc.com).

Utilities Privatization Cross-feed - The effort to privatize government-owned utility systems began even before the housing privatization process was initiated. It was eventually put on hold because of funding issues and now lags behind housing privatization. However, because housing privatization also includes transfer of utility systems with the housing areas, the two efforts had to be evaluated together in order to ensure there was no duplication of effort. The two project teams met to finalize what utilities would be included in each project. In general, because housing privatization will take place first, the systems serving Capehart and Coffman Heights will go to the housing developer and the remaining systems will be under the control of whomever ends up in control of the main base utility system.

FEATURE Community Improvements **FEATURE**

Much has been written in past issues of "the Beat" regarding the various improvements that will take place within the individual housing units as part of privatization. Now, it's time to talk about some of the other improvements that will be included in the project. The official goal of housing privatization is "to provide military families access to safe, quality, affordable, well-maintained housing in a **community** they will choose to live." The community aspect should not be overlooked because it contributes significantly to the overall living experience and helps the developer meet the objective of improving quality of life for military families. Community improvements refer to modifications to common areas, construction of recreational facilities,

landscaping etc. that benefit all residents. Several requirements and desirables are specified in the RFP that will go a long way toward modernizing the housing areas and improving the overall ambiance of the communities.

Community improvement requirements include construction of additional playgrounds, tot lots, basketball and tennis courts, soccer fields, and other recreational facilities. A walking/bicycle path will be constructed in Capehart that will connect to the existing path along Papillion Creek. Other than general guidance such as siting recreational facilities in areas that are accessible but cause minimum disturbance to occupants, the RFP does not provide a lot of detail on how they will be incorporated into the various neighborhoods. This is because the Air Force wants to encourage potential developers to be creative in designing their community plans.



New Playground in Coffman Heights

Improved landscaping is another requirement of the RFP and is geared towards improving the aesthetic quality of the communities. This includes creating more open "green space" as well as introducing more trees and other plant life. Again the RFP does include some specific minimum guidelines but leaves it up to potential developers to come up with creative ideas. Developer's plans will be evaluated based on the quality of their submittals and their ability to serve the interests of housing occupants.

As with other sections of the RFP, several desired (i.e., not required) features are specified for community improvements. In priority order, these are:

1. Walking/bicycle path in Coffman Heights
2. Lighting for recreational courts
3. Free cable television service to all units

Even if none of the desirables are actually included in the successful developer's plan, the improvements realized as part of the privatization project will significantly enhance the aesthetic value, security, and entertainment value of the housing areas at Offutt AFB. The end result will be that military families will enjoy the sense of community and quality of life that have been historically lacking in their housing areas for many years.

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

Why is the "deal" for fifty years? Isn't this excessive?

Housing privatization deals do appear to be significantly longer than many other Air Force endeavors. In developing the term for housing privatization projects, the Air Force had to consider both its own interests as well as those of the developer. After all, the project's success will depend heavily on the quality of the development team that is eventually awarded the deal. The Air Force therefore realized that they needed to make the housing privatization deal attractive to private industry. With this in mind, the following describes some of the major factors that contributed to the decision to make the deal 50 years:

Financially Attractive - We're asking a lot of the developers. The magnitude of construction requirements within an aggressive schedule along with the responsibility of managing over 2,200 units is a significant burden that will require significant funds up front. The deal needs to be long enough to ensure developers can not only get their money back but see a reasonable return on their investment as well.

High Quality Developers - As alluded to previously, the need to attract quality developers that can handle such a diverse and demanding project is paramount. This can only be done if the Air Force "makes it worth while" to participate. To get the kind of commitment needed from experienced companies with solid backgrounds, the Air Force must show their commitment as well. The length of the deal helps illustrate this commitment.

Less Costly to Air Force - A deal of this magnitude requires a lot of government man-hours to execute. If the housing privatization deal had to be "re-competed" more frequently, the Air Force would incur a significant expense and increase the risk of delays. A fifty-year deal significantly reduces these requirements and helps ensure no interruption in housing service.

Although it may appear that there is an increased risk associated with a deal of this length, the Air Force has made a special effort in protecting its interests through inclusion of several mechanisms within the RFP and associated legal and financial instruments. Some of these mechanisms, such as those that ensure financial viability of the project are explained further in other issues of "the Beat." Given the mechanisms in place within the RFP that protect Air Force interests for the next 50 years, our military can rest assured that housing needs will be adequately taken care of for years to come.

What's Next?

- **Congressional Notification** **Feb 03**
- **RFP Release** **Mar 03**

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