

AIR FORCE CIVIL ENGINEER CENTER INSTALLATIONS DIRECTORATE STAKEHOLDER REPORT FY 2017-2018



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TO OUR STAKEHOLDERS



2017 marked 70 years since the United States Air Force stood up as an independent branch of the armed forces, charged with the mission to Fly, Fight and Win.

Reflecting on the past 70 years is a valuable reminder of the courage and innovation of generations of Airmen that shaped today's Air Force. It also reminds us of the opportunities and responsibility we have to positively impact future generations.

The Fiscal Year 2017-18 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 FY18 and beyond so we remain accountable and responsive to our customers.

Our mission is to provide real property, family housing, utilities privatization (UP) and Base Realignment and Closure (BRAC) enterprise-wide solutions in support of today's and tomorrow's Air Force missions, Airmen and their families. You may hear our business lines commonly referred to as "capabilities," but that can be a bit of a misnomer. The Installations Directorate's value to the Air Force is not in our capability to sign a lease, transfer land or privatize utilities and housing. We bring value to the Air Force and our customers through our business-minded approach to installation optimization. Our diverse team members are trusted advisors who work alongside base personnel and leadership to identify and deliver the right solutions at the right time. Our value to the Air Force is in how we strategically use our business lines and authorities to advance Air Force priorities: to restore readiness, cost-effectively modernize, drive innovation, develop exceptional leaders and strengthen our alliances.

We identified a need to integrate new program operations into our

business lines — government-owned housing and privatized utility system acquisition. Taking on two new missions is no small task, but we made great progress throughout FY17 by establishing business rules and ensuring base program operators received updated guidance. We also improved legacy real estate programs to ensure we're exercising our authorities when it's a good business decision for the Air Force.

While the past is often cherished, it can also be an anchor to the future. The Air Force BRAC program is closing in on the last six whole base transfers for legacy BRAC bases. To date we've transferred 97.5 percent of the 88,260-acre portfolio back to local communities, freeing up critical resources needed to restore readiness. Past mission activities continue to challenge us though with the discovery of two emerging contaminants of concern. We've watched our cost to complete environmental liabilities steadily increase and experienced delays in property transfers as regulators work to learn more about these contaminants and develop reasonable solutions. The good news is we've identified all Air Force BRAC sites potentially impacted by these contaminants and are on track to complete initial site inspection fieldwork in FY18.

As you read through 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 estate and real property experts ensure installations have the land necessary to safely execute missions and the record keeping processes and financial management operations to earn sustainment funds, track assets and prioritize requirements.

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 financial management operations at the base level.

AFCEC's real property team conducted 128 installation site visits to prepare base-level real property offices for Department of Defense-wide financial audits. AFCEC began leading Financial Improvement Audit Readiness (FIAR) evaluations in FY14 to help headquarters Air Force (HAF) prepare for congressionally mandated auditability. The real property team nearly doubled the number of site visits they conducted compared to FY16; they also reviewed more than 40,000 file folders, completed supporting documentation and ensured the specialized Corrective Actions Plans they developed were in practice.

AFCEC will continue to support installations as audits begin in FY18. Real property experts will assist base real property personnel to ensure proper documentation is submitted, examine findings and help bases properly maintain records going forward. The real property team will also collaborate with HAF Logistics, Engineering and Force Protection on adequate staffing for base real property office's to sustain audit readiness.

AFCEC also continued to help bases migrate their data to the Air Force's

"Your Tiger Team's tireless efforts toward a solution, rather than highlighting known problems, are greatly appreciated. Your visit provided us with a jump start on processing paperwork for our two largest sites and clear guidance for the way ahead. Thank you again for your willingness to get your hands dirty and work alongside our squadron in creating and maintaining auditable records for the Air Force!"

Lt. Col. Jeremiah J. Hammill
USAF Commander

new accountable property system of record, NexGen IT. The directorate plans to assist additional bases in the conversion to the new system in FY18 before the system's planned final operating capability at the end of the fiscal year.

TRANSACTIONS

The directorate's Expired Grant Program renewed 331 expired grants in FY17. 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 1,100 real estate transactions in FY17, and laid the ground work for several large-scale transactions scheduled for FY18. One of those transactions is a mission-critical 97-acre land acquisition to support a new National Geospatial-Intelligence Agency Operations Center in St. Louis, Missouri. The Air Force team — which consists of the Installations Directorate, the Air Force Office of General Counsel’s Installations, Energy and Environmental Law Division (SAF/GCN), Air Force Legal Operations Agency and AFCEC’s Environmental Directorate — negotiated with several city, state and federal agencies to draft a legal purchase and sale agreement that ensures environmental requirements are met and the title is delivered to the Air Force on schedule to support the \$1 billion military construction project.

The real property transactions team used partnerships to advance several Air Force initiatives throughout FY17. For example, the team is supporting the Air Force’s environmental mission by partnering with AFCEC’s Environmental Directorate to develop corrective actions and solutions for acquiring easements that support restoration activities, to include more than 15,000 monitoring wells Air Force-wide.

The real property team is also working with commercial industry partners to improve wireless capabilities Air Force-wide. The Long-Term Evolution 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 coverage to as many regions across the country as possible.



