ASA-IE&E 2015 Top Challenges and Updates

Housing the Force 2025

STATUS OF 1ST 4 PROJECTS (50-YEAR DEALS)

SITE / END STATE INVENTORY GOVT INVESTMENT / INITIAL SCOPE		STATUS	
FT CARSON / ~~2,663~~ ~~$10.1M / $229M~~	3,368* $146.0M* / $503M*	TRANSFERRED TO PARTNER NOV 99 20 new homes built / month; 40 homes renovated / month Completion of initial development	 2004
FORT HOOD / ~~5,912~~ ~~$52.0M / $260M~~	5,912* $52.0M* / $462M*	TRANSFERRED TO PARTNER OCT 01 Completion of initial development	 2006
FORT LEWIS / ~~3,982~~ ~~$0 / $321M~~	4,994 $88.9M / $586M	TRANSITIONING TO PARTNER Transfer Operations Completion of initial development	 March 2002 2012
FORT MEADE / ~~3,170~~ ~~$0 / $400M~~	2,627 $0.0M / $347M	CONGRESSIONAL REVIEW OF PROJECT Transfer Operations Completion of initial development	 May 2002 2012

* Includes Out-Year Development Scope

NEXT SITES

LISTED BY "STEP 1" SOLICITATION FISCAL YEAR / GROUP

FY 2002

INSTALLATION	# UNITS	# UNITS
FT BRAGG (2002)*	~~4,744~~	6,238
FT CAMPBELL (2002)*	~~4,240~~	4,457
FT STEWART-HUNTER (2003)*	~~2,927~~	3,629
FT POLK (2003)*	~~3,648~~	3,661
PRES OF MONTEREY (NAVY OPTION) (2002)**	~~1,675~~	1,565
FT IRWIN / MOFFETT / PARKS (2002)**	~~2,755~~	2,900
FT HAMILTON (2002)***	~~436~~	228
PICATINNY ARSENAL (2003)***	~~116~~	348****
WALTER REED AMC (2003)***	~~221~~	590
FT DETRICK (2003)***	~~155~~	
FT BELVOIR (2002)***	~~2,070~~	2,106
FT EUSTIS / STORY / MONROE (2003)***	~~1,115~~	1,131
FT SHAFTER / SCHOFIELD (2003)	~~8,178~~	7,756
FY 2002 TOTAL	~~32,280~~	34,609

FY 2003

INSTALLATION	# UNITS	# UNITS
FT LEONARD WOOD (2003)	~~2,472~~	1,806
FT SAM HOUSTON (2004)	~~935~~	925
FT BLISS (2004)	~~2,763~~	4,894****
FT KNOX (2004)	~~3,476~~	2,563
FT BENNING (2004)	~~4,109~~	4,000
REDSTONE ARSENAL (2004)	~~625~~	230
FT RUCKER (2004)	~~1,516~~	1,476
FY 2003 TOTAL	~~15,896~~	15,894

FY 2004

INSTALLATION	# UNITS	# UNITS
FT LEAVENWORTH (2005)	~~1,586~~	1,583
FT GORDON (2005)	~~876~~	1,080
FT DRUM (2005)	~~2,272~~	3,835
FY 2004 TOTAL	~~4,734~~	6,498

