



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

AUG 1 2003

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF DEFENSE
(INSTALLATIONS)

Subj: UTILITIES PRIVATIZATION QUARTERLY REPORT

As required by Defense Reform Initiative Directive (DRID)#49, Privatizing Utility Systems, and the Revised Guidance for the Utilities Privatization Program, I am forwarding the attached Department of the Navy Quarterly Report. This report is current as of June 30, 2003.

My point of contact is Mr. Bill Tayler, at (202) 685-9254.

A handwritten signature in black ink, appearing to read "Wayne Army", written over a circular stamp or mark.

Wayne Army
Deputy Assistant Secretary
(Installations and Facilities)

Attachment:

Copy to:
N46
HQMC
NAVFAC



Department of the Navy Utilities Privatization Quarterly Report

Submitted to
Under Secretary of Defense for
Acquisition, Technology and Logistics
July 2003

EXECUTIVE SUMMARY

INTRODUCTION

This quarterly report provides the status on executing the Department of the Navy's (DoN) Implementation Plan for privatizing utility systems as submitted by the Secretary of the Navy to the Deputy Under Secretary of Defense for Installations in support of the Department of Defense Reform Initiative Directive (DRID) #49 – *Privatizing Utility Systems*. This report updates the planning, scheduling and execution requirements outlined in the Navy and Marine Corps Utilities Privatization Implementation Plans. Included are a detailed listing of the current inventory of Navy and Marine Corps utility systems worldwide and their associated execution status information, a total of 824 systems at 138 activities/installations. All data is current as of 30 June 2003.

SUMMARY OF PROGRESS

1. Progress Reports. DoN's progress towards meeting the goals established under the DoD Revised Guidance for Utilities Privatization Program of 9 Oct 2002 is summarized below. We have also forwarded an electronic copy of this report, along with its supporting database.

a. Current Status.

System Type	Total Number of Systems	Privatized Before Dec 98	Owned By Others	Available to Privatize	Pending Re-Assessment	On Hold or Temp Defer	Active Pending RFP Release	RFP Released Pending Closure	RFP Closed Pending SSA Decision	SSA Decision Made Pending Notification	Security & Mission Exempt	Econ Exempt Pre-RFP	Econ Exempt Post-RFP	Contract Award
Electric	243	2	55	186	0	3	11	26	126	0	7	4	6	3
NG	86	7	1	78	0	0	0	9	58	0	0	1	6	4
Water	240	0	49	191	0	8	6	38	128	0	3	3	2	3
WW	234	0	48	186	0	8	8	31	129	0	3	2	2	3
Other	21	0	0	21	0	0	4	2	15	0	0	0	0	0
Total	824	9	153	662	0	19	29	106	456	0	13	10	16	13
				662		Delayed:	29		Under Acquisition:	562		Total Exempt:	39	13
				100%		3%	4%		85%			6%	2%	

