
Air Force Base Conversion Agency
BRAC 95 Base Conversion Process
Workshop

Maintenance and Utilities



Air Force Base Conversion Agency

Maintenance and Utilities

[Block 9]

OBJECTIVE

- **Provide attendees with information on policy changes and issues relating to the provision of maintenance, utilities, and services**

OUTCOME

- **Attendees will be familiar with recent issues and evolving DoD and Air Force policies that affect the provision of maintenance, utilities, and services, including:**
 - > **Timeframes for providing maintenance, utilities, and services**
 - > **Associated events that trigger the timeframes**
 - > **Necessity for consultation with LRA throughout redevelopment planning**
 - > **Caretaker/maintenance functions**
 - > **Caretaker cooperative agreements**
 - > **Utilities disposal/transition considerations**



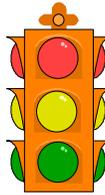
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Quiz—Maintenance and Utilities

1. What is the basis for the Air Force's maintenance levels?
2. How are the periods during which the Air Force will provide maintenance, utilities, and services determined?
3. Which of the following activities are not generally authorized under a cooperative agreement or caretaker contract?
 - a) Grass cutting, shrubbery trimming, and snow plowing
 - b) Installation of electricity meters on buildings
 - c) Operation of the base steam plant
 - d) Termite inspections
 - e) Demolition of undesirable buildings
4. What justification is necessary to extend initial maintenance periods?
5. True or False. Any interested party is eligible to enter into a cooperative agreement for maintenance of an Air Force installation.
6. What criteria are used to establish minimum levels of maintenance?
7. Can natural and cultural resources laws have an impact on maintenance level determinations?
8. True or False. Utilities disposal should occur as late as possible in the overall property disposal process.

MAJCOM-AFBCA Transition Agreements

- **Environmental Restoration**
- **Compliance**
- **Protection, Maintenance and Services**
- **Continuing Functions**



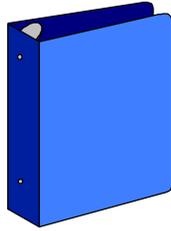
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Transition Agreements

As an installation closes or is realigned, responsibility for base functions will shift from the current active mission, to a closure agent. Agreements should be prepared and executed to cover the transition of installation programs following closure. These include:

- Environmental restoration—Including the Defense Environmental Restoration Program and other restoration programs under State or local authority
- Compliance—Generally limited to closure-related compliance activities including the operation and closure of RCRA permitted units, maintenance of National Pollutant Discharge Elimination System (NPDES), air, water, UST and other permits or licenses required to operate facilities that will remain active after closure
- Protection, maintenance and common services—Including fire, security, utilities and maintenance
- Continuing functions—Including retained Federal property and tenant properties

Support Agreements



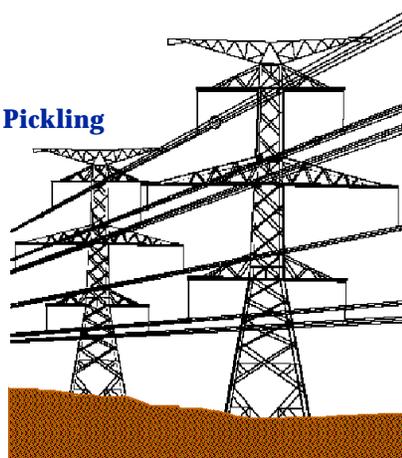
- **Support Base identified by SAF/MII**
- **Requirements defined**
 - Accounting and finance
 - Transportation
 - Record keeping
 - Supplies
- **Costing obtained from Support Base**
- **Support Agreement drafted/negotiated/signed**
- **Two-step support process**
 - **During MAJCOM drawdown, support by nearest MAJCOM installation**
 - **During transition to closure, support by designated Support Base**



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Protection, Maintenance and Services Needs

- **Protection**
 - **Timing and Jurisdiction**
- **Maintenance**
 - **Maintenance Levels and Pickling**
- **Services**
 - **Common Services**
 - **Utilities**



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Protection, Maintenance and Services Needs

Following closure or realignment, protection, maintenance and common services will be provided by successor organizations as designated in transition and caretaker agreements.

Protection—Essential police services (protection) can be provided by either a private security firm or by agreement with a local authority. However, some military bases have exclusive Federal jurisdiction. If local authorities are to be used, some form of joint jurisdiction will need to be established until all property is transferred into non-Federal hands.

