

Municipal Partnership Opportunities

Fred Meurer
City Manager



PURPOSE

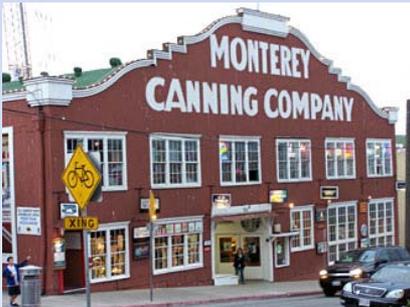
- Community Collaboration
- Creativity
- Examine the “Possible”



Commonality of Interests

- **City Manager Objectives:**
 - Serve their citizens (to include military)
 - Be cost effective
 - Keep their base open

- **Installation Commander Objectives:**
 - Serve soldiers and families
 - Be cost effective
 - Accomplish Operational Mission





“Branding” Monterey Model



“**Community of Caring**” = health care, schools, liabilities to assets program (leases), economies of scale.

“ **Community of Services**” = Base Operations/Municipal Services (Facilities, Street, Storm Drain Maintenance, Engineering & Project Management, Traffic Engineering, **Energy and Utilities Management**, **Sustainability**, Force Protection, etc.).

“**Community of Academic and Linguistic Excellence**” = MIIS, NPS, DLI, AT/T Language Line, collaboration with educators, policymakers including local Congressman.

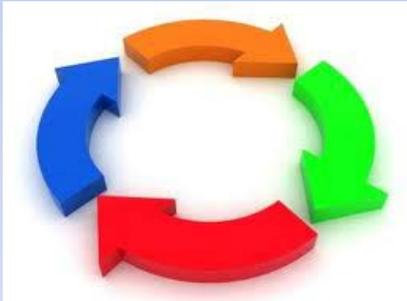
Rethink Jointness

- Service to Service
- Service to Inter-agency
- Service to Community



Partnership

Opportunities / Requirements



- Growth Installations
- Continuity of Operations - natural disasters
- Homeland Security - EOC Ops., etc.
- Military Support to Civilian Government
- Energy
- Long Range Planning

Quantico Strategic Plan 2007-2011

- Extend regional support beyond fence line
- Develop joint base-community master planning / joint land-use planning
- Cooperate with Police, Fire, and EMS
- Expand Public-Private ventures
- Regionalize to enhance base operations
- Actively participate on local planning boards

City – Army / Air Force / Navy / Marines Differences

- Time Horizon
- Public Process
- Public Theatre
- 1 Boss vs 5, 7, or ? Bosses
- Regionalization
- Levels of Oversight

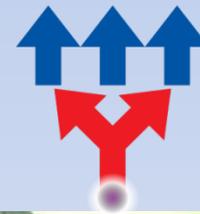


City Goal

Effectively support the DoD missions, operations, and personnel in Monterey's installations by providing quality facilities, housing, infrastructure and base support services, at the lowest cost.

Current Situation

- Military has insufficient budget to adequately maintain non-excess and excess infrastructure capacity.
- New infrastructure capacity needed
- Base Closure Round did not totally solve the excess capacity issue.
- Cities/Counties suffer similar budget issues.



Available Tools

- **Sec 2667 - Lease Authority**
- **Special Legislation**
- **Commander Initiative & Patience**
- **Collaborating Community**
- **FAR**



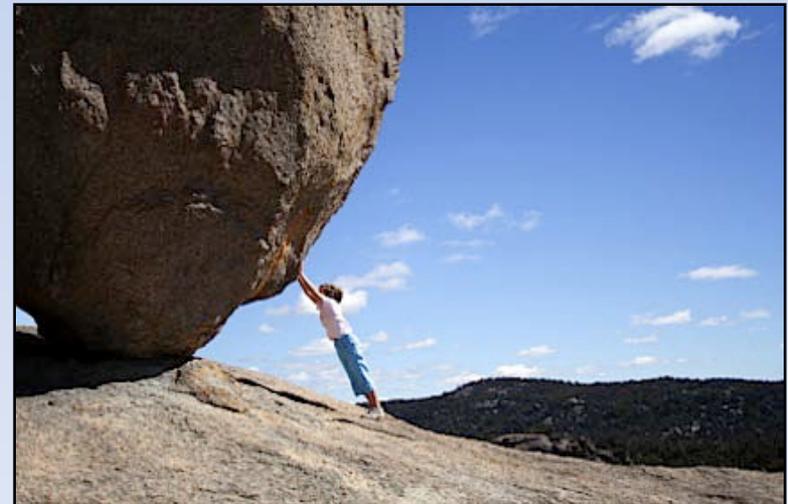
Obstacles – Really?