(xxxx) Denotes FY Step 2, CDMP development, is awarded

* Step 1 solicitation closed 27 Nov 01

** Step 1 solicitation closes 24 Jan 02

*** Step 1 solicitation scheduled for 30 Jan 02

**** Includes Another Installation

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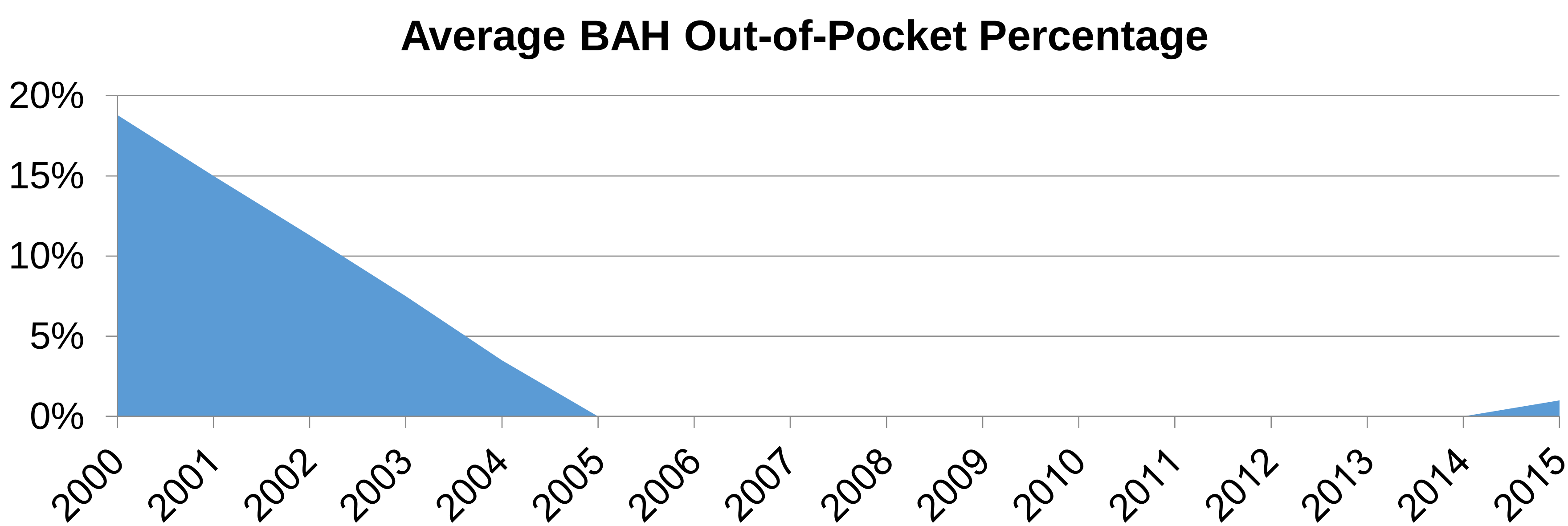
Planning Guidance

- Sustainment is a critical evaluation factor in determining the overall success of the RCI and PAL Programs
- Out-Year Development Period (ODP) funding is planned to come from excess cash generated by operations and interest income
- In the challenging times foreseen, it is important to keep sight of the following when creating short-term and long-term plans:
  - Utilize lessons learned
  - Scrutinize wants vs needs
  - Be conservative

BAH Out-of-Pocket Costs

- RCI has predominantly operated in the Cohen Initiative implementation period and the post-Cohen Initiative world
- The re-introduction of out-of-pocket expenses into BAH calculations adds a further demand consideration – will Projects be able to capture rent above Service Members' BAH or will they vote with their feet?



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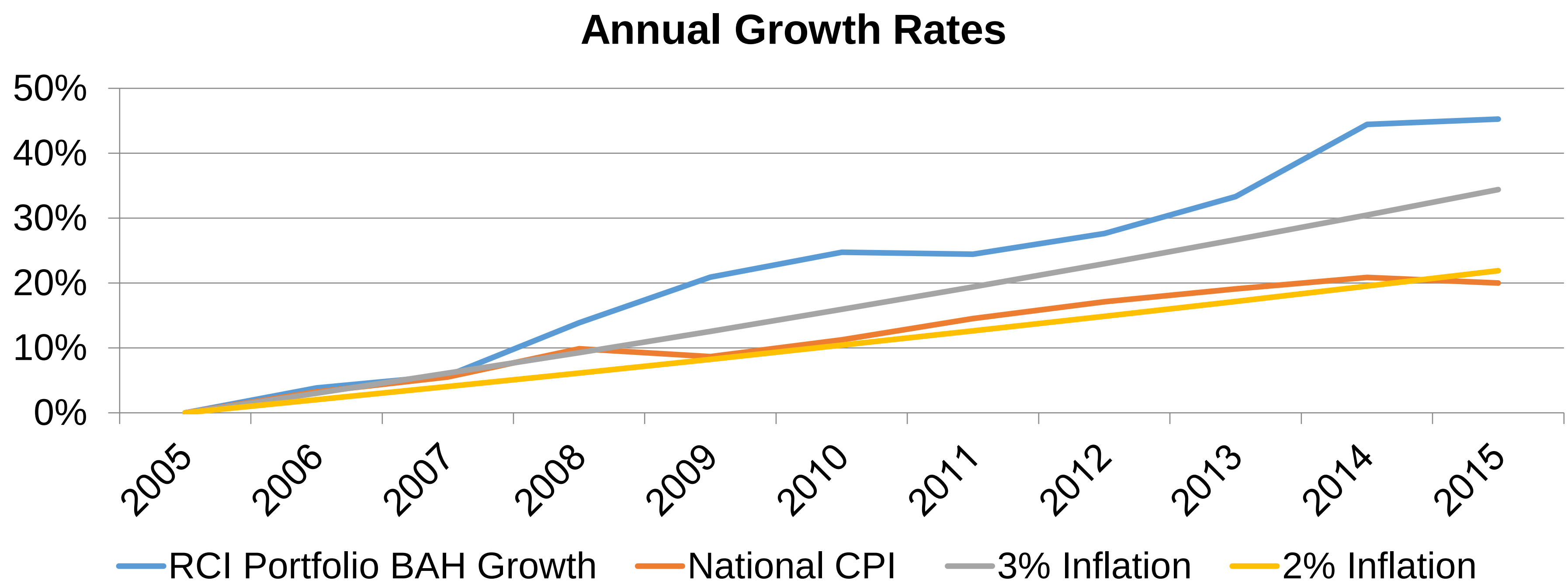
Occupancy