Maintenance—Buildings will be placed in their maintenance level, “pickled” or “mothballed,” as missions depart. Each Military Department follows established procedures for this activity.

Services—Provision of common utilities and services will be determined by transition and caretaker agreements. Common services include:

- Road maintenance (including snow/ice removal)
- Fire/emergency services
- Utilities such as electricity, water, sewage, telephone, natural gas

Reference: Base Reuse Implementation Manual, *Chapter 6*

Conducting Protection, Maintenance and Services

Protection and Maintenance Agent	Base Closure and Disposal Phase		
	Pre-Closure	Post-Closure, Pre-Disposal	Post-Disposal
Air Force		(Support Agreement**)	Not Applicable
Lessee	(Leased Property)	(Leased Property)	Not Applicable
LRA or Community	(Cooperative Agreement)	(Cooperative Agreement**)	Not Applicable
Caretaker Contractor	(Caretaker Contract)	(Caretaker Contract**)	Not Applicable
Transferee	Not Applicable	Not Applicable	(Deeded Property)

**Scope of work reduced when maintenance periods expire.



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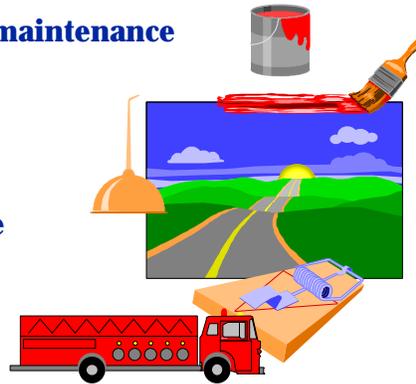
Protection and maintenance of property can be performed by several different entities, depending on the particular phase of base closure and disposal. In general, funding for maintenance of property not in reuse will be provided by the Military Department; property that is being reused will be maintained at the expense of the user.

- **Pre-Closure.** Prior to operational closure, the Military Department will retain responsibility for protection and maintenance of the installation. However, property that is being reused under a lease will be maintained by the Lessee (typically the LRA). The departing mission will be required to place the facilities into the agreed-upon initial maintenance levels as they are vacated prior to operational closure. Pre-closure maintenance of vacated facilities may be provided through a caretaker contract or cooperative agreement.
- **Post-Closure, Pre-Disposal (Initial maintenance levels).** Following operational closure, the active mission will no longer bear responsibility for property maintenance. It is to the Military Department's and the local community's benefit to establish operation and maintenance procedures for common services as early as possible but before operational closure. The Military Department will continue to fund initial maintenance levels after closure for the time periods identified. Funding of protection and maintenance activities can occur through several mechanisms:
 - A **caretaker contract**, under which a military-procured contractor performs protection and maintenance
 - A **cooperative agreement**, under which the LRA or another qualified community entity performs protection and maintenance caretaking on a non-profit, cost-reimbursement basis, under an agreement with the Military Department.
 - A **support agreement** with another military organization.
 - A residual Government work force.
- **Post-closure, pre-disposal (minimum maintenance levels).** After expiration of the time periods identified, the Military Department will normally reduce maintenance levels to the minimum level for surplus Government property required by 41 CFR § 101-47.402 and § 101 47.4913.
- **Leased property.** Protection and maintenance of property being reused under a lease will be the responsibility of the Lessee.
- **Post-disposal.** Once property has been disposed of, the Military Department will not provide funding for protection and maintenance. Protection and maintenance of leased or conveyed property will be the sole responsibility of the transferee.

Source: DoD Base Reuse Implementation Manual, Chapter 6

Caretaker Functional Areas

- **Utilities operation and maintenance**
- **Facilities maintenance**
- **Grounds maintenance**
- **Pavements maintenance**
- **Resources protection**
- **Fire protection**
- **Environmental compliance**

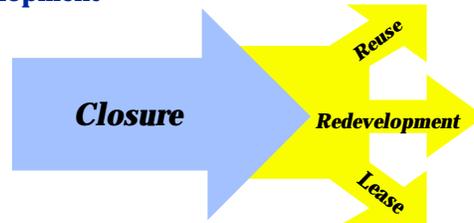


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Anticipating Maintenance Levels

■ Definition

- Close bases rapidly, but in a manner that will preserve valuable assets and support rapid reuse and redevelopment



■ Purpose

- Establish the potential maintenance levels for facilities and property to support planning for caretaker and maintenance operations



