Introduction: Why the Focus on Partnerships Now?
As Department of Defense (DoD) budgets shrink rapidly, DoD leaders are looking for revolutionary ways to reduce costs while retaining capabilities critical to their missions. Communities, states, and industry that depend heavily upon DoD for their livelihoods and economies are searching for more efficient operating models that will compensate for reductions in defense spending and provide a stronger foundation to rebuild when the budget climate improves. During lean times, “partnership” is a construct often employed as a way to share burdens, adjust to reductions and enable mission continuity. There are many examples where partnerships have been critical to DoD and community success. Disappointments have also occurred. Developing partnerships that successfully realize their goals requires stakeholders to rely on new operational models for collaboration between military installations and their community hosts.

Changing Defense Landscape Drives Pursuit of Partnerships
Partnerships designed to enhance the efficiency or improve the military value of DoD installations fit under the rubric of “P4,” public-public and public-private partnerships:

- Public-Public Partnership — a partnership between two or more public agencies that combines resources — either monetary or in-kind — funded by two or more public revenue streams to achieve common goals and objectives. The “Monterey Model” described below is an excellent example of this type of partnership.
- Public-Private Partnership — a partnership between at least one public or quasi-public agency and at least one private entity that combines resources — either monetary or in-kind — funded by both public revenue streams and private capital to achieve common goals and objectives. A well-known example of this type of partnership in DoD is housing privatization; other models include enhanced use leasing (EUL) of underutilized assets and facilities-use agreements.

The models listed above and addressed in this article are only two of a broad spectrum of partnerships. The most common type of public-public partnerships are inter-local support agreements between military and civilian fire and police forces. Cooperative research and development agreements are used by many universities and research organizations to partner with their military colleagues. Facilities-use agreements provide for the sharing of facilities between the military and both private and public interests. Fundamentally, these all share the same characteristics of effective partnerships that we discuss later in this article.
Defense communities and the private sector organizations that support them and DoD are facing dramatic changes that outpace any witnessed since the end of the Cold War. These changes are driven by a restructuring of the nation’s defense and a deliberate move toward a more efficient use of DoD’s budget, and will affect how defense communities and the organizations that support them do business with each other and the military installations they serve for decades to come.

These changes are presenting all the services with the need to consider alternative approaches to meeting mission support requirements. For the Air Force, the critical need is to find more efficient means to provide installation support services without sacrificing mission capability or capacity. This is driven by the realities of shrinking budgets in a difficult economy, the revolution in weapons technology and the resulting reduction in the service’s force structure, and the evolution of how America is using the military as an instrument of national policy.

“The Air Force is evaluating and sharing best practices from the private sector, academia, consultants, other military services, agencies and our own change management efforts to bolster installation efficiencies,” said Jim Holland of the Office of the Deputy Assistant Secretary of the Air Force for Installations.

“We have many examples of successful partnerships, including those that address mission compatibility with local land uses; public safety [such as] force protection, police and fire; medical services; provision of water, sewer and energy utility infrastructure; education and workforce development; and environmental issues. But we need more,” Holland said.

“The National Guard has a long history of ‘in and of the community’ partnerships,” said Bill Albro of the Air National Guard. “Every community has a story of how to use and maintain the local armory.”

The Air National Guard has a long history of various agreements with community airports, in the states and territories. The Air Guard is actively exploring expansion of partnerships through an innovative series of tabletop exercises being conducted around the country. While it is too early to claim success, the effort to convene stakeholders and potential partners to examine common issues and seek common ground is a positive step forward.

DoD is actively reexamining policies to encourage and enable both public-public and public-private partnerships. DoD’s implementation of 10 USC §2922a1 to allow for 30-year energy service contracts is an excellent example of this effort, and the department also is looking for ways to streamline the enhanced use leasing process. DoD’s Readiness and Environmental Protection Initiative is exploring partnerships with the conservation banking investment community and nonprofit organizations to better leverage federal funds to encourage land uses off base that are compatible with military missions.