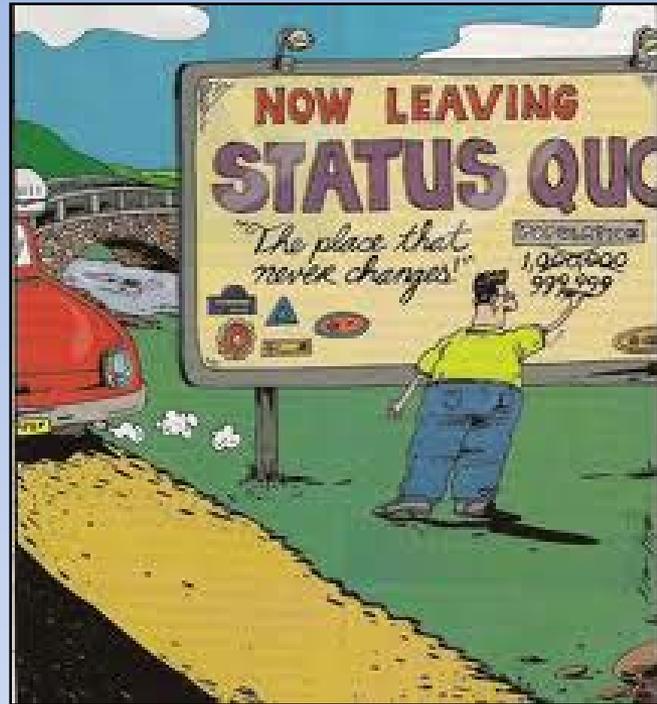
- Bureaucracy
- FAR
- Police Prohibition
- Fire Prohibition
- A76 Process
- Commander Longevity
- DoD Philosophy
- Fair Market Value Appraisals

Obstacles (continued)

- Property Disposal Law
- OMB Scoring
- Competition Requirements
- Oversight by all levels
- Concurrent Jurisdiction



“Status Quo”



**THE ENEMY TO BE
DEFEATED!**

Defeat the “Status Quo”

- Why? Show me the law!
- Show me the regulation!
- Show me the policy!





"Island"
Thinking

"Asset
Management?"

Short-Term
"Thinking"

"Core"
Functions

**Avoiding
Business
as Usual**

Excess
Capacities
/ Assets

Redundancy

Poor Service
Levels

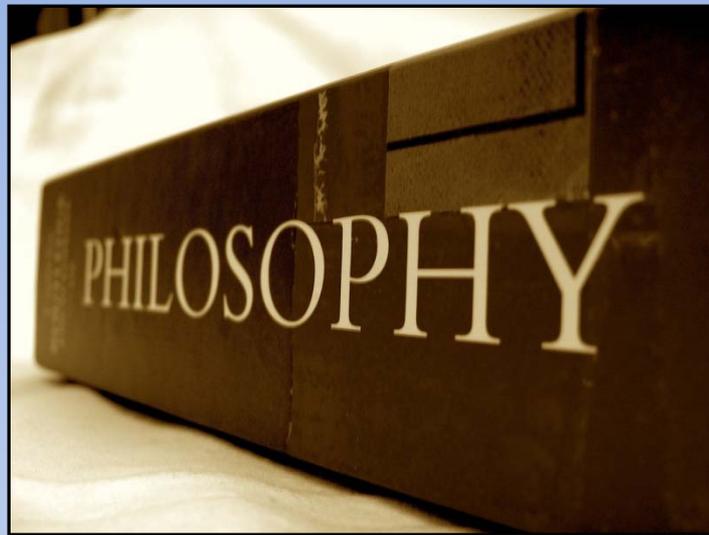
Wasteful
Spending

Reinventing
the
WHEELS

What Does the Customer Want?

The customer does not care who provides service as long as the service is quality, responsive and cost effective.





- There are no “Cookbook” solutions.
- Tailor solutions to unique realities of each base.

A Suggested Approach

- Manage un-used or underutilized capacity as real estate assets rather than as liabilities.
- Where cost effective, outsource BASOPS functions to private sector or adjacent community.



Real Estate Opportunities

- Services vs Cash
- Real Estate
 - Out lease
 - License
 - Lease/Leaseback
- Cost Reduction



Reduce Range Fires!



Burning Question....

What do you do?

- New Fire station?
- Stop training?
- Pay others for fire response?



Grazing Lease



Need Family Quarters!