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Anticipating Maintenance Levels

Activities not considered maintenance:

- Building demolition
- Asbestos abatement and lead-based paint removal beyond those actions required by law and regulation
- Installation of facility-specific utilities or utility meters
- Construction or modification to meet Federal, State or local building or utility infrastructure codes
- Improvements not necessary to protect public health and safety

References:

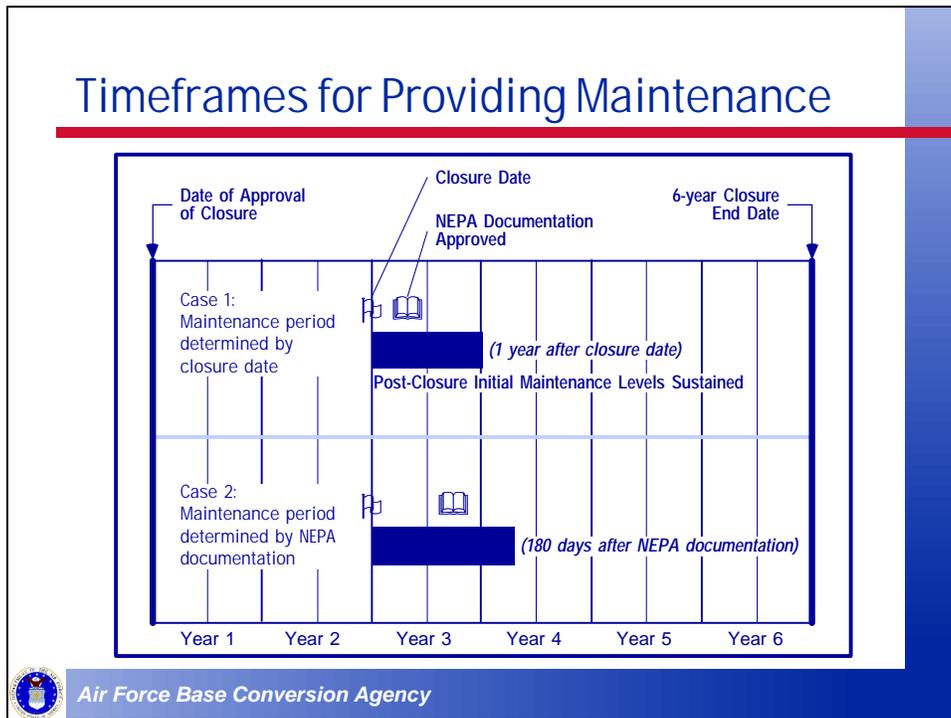
DoD *Base Reuse Implementation Manual*, Chapter 6

Facilities Operation, Maintenance, and Repair Guidance for Base Realignment and Closing Installations, U.S. Army Engineering and Housing Support Center, 17 March 1993

Base Realignment and Closure Facility Layaway Plan and Caretaker Maintenance Standards, Naval Facilities Engineering Command, March 1994

Base Conversion Handbook, Air Force Base Conversion Agency (Section 4—Installation Management), BRAC 95 Update

Timeframes for Providing Maintenance



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Timeframes for Providing Maintenance

The Military Departments will not provide permanent maintenance. The chart shows the potential reuse periods, but it is important to note that in all cases reuse will not extend beyond six years following closure and in most cases will end long before that.

Maintenance for personal property will typically end after a period of no more than 60 days after the date the recipient has been offered the opportunity to take possession. For high value equipment with the potential for early reuse, the Military Department will determine, in consultation with the LRA, maintenance sufficient to limit deterioration for a reasonable period not to exceed two years after closure.

Where continuing maintenance would foster likely redevelopment, the Military Departments normally will sustain the initial level of maintenance or other levels which support the likely reuse for the later of:

- One year after operational closure of the base, or
- 180 days after the NEPA analysis and decision making for the relevant property (e.g., disposal ROD, post-FONSI disposal decision) has been approved by the Secretary of the Military Department,

unless reuse has already been achieved.

Case 1—Maintenance levels are sustained for a full year after closure because this period is longer than 180 days after disposal decisions

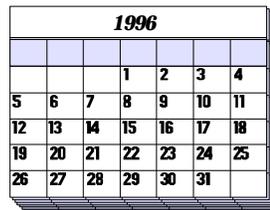
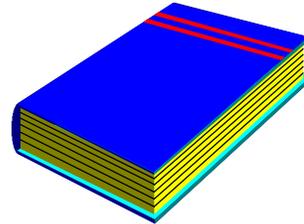
Case 2—A longer maintenance period because the maintenance levels are sustained for 180 days beyond approval of disposal decisions

These case examples show the extremes. In most cases maintenance will extend beyond the minimum required and should be completed before the six-year maximum.