A statue donated to Maxwell Air Force Base, Alabama, was among the \$25.5 million worth of unconditional gifts to the Air Force processed by the Installations Directorate in FY17. The statue of the Greek myth Daedalus was commissioned and donated by a Montgomery-area business owner. Daedalus represents the first point of innovation leading to human flight and pays tribute to Maxwell’s aviation history. The statue was unveiled during World War I centennial celebrations in April 2017.

FY17 TRANSACTION HIGHLIGHTS

Provided **24** training sessions for base real estate personnel

Conducted **128** installations site visits in support of FIAR

Renewed **311** expired grants

Processed **1,100** real estate transactions

Secured **\$1.75M** for disposals, acquisitions, appraisals and surveys

Processed **\$25.5M** worth of unconditional gifts to the AF

The Installations Directorate is in the midst of re-delegating real property authorities to improve clarity for the installations and all stakeholders within the real property approval chain. The directorate’s proposed re-delegations expand installations’ authorities, while still minimizing risk. The directorate will finalize re-delegations in FY18.

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.

The compatible-use development team, responsible for the Readiness Environmental Protection Integration (REPI) Program, secured a combined \$30.5 million for encroachment protection across 12 installations in FY17. 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 \$14.9 million from the annual Office of the Secretary of Defense REPI proposal competition. The directorate secured the remaining \$15.9 million from Operation and Maintenance funding advocated at the end of the fiscal year within AFCEC and the Air

“Since you came on board and visited us, the process has been much smoother and faster.”

Howie Aubertin, P.E.
Engineering Flight Chief
28th Civil Engineering Squadron

Force Installation and Mission Support Center (AFIMSC). The Air Force service contribution match increases Air Force project proposal scoring 10 percent for FY18.

The development team focused on standardizing the REPI process to increase and expand participation Air Force-wide in FY17. Process improvements resulted in six new encroachment management agreements at new participating installations and six agreement amendments for existing installations.

During FY17, the Air Force Enhanced Use Lease (EUL) program team closed a deal for a second solar project at Joint Base McGuire-Dix-Lakehurst, New Jersey. The private developer will pay the Air Force \$5.4 million to lease non-excess Air Force property at the joint base for a 13-megawatt solar array.

AIR FORCE REPI PROGRAM TRANSFORMATION

	FY16		FY17
Installation participation	14 submittals	↑ 42%	20 submittals
OSD REPI funds secured	\$9.9 million	↑ 50%	\$14.9 million
Available OSD REPI funds captured	13 percent	↑ 77%	23 percent
Air Force service contribution match	\$11.3 million	↑ 38%	\$15.6 million
Total encroachment funds secured	\$21.2 million	↑ 44%	\$30.5 million

Another solar EUL project at Eglin Air Force Base, Florida, began generating renewable energy in August 2017. The Air Force leased 240 acres of non-excess, under-utilized property in 2015 for development by local utility provider Gulf Power Company. The photovoltaic solar array generates more than 60,000 megawatt-hours of electricity each year for the local community. The mutually-beneficial agreement allows Gulf Power and their third-party developer to construct, own, operate and maintain the photovoltaic solar array. In exchange for leasehold rights of the land, Gulf Power is making infrastructure upgrades that promote energy resiliency for Eglin AFB.

As of FY17, the EUL portfolio includes 13 lease agreements with a combined net present value of \$246 million. To date, the Air Force has received more than \$56 million in cash and in-kind consideration.

In addition to generating monetary return, ground leases executed by the Installations Directorate enable the AFCEC Energy Directorate to secure power purchase agreements for future grid connection to support installation energy requirements. Furthermore, the program provides execution support for approved Office of Energy Assurance (OEA) EULs to boost mission assurance through energy assurance by incorporating renewable energy and resiliency at installations to ensure access to reliable energy supplies.

The real estate development business line updated the EUL Playbook in FY17 to reflect the program's streamlined process. The updated playbook includes instructions that can be tailored and applied to develop project-specific plans and schedules. The directorate also hosted an EUL Opportunity Call and Training initiative that resulted in 22 tailored concept review discussions and one EUL project initiation request.

The Installations Directorate will provide education and training opportunities throughout FY18 to mitigate resourcing constraints on manpower that could impact installations' REPI and EUL program participation. These training opportunities are designed to increase installation leaders' awareness and improve their understanding of real estate development programs and services provided by AFCEC — ensuring customers know program benefits, are familiar with processes and know who to contact for support.



(Top) Lt. Gen. Lee K. Levy II, Air Force Sustainment Center commander, state leaders and EUL partners cut the ribbon to the newly constructed USTAR Innovation Center located outside the west gate of Hill Air Force Base, Utah, Nov. 3, 2017. The center will gain a new Software Development Center (bottom) currently under construction. The project is part of the \$88.5 million in-kind return forecasted for the Air Force as payment for the 50 year Falcon Hill mixed-use development EUL.

FAMILY HOUSING

The Installations Directorate's housing responsibilities expanded significantly in 2017. The directorate is now charged with all housing activities. Adding to the legacy Privatized Housing portfolio management, the Air Force Installation and Mission Support Center commander centralized traditional Family Housing, Unaccompanied Housing and Furnishings Management Services — into one portfolio under the Installations Directorate. As the program execution office for all housing assets, the directorate's Family and Unaccompanied Housing capability will streamline advocacy, approval authorities and reduce decision timelines that impact Airmen and their families.