- Short 2,000+ houses
 - 300 units in 1st yr of 3 yr appropriation cycle
- Some families living in tents
- All volunteer Army/draft Army rules
- Building a Light Infantry Division
- Vacancy rates measured in hours

The Catalyst - A Tragedy

August 1984

- Army family member commits suicide
- If there was “one less to feed, things would be better”

The Slogans

“The Army takes care of its own”

“Be all you can be”

The Editorial View (*part 1*)

SAN FRANCISCO CHRONICLE, FRIDAY, OCTOBER 5, 1951

No Room at the Fort

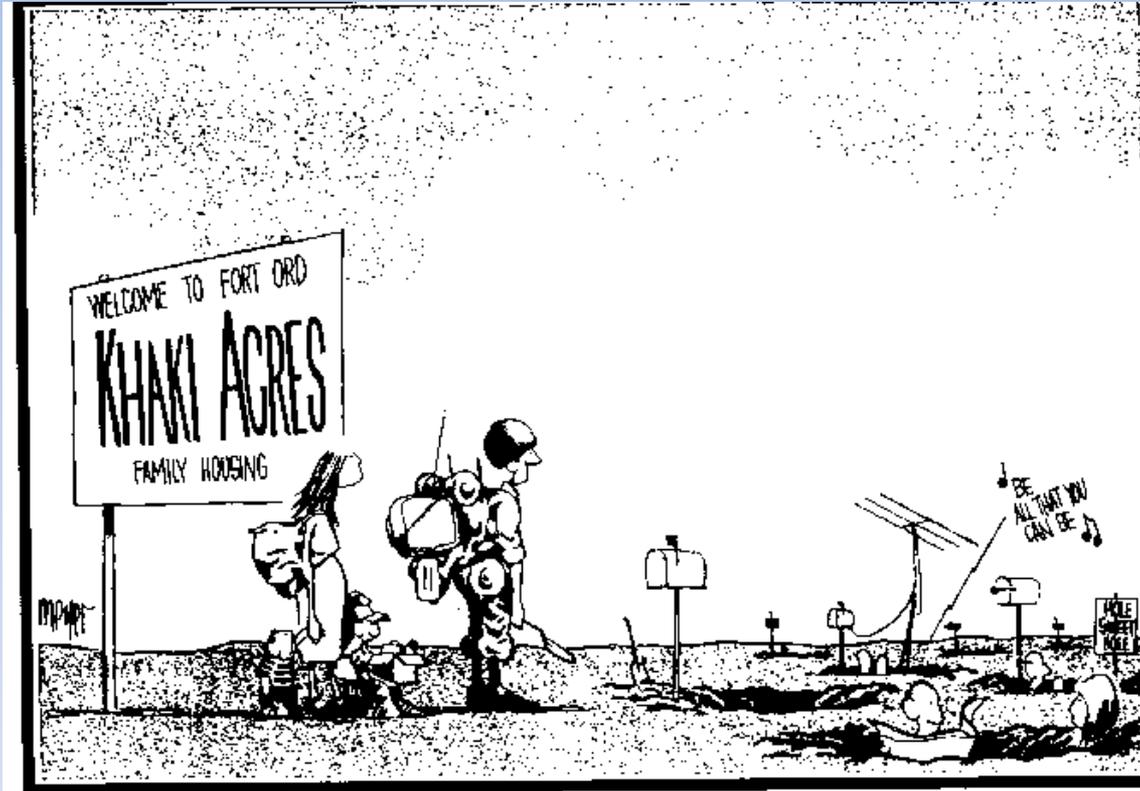
THE SHAMEFUL LACK of decent, affordable housing for many military families at Fort Ord, and presumably at other bases around the country, cries out for correction.

In yesterday's editions of *The Chronicle*, reporter Gary E. Swan told of Army families forced to live in tiny trailers or in off-base housing so expensive they must take out emergency loans or rely on bags of free food.