Since the DoD Siting Clearinghouse was formed in 2010 to alleviate the potential for commercial renewable energy projects to interfere with military training and testing, it has evolved to proactively prevent and mitigate impacts in ways that benefit all parties. The clearinghouse’s first success was an agreement to mitigate wind turbine impacts on Naval Air Station Kingsville, Texas, operations by changing how the developers build and operate their wind farms, and installing a new instrument landing system paid for in part by contributions from developers.

Other services are increasingly looking to partnerships to adapt to new budget realities. The Army’s Energy Initiatives Task Force is aggressively pursuing bold goals in meeting the service’s energy security and renewable energy goals by leveraging its real property resources. The Navy is pursuing similar efforts, such as a robust family and bachelor housing
program; completion of the fire protection agreement at the Naval Postgraduate School, Calif.; an aggressive EUL program; and, more recently, the solar power partnership at Naval Air Weapons Station China Lake, Calif. The Navy is working to change its culture to take better advantage of the real property and facilities on its installations.

Let’s examine case studies of two successful partnerships in depth.

**The Monterey Model**

As Base Realignment and Closure (BRAC) unfolded in 1993, the city of Monterey began searching for better ways to support its military neighbors. The community’s worst fears were realized when the Army recommended closing the Presidio of Monterey and transferring the Defense Language Institute to Arizona. The city immediately mobilized to develop ways to enhance mission effectiveness and reduce costs at the Presidio and the Naval Postgraduate School. Monterey’s reaction to this BRAC recommendation was the genesis of the concept of community-installation partnerships and is now known as the Monterey Model.

The Monterey municipal staff reexamined their approach to services, and found they could create capacity in many maintenance systems that could be sold to other cities or the military at the incremental cost of providing the service. They also found further savings by removing duplicate overhead. This analysis lead Monterey to propose to the BRAC Commission that the Army leave the Defense Language Institute at the Presidio and allow the military to contract for mission, maintenance, and base operating services with the local municipalities and utilities. The BRAC Commission unanimously agreed with the city’s proposal and recommended the Army and Navy installations in Monterey explore the feasibility of partnerships with each other and the city to obtain base operating services.

The first step toward this new partnership was a city recommendation to the Navy to combine its fire suppression capability with the Army and the city and close the fire station at the Naval Postgraduate School. The Navy did not believe it had authority to do so even though the BRAC Commission had recommended such an approach in an effort to save the Navy $1.7 million. To resolve the Navy’s concerns, the city worked with Congress to obtain demonstration language in the 1995 Defense Authorization Act allowing the following:

> “The Secretary of Defense may conduct a demonstration project, … under which any fire-fighting, security-guard, police, public works, utility or other municipal services needed for operation of any Department of Defense asset in Monterey County, California, may be purchased from government agencies located within the county of Monterey.”

Using this authority, the Army was particularly aggressive in looking for opportunities to partner with Monterey. This new approach started with the lease of several parcels for a historic park and nature preserve to the city for $1.00 per year, with the city operating and maintaining the parks at no cost to the Army. Leases of three ball fields and a child care center to the city followed. These facilities were upgraded, operated and maintained by Monterey for the joint use of the Army and the city.

These successes were followed by the Army contracting with the city for a number of small maintenance contracts. By the year 2000, the city was doing the bulk of the base operations public works functions for the installations. In 2000, the Army Audit Agency found that the city was saving the Army 41 percent compared to the cost of service from its previous providers.
In 2004, the city obtained permanent authority for DoD to purchase certain municipal services in Monterey County. Today the city maintains some 2.2 million square feet of improvements in 160 buildings at the Presidio of Monterey. The Army recently expanded the scope of the contract to include 24 facilities at Camp Roberts, located 108 miles south of Monterey. The total value of these services is $14 million.

Since the Army audit, the city continued a laser-like focus on managing costs, increasing mission capability and providing excellent, responsive service to the Presidio and the Naval Postgraduate School. The cost-based contract that provides the framework of the relationship allows for proper management of risk for both parties and permits the garrison commander to pay for only those services the installation selects. At the same time, the garrison commander has full access to any service provided by the city on a cost-reimbursable basis.

