RCI, PAL and Army Housing Training

RCI Reports/Templates

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Agenda

- Interrelation of Performance Metrics
- Reporting Components
- Reporting Deliverables
- Reporting Uses
- General Reporting Review Guidance
- Common Issues with New Family Housing Quarterly Project Report Templates
- New Family Housing Monthly Project Dashboard Template
- Requested Support from OACSIM-PPD & ODASA (IH&P)
- 10 U.S.C. Sections 2884-2885 Reporting Requirements Update
- New Program Evaluation Report (PER)
- Future Actions
Interrelation of Performance Metrics

DEVELOPMENT
- CONSTRUCTION PROGRESS
- UNITS AVAILABLE

OPERATIONS
- RESIDENT SATISFACTION
- UNITS OCCUPIED
- PROPERTY MANAGEMENT (WAITING LIST, MARKETING, SERVICE ORDERS, TURNOVER, MAINTENANCE, CUSTOMER SERVICE)

FINANCE
- BAH
- REVENUE (VACANCY, CREDIT LOSS, OTHER)
- OPERATING EXPENSES (BASE FEES, MAINTENANCE/REPAIR, INSURANCE/TAXES, UTILITIES, POLICE/FIRE, ETC)
- NET OPERATING INCOME
- DEBT SERVICE
- INCENTIVE FEES
- CR&R
- SUBORDINATED EXPENSES

INITIAL DEVELOPMENT PERIOD
- CONSTRUCTION FUNDING

OUT-YEAR DEVELOPMENT PERIOD
- EQUITY RETURNS
- REINVESTMENT ACCOUNT FUNDING
Reporting Components

- **Annual Project Plan and Budget**
  - Outlines Project performance goals for the year and projected expenditures for operations and CR&R and development depending on the Project
  - Operations and CR&R budgets are approved by a different organization than are development budgets

- **Monthly Project Dashboard**
  - “Snapshot” report consisting of limited financial, development and operations data for a specific Project
  - Includes 2884(c) reporting requirements

- **Quarterly Project Report**
  - A more robust report of financial, development and operations data that provides a detailed review and analysis of the performance of a specific Project
  - Includes 2884(c) reporting requirements

- **Quarterly Portfolio Report**
  - OACSIM-PPD-produced report that consolidates reported monthly and quarterly data from Projects to analyze Project-level and aggregate portfolio-level performance and trends

- **Semi-Annual 2884(c) Report**
  - Semi-annual report is a statutory reporting requirement due to Congress enabling them to monitor certain performance metrics

- **Annual Program Evaluation Report (PER)**
  - An internal OSD report that enables OSD to monitor the Services’ housing privatization programs
Reporting Deliverables

**Objectives**

Quick snapshot of financial health; progress of Project

Provides basic information to meet Congressional information requests & papers

Provides information to feed into the Quarterly Project Report, Semi-Annual 2884(c) Report and Annual OSD PER

Detailed financial and construction project information

Provides information to feed into the Quarterly Portfolio Report, Semi-Annual 2884(c) Report and Annual OSD PER

Provides trend analysis and portfolio lessons learned

Congressionally mandated reports

**Stakeholders**

- OACSIM-PPD
- IMCOM
- DACSIM
- ACSIM
- ODASA (IH&P)
- Representatives
- Senators

- OACSIM-PPD
- IMCOM
- DACSIM
- ACSIM
- ODASA (IH&P)
- DASA (IH&P)
- ASA (IE&E)
- Representatives
- Senators

- OSD
- Armed Services Committees
- Subcommittees on Military Construction & Veterans Affairs
- Committees on Appropriations
- Subcommittees on Readiness
• Monitor and analyze performance to evaluate financial health and progress towards achievement of goals and objectives
• Identify trends
• Spur corrective actions to mitigate negative performance
• Meet legislative requirements
• Inform stakeholders and decision-makers, including senior Army leadership, OSD, OMB and Congress
• Develop benchmarks to evaluate ongoing operations and proposed future actions, such as annual budgets, Modified Scope Plans and Out-Year Development Plans
• Provide source data for ad hoc and/or higher level analyses
• Develop and enhance working relationships
General Reporting Review Guidance