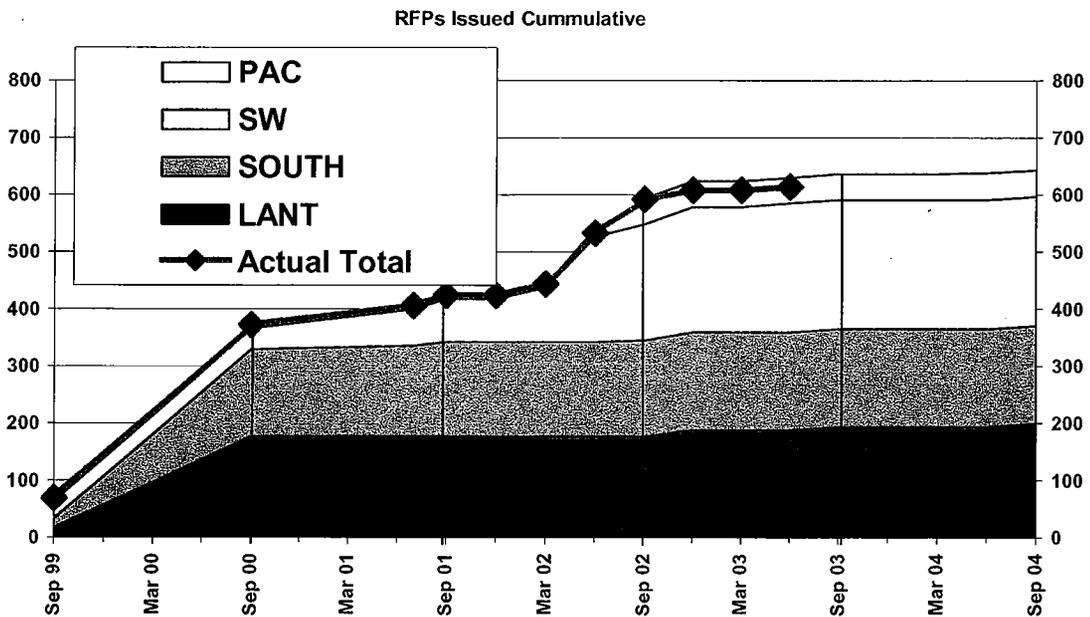
System Type	# With at least RFP Closed or Exempt	%	# With at least SSA Decision Made or Exempt	%	Total # of Systems Privatized	% of Total Systems Privatized	% of Total Systems Originally Owned by Others	% of Total Systems Exempt	Total DRID Complete
Electric	146	78%	20	11%	5	2%	23%	7%	32%
NG	69	88%	11	14%	11	13%	1%	8%	22%
Water	139	73%	11	6%	3	1%	20%	3%	25%
WW	139	75%	10	5%	3	1%	21%	3%	25%
Other	15	71%	0	0%	0	0%	0%	0%	0%
Total	508	77%	52	8%	22	3%	19%	5%	26%

b. Projected and Actual Progress Summaries.

System Type	E	G	W	WW	O	Total	%	E	G	W	WW	O	Total	%
Avail. To Priv.	186	78	191	186	21	662		186	78	191	186	21	662	
	Planned RFPs Issued Cumulative							Actual RFPs Issued Cumulative						
Sep 99	8	7	8	7	0	27	4%	23	4	9	8	0	44	7%
Sep 00	50	14	59	57	0	180	27%	93	37	112	105	0	347	52%
Jun 01	107	45	131	114	1	398	60%	107	45	131	114	1	398	60%
Sep 01	116	48	137	119	3	423	64%	116	48	137	119	3	423	64%
Dec 01	116	48	137	119	3	423	64%	116	48	137	119	3	423	64%
Mar 02	121	53	142	124	3	443	67%	121	53	142	124	3	443	67%
Jun 02	141	70	186	150	15	542	82%	141	70	166	150	15	542	82%
Sep 02	164	74	179	169	16	602	91%	163	74	179	168	16	600	91%
Dec 02	176	78	185	179	17	635	96%	169	78	181	173	17	618	93%
Mar 03	180	78	187	182	17	644	97%	169	78	181	173	17	618	93%
Jun 03	180	78	187	182	17	644	97%	172	78	177	170	17	614	93%
Sep 03	182	78	189	184	17	650	98%							
Dec 03	182	78	189	184	17	650	98%							
Mar 04	182	78	189	184	17	650	98%							
Jun 04	182	78	189	184	17	650	98%							
Sep 04	183	78	189	184	21	655	99%							
	Planned RFPs Closed Cumulative							Actual RFPs Closed Cumulative						
Sep 00	9	4	8	7	0	28	4%	9	4	8	7	0	28	4%
Sep 01	29	9	25	23	1	87	13%	29	9	26	24	1	89	13%
Dec 01	32	12	28	26	1	99	15%	32	12	29	27	1	101	15%
Mar 02	36	15	32	30	2	115	17%	36	15	32	30	2	115	17%
Jun 02	42	18	36	33	2	131	20%	42	18	36	33	2	131	20%
Sep 02	61	31	61	53	2	208	31%	61	31	61	53	2	208	31%
Dec 02	79	38	80	73	3	273	41%	79	38	81	73	3	274	41%
Mar 03	126	61	123	117	15	442	67%	102	44	95	94	3	338	51%
Jun 03	154	72	150	145	17	538	81%	146	69	139	139	15	508	77%
Sep 03	166	74	161	157	17	575	87%							
Dec 03	167	75	165	160	17	584	88%							
Mar 04	180	78	187	182	17	644	97%							
Jun 04	180	78	187	182	17	644	97%							
Sep 04	182	78	189	184	17	650	98%							
Dec 04	182	78	189	184	17	650	98%							
Mar 05	182	78	189	184	17	650	98%							
Jun 05	182	78	189	184	17	650	98%							
Sep 05	183	78	189	184	21	655	99%							
	Planned SSA Decisions Cumulative							Actual SSA Decisions Cumulative						
Sep 00	8	4	8	7	0	27	4%	8	4	8	7	0	27	4%
Sep 01	8	4	8	7	0	27	4%	8	4	8	7	0	27	4%
Dec 01	8	4	8	7	0	27	4%	8	4	8	7	0	27	4%
Mar 02	8	4	8	7	0	27	4%	8	4	8	7	0	27	4%
Jun 02	8	4	8	7	0	27	4%	8	4	8	7	0	27	4%
Sep 02	8	4	8	7	0	27	4%	8	4	8	7	0	27	4%
Dec 02	8	4	8	7	0	27	4%	8	4	8	7	0	27	4%
Mar 03	18	6	20	19	0	63	9%	14	9	8	7	0	38	6%
Jun 03	20	7	20	19	0	66	10%	20	11	11	10	0	52	8%
Sep 03	31	12	26	24	0	93	14%							
Dec 03	56	23	54	53	1	187	28%							
Mar 04	76	25	64	69	2	236	36%							
Jun 04	80	27	66	73	3	249	38%							
Sep 04	113	41	101	103	3	361	54%							
Dec 04	135	61	129	126	14	465	70%							
Mar 05	150	66	153	149	15	533	80%							
Jun 05	175	78	182	177	17	629	95%							
Sep 05	183	78	189	184	21	655	99%							