More recently the garrison commander estimated that base operating support costs are 22 lower than from alternative sources. Equally important, 98 percent of the Army and Navy customers rate the city’s services as “very good” or “outstanding.” A key component of this success is a very high-quality, well-trained work force of building maintenance technicians. The city’s rigorous hiring process ensures its technicians can accomplish a wide range of building maintenance tasks.

Standards are maintained through hands-on testing and training and a strong sense of ownership and pride in their workmanship fostered by city leadership. The city’s approach has created an effective workforce that reports to the Presidio of Monterey each day as an extension of the garrison commander’s staff.

The Monterey Model continues to flourish and grow with the inclusion of Internet broadband support, energy conservation, recycling and transportation services that foster an environment of continuous improvement and collaboration, resulting in increases in mission capability and a reduction in mission costs. The partnership has benefited both the military and the city, and is a capability that can and should be replicated at other installations.

**Nellis AFB Enhanced Use Lease**

In 2005 the leaders at Nellis Air Force Base (AFB), Nev., recognized that the prospects of gaining military construction funds to replace their obsolete fitness center were dwindling each year. At the same time, the city of North Las Vegas had become one of the fastest growing municipalities in the nation and officials determined they would need to construct a water reclamation facility (WRF) to meet future waste-treatment demand. A major factor in siting the WRF would be the ability to provide reclaimed water to support the continued economic growth of the region.

Several years of discussion about mutual needs and consideration of alternatives led city and Nellis officials to the realization that use of the enhanced use leasing authority could help both parties meet their seemingly disparate needs, and strengthen bonds between the community and the base in the process. The two entities developed a vision for meeting each other’s needs through the redevelopment of available land on the base and use of the city’s ability to finance public infrastructure and facilities. An extensive three-year planning process worked out the details of the partnership.

In October of 2008 the parties entered into an EUL for 41 acres on Nellis. As a condition of the lease, the city agreed to provide in-kind facilities with a value of $35.8 million to the Air Force, which included the delivery of a new $25.0 million fitness center and $10.8 million for reclaimed water and water supply infrastructure to Nellis.
In November 2008, North Las Vegas began the design of a new $257 million WRF that would be compatible with the base’s mission. The Nellis site provided the city with sufficient space to build a 25-million-gallon-per-day facility along with the ability to double the size of the plant to meet future growth. Construction began in January 2009 and was completed in May 2011. The new WRF was put into service immediately and provided an environmentally friendly plant utilizing the most advanced technology available.

The design for the new 110,000-square-foot fitness center was started in September 2009 and included LEED-Silver certification to provide a state-of-the-art, energy-efficient facility. The construction contract was awarded on August 2010 and the new facility was delivered to the Air Force on April 2012 for immediate use.

The success of this partnership resulted from strong leadership by the Air Force and the city and their commitment to a “can-do” approach. The planning team was committed to the success of the EUL and carried the torch for their leaders by overcoming issues as they arose and arriving at mutually acceptable solutions. Communication was recognized as the key to the success of a long-term relationship along with a willingness to embrace each stakeholder’s needs as the partnership evolves. Along the way, both parties came to a deeper appreciation of the long-term impacts they have on each other and the common interests they share.

The collaboration between the Air Force and North Las Vegas is just one example of the potential for a fully realized EUL program to unlock the value of available assets and bring additional value to the U.S. government while meeting both public and private needs.

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Other Successful Public-Public and Public-Private Partnerships across DoD

**Brooks City-Base, San Antonio:**
A unique public-public-private partnership providing office space, housing, retail shopping, recreational, and other opportunities for both the Air Force and city of San Antonio.

**Housing privatization – multiple locations with all services:**
Perhaps one of the least known but most successful models for public-private partnership in America today.

**Travis AFB/Wind Energy Cooperative Research and Development Agreement, Calif.:**
A consortium of the Air Force, University of California – Davis, a public utility, renewable energy developers and others to provide for safe and reliable air traffic control while promoting the development of wind energy in the California Central Valley.

**National Trauma Institute: Brooke Army Medical Center and University of Texas Health Science Center, San Antonio:**
A public-public partnership providing cutting-edge trauma and burn care to military personnel and civilians; it also funds cooperative research between military and civilian scientists.