The housing team developed a Program Management Transition Plan that identifies responsibilities transferred from HAF and AFIMSC. While the Installations Directorate takes on all housing execution activities as the Program Execution Office (PEO), HAF retains guidance, policy, engagement with Congress and other services, and broad oversight.

During the FY17 transition phase, the directorate prepared the FY19 Justification Books for the President's budget, reviewed and validated installations' budget execution plans, assessed the ongoing evaluations for the Inspector General's Unit Effectiveness Inspection program, reviewed and validated leasing requirements and assisted HAF and Air Force Manpower, Personnel and Services in establishing a new squadron manpower standard for Air Force Family Housing. The directorate also supported housing market analyses (HMA) for multiple installations that identified potential deficits, and helped a Site Activation Task Air Force team determine the necessity of a HMA.

The housing team is focused on two overarching goals for FY18: creating a program that solves bases' real-world housing issues and meets mission requirements; and providing timely, useful guidance and support to base housing offices. To accomplish both, the directorate

CENTRALIZED PROGRAM EXECUTION

- **Streamlines approval authorities**
- **Reduces decision timelines**
- **Provides consistency across the AF with enterprise-wide program purview**
- **Enables commanders and mission support groups to remain mission focused**
- **Provides advocacy for Airmen and their families**

will continue to evaluate and improve its processes, establish consistent manpower requirements, provide updated operational guidance to base housing offices and assist in approving the Air Force Housing training program.

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.

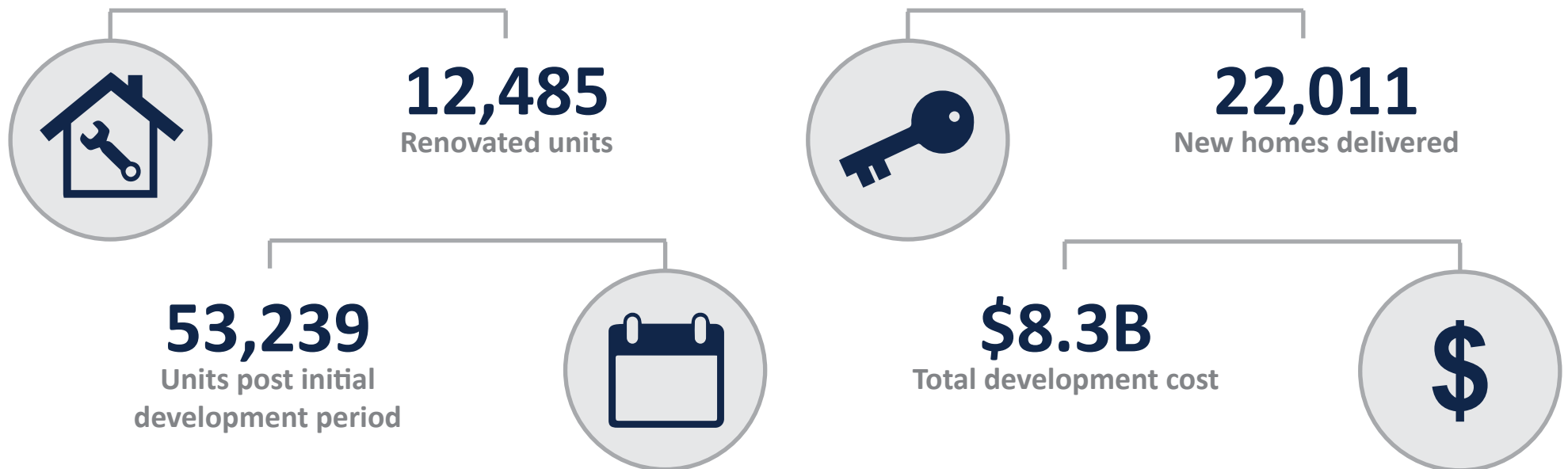
At the close of FY17, the Housing Privatization (HP) portfolio had 55,319 units online, including 22,011 new and 12,485 renovated units. The Air Force's \$619 million investment has resulted in \$8.3 billion in development — meaning for every Air Force dollar an additional \$13 was invested through the private sector and government loans.

The HP team conducted 59 Annual Site Visits and nine Capital Repair and Replacement (CR&R) visits in FY17. HP project managers and program leaders conduct site visits to assess project health and ensure



Robert Moriarty, Installations Director, joined Corvias housing partners and Airmen at Seymour Johnson Air Force Base, North Carolina, for a community center grand opening September 28, 2017. The new community center available to privatized housing residents includes an indoor basketball court, fitness center, children's playroom and an outdoor pool.

PRIVATIZED HOUSING BY THE NUMBERS



program objectives are on track. Project managers worked with Project Owners (POs) to develop and complete sustainment plans and implement corrective actions to meet long-term sustainment and reinvestment needs.

The program also completed financial forecasts for all 32 projects to analyze potential funding availability for program sustainment. Based on these reviews, the Installations Directorate will pursue restructure agreements for four projects in FY18 to ensure they have sufficient funds to maintain quality homes for the duration of the project.

The program completed restructures for two projects in FY17.



At Nellis Air Force Base, Nevada, sustainment funding was projected to cover only 50 percent of requirements and there were no reinvestment funds until the HP team facilitated a restructure. The government agreed to amend the terms of the Government Direct Loan (GDL) and the PO agreed to forgive their \$24 million preferred-return balance and temporarily adjust the Reinvestment Account cash flow splits. The project can now fund all debt-service requirements, reinstate resident services to the appropriate level and fund projected sustainment needs over the remainder of the agreement.

