



DEPARTMENT OF THE ARMY  
ASSISTANT SECRETARY OF THE ARMY  
INSTALLATIONS, ENERGY AND ENVIRONMENT  
110 ARMY PENTAGON  
WASHINGTON, DC 20310-0110

NOV 26 2012

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Utility and Services Reimbursement Policy for Residential Communities Initiative (RCI) and Privatization of Army Lodging (PAL) partnerships – Policy Memorandum #5

1. References:

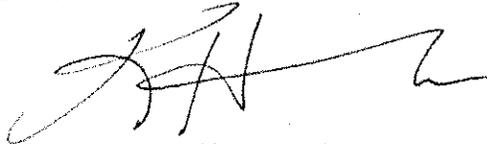
- a. Title 10, United States Code (U.S.C.), § 2872a, Utilities and Services.
  - b. DoD Financial Management Regulation (FMR) 7000.14R, Volume 11 A (Reimbursable Operations and Policy), dated Nov 2002.
2. This policy memorandum replaces the Utility Services Reimbursement Policy for Residential Communities Initiative (RCI) Partnerships, issued on 5 May 2004, and clarifies the process of determining reimbursement amounts for utilities and services provided to RCI projects, including locations under PAL.
3. Title 10, U.S.C. § 2872a, allows the Secretary of the Army to provide utilities and services to RCI and PAL partnerships on Army installations and mandates that the Army be reimbursed for the cost of any utilities or services furnished.
4. Reimbursement for utilities and services will be accomplished pursuant to a written Municipal Services Agreement (MSA), which will be updated periodically in accordance with the RCI and PAL Portfolio and Asset Management handbook. Agreements entered into before the date of this policy memorandum shall be modified to comply with this policy effective the next utilities sales rate computation cycle.
5. Payment for services or utilities provided shall be due after the subject services or utilities are provided by the Army, consistent with requirements of by 10 U.S.C. § 2872a(c). All other applicable provisions regarding the billing for and processing of payments received as prescribed in FMR 7000.14R, Volume 11A shall apply.
6. For all RCI and PAL projects, utility reimbursement charges shall consist of actual commodity usage costs and any incremental costs incurred for operation maintenance and system sustainment, as a direct result of providing utilities services to either RCI or PAL projects.
7. All utility system capital investments that are determined necessary within the Army's area of responsibility (as defined by RCI and PAL project's points of utility demarcation) will be programmed and funded centrally by Headquarters Department Army (HQDA),

**SUBJECT: Utility and Services Reimbursement Policy for Residential Communities Initiative (RCI) and Privatization of Army Lodging (PAL) partnerships – Policy Memorandum #5**

to include both Project costs to correct identified system deficiencies, and Repair and Restoration (R&R) upgrades to accomplish periodic life-cycle infrastructure replacements. These costs will not be billed to RCI and PAL projects. Any capital project initiated solely to meet an RCI or PAL requirement shall have its cost billed to the RCI and PAL project.

8. Disputes: The Army and the RCI Lessee or entity and PAL Partner have 90 calendar days to facilitate resolution of all outstanding issues following the expiration date of an agreement. If the Army and the RCI Lessee or entity and PAL Partner are unable to agree to the terms of an MSA, or to the methodology and process used to determine reimbursable amounts for commodity, O&M, and R&R costs, the parties shall elevate the issue(s) through the chain of command (HQ, IMCOM to ACSIM-ISP). In no event shall a dispute remain unresolved for longer than 180 calendar days from the expiration date of such an agreement.

9. Please address any questions concerning this policy to Ms. Rhonda Hayes at [Rhonda.q.hayes.civ@mail.mil](mailto:Rhonda.q.hayes.civ@mail.mil) or (703) 614-0604.