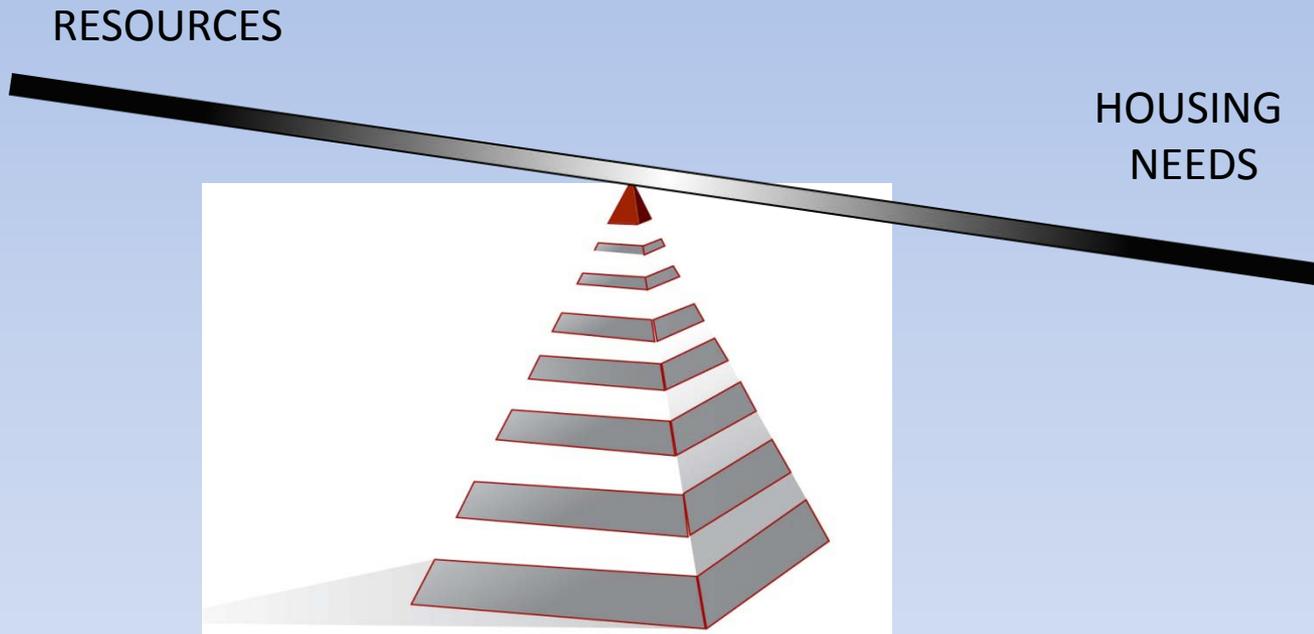
The Army, he pointed out, has changed from an outfit of young, single men housed in barracks into a service that now includes many families. At Fort Ord, the soldiers average more than two dependents each.

It is a problem the government must deal with as quickly as possible. Forcing military families to live like migrant workers just won't do.

The Editorial View (*part 2*)



What do you do?



- Take the heat?
- Program more appropriated houses?

Get Creative

Need

- Fire Protection
- Family Housing

Solution

- Sheep lease
- Variation of sheep lease
- Use other people's \$

Section 2667 of Title 10 U.S. Code

Leasing of Non-Excess Property

“... the Secretary is authorized to accept improvements, maintenance, protection, repair or restoration of the property by the lessee in payment of all or part of the consideration for the lease.”

10USC 2667 (b)(5)

Mobile Home Community



Sun Bay Resort



Get Creative - Part 2

NEED

- Maintenance of Nature Preserve
- Maintenance & Operation of Historic Park
- Ball Fields
- Turn Key Base Ops Maintenance

SOLUTION

- Out lease
- Out lease
- Use other people's \$ and real estate
- Out lease/Special Legislation

Presidio Ballfield - *Before*



Presidio Ballfield - *After*



Presidio Ballfield - *After*



Child Care Center

- Vacant Army facility
- Commander willing to lease
- City short child care facilities



City-Army Desired Approach

- 25-year lease
- Service in-lieu of rent
- City sub-lease to provider
- Chief of Staff approval