The program made a similar GDL adjustment for the Air Combat



Installation Housing professionals continue to work alongside Project Owners and base housing personnel to improve the program and, ultimately, resident satisfaction. The Housing Privatization team hosted a Lessons Learned Workshop in May 2017 that was attended by more than 150 housing professionals and 50 Project Owner personnel. Keynote speakers included Maj. Gen. Bradley Spacy, Air Force Installation and Mission Support Center Commander, and Jennifer Miller, Deputy Assistant Secretary of the Air Force for Installations. The five-day workshop provided training across four learning tracks and invaluable networking opportunities as attendees discussed similar challenges and talked through lessons learned. One of the topics covered during the workshop was standardizing all aspects of the annual CEL resident satisfaction survey; the program will push to administer future CEL surveys online to ensure more reliable results. The program plans to hold another conference in FY19.

“We appreciate your team’s insights and efforts... you’re getting us very close to a workable solution. Thank you for finding a way forward on the Carlton House that will ensure the home will remain an institutional treasure for USAFA.”

**Lt. Gen. (Ret.) Michelle D. Johnson,
Former Superintendent,
U.S. Air Force Academy**

Command Group II project. The PO agreed to reduce management fees, reduce Asset Management expenses and effectively forgive their Preferred Return Balance of more than \$14 million by moving to a permanent cash flow split. As a result, the project is on track to fund all debt-service requirements and is no longer facing imminent default. Prior to the restructure, funding was estimated to satisfy only 30 percent of sustainment needs over the next 15 years. Post-restructure, the project is forecasted to meet 90 percent of its sustainment needs during that time period. After the 15-year point, the project will be at 48 percent sustainment, versus 14 percent prior to the restructure.

The HP program evaluated the long-term viability of maintaining two costly historic senior-leader quarters in the housing privatization portfolio. The program determined the cost to maintain The Carlton and Otis Homes at the U.S. Air Force Academy (USAFA), Colorado, would be \$470,000 more than the income received in rent over the life of the project. The Installations Directorate recommended transferring both homes back to government ownership — this ensures both historic homes receive the major renovations they need to remain operational and protects the long-term viability of the remaining homes in the USAFA HP portfolio that cater to Airmen and their families. The plan to transfer both quarters to the government-owned housing inventory should be complete by 2018.

FY17 HIGHLIGHTS

PROJECT RESTRUCTURES

2

CR&R VISITS

9

PROJECT FINANCIAL FORECASTS

32

ANNUAL SITE VISITS

59

RENOVATED UNITS

208

NEW HOMES DELIVERED

539

BASE REALIGNMENT AND CLOSURE

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

The BRAC program accomplishes this 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 cleanup activities in FY17. 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 two former installations: McClellan AFB, California, and Galena Forward Operating Location, Alaska. These transfers pushed the BRAC portfolio to nearly 98-percent of total BRAC acreage disposed.

At McClellan AFB, the Air Force disposed of nearly 30 percent of the former base in FY17 by transferring 927 acres to McClellan Business Park. The disposal conveyed ownership of 29 real estate lots, to include an active runway, to the business park for redevelopment and reuse.

At Galena FOL, The Air Force returned a two-acre parcel of land to the Alaska Department of Transportation and Public Facilities for their continued use.



The BRAC project team for Former Chanute Air Force Base, Illinois, completed two significant restoration activities in FY17. (Left) The team investigated potential environmental impacts from past chemical agent training activities. The team reviewed base records, conducted ground scans, excavated and inspected anomalies and collected samples that yielded non-detect for chemical agents and their breakdown products. Only metallic debris, like sewer and water pipe pieces, were found during the site investigation. (Right) The project team completed site restoration for White Hall. Following demolition, the team removed and disposed of more than 52 tons of material and backfilled the site with approximately 1,500 loads of clean soil.

BRAC by the numbers

65 projects funded in FY17 → **\$90M**



4,932 Sites that meet Office of the Secretary of Defense's response complete requirements

86,093

Acres transferred to local communities

2,157

Acres remaining



Cost To Date: \$3.8B | Cost To Complete: \$1.38B

\$204M Cost avoidance from using performance-based contracts

The year AFCEC is scheduled to transfer **100% of BRAC property** to local communities

2027

The Galena project is nearing the halfway mark for a performance-based remediation (PBR) contract awarded in 2014 to implement cleanup remedies at 32 sites. As of the close of FY17, the PBR contract has removed 2,000 cubic yards of contaminated soil, injected 196,000 pounds of treatment amendments and installed 20 remediation systems — resulting in five site closures. Two of the remediation systems were installed over the summer at two of the largest petroleum-contaminated sites. The Horizontal Well Air Sparging Systems will inject air into the wells to accelerate bioremediation of petroleum contamination in soil and groundwater; the systems will begin operating winter 2017-18.

The BRAC program fell slightly short of its FY16 goal to transfer 1,510 acres across five former installations due to project delays caused by funding shortfalls. Funding for several restoration projects had to be deferred for priority projects where potential contamination posed a higher risk to human health.

Despite funding challenges, the Air Force BRAC program continues to meet or surpass environmental restoration requirements set by the Office of the Secretary of Defense (OSD). BRAC program leaders have established an aggressive schedule to achieve response complete (RC) at 18 sites in FY18 to remain on track to meet OSD's goal of RC at 95 percent of hazardous waste sites by FY21.