Reference: DoD Base Reuse Implementation Manual, Chapter 6

Maintenance Levels, LRAs, and Reuse

- Anticipated reuse
- Reuse timing
- Leasing and interim use



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Anticipating Reuse Levels

At this early stage it is unlikely that a redevelopment plan will be available.

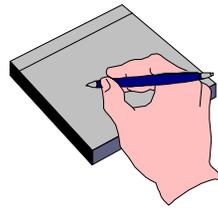
Anticipation of maintenance levels will require discussions with the LRA on potential reuse alternatives.

Maintenance levels must also be considered in light of the potential for interim uses (i.e., leases) and the timing of these activities in relation to the departure of active missions and closure of the installation.

Reference: DoD Base Reuse Implementation Manual, Chapter 6

Initial Maintenance Levels

- **Once more information about reuse is available, set initial maintenance levels for base facilities**
- **Incorporate initial maintenance levels in caretaker agreements**
- **Remember maintenance levels will normally only go down, not up!**



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Initial Maintenance Levels

Initial maintenance levels will be set by the Military Department in consultation with the LRA. It is the responsibility of the departing military mission to place facilities and equipment in appropriate maintenance levels as individual structures are closed.

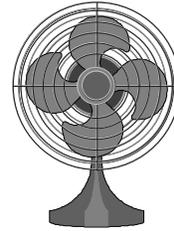
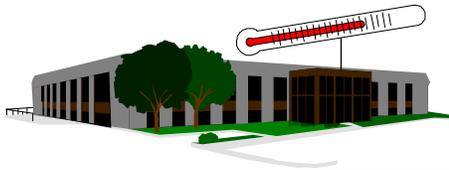
Once actual closure occurs, maintenance will generally be performed by a caretaker. Initial maintenance levels can be used to draft the scope of activities to be conducted by selected caretaker organizations.

While it is not uncommon for structures initially scheduled for a high level of maintenance to be later reduced to a lower level of maintenance, except for exceptional circumstances, structures will not be raised to a higher level of maintenance once final maintenance levels have been set prior to closure.

References: Base Reuse Implementation Manual, Chapter 6

Air Force Maintenance Levels

- **Level I—Operational**
- **Level II—Preserved (heat and air conditioning operational)**
- **Level III—Preserved but no air conditioning**
- **Level IV—Preserved but no heat or air conditioning**
- **Level V—Leased**
- **Level VI—Abandoned facilities**



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Potential Maintenance Levels

Potential Maintenance Levels will have a major impact on planning for operation and maintenance of the installation after closure. The potential maintenance level for a building will depend on a combination of factors including:

- Continuous occupation
- Early reuse
- Local conditions (including climate)
- Potential for future reuse

Reference: DoD Base Reuse Implementation Manual, Chapter 6; Air Force Policy Guidance for Facility Protection and Maintenance at Closure Bases, 26 November 1991

Agreements and Agents

- **Cooperative Agreements**
- **Caretaker Contracts**
- **Agreements with other Military Organizations**
- **Residual Government Workforce**



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Agreements and Agents

Agents to perform the services needed to maintain and operate an installation after closure can come from a variety of sources. The most common are:

- **Cooperative Agreements**—Negotiated agreements for the provision of services by local entities such as cities and counties
- **Caretaker Contracts**—Commercial contracts with private businesses
- **Military Organizations**—Agreements with other military organizations for the provision of services including nearby military bases or organizations such as the Army Corps of Engineers
- **Residual Government Workforce**—Agreements with residual Federal personnel who will remain on the installation in retained property, including reserve units.

References:

Facilities Operation, Maintenance, and Repair Guidance for Base Realignment and Closing Installations, U.S. Army Engineering and Housing Support Center, 17 March 1993

Base Realignment and Closure Facility Layaway Plan and Caretaker Maintenance Standards, Naval Facilities Engineering Command, March 1994

Base Conversion Handbook, Air Force Base Conversion Agency (Section 4—Installation Management), BRAC 95 Update

Cooperative Agreements

In November 1992 Secretary of the Air Force Donald Rice made a determination that it is in the Public Interest to involve the local communities in the protection and maintenance of surplus property at closed or realigned installations under the Base Realignment and Closure process. He placed three conditions on this involvement:

- > The Community must be interested in acting as caretaker for the installation.**
- > The Community must be capable of performing in the functional areas of caretaker responsibility.**
- > The cost of this effort must not exceed the cost we would expect to pay for a commercial contractor to perform the same function.**

Provided these conditions could be met, the appropriate way to involve the community is through a Cooperative Agreement.