Savings Via Cost Avoidance

- **Soldiers Field**

Capital Costs: \$410,000

Annual O&M Costs: \$25,000

- **Presidio Historic Park**

Capital Costs: \$350,000

Annual O&M Costs: \$25,000

- **Child Care/Development Center**

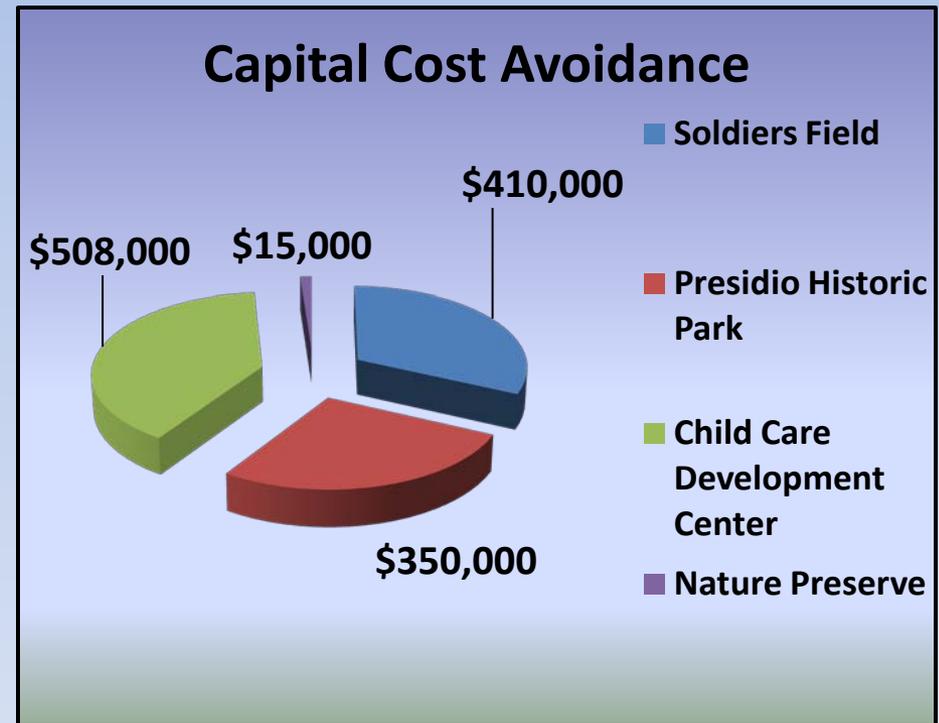
Capital Costs: \$508,000

Annual O&M: \$40,000

- **Nature Preserve**

Capital Costs: \$15,000

Annual O&M: \$12,500



1993 BRAC Commission Findings

It was apparent more efficient methods of base-operations support were not explored, specifically a consolidation with the Naval Postgraduate School also located in Monterey. In addition, other alternatives have not been explored, such as a commercial-activities contract with the local communities for base-operations.

Excerpt from 1993 Defense Base Closure
and Realignment Commission Report

1993 BRAC Commission Recommendation

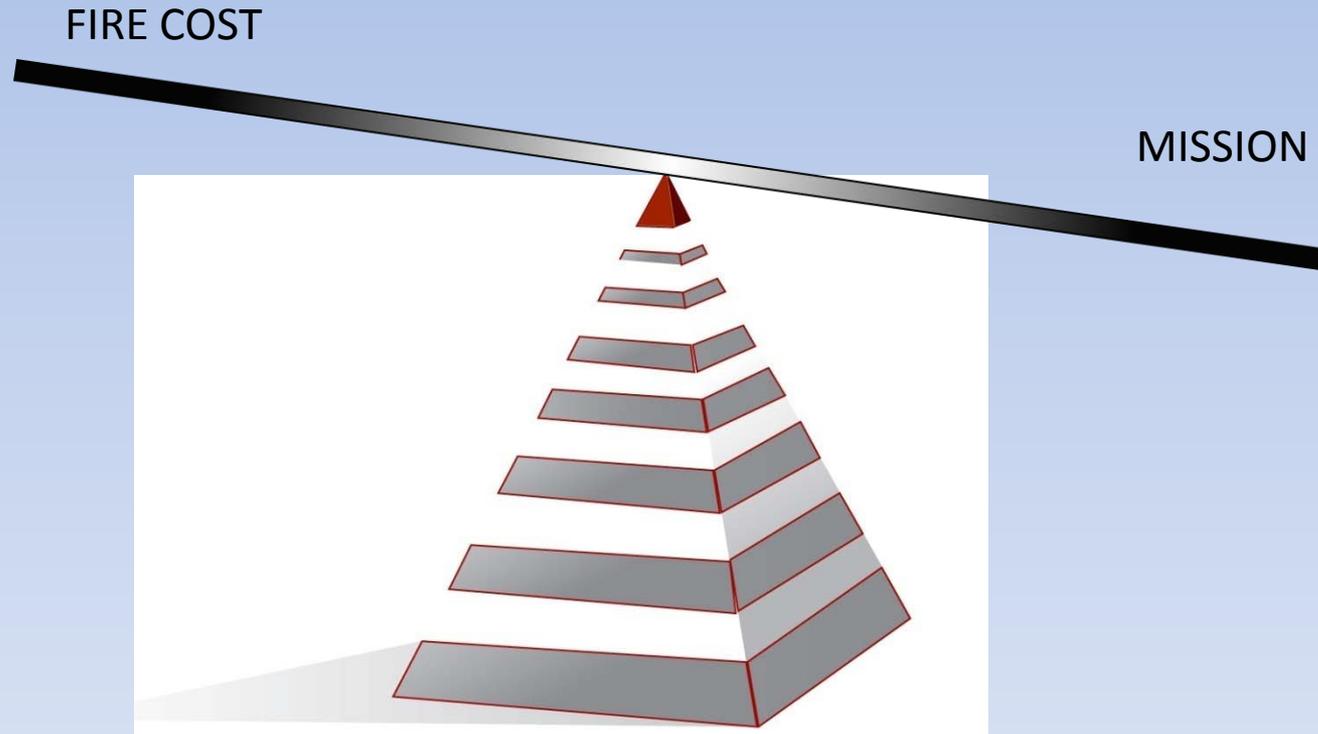
Consolidate base-operations support with the Naval Postgraduate School by inter-service support agreement. The Department of Defense will evaluate whether contracted base-operations support will provide savings for the Presidio of Monterey.