**Falcon Hill National Aerospace Research Park, Hill AFB, Utah:**
An enhanced use lease agreement among the Air Force, Utah Military Installation Development Authority and private interests to redevelop 550 acres of underutilized land.
Partnership: Using the Fundamentals to Forge the Way Ahead

The concept of partnership has some very distinct legal meanings in business and tax law. But there are varying degrees of legal commitment available in the broader context of partnership, especially when the partners are two or more public agencies, or public and private concerns. Partnerships in this context share some common attributes:

- Partnerships are built upon common or mutually supporting goals.
- Partnerships are between two or more individuals or organizations.
- Partnerships provide for some proportional sharing of the investment, execution and rewards of an enterprise.
- Partnerships carry both a legal and a moral imperative to share risk and responsibility.

Too often in the past “partnerships” have really been ways for a group or organization to get something done with little or no investment, effort or risk taking on their part. This works fine as long as the giving partner has deep pockets and patience, but the arrangement starts to break down when funding runs short or the giving partner’s priorities change. A true partnership involves shared risk and investment — either financial or some other form — and achieves tangible results such as providing services, building something or generating revenue.

The most productive partnerships share common traits as described above, and are founded on sound principles and concepts of communication and cooperation. Successful partnerships require sustained effort to establish and maintain, but the return can be astounding. There are several concepts that are fundamental to both understanding and creating successful partnerships:

1. Partnerships create mutual value that is greater than what the partners could achieve on their own. Each partner comes away from the effort with something of value, and the overall partnership multiplies each partner’s contribution to produce additional value.

2. Partnerships leverage resources. Each partner contributes time, treasure and other resources to the enterprise. Partners often contribute unique capabilities unavailable elsewhere, such as the contribution of planning and zoning authority by a local government agency. The sum of those resources is necessary to achieve the goals the parties set for the partnership.

3. Partnerships address common issues. The partnership provides an effective way to address issues and meet needs that are not met in other ways or by other groups. The partners can agree on what their common needs are, and understand both the potential and limitations of what they can accomplish together.

4. Partnerships share risk. Risk management is a difficult concept for many government officials. Unlike in the commercial world, if a government effort fails there are seldom any negative consequences unless the failure was the result of illegal activities. A good analog for risk in the public sector is the concept of increased cost.
   a. In public-private partnerships, the public partner must understand that the private partners are taking on risk to support some common objective, in the hope of making a profit.
b. In public-public partnerships, both partners are trying to manage costs to provide some common service or produce some other outcome that benefits the public.

The case studies in this article provide just the smallest taste of the broad range of possibilities in partnership today. They both share the common attributes of partnership and apply the fundamental concepts of partnership and, as a result, serve as useful models for drawing out their basic principles:

Creating mutual value greater than either could achieve alone

The Monterey Model is an excellent example of a truly symbiotic relationship. In this instance the military receives substantial cost savings on a variety of base operating support needs, while the city of Monterey is able to provide important recreational and social services to its citizens while avoiding major capital investments.

At Nellis AFB, the partners are taking advantage of assets in creative ways to achieve seemingly unrelated goals. Siting the WRF on the installation allows the city of North Las Vegas to keep land outside of Nellis AFB on the tax rolls, and lowers the cost of delivering reclaimed water to one of the region’s largest water users, the base itself. The value created by providing water service allowed the city to support the installation’s need for a fitness center. The Air Force is receiving significant value in terms of new facilities without having to rely on congressional appropriations.

Leveraging resources

The Monterey Model reduces many of the concerns of managing infrastructure and the workforce needed to maintain it for the garrison commanders involved. This approach allows garrison officials to focus their time and resources on better serving their customers, the student population and permanent party personnel who provide training.

The Nellis AFB model takes advantage of the real estate resources of the Air Force to leverage the water resources of the entire region. Reclaiming and reusing water for various non-potable purposes reduces demands on the limited fresh water supplies of the region. The WRF was constructed to be fully scalable, providing the potential for greater leveraging of resources in the future.