AIR FORCE RESPONSE TO PFOS/PFOA

The BRAC program achieved a significant milestone in the Air Force's ongoing response to two unregulated, emerging contaminants of concern. The program completed all 40 preliminary assessments (PAs) needed to identify areas where Aqueous Film Forming Foam (AFFF) may have been released at former Air Force installations. The PAs are the foundation of critical investigation work needed to identify and respond to potential drinking water contamination from perfluorooctanesulfonic and perfluorooctanoic acids, or PFOS and



Matt Marrs, BRAC environmental coordinator for the Wurtsmith project, shows new Restoration Advisory Board members the site of a KC-135 Stratotanker crash at the former installation, Aug. 2, 2017. The BRAC program successfully remediated groundwater and treated soil contaminated with jet fuel from the crash; the site remains open as the Air Force addresses contamination stemming from the AFFF used to douse the flames, saving 10 passengers' lives.

PFOA, both components of legacy AFFF. To date, the BRAC program has spent \$104 million investigating and responding to PFOS/PFOA contamination Air Force-wide.

In addition to the potential threat to human health from drinking water contamination, PFOS/PFOA contamination also threatens the Air Force's ability to restore and transfer property on schedule. Deferring restoration money to fund PFOS/PFOA projects delayed cleanup activities for 1,480 acres in FY17. The discovery of PFOS/PFOA contamination also halted conveyances of 346 acres across two former installations as the Air Force awaits enforceable cleanup standards from the Environmental Protection Agency (EPA).

Despite challenges posed by emerging contaminants, the Air Force BRAC team continued its aggressive campaign to investigate contamination and protect human health. At Former Pease AFB,

New Hampshire, the Air Force awarded a \$14 million contract for a mitigation system that will control migration of PFOS/PFOA contamination to public drinking water supply wells. The Air Force is also funding the system design of a new city-operated drinking water treatment system, which is currently underway. At Former March Air Reserve Base, California, the Air Force awarded cooperative agreements to purchase drinking water to replace the loss of one of the community's municipal wells and to assess suitable treatment options.

In Michigan, the BRAC program re-established a Restoration Advisory Board (RAB) at the Former Wurtsmith AFB to create a public forum for discussion and information exchange between the Air Force, regulatory agencies and the community. The BRAC project team hosted an orientation and site tour in August 2017 to help newly selected RAB members understand their advisory role representing the Oscoda-area community in environmental restoration activities at the former base. In addition to standing up Wurtsmith's RAB, the BRAC project team wrapped up the site inspection and started plans for an extended site evaluation to further evaluate PFOS/PFOA contamination and protect human health. The team also conducted a second round of drinking water sampling which confirmed no drinking water sources exceeded the EPA's Health Advisory (HA) for PFOS or PFOA.



AFCEC conducted a second round of drinking water sampling at the former Wurtsmith Air Force Base, Michigan, August 2017. AFCEC resampled 43 private drinking water wells and two municipal wells near the installation during peak pumping season to evaluate seasonal variations and determine if PFOS/PFOA levels had changed since 2015. Sampling results confirmed no drinking water sources exceeded the EPA's Health Advisory for PFOS or PFOA.

STANDING READY

BRAC program leaders continue to prioritize readiness to ensure the program can 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 and restoration. Throughout FY17, key team members captured and catalogued lessons learned to help others successfully navigate similar scenarios and challenges in the future. The BRAC team also reviewed their execution strategy to ensure the program remains on track to meet the 2021 response complete goal of 95 percent, and consider potential impacts from emerging contaminants. In addition to building out information repositories, team members ensured FIAR compliance initiatives continued even after the program met the Air Force's FY17 FIAR deadline. The team continues to test processes and apply improvements to ensure financial reporting includes proper control activities and supporting documentation.



UTILITIES PRIVATIZATION

The Utilities Privatization (UP) Program provides safe and reliable utility systems that meet industry standards.

In FY17, the Installations Directorate took on cradle to grave program management along with remaining the source selection decision authority for the Air Force UP program. In January 2017, the directorate began reviewing, prioritizing and advocating a holistic investment strategy for Air Force systems, including systems in the UP pipeline.

In FY17, the directorate focused on establishing a centralized UP program office and operating the UP program office. The directorate awarded eight utility systems and developed an initial transition process for merging two distinct programs into one business line. Part of the directorate's strategic business approach to UP acquisitions is developing a holistic utility strategy by collaborating across AFCEC Energy, Operations and Planning Directorates, OEA and AFIMSC. This effort will culminate in the Air Force procuring the right systems for privatization at the right time, establishing a reasonable and affordable



Representatives from Little Rock Air Force Base, Arkansas, the Air Force Civil Engineer Center, the State of Arkansas, the City of Jacksonville, the Defense Logistics Agency and Jacksonville Waterworks commemorate the finalization of the water contract for Little Rock AFB.

FY17 HIGHLIGHTS

The Air Force UP program awarded **four** 50-year utility service contracts for eight utility systems.