Excerpt from 1993 Defense Base Closure and
Realignment Commission Report

NPS Fire Protection

- 120+ acres surrounded by City
- 2-engine company Navy Fire Station
- City surrounds Navy Fire Station with 3 City stations
- Navy costs - Approximately \$1 - 1.7 M/year
- City Provides Fire protection to Presidio (390 acres) at cost of \$340K/year

What do you do to Reduce Base-Ops Costs?



Be Creative

Title 10 - U.S. Code 2465

(a) Except as provided in subsection (b), funds appropriated to the Department of Defense may not be obligated or expended for the purpose of entering into a contract for the performance of fire fighting...

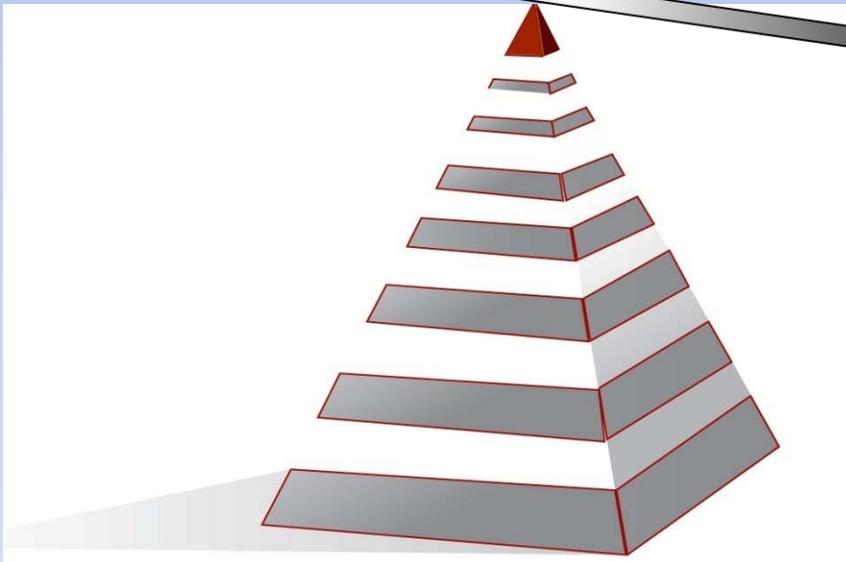
City - NPS Fire Offer (1994)

- City offer - No cost amendment to scope of Army contract to provide fire suppression service to Navy
- Navy response : No; prohibited by Title 10
- City counter: Title 10 says no appropriated \$
- Navy counter - counter: Can't accept donations

What Should the City Do?