- BAH growth at some Projects has been able to help offset occupancy challenges and greater than expected operating expenses but is in question going forward
- Occupancy assumptions should reflect competitive market dynamics and should be scrutinized through the lens of historical performance
- Use of the tenant waterfall should be facilitated when needed and/or appropriate
  - In Mar 15 Quarter, 3% of homes occupied were occupied by DoD/Federal Civilians, Retirees and General Civilians (>25% at 5 Projects)



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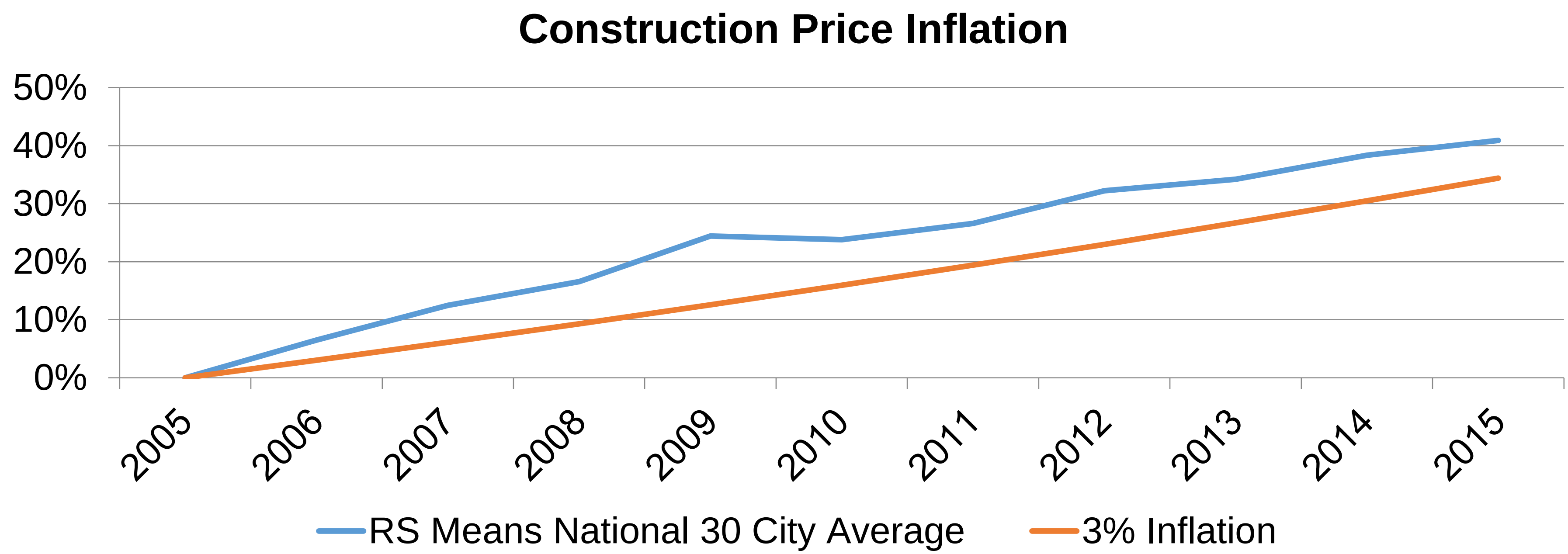