Little Rock AFB, Arkansas:
Systems Awarded: Water
Award Date: 31 Jul 17

Joint Base San Antonio–Lackland and Randolph AFB, Texas:
Systems Awarded: Electric, Gas
Award Date: 28 Sep 17

Wright-Patterson AFB, Ohio:
Systems Awarded: Gas, Water, Sewer
Award Date: 28 Sep 17

These privatized deals total **\$807.7M** and represent an average of a four-year-long effort to leverage the expertise and capital of private industry to own, operate, maintain, upgrade and repair utility infrastructure to industry standards and allow installation leadership to focus on their core mission.

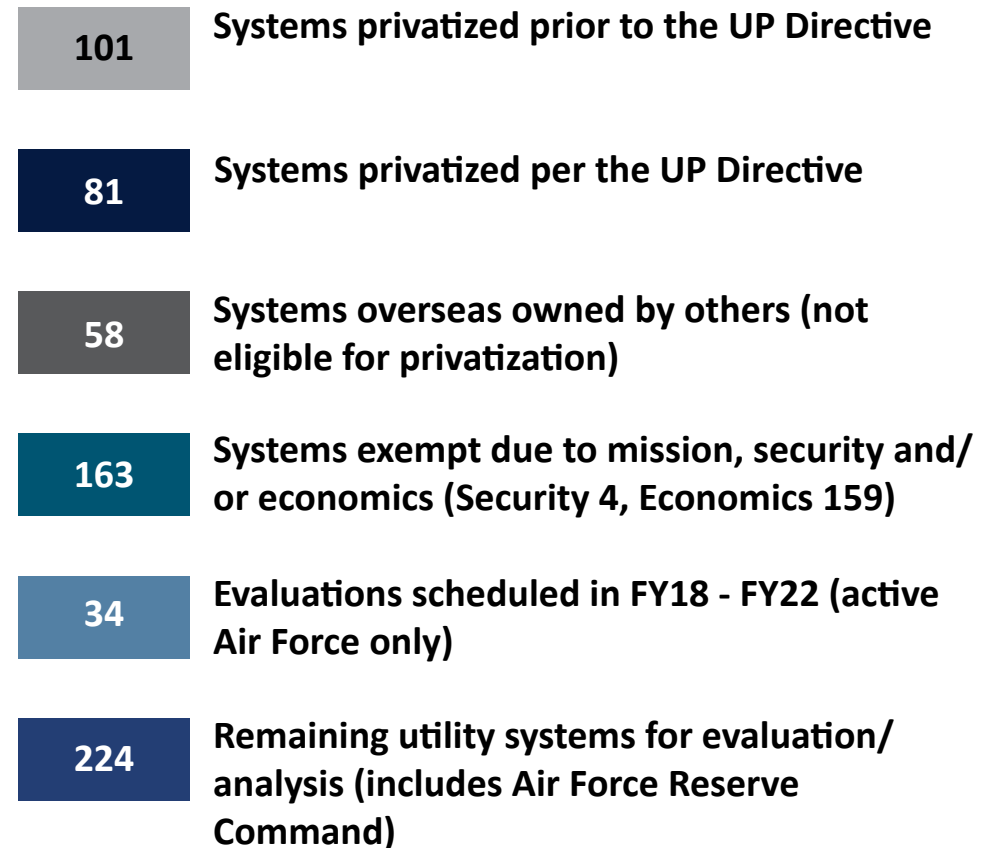
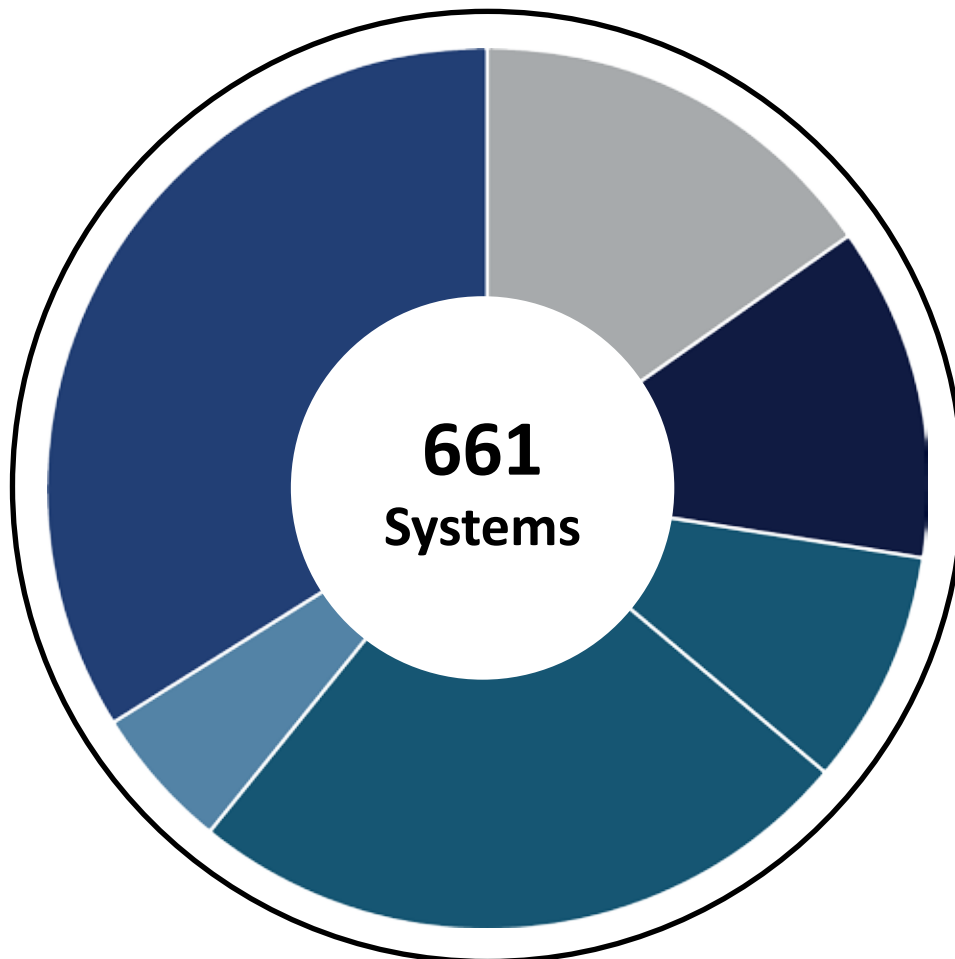
approach to completing the acquisition and sustaining the post award management of \$5.8 billion in Utility Service Contracts.