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Cooperative Agreements—Legal Basis

- **A Cooperative Agreement is a special form of Grant in which the Awarding Agency exercises a significantly higher level of involvement than in ordinary grants**
- **Governed by provisions of Section 32 CFR Part 33, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments**
- **Implements provisions of Public Law contained in 31 U.S.C. 6305, 5 U.S.C. 301 and 10 U.S.C. 113, collectively referred to as the Federal Grants and Cooperative Agreements Act**
- **Specific authority for use of Grants and Cooperative Agreements is contained in the 1988 Base Realignment and Closure Act and the 1990 Defense Base Realignment and Closure Act**



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31 USC Sec. 6305. Using cooperative agreements

An executive agency shall use a cooperative agreement as the legal instrument reflecting a relationship between the United States Government and a State, a local government, or other recipient when--

(1) the principal purpose of the relationship is to transfer a thing of value to the State, local government, or other recipient to carry out a public purpose of support or stimulation authorized by a law of the United States instead of acquiring (by purchase, lease, or barter) property or services for the direct benefit or use of the United States Government; and

(2) substantial involvement is expected between the executive agency and the State, local government, or other recipient when carrying out the activity contemplated in the agreement.

Other References:

32 CFR Part 33, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments

DoD 3210.6-R, DoD Grant and Agreement Regulation

OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments

OMB Circular A-102, Grants and Cooperative Agreements with State and Local Governments

Cooperative Agreements

- **Public Interest Purpose: Provide to the Community**

- > Experience with operations and maintenance
- > Determine types and quantities of resources
- > Determine required revenue streams

- **Local Redevelopment Authority (LRA) Participation**

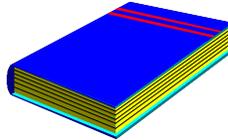
- > LRA will probably assume this responsibility after the Air Force is gone
- > LRA is responsible for reuse planning



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Cooperative Agreements—Process

- **Initial solicitation of interest**
- **Formal invitation to apply for grant**
- **Development of execution plan**
- **Negotiation of budget**
- **Finalization of agreement**
- **Signature**

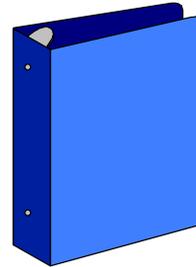


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Cooperative Agreements—Execution

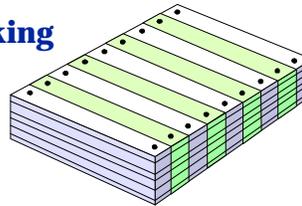
■ How does a Cooperative Agreement Work?

- > **Full Reimbursement for Actual Expenses**
 - Employment costs
 - Material and equipment costs
 - Subgrantee and subcontract costs
 - Indirect costs as agreed
- > **Working Capital Advanced**



■ Line Item Budget permits tracking and control

- > **Annual submittal for approval**
- > **Covers all functional areas**

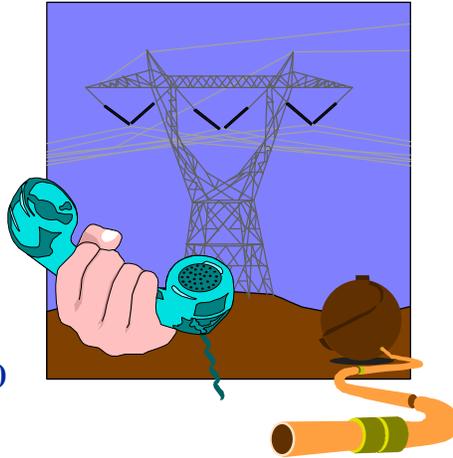


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Utility Systems

■ Utilities

- > Water/sewage
- > Electricity
- > Energy plants (heating and cooling)
- > Waste collection and recycling
- > Natural gas and propane
- > Telecommunications (telephone and cable TV)



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Protection, Maintenance and Services Needs

The Military Department will encourage the LRA to find a mechanism (e.g., lease or license) and willing recipient in order to transfer a closing installation's utility systems to local entities (public or private) before the date of operational closure (or as soon as practicable after closure), in order to provide continuity of service.