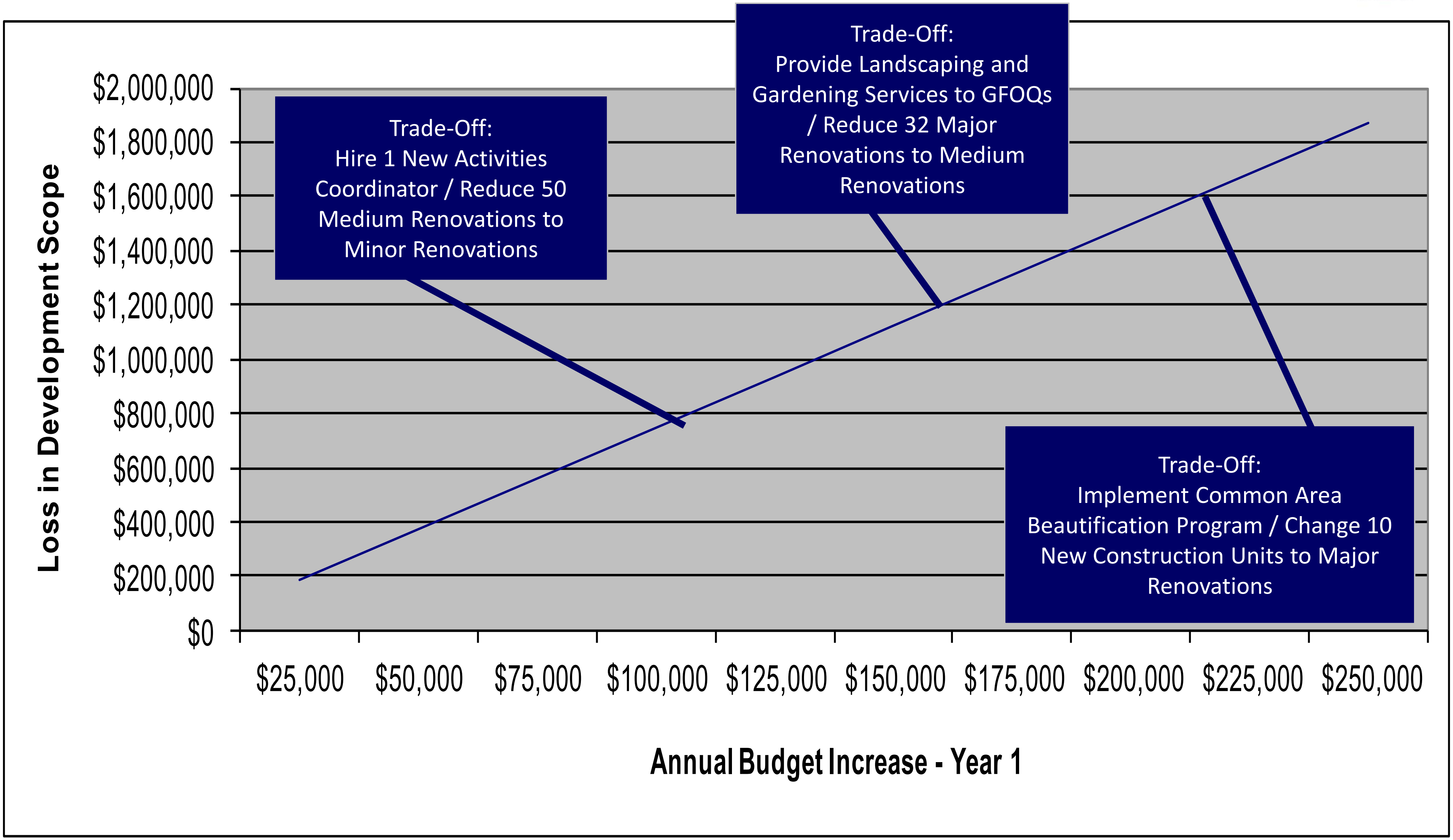
Development

- ODP development projects will be much less complex than IDP scopes
- Match contracting structure to the task



Trade Off Analysis



<u>Note</u>: Loss in Development Scope based on budgeted increases is calculated over the course of an average IDP of 90 months. The loss in development scope gets much larger as we move to out-year development period

Summary

- Its better to plan conservatively and exceed expectations than the opposite

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