BUREAUCRACY

INNOVATION



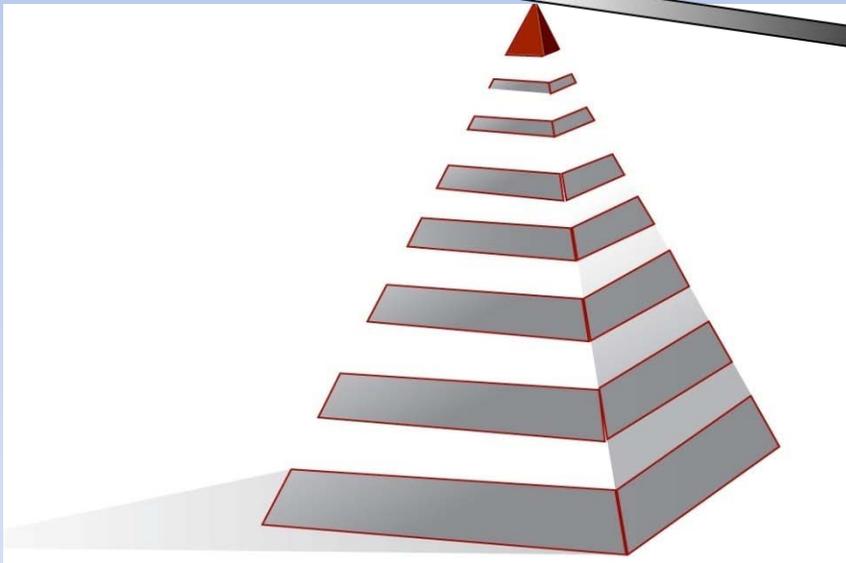
Special Legislation

- Sec 816 National Defense Authorization Act for FY95
Demonstration Project on purchase of fire, security, police, public works, and utility services from local government agencies - 8/12/94
- Senate Colloquy - Senator Nunn and Senator Boxer clarify intent of Sec. 816 to waive requirement for A76 Congressional Record - Senate - 9/5/95

What Does the Navy Do?

INNOVATION

BUREAUCRACY



NPS Fire Offer

- Navy now spends \$1.7 million to provide own fire service
- City reduced cost of Presidio fire contract to \$200K/year
- Navy initiates an A76 study (1997)
- Provide cost estimate for fire services equal to city standards \$900K vs 1.7 million
- Navy reduces to one engine company with auto aide
- Navy eliminates fire department

Army Audit Agency Certified Success!

- For similar scope of work for a one year period, adjusted for inflation....
 - POM cost via JPA agreement was \$3,681,000
 - POM cost via ISSA with NSAMB was \$6,213,000
- \$2,532,000 cost savings, or 41% of the cost of the Navy ISSA!

AAA Comments...

- *...Army has achieved significant savings...by contracting with the local Municipal Agency for some BASOPS services...*
- *...In addition to reduced costs...benefits include the quality and timeliness of services provided...*



Triple A Audit finds

- ❖ 41% savings compared to previous federal and private service providers...
- ❖ 41% translates into 'almost' doubling the maintenance dollars



Before



AFTER



Savings Summary

Base Operations AND Fire Protection

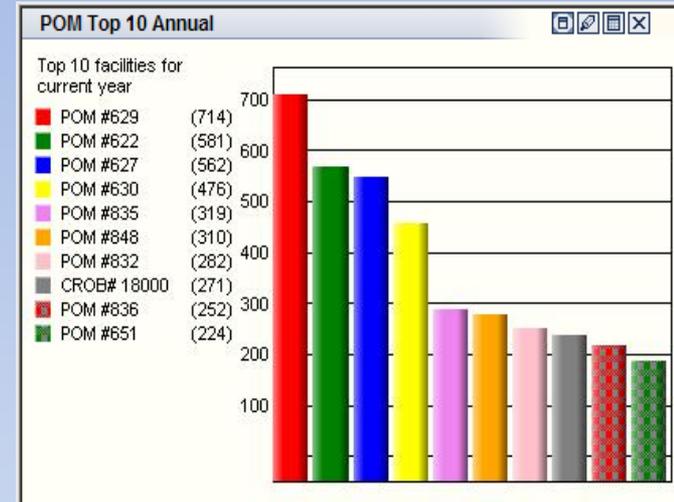
	Intergovernmental Support	Traditional Support
BASOPS Svs	\$3,681,000	\$6,213,000
Fire Protection	\$ 226,000	\$1,700,000
Total	\$3,907,000	\$7,913,000

49% total savings!



Contract for Base Operations & Maintenance - The Improvements

- Better quality
- Lower price than ISSA
- Maintenance instead of fixing
- Less overhead involved
- Better deals through City contracts



Competition Retained

- 50% Small Business
- 25% Large Business
- 25% In-house



In 2010 City's Subcontractor
ALPHA AIR BALANCING was awarded
Award of Small Business of the Year for the
Region California, Nevada, Arizona!



Legal Authorities

Authorities under which partnering (P4) may and has occurred include:

1. Title 10 U.S.C. 2913 – Allows DoD organizations to enter into agreements for shared energy savings services.
2. **Title 10 U.S.C. 2667 – Allows DoD organizations to lease non-excess property for non-defense uses in return for cash or in-kind services (Enhanced Use Leasing).**
3. National Defense Authorization Act for FY 1995 – Demonstration legislation allowing DoD “assets” in Monterey County, California to acquire municipal services from government agencies located in that county.
4. National Defense Authorization Act for FY 2004 - Permanent legislation allowing DoD “assets” in Monterey County, California to acquire municipal services from government agencies located in that county.
5. DoDD 1000.11 – Directive permitting operation of financial institutions on DoD installations.
6. 31 U.S.C. 6305/10 U.S.C. 2371/15 U.S.C. 3710a – Cooperative Research and Development Agreements allowing for use of federal property and materials by non-federal government organization (public or private) for joint research purposes.
7. National Defense Appropriations Act of 1940 – paved the way for 1st government-owned, contractor-operated ordnance plant (GOCOs).
8. 15 U.S.C. 3706 – Permits Cooperative Agreements.