At realigning installations or when property is being retained by a Military Department, decisions about the transfer and disposal of utility systems are at the discretion of the Military Department and should be based upon the individual facts and circumstances.

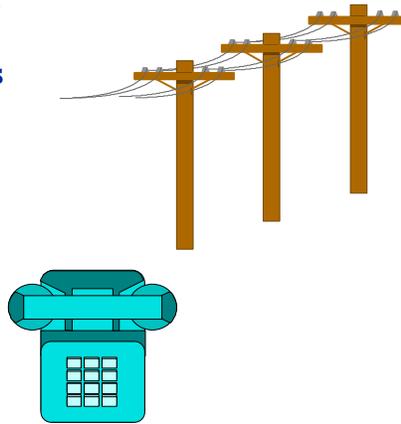
All utility systems will be transferred in an "as-is" condition and will not be improved before transfer. Military Departments will not make improvements or upgrades to utility systems to comply with local code or for other reasons. Some early transfer and EDA grants are available for improvements and upgrades.

Operation of utility systems by the Military Department at a closed installation will be at the minimum level required to sustain caretaker operations. Operation in excess of minimum levels needed to support reuse (e.g., Lessees) will be the responsibility of the LRA.

Reference: Base Reuse Implementation Manual, *Chapter 6*

Utilities

- **Providers/Recipients**
 - > Monopoly or franchise vs. competition
- **System Codes, Upgrades and Transfers**
 - > Safety
 - > System regulations
- **Critical Systems**
 - > Continuity of service
 - > Service fees and charges
 - > Operating the systems



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Providers and Recipients

Discussions on disposal of utility systems must begin with identification of the players at the individual installation. For each utility system, determine who does or who could provide that utility service. Possible providers normally will fall into two categories—monopoly providers with franchise or designated service areas or competitive providers. If the installation property is not included in established service areas for utilities, then it will be necessary to determine who has the capacity and the legal ability under local regulations to provide service.

System Codes, Upgrades and Transfers

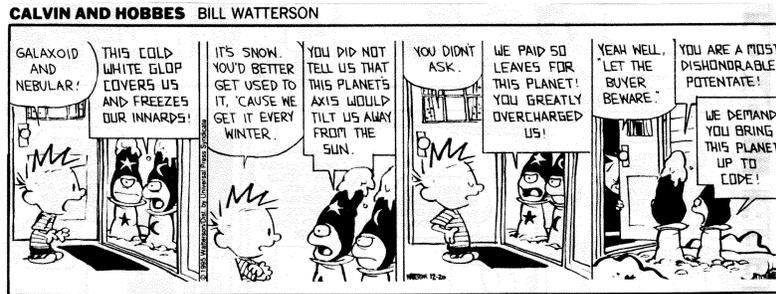
It will also be necessary to determine the requirements that non-Federal utilities must meet in the areas of safety and system codes in order to operate. The distinction between safety regulations required prior to any operation and system upgrades required to satisfy other types of State or local codes will be vital. It may be possible to implement non-safety related codes on a designated schedule, but safety codes must normally be met prior to any operation.

Critical Systems

It is unlikely that all of the installation utility systems will be either necessary, adequate or even desirable to utility services to new users. Reuse planning must include identification of critical systems and utility needs of potential customers.

See also: Base Reuse Implementation Manual, Chapter 6

AFBCA Meets the Utility Company ...



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Historically, the value of utility systems and the need to bring them up to code have been contentious issues in the utilities disposal process.

Disposal of Utilities

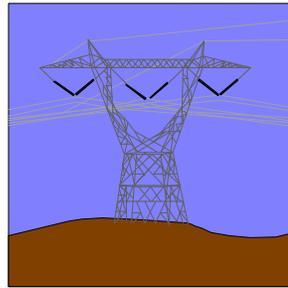
■ Disposal

- > Public Health Conveyance
- > Sale
- > Economic Development Conveyance
- > CERCLA 120(h)(3)



■ Easements and Licenses

- > Access
- > Relocating systems
- > Reuse and redevelopment



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Disposal of Utility Systems

It is DoD's view that the community is best served when the Military Department transfers utility systems to local control (the LRA or other private or public concern) early in the closure process. Generally, DoD believes that existing military base utility systems comply with reasonable standards and are operational. All utility systems will be transferred in an "as-is" condition and will not be improved before transfer.