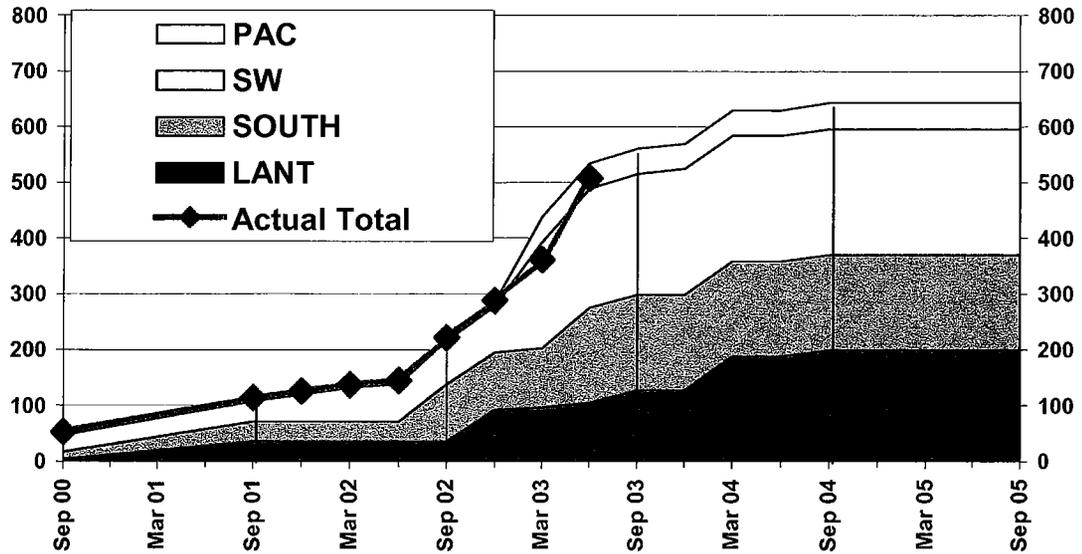
2. RFP Issued Status. RFPs have been issued (or have been exempted) for 614 of 662 systems, which represent 93% of DoN systems being considered for privatization. This represents a decrease of 4 systems from 618 systems (93%) last quarter. By the next quarterly report, DoN expects to have issued RFPs for 636 systems (96%).