Legal Authorities

Authorities under which partnering (P4) may and has occurred include:

9. 10 USC 2684a – Permits DoD to enter into agreements to address the use or development of real property in the vicinity of a military installation or military airspace (REPI).
10. 10 USC 2694a – Permits DoD to convey surplus real property for conservation purposes.
11. 10 U.S.C. 18280 – Permits DoD to acquire a facility or addition to an existing facility through an exchange with a State, local government or private entity.
12. 10 U.S.C. 2869 (expired) – Permits DoD to convey real property at military installations to support military construction, or land acquisition to limit encroachments.
13. 15 U.S.C. 3715 – Permits federal agency to lend use of its lab facilities to state and local governments, and educational institutions to increase likelihood of success of activities conducted jointly with small businesses.
14. 10 U.S.C. 2194 – Permits DoD to loan, or to transfer surplus material and equipment, to educational institutions and certain nonprofits dedicated to improving science, mathematics and engineering education (U.S. locations only).
15. 10 U.S.C. 2539b – Permits DoD to make available to any person or entity, at an appropriate fee, the services of any Government laboratory, or sell, rent, lend or give samples for research purposes.
16. 10 U.S.C. 2681 – Permits DoD to conduct commercial test and evaluation activities at a Major Range and Test Facility Installation, charging at least enough to cover all direct costs incurred in rendering test or evaluation.

Legal Authorities - Example

- **Title 10 U.S.C. 2667 – Allows DoD organizations to lease non-excess property for non-defense uses in return for cash or in-kind services (Enhanced Use Leasing).**
- “... the Secretary is authorized to accept improvements, maintenance, protection, repair or restoration of the property by the lessee in payment of all or part of the consideration for the lease.”10USC 2667 (b)(5)

Legal Authorities - Example

- Create your own Special Legislation
- Sec 816 National Defense Authorization Act for FY95 Demonstration Project on purchase of fire, security, police, public works, and utility services from local government agencies - 8/12/94

Lessons Learned

- Be Creative/Collaborative
- Manage Facilities as assets, not liabilities
 - Out grant excess capacity
- Delegate to Local Commander
 - Authority
 - Forget the Cookie-Cutter
- Allow local Standards to prevail
- Performance contract language
 - Results
 - What to be done, not how



Lessons Learned

First Steps – Campaign Plan

- **Environmental Scan** – Estimate of the situation, customers, influences, threats, opportunities
- **Develop Relationships-On** and Off installations
- **Create/Update Regional Plan** to support near term and 2030 vision
- **Exercise relationships** through joint planning (TTX) and field exercises
- Be a **VISIBLE** leader on and off the installation



Lessons Learned

Develop New Non-Military Skills

- Become a Real Estate Developer
- Become a Purchaser of Services
- Understand Infrastructure Finance
- Understand your Energy Security issues
- Learn about Carbon Footprints
- Learn about Clean Air and Clean Water Acts
- Approve Environmental Impact Document

Lessons Learned

Be a Visible Regional Leader

- Be an advocate for regional planning to protect the mission
- Be an advocate for regional exercises to hone regional capabilities
- Be an advocate for regional infrastructure development to minimize cost and maximize effectiveness
- Be a **VISIBLE** regional leader and force

Lessons Learned

Touch Stones

- Each party must recognize and satisfy the needs of the other
- Don't move your "risk" to your partner
- Respect each other's situation

Professional Membership Suggestions

- International City Managers Association (ICMA) 202-289-4262 www.icma.org
- Association of Military Communities (ADC)
202-822-5256 www.defensecommunities.org
- Association of Higher Education Facilities Officers (APPA)
703-684-1446 www.appa.org
- Local City Managers Associations
- State Association of Cities

Excellent References

- Working with Local Governments: A Practical Guide for Installations
- Understanding and Coordinating with Military Installations: A Resource Guide for Local Governments
- Collaborative Land Use Planning: A Guide for Military Installations and Local Governments
- Working with State Legislators: A Guide for Military Installations and State Legislators
- *These are available online at:*
www.denix.osd.mil/SustainableRanges