Following the merger of UP acquisition and management, the Installations Directorate identified the challenges that accompany cradle-to-grave program management, like identifying and integrating various processes. In response, program leaders conducted an Integration Workshop to identify gaps and refine and develop integrated processes for a forthcoming program playbook.

The program will hold a second Integration Workshop in FY18 to further flesh out roles and responsibilities and operational and strategic business rules that will help the directorate advocate for sound investment strategies and fiscally responsible management of utility systems contracts.

As of FY17, the UP portfolio consists of 81 privatized systems with 224 systems awaiting evaluation to determine if, and when, privatization should take place. The program is on target to award 34 systems in the next five years.

AIR FORCE STATUS OF UTILITY SYSTEMS



SPECIALIZED LEGAL SUPPORT

A team of world-class legal experts supports every Air Force real property action. From housing privatization agreements and gifts of real property, to enhanced use leases and property exchanges, attorneys in SAF/GCN, provide the legal advice, legal drafting and representational skills Air Force leaders depend on to make informed, defensible decisions that improve mission-support capabilities.

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In FY17, SAF/GCN supported the successful completion of nearly 1,269 real property-related tasks. Among those tasks were several transactions they negotiated to improve the quality of life for our

Airmen and their families as well as aid in regional community development projects.

Between June and July 2017, SAF/GCN-San Antonio attorneys supporting the Installations Directorate finalized the legal agreements needed for financial restructuring of two housing privatization projects. Combined, the restructures for ACC Group II and Nellis AFB housing projects resulted in an upward adjustment of \$80.1 million and will help ensure Airmen and their families continue to have quality housing options for years to come.

At Tyndall Air Force Base, Florida, SAF/GCN helped the Installation Directorate's real estate transactions team dispose of 184 acres of excess property. The Air Force team worked with Florida State University, Panama City and the City of Lynn Haven to develop a mutually beneficial deal. In exchange for the former Lynn Haven Fuel Depot property, the Air Force received \$2.45 million for infrastructure upgrades and \$30,000 in FSU scholarships for Tyndall AFB military personnel. The agreement also provided the city with land for a commercial development the city expects to substantially bolster their economy.



FY17 LEGAL SUPPORT SNAPSHOT

More than **28** REPI and encroachment-related actions

Negotiated and drafted new and amended cooperative agreements in support of the REPI program with conservation partners obligating \$30.5 million in funding. Reviewed and/or negotiated the acquisition of 16 easements totaling approximately 4,847 acres in FY17— securing lands to prevent future encroachments.

173 leasing actions

Helped the Enhanced Use Lease program complete a public-private project worth \$600,000 for Seymour-Johnson Air Force Base, North Carolina. The EUL agreement leased 62 acres of non-excess base property to the City of Goldsboro to support a multi-sport complex.

64 tasks for acquiring and disposing of interests in property

Supported an easement acquisition and provided ongoing support authorizing project development for a wetland mitigation bank to satisfy requirements for future construction projects. **Negotiated** a mission-critical land acquisition for a new National Geospatial-Intelligence Agency Operations Center in St. Louis, Missouri. **Assisted** in the sale of 21 government-owned homes, and four pending sales, near Menwith Hill, United Kingdom, garnering an estimated return of \$12.5 million for the U.S. Government.

30 tasks related to gifts of real property needed to satisfy mission requirements

Provided legal support for a total of nearly \$25.5 million in gifts during FY17, to include a \$6 million real estate gift from the Massachusetts Department of Transportation and other state agencies to Hanscom Air Force Base. The real estate gift enables a new security forces gate complex to alleviate off-base traffic congestion and resolve force protection concerns.

Reviewed **87** legislative documents with potential impacts to AF real property

Reviewed House and Senate bills for the FY18 National Defense Authorization Act and DoD and military service legislative proposals for the FY19 legislative cycle. Based on SAF/GCN recommendations, the Air Force submitted revisions to the Armed Services Committee on several provisions affecting Air Force real property, to include revised language for special legislative conveyances at two installations and changes to proposed revisions to easement granting authority.



2018 AND BEYOND

Installations are the foundation of the Air Force and the enabler behind “Fly, Fight and Win.” The Installations Directorate will continue to strengthen that foundation by adapting its business lines to support evolving installation needs — both immediate and long-term. The directorate will accomplish this through three connected lines of effort in FY18: proactive communication and guidance, responsive support and accountability.