- There are 7 water and wastewater systems at Camp Pendleton that had previously been listed as having RFPs issued. These systems have been granted a temporary exemption while ongoing litigation is being resolved, therefore issued RFPs have been cancelled.
- There is 1 electric system at Bayview, Idaho that had previously erroneously been listed in the database as having its RFP issued. This RFP has not been yet been issued, and is now planned to be issued in September 2003.
- Four Guam electric systems were granted exemptions (described further in paragraph 7). Although exempted, per OSD guidance these systems count towards all milestone completion goals, including RFP issuance.



3. RFP Closure Status. RFPs have closed (or have been exempted) for 508 systems, or 77%. Last quarter, 338 systems, or 51%, had closed. By the next quarterly report, DoN expects to have closed RFPs for 561 systems (85%). The Navy expects to exceed the OSD interim milestone of having RFP closure for 80% of systems by 30 September 2003.

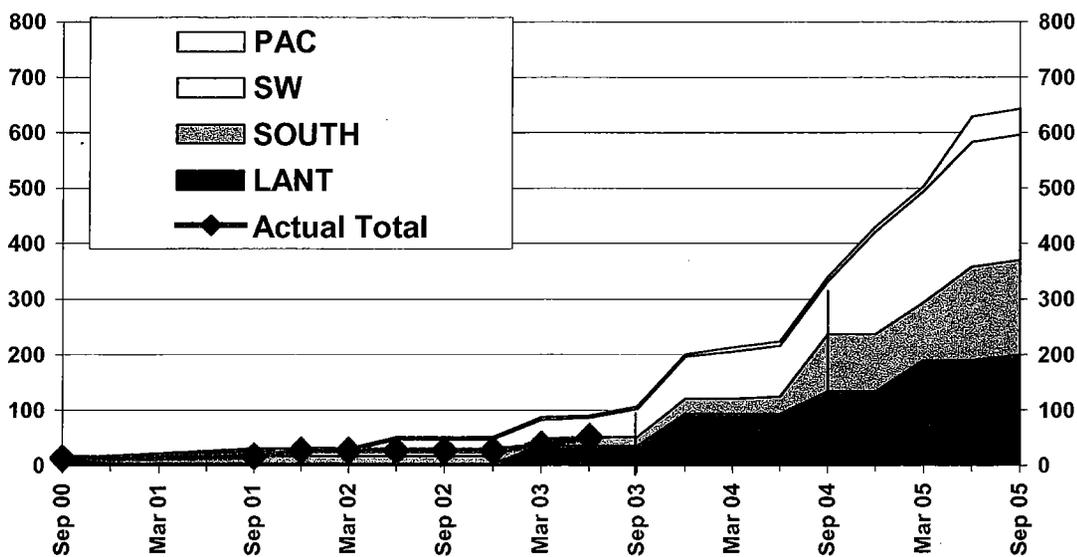
RFPs Closed or Exempt



4. SSA Decisions. To date, there have been 52 of 662 systems (8% of DoN systems being considered for privatization) that have either been exempted or have reached Source Selection Authority (SSA) decisions. This is an increase from 38 systems (6%) last quarter. DoN expects to meet the proposed OSD Milestone of having achieved SSA decisions for all of its systems by 30 September 2005. The Navy also expects to achieve SSA decisions for 50% of its systems by 30 September 2004.

- SSA decisions were made this quarter for 4 electric systems in Guam. These four systems were granted security exemptions.
- There are 10 systems at off-base housing sites in the San Diego area that have been privatized by the Housing PPV program during the past quarter. The privatization of the housing sites resulted in conveyance of government utilities systems.
- There are 55 additional systems for which SSA decisions are approaching. These include 7 systems at Twenty-nine Palms, 2 systems at Atlanta, 7 systems at Barstow, and 7 systems at Yuma. Also nearing completion are 32 systems in the Area B (Washington, DC area) solicitation, for which a best value determination has been made, and a final SSA decision is expected in November 2003.