Addressing common issues

In Monterey both the city and the installations needed to provide a broad array of facilities and services for their constituents. Both the city and the installations were seeking ways to achieve these goals under a variety of budgetary constraints. The partnership that evolved not only met those common goals, but exceeded them. The military now enjoys well-maintained infrastructure and quality municipal services, and also accrues substantial cost savings from operating and maintaining its facilities. Monterey receives funding that allows it to supplement other revenue streams, and has staff skills and resources that would otherwise not be available, while continuing to provide quality public facilities and services to its residents.

While the needs of the local government and Air Force partners at Nellis seemed to be mutually exclusive — the need for a recreational facility as opposed to the need for a site for a water treatment facility — they were made complementary by creative use of the EUL mechanism. Both entities wanted to improve or replace public service facilities and make better use of the available land resources, but for differing reasons. The marriage of the EUL authority of the Air Force with the bonding and public finance authority of the city focused each partner on supporting the other, and resulted not just in the construction of new public infrastructure, but also in closer bonds between the base and surrounding community.
Spreading risk
In Monterey the public-public partnership helps government entities avoid costs, manage unavoidable costs, and tap multiple tax revenue streams to fund a variety of activities. It frees the DoD partners to focus on their military mission, and enables the local government to better serve its citizens. Perhaps most importantly, it helps all government decision makers involved manage political risk by providing a structure and framework that is dependable and predictable, and an interdependence that forces practical considerations to transcend political ones.

For Nellis, the EUL project helps the Air Force manage the risks of relying on congressional appropriations for military construction funds. It helps the city of North Las Vegas manage water treatment costs and the risk that limited water resources presents to economic growth.

Roadmap to Greater Reliance on Partnerships
Public-public and public-private partnerships (P4) require dedication on behalf of all stakeholders, one of the primary reasons why such partnerships are challenging to establish. However, P4 is not as difficult to form as it may appear for people who understand how to build partnerships and use the tools available. There are many legal authorities, regulations and rules that can be used to foster these partnerships, both alone and in combination. Knowledge and skill is required to use these authorities effectively, but perhaps the most difficult obstacles to overcome are the lack of understanding of how such authorities work, and simple cultural inertia that resists change and new ideas.

Overcoming these obstacles requires tenacity, constant education and strategic communications. One other critical component are the changes in federal authorities allowing partnerships — particularly, legislative relief and federal rulemakings — that could help overcome inertia while eliminating technical hurdles.

Revisiting the ‘A-76’ Process
The Office of Management and Budget (OMB) oversees the process of privatization, or “outsourcing,” of federal governmental functions under the rules contained in OMB Circular number A-76. The so called “A-76 process” provides a vehicle under which the merits of performing government actions either with government employees or through contracts may be competitively judged. A-76 has been used over the past few decades to outsource many federal jobs, saving the taxpayers millions of dollars, but it has also been heavily criticized both by federal organizations and the private sector as being cumbersome, slow and, in some cases, unfair.

While the A-76 process is complex, it need not present a barrier to partnering. Partners can bring in consultants with the experience necessary to address A-76 issues and complete the process efficiently. Prospective partners also can seek specific legislative relief as in the Monterey Model. Of course, administrative changes by OMB to the rule to streamline the process would be helpful. Meanwhile, Congress is considering legislation to reduce regulatory impediments to conducting efficient A-76 competitions, and provide incentives to federal agencies to seek efficiencies through outsourcing and other partnerships.

Budget Scoring Needs to Be Reformed
Both OMB and the Congressional Budget Office (CBO) are tasked with “scoring” the impacts of major federal actions and decisions on the federal budget in relation to predicted streams of tax revenue. OMB scoring is accomplished under the Improved Financial Performance Initiative and provides the executive branch with an important budget management tool, while CBO scoring provides Congress with information vital to making appropriations decisions. Generally speaking, the private and public
sectors typically view OMB scoring as the more problematic of the two processes, and the one likely to impede successful partnerships.

OMB scoring is accomplished following the rules of Circular A-11, which is revised annually for the coming fiscal year’s budget. While objective data about estimated budget revenues and expenditures are used in this process, the guidelines for the use of that data are subjective. This injects a degree of uncertainty into the process of building a partnership that has led a number of non-federal partners — from both the public and private sectors — to walk away from potentially mutually beneficial agreements with federal agencies.