- Are the correct benchmark values from either the annual budget or pro forma, as required, being reported?
- Are values being reported as detailed in the instructions/glossary for a specific report?
- Are the actual values reported inline with the on-the-ground understanding of operating dynamics?
- Are variances to the directed benchmark values sufficiently explained?
- What is the overall performance story outlined in a report that would be conveyed to leadership?
- In what areas are things going well and why? In what are things not going well and why?
- Are there any trends emerging or continuing?
- If continued negative performance is occurring, what is being done about it?
- Are new initiatives or corrective actions being effective?
- Are there changes in the installation(s)’s operating dynamics that are being reflected in reported performance or will impact performance in the future?
Common Issues with New FH Quarterly Project Report Template

- Do not insert Project Information tab – Quarter end date input is linked to other tabs
- Do not use standard Microsoft Excel Copy and Paste methodology to move data from old templates to new templates since it brings older formatting – Use Copy and Paste Special, Values methodology
- Do not input data in locked tabs that request existing Project-specific reporting formats – Insert new Excel worksheets
- UH Project Information should not be reported in new FH template – Continue to use previous UH-specific template
Similar to the Quarterly Report templates, the Family Housing Monthly Project Dashboard template has been updated to incorporate additional NDAA 2013 legislative reporting requirements, enhance tracking of Project performance in their respective Out-Year Development Periods (ODPs) and increase transparency of Reinvestment Account funding.

The new monthly dashboard templates are based on the current templates already in use.

Similar to when the new Quarterly Report templates were released, a Training Key has been created to highlight the changes from the existing template.

Please review the Monthly Dashboard Glossary in the new template because a number of items in the Dashboard Glossary have been altered or updated.

The new template will go into use once eMH has updated its system.
The updated Glossary provides increased clarity on inputs to be reported including the following inputs that are applicable to the whole template:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Performance Categories</td>
<td>These categories and their associated definitions are applicable, as identified, to all the respective areas in the Monthly Performance section of the monthly dashboard.</td>
</tr>
</tbody>
</table>

*Please insert the Project Company’s name in the header of each worksheet used.*

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>In all input boxes within a section underneath the Budget column header, reported values should be taken from the annual budget approved by the Army. If the annual budget applicable to the reporting period has not yet been approved at the time of Monthly Dashboard submission, then reported values should be taken from the annual budget adjusted in accordance with the Project’s legal documents and used to fund the cash flow waterfall until the annual budget is approved by the Army. Specific instructions for populating the input boxes underneath the Budget column header are provided in the Highest DCR Trigger Level in Effect item and the Approved End-State Inventory item definitions below.</td>
</tr>
<tr>
<td>Pro Forma</td>
<td>In all input boxes within a section underneath the Pro Forma column header, reported values should be taken from later of the final operational, final financial or final combined operational and financial closing pro forma unless the pro forma has changed through the Major Decision process, in which case the latest final pro forma approved by HQDA should be used.</td>
</tr>
<tr>
<td>Discussion / Issues</td>
<td>Explanations should be provided on the major drivers of and significant issues impacting actual performance during the month. At a minimum, variance explanations should be provided for actual performance that is equal to or greater than 5% or equal to or less than -5% of the benchmark value, either Budget or Pro Forma. Additional information to be provided maybe be outlined in specific line item definitions below.</td>
</tr>
</tbody>
</table>
1. LOCATION: For multi-installation Projects, an input has been added to clearly identify which installation’s values are being reported.

2. Partner-Specific Additional Expenses: This item is intended to capture ongoing, Partner-specific additional accrued expenses funded through Project cash flow that are not captured in Operating Expenses, Utilities, Incentives and CR&R. The total value reported comes from the same source as the “Additional Statement of Operations” in the new FH Quarterly Report Template, as directed by the OACSIM-PPD Program Manager. No reported value is necessary unless directed by the OACSIM-PPD Program Manager on a Partner-specific basis.
3. First DCR Trigger Level in Effect Encountered (Consolidated Worksheet Only): In order to be vigilant of DCR-related restrictions on Project performance, enter the first DCR level in effect that would be encountered for evaluation during the month where Project performance below that prescribed DCR level in the Project’s loan documents would engage/trigger a restrictive or remedy provision, such as funding a cash trap account or having to gain non-recurring Lender/Trustee approval for development disbursements.