SSA Decision or Exempt



5. Privatization Awards. Housing privatization awards were made in May 2003 for off base housing sites in the San Diego area, thereby privatizing 10 utility systems at these sites. DoN expects no additional awards to be made during the next quarter. To date, there have been 13 systems with privatization awards.

Privatization Awards

Activity	Water	Electric	Sewer	Gas	Other	Comments
NSY Norfolk	-	1	-		-	Privatized Jul 1999
NSA Midsouth	-	-	-	1	-	Privatized (by replacement) Sep 1999
NCBC Gulfport	-	-	-	1	-	Privatized (by replacement) Dec 2000
COMNAVREG San Diego (Housing)	3	2	3	2	-	Privatized (by Housing PPV) May 2003

6. Congressional Notifications. There are currently no Congressional notifications pending. DoN expects no additional notifications during the next quarter.

7. Exemptions and Deferrals. Security exemptions have been granted for 4 Guam emergency electric systems during the past quarter. Deferrals have been granted for 5 Guam water and wastewater systems until Guam law permits competition. Temporary exemptions have also been granted for 7 Camp Pendleton water and wastewater systems to allow pending ongoing litigation to be resolved prior to privatization. The current status of all exemptions and deferrals is shown in the following graphs.

Security Exemptions

Activity	Water	Electric	Sewer	Gas	Other	Comments
NSF Thurmont	1	1	1	-	-	Approved by DASN(I&F) Apr 1999
SWFLANT Kings Bay	-	1	-	-	-	Emergency Electrical System for Limited Area approved Jul 1999
SUBASE Kings Bay	1	1	1	-	-	Approved by DASN (I&F) May 2001
SUBASE Bangor	1	-	1	-	-	Approved by DASN (I&F) May 2001
NAVMAG Guam	-	1	-	-	-	Approved by DASN (I&F) July 2003
PWC Guam	-	1	-	-	-	Approved by DASN (I&F) July 2003
NAVHOSP Guam	-	1	-	-	-	Approved by DASN (I&F) July 2003
NCTS Guam	-	1	-	-	-	Approved by DASN (I&F) July 2003

Economic Exemptions Pre-RFP

Activity	Water	Electric	Sewer	Gas	Other	Comments
NSB Bangor	-	1	-	-	-	Approved by DASN(I&F) Sep 2000
NAVSTA Bremerton	-	1	-	-	-	Approved by DASN(I&F) Sep 2000
NRC Jim Creek	-	1	-	-	-	Approved by DASN(I&F) Sep 2000
NAWCTSD Orlando	1	-	1	-	-	Approved by DASN(I&F) Sep 2000
MCB Kaneohe Bay	1	-	-	-	-	Approved by DASN (I&F) Apr 2001
Ind Ord Plt Magna, Utah	1	1	1	1	-	Approved by DASN (I&F) Dec 2001

Economic Exemptions Post-RFP

Activity	Water	Electric	Sewer	Gas	Other	Comments
NAS Atlanta	2	-	2	1	-	Approved by DASN (I&F) Nov 2001
MCAS Yuma	-	6	-	3	-	Approved by DASN (I&F) Feb 2003
MCLB Barstow	-	-	-	2	-	Approved by DASN (I&F) Feb 2003

Deferrals

Activity	Water	Electric	Sewer	Gas	Other	Comments
NS Roosevelt Roads	3	-	2	2	-	Approved by DASN(I&F) Dec 2001
MCB Camp Pendleton	4	-	3	-	-	Approved by DASN (I&F) Apr 2003
NAVMAG Guam	1	-	-	-	-	Approved by DASN (I&F) July 2003
PWC Guam	1	-	1	-	-	Approved by DASN (I&F) July 2003
NAVHOSP Guam	-	-	1	-	-	Approved by DASN (I&F) July 2003
NCTS Guam	-	-	1	-	-	Approved by DASN (I&F) July 2003