THREE LINES OF EFFORT IN FY18

Proactive communication and guidance

Responsive support

Accountability



PROACTIVE COMMUNICATION AND GUIDANCE

Whether the directorate is enhancing existing program operations or integrating new ones, any effort to improve installation and mission support hinges on effective communication and guidance.

The HP program launched two successful communication efforts in FY17 — issuing annual Major Command (MAJCOM) reports and holding “health of the fleet” program reviews with MAJCOM Commander and HP101 briefs for new installation commanders. The program also started quarterly briefings for the vice and wing commanders of Air Education Training Command. The reports provide a snapshot and analysis of portfolio health and other program insights for the projects within each command; briefings support dialogue between AFCEC housing professionals and MAJCOM leaders as they discuss how project reports are generated for reforecast, where each command stands in terms of sustainment and recapitalization funds and other topics. The directorate plans to offer quarterly briefings to additional MAJCOM vice commanders in FY18 where MAJCOMs see value in this additional service.

Centralizing all HP and UP activities within the Installations Directorate is a bold initiative and creates many long-term gains for the Air Force, but it also creates short-term challenges for both the directorate and base program operators as roles, responsibilities and processes change. As with all programs, clear guidance is critical to ensure program operators have the information, direction and support they need to do their job. The directorate will push out new guidance and processes throughout FY18 to keep mission support groups informed of changes.

The Installations Directorate relies on private and public partners to help sustain “battle ready” installations and Airmen. Several business lines partner with commercial industry to keep up with market trends and innovative business solutions; the real estate team works with community partners to identify cost-sharing and other compatible-use solutions to protect our installations and lower operating costs. The BRAC program team works with community leaders, state regulators and other stakeholders to restore and transfer former base property. These relationships are valuable resources for installation support and the directorate will continue to foster these relationships throughout FY18.

RESPONSIVE SUPPORT

Intent and outcome are not always the same. The Installations Directorate's intent is to optimize installations and mission support by delivering effective products and support. The only way to ensure the desired outcome is met is to establish measurable objectives, listen to customer feedback, evaluate results and make necessary adjustments.

For example, Installations' real property experts based much of the NEXGEN IT System design and configuration on what they learned from working with base personnel during FIAR evaluations and other site visits. The directorate also proposed re-delegations that expand installations' real property authorities based on customer feedback and the Air Force's desire to push authorities to the lowest sensible level.

The new housing program is committed to solving bases' real-world housing issues. To accomplish this, the directorate is listening to customer feedback and experiences in order to identify trends and adjust processes, roles and responsibilities, or re-delegate authorities, to support a better outcome for Airmen.

BRAC communities are anxious to resolve potential PFOS/PFOA contamination impacts to their communities. Although lack of enforceable standards and proven cleanup technologies prevent the BRAC program from fully resolving community concerns, the program is trying to speed up critical investigation work and other PFOS/PFOA requirements they can address by requesting additional funding through the Program Objective Memorandum process.

ACCOUNTABILITY

Base leaders and program operators have significant stake in program management operations and strategies. The Installations Directorate is committed to transparency to support accountability and maintain customer trust.

The UP program will deliver the final measurement component for the Monthly System Performance Report in FY18. Once the final measure —reliability — is added, the reporting tool gives stakeholders oversight of program effectiveness and efficiency and provides consolidated output to determine resilient installation, infrastructure and combat support capabilities.



The directorate is accountable for more than program management outputs; as subject matter experts and seasoned professionals, the directorate has a duty to train and prepare the next generation of housing and real estate career-field leaders.

The housing program is developing a formal Career Development Training program to ensure housing professionals are prepared for career-advancement opportunities.

The directorate's real property experts are updating training courses and adding an introductory course and waver valuation course to ensure real property specialists are qualified and prepared to support audit readiness and asset management.

CONCLUSION

We published the inaugural stakeholder's report in FY14 to familiarize customers with the capabilities of the newly established AFCEC directorate. Four years later, we're engrained in installation-optimization projects Air Force-wide, we have strong customer relationships and we've significantly expanded and enhanced our business lines and customer support.

We will continue to publish this report each year to update stakeholders on our progress and future plans and provide an avenue for customer feedback.

INSTALLATIONS DIRECTORATE'S FY18 GOALS

- Transfer 265 acres of BRAC property
- Achieve response complete at 18 BRAC sites
- Develop Land Use Control Inventory Tool and update LUC inventory database
- Complete fieldwork for three PFOS/PFOA site inspection reports
- Standardize Manpower Determinate across Air Force Housing Management Offices
- Update housing program guidance and processes
- Create Career Development Training program for housing professionals
- Initiate restructure negotiations for four HP projects
- Develop playbook to determine when taking back utility infrastructure is beneficial
- Develop strategic communication plan for updating commanders on HP project status
- Reduce expired grants backlog
- Improve/update Real Property Training
- Assist with NEXGEN data migration for 13 bases
- Perform quarterly, annual compliance testing for EUL projects
- Update EUL playbook
- Finalize Holistic Utilities Systems Working Group
- Complete reliability component for UP performance evaluation
- Integrate UP program into Air Force governance structure
- Increase REPI funds secured and base proposals by 10 percent

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- Environmental Restoration
- Long-term Management



BATTLE READY, BUILT RIGHT

AFCEC Installations Directorate

*Supporting Installations, Airmen
and Air Force families*