In the Discussion / Issues area, insert a brief description of 1.) what provision is triggered (ex. cash trap), 2.) what is the evaluation length of time of DCR performance to engage/trigger the provision (ex. trailing 12-months) and 3.) what is the length of time of performance to remedy the provision (ex. six consecutive months above DCR).

4. Reinvestment Account Balance (Consolidated Worksheet Only): Since many Projects have entered or are entering the out-year sustainment phase and monitoring of cash inflows and outflows from the Reinvestment Account will be critical, enter the Reinvestment Account balance at the end of the reported month as shown in the monthly account statement. Reported value should be on a cash basis.

5. Initial Development Plan (IDP) and Out-Year Development Plan (ODP) values are now separated in the Dashboard in order to provide distinction in reporting the phases of development. Clarification has also been added that homes Lost to Combination (ex. two homes renovated into one home) are to be reported along with demolished homes.
6. Initial Development Plan (IDP) and Out-Year Development Plan (ODP) values are now separated in the Dashboard in order to provide distinction in reporting the phases of development. In the ODP, medium renovations and major renovations are to be reported separately instead of together as in the IDP since they have different sustainment implications.

7. Approved End-State Inventory: The long-term, end-state inventory unit count in the ODP as outlined in the latest pro forma approved by HQDA is reported under the Budget column in order to compare to monthly inventory levels.

8. Total Homes, Homes Off-Line and Total Homes Available for Occupancy: Items are in a different functional group location in the updated template and have slightly altered definitions for clarity:
   - **Homes Off-Line**: Average number of homes during month that have been taken off-line for demolition, major, medium or minor renovation or other reasons established by the Property Manager. Homes that are used for model homes, property management offices, maintenance offices, project management offices, construction/renovation offices, development management offices, hospitality or corporate suites, community services offices and homes by Project employees that are not paying rent should all be reported as Homes Off-Line. The monthly average should be calculated as an average of weekly units off-line.
   - **Total Homes Available for Occupancy**: Average Number of homes in the inventory during the month that were available for the Property Manager to assign and for residents to move into immediately. Homes that are under construction/renovation and have not yet been turned over to the Property Manager as of the end of the reported month but have been assigned or leased should not be included in this line item. The monthly average should be calculated as an average of weekly units available.

9. **Homes Occupied**: Any homes that should be reported as Homes Off-Line in accordance with the definition for item 39 should not be reported as occupied homes.
9. **Total # Homes in Residential Energy Conservation Program – Mock and Total # Homes in Residential Energy Conservation Program – Actual**: These line item names have been updated to reflect the latest name for the resident responsibility for utilities program but have the same definitions for reporting the number of homes in mock billing and actual billing.

10. **Waitlist**: Applicants for intra-post moves should be excluded from the reported waitlist value as of the end of the reported month.

11. **Additional Questions – Per 2884/2885 Legislation – Number of Work Orders in the Project’s Current Maintenance and Repair Backlog**: The definition of “backlog” has been clarified to mean work orders that have been outstanding for more than 30 calendar days from the date received.
Requested Support from OACSIM-PPD & ODASA
(IH&P)
Continues Section 2885 oversight measures in place since 2009, further specifying that they must be conducted “during the course of the construction or renovation of the housing units”

- No change in ODASA (IH&P) and OACSIM-PPD monitoring Project performance during the IDP and subsequent Out-Year Development Periods using:
  - RCI Asset Manager Monthly Compliance Reports
  - Partner PAM quarterly restatement of summary Sources and Uses
  - Partner Monthly Dashboard summary of change orders and their monetary and scope implications
  - USACE annual Ground Lease Compliance Reports