Katherine Hammack

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**DEC 09 2013**

**MEMORANDUM FOR SEE DISTRIBUTION**

**SUBJECT: Reimbursement Policy for Emergency Services Provided to Residential Communities Initiative (RCI) and Privatization of Army Lodging (PAL) Partnerships – Policy Memorandum #6**

**1. References:**

- a. Title 10, United States Code (U.S.C.), § 2872a, Utilities and Services.
- b. Army Regulation 420-1, Army Facilities Management, Chapter 3-111, Residential Communities Initiative, dated 24 August 2012.

2. This policy memorandum supplements Reimbursement of Utilities and Services, Policy Memorandum #5, by providing instructions on determining how to calculate the amount owed by a housing privatization project including a location under PAL (the "Project"), to the Army for firefighting and fire protection services, and police protection services (collectively herein referred as "Emergency Services") provided by the Army pursuant to Title 10, U.S.C. § 2872a.

3. Title 10, U.S.C. § 2872a, allows the Secretary of the Army to provide utilities and services to RCI and PAL partnerships on Army installations and mandates that the Army be reimbursed for the utilities or services provided.

4. Reimbursement for Emergency Services will be obtained pursuant to the terms of the Municipal Services Agreement (MSA) that is negotiated between the Project, and Garrison Commander. The MSA will be updated annually on the anniversary of the original agreement in accordance with the RCI and PAL Portfolio and Asset Management Handbook. MSAs entered into before the date of this policy memorandum shall be modified to comply with this policy effective the next utilities sales rate computation cycle.

5. Each Project shall be required to reimburse the Army for the "Incremental Cost" incurred by the Army in providing or acquiring Emergency Services to a Project pursuant to 10 U.S.C. § 2872a. Calculation of Incremental Costs shall be conducted using the methodology in Paragraph 6 of this Policy.

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**6. Determining Incremental Costs:**

a. For purposes of this policy “Incremental Costs” are defined as the cost of resources directly consumed by an individual activity that would not have been consumed if the individual activity did not require them, or a cost that is specifically identified with a single cost object. Accordingly, the Army shall not seek reimbursement for salaries paid to uniformed Military Police or Military Firefighters.

b. Each installation will use the following guidance and the attached templates (*CLS Template* and *Hourly Template*) in order to calculate the RCI reimbursable amount(s) for emergency services:

- (1) Using the attached *Hourly Template* list total man-hours for all tasks assigned to the emergency services organization not counting personnel or tasks performed for the benefit of or funded by other activities or organizations (e.g. airfield fire and security support).
- (2) List all tasks requested and agreed to in the MSA that are conducted exclusively for the Project. Identify the frequency for each task and the total man-hours required to complete each task.
- (3) Total all the man-hours that are required exclusively for the Project.
- (4) Note in Columns I and J whether the expense is Direct or Indirect, and Fixed or Variable. Only Direct Variable costs that are specifically attributable to housing are reimbursable. An example of a Direct Variable cost would be a dedicated law enforcement patrol car for the housing area, and the patrol car may do one or more patrols per day depending on Project needs. An example of an Indirect Fixed cost would be a law enforcement patrol car that patrols the entire installation including the housing areas three times per day, every day.
- (5) Enter a percentage reflecting the allocation of tasks provided exclusively to the Project in column K. The total man-hours are automatically calculated in column L of the template.

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- (6) Multiply man-hours by the recommended GS7 Step 5 wage rate to determine the cost of all tasks.
- (7) The monetary value of reimbursable man-hours from the *Hourly Template* is used as to validate the reimbursable amount calculated in *CLS Template*.
- (8) Using the attached *CLS Template* The installation must identify the total budgeted costs of Common Levels of Support (CLS) for Emergency Services.
- (9) Each installation and the Project must negotiate and reach agreement on the allocation percentage of each CLS budget line item provided exclusively to the Project, entering that percentage in column E.
- (10) Multiply the total cost of CLS by the percentage in column E to determine the reimbursable amount of Incremental Costs.

7. All costs for which the Army seeks reimbursement from the Project pursuant to this policy must be measurable and segregable on a reasonable and auditable basis.