Utility systems may be transferred by lease, license, bill of sale or by deed, or by a combination of these. If by bill of sale, appropriate easements or franchises must be provided. Several authorities exist for the conveyance of utility systems, including:

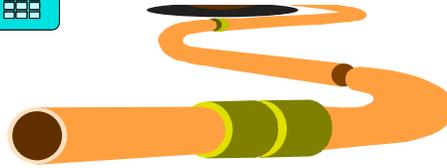
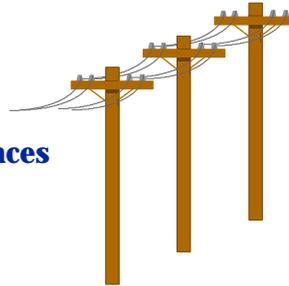
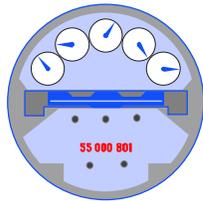
- Power transmission lines (including electric and gas lines). Sale at fair market value under 50 U.S.C. App. § 1622(d), 41 CFR § 101-47.308-1
- Water and sewer systems. Public benefit conveyances for public health purposes under 40 U.S.C. § 484(k)(1), 41 CFR § 101-47.308.4
- Advertised and negotiated sales under 40 U.S.C. § 484(k), 41 CFR § 101-47.304
- Economic Development Conveyance, 32 CFR §§ 91.7(e)—91.7(f)

In exercising the above options, the Military Department's primary goal is to foster economic development and ensure that the facilities can be serviced by utilities through local utility providers. Therefore the qualifications and financial capability of the provider are of the greatest importance.

Reference: Base Reuse Implementation Manual, Chapter 6

Utilities and EDCs

- **Sale**
 - > Competition and auctions
 - > Valuation of systems
- **Economic Development Conveyances**
 - > Utilities as part of an EDC
 - > Future utilities under an EDC



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Utilities and Economic Development Conveyances

Two methods not previously used for disposal of utility systems have recently been used: auction of property and inclusion of utility systems in an EDC. These methods became more prominent when more traditional disposal methods—negotiated or public sale—encountered the question of valuation of utility systems.

Regulated value vs. market value—In a regulated environment the value of a utility system equals the book value (the cost to buy or build the system). In a market environment where utilities are deregulated, the market value of the system is the excess of future revenue expected above future costs.

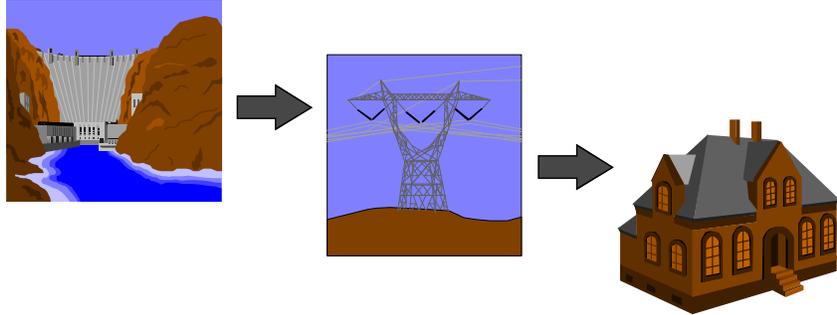
Note that the market value does not include either the cost to build the system (book value) or historical expenditures (sunk costs) put into the system.

Future utilities—The future provision of utilities can be a consideration in preparation of an EDC request. This includes the provision of easements or utility corridors for future utility systems as well as short-term provision of utilities needed to make redevelopment possible.

Reference: Electric Power Research Institute publication RP3678, Valuing Utility Assets and New Investments

Utilities and Deregulation

- **Revenue streams**
- **Franchise areas and monopolies**
- **Separating source, transmission and distribution**



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Revenue Streams—Is the anticipated revenue stream sufficient to cover the cost of the investment in the utility system?

Franchise areas and monopolies—Is there competition for provision of each particular kind of utility service? Do the utility providers have defined areas of exclusive service or is competition allowed?

Deregulation of utilities—Deregulation appears to be proceeding along the model of the breakup of the phone monopolies. The systems may be separated in to separate entities providing the source, transmission and local distribution of a utility service.