Scoring needs to be reformed in relation to partnerships, especially in cases where the benefits to the federal agency, or agencies, involved make clear fiscal and budgetary sense. This does not require executive or congressional oversight of partnerships to be eliminated. But at the very least, scoring should be as objective and consistent as possible, and political considerations should not be barriers to P4.

The Government Accountability Office (GAO) recommended some initial steps to accomplishing this in its 2006 report, Review of OMB’s Improved Financial Performance Scorecard Process (GAO-07-95). In the report GAO called for OMB to improve documentation, record keeping and transparency to reduce the effect of a changing political landscape. Another step that should be considered is either a rulemaking or legislation to curtail the impact of scoring on partnership vehicles, especially when they bring significant non-federal resources to the table.

**Documentation of Pilot Project Success and Education**

There are many examples of successful partnerships of all varieties across the nation today. The Department of Veterans Affairs and National Park Service both have enhanced use leasing agreements that last multiple decades. (Did you realize when you stayed at a lodge at Yellowstone you were in a complex managed under an enhanced use lease?)

Government-owned/company-operated plants have been producing weapons systems since the early 1940s. Brooks City-Base has steadily been rewriting the success story for base redevelopment outside BRAC for over 10 years. But for all of this success, why aren’t more communities and private companies, as well as DoD, seeking to establish partnerships?

Part of the reason is that many of the success stories are anecdotal in nature. More study and rigorous documentation is needed to truly benchmark and measure what success means, and more work needs to be done to research and document the origins, triumphs and pitfalls of the process of building those successful partnerships. Academia, Federally Funded Research and Development Centers, and industry associations should research partnerships.

Another major factor is education of federal decision makers. The psychological barriers to partnering based upon misconceptions about A-76 and scoring, or worries about political implications, should not be underestimated. The only way to overcome such barriers is to document success, educate and train decision makers on how to partner, provide expert guidance to help develop partnerships and maneuver them through regulatory barriers, and provide political “top cover” to decision makers who want to explore the possibilities of partnership.

**Conclusion**

P4 is not a silver bullet that solves the dilemmas of budget management in resource-constrained environments for federal, state, and local government partners. Nor should it be seen as a windfall for the private sector. Most importantly, they are not a way to “BRAC proof” a military installation from future
closure or force structure realignments. Partnership is a way to bring a variety of tools, resources, capabilities and capacities to bear on common issues and needs. It is a way for the public and private sectors to work together to support the common good and produce returns on investment that transcend mere monetary rewards. In short, P4, in all its variety and forms, is a toolkit for communication, action and cooperation that we all need to understand better and use more effectively.

Endnotes

About the Authors

Fred Meurer, City Manager, City of Monterey, California
Mr. Meurer is a graduate of the United States Military Academy at West Point with a distinguished career as a Corps Engineer officer. Mr. Meurer has been the catalyst in developing cooperative relationships between the city and DoD activities in Monterey in an effort to further increase DoD mission effectiveness while reducing operating costs. This concept has been embraced by the secretary of defense as a model for community-installation collaboration.

Steve Bonner, Program Planning Specialist, ASE, Inc.
Mr. Bonner has over 25 years of experience encompassing: land use planning, public and intergovernmental communications/affairs, organizational development and community organizing, and major facility administration, including the development of many partnerships to accomplish public goals from the reuse of an Air Force base to the restoration of the San Antonio River.

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Dr. Rowe has over 32 years of government, private sector and academic experience supporting environmental, energy and infrastructure programs in defense and civilian agencies. He has been with Booz Allen for 16 years where he is a principal supporting defense installation markets and programs.

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Ms. Morris has over 28 years of engineering and environmental program management and leadership experience, including a distinguished career as a civil engineer in the U.S. Air Force. In her career she has provided project and program management for installation facility operations and maintenance, environmental programs, homeland defense and military family housing, as well as design and construction programs for the Air Force and Army.

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Mr. Zgabay has been a leader in public-public and public-private partnerships for over 15 years. He has worked as a consultant for commercial, local government and federal clients, as well as a private developer. Understanding the requirements, culture and the unique nature of each of these communities, he helps bridge communications gaps and focuses on creating synergistic, win-win transactions.