8. The MSA will specify the services requested for reimbursement by the Project. The Garrison Commander shall ensure that his/her staff provide the Project, upon request, with all reasonably available documentation including formulas and supporting data, which supports the Army's calculation of the amount billed to the Project for services.

9. To the maximum extent practical, the Garrison Commander and the DES representative shall ensure that the Project is notified by January 15, of each year, of projected rate changes for Emergency Services, and not less than 180 calendar days prior to such changes taking effect.

10. If a Project notifies the Garrison Commander that it disputes the costs it is being charged under the MSA for Emergency Services and the dispute is not resolved at the installation level within 90 days of the expiration of the previously applicable billing rates for the service provided, the Garrison Commander shall elevate the issue(s) for review and attempted resolution through command channels to ACSIM-ISP. ACSIM-ISP shall issue a final Army decision regarding the rates/amounts owed by the Project on behalf of the Army within 180 days of the date the rates previously applicable for Emergency Services under the subject MSA expired.

**SUBJECT: Reimbursement Policy for Emergency Services Provided to Residential Communities Initiative (RCI) and Privatization of Army Lodging (PAL) partnerships – Policy Memorandum #6**

11. My point of contact for this policy is Ms. Rhonda Hayes. Ms. Hayes may be contacted at [rhonda.q.hayes.civ@mail.mil](mailto:rhonda.q.hayes.civ@mail.mil) or 703-614-0604.

Encs  
Template Samples



**PAUL D. CRAMER**  
Deputy Assistant Secretary of the Army  
(installations, Housing, & Partnerships)

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JUL 23 2014

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Reimbursement Policy for Emergency Services Provided to Residential Communities Initiative (RCI) and Privatized Army Lodging (PAL) Partnerships

1. Enclosed is the Assistant Secretary of the Army - Installations, Energy and Environment memorandum dated 3 July 2014 that clarifies when the Emergency Services Calculation Template must be used to calculate reimbursable emergency service costs.
2. Please ensure that all Garrison Commanders and RCI/PAL Project Directors receive and comply with this policy.
3. My point of contact for this action is Ivan Bolden, Chief, Privatization and Partnerships Division, 703-545-4200, [ivan.g.bolden.civ@mail.mil](mailto:ivan.g.bolden.civ@mail.mil).

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CARLA K. COULSON  
Director, Installation Services

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JUL 03 2014

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MEMORANDUM FOR Director, Installation Services, Office of the Assistant Chief of Staff Installation Management

SUBJECT: Reimbursement Policy for Emergency Services Provided to Residential Communities Initiative (RCI) and Privatization of Army Lodging (PAL) Partnerships – Clarification to Policy Memorandum #6

1. Army Residential Communities Initiative (RCI) and Privatization of Army Lodging (PAL) Policy #6, signed December 9, 2013 (encl), was issued to provide guidance to Garrisons on how to calculate reimbursable costs for firefighting and fire protection services, and police protection services (collectively herein referred as "Emergency Services"). This memorandum clarifies when the Emergency Services Calculation Template included in Policy #6 must be used to calculate reimbursable Emergency Services costs.
2. Use of the Emergency Services Calculation Template is not required if the incremental costs associated with the provision of Emergency Services to the RCI and PAL projects are mutually agreed to by the Installation Garrison Commander and the RCI and/or PAL Partnership(s) located on an Installation. The costs agreed to without use of the templates, however, must reasonably reflect the incremental costs of providing Emergency Services (as defined in the referenced policy) to the RCI and/or PAL Partnership(s).
3. Questions concerning this policy clarification should be directed to Ms. Rhonda Hayes at [Rhonda.q.hayes.civ@mail.mil](mailto:Rhonda.q.hayes.civ@mail.mil) or (703) 614-0604.

A handwritten signature in black ink, appearing to read "P. D. Cramer", written over a horizontal line.

PAUL D. CRAMER  
Deputy Assistant Secretary of the Army  
(Installations, Housing and Partnerships)