- No change in ODASA (IH&P) and OACSIM-PPD initiation of Major Decision (MD) Concept Paper process for Projects where construction progress is 90+ days behind schedule or where there is a significant negative imbalance in project Sources and Uses
  - ODASA (IH&P) will escalate to Notice of Deficiency to Deputy Undersecretary of Defense (Installations and Environment) if situation is not remedied

- No change in current compliance actions w/r/t Required Qualifications, Bonding Levels, Successors in Default and Ownership/Affiliate Reporting
• **Adds Section 2885 oversight and accountability measures to be conducted after completion of Project IDP**
  
  - Debt coverage ratio – If Project DCR falls below 1.0 for more than 12 months, then the MD Concept Paper process will be initiated to develop plan to address financial risk to Project.
  
  - Occupancy rate – If Project occupancy falls below 75% for more than 12 months, then the MD Concept Paper process will be initiated to develop a plan to address financial risk to Project.
  
  - Backlog maintenance and repair – Monthly dashboard will include new questions #49 - #51 to determine (a) the number of current work orders in the backlog, (b) the cost of eliminating these work orders from the backlog and (c) the reason the work orders are backlogged.

<table>
<thead>
<tr>
<th>44</th>
<th>Additional Questions - Per 2885 Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>45</td>
<td>Has there been a Contract Adjustment, Operational Impact or construction Change Order which impacted the phasing schedule or has monetary or scope implications?</td>
</tr>
<tr>
<td>46</td>
<td>Does the Project have construction and renovation phases that will be initiated in the next month, requiring Payment and Performance Bonds or evidence of some suitable instrument?</td>
</tr>
<tr>
<td>47</td>
<td>Did the Project secure any new Warranty Bonds for completed work?</td>
</tr>
<tr>
<td>48</td>
<td>Were there any changes to ownership structure of private sector parties?</td>
</tr>
<tr>
<td>49</td>
<td>How many work orders are in the project's current maintenance and repair backlog?</td>
</tr>
<tr>
<td>50</td>
<td>What is the estimated cost to eliminate the work orders in the current backlog?</td>
</tr>
<tr>
<td>51</td>
<td>Why are these work orders backlogged?</td>
</tr>
</tbody>
</table>
• Adds Section 2885 oversight and accountability measure for all Projects
  – Assessment of utility cost to on-post residents compared to utility costs in local community
    • Utility data will be collected in PAM Quarterly Congressional Reporting tab
    • Partner to provide on-post utility rates for current quarter and average quarterly utility cost per occupied unit
    • RCI Asset Manager to provide estimated off-post utility rates for current quarter and average quarterly utility cost for a comparably-sized unit in local community

<table>
<thead>
<tr>
<th>Utility</th>
<th>TO BE COMPLETED BY RCI PARTNER</th>
<th>TO BE COMPLETED BY ARMY ASSET MANAGER</th>
<th>Variance - Average Annual Unit Cost Compared to Off-Post Average</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Water</td>
<td></td>
<td></td>
<td>$ -</td>
</tr>
<tr>
<td>9</td>
<td>Electric</td>
<td></td>
<td></td>
<td>$ -</td>
</tr>
<tr>
<td>10</td>
<td>Natural Gas</td>
<td></td>
<td></td>
<td>$ -</td>
</tr>
<tr>
<td>11</td>
<td>Others (specify below)</td>
<td></td>
<td></td>
<td>$ -</td>
</tr>
</tbody>
</table>
• New MHPI Report: 2884(c) Semi-Annual Report to Congress
  – No additional submissions from the Projects are required
  – Response will be developed from existing RCI Project reports, identifying:
    • Projects where more than 20% of work orders are backlogged
    • Post-IDP Projects with < 1.0 DCR or < 75% occupancy rate for 12+ months
    • Post-IDP Projects with negative variances greater than 25% between actual and pro
      forma deposits to the Project’s Reinvestment Account
    • Post-IDP Projects with unplanned or unbudgeted withdrawals that are greater than 20%
      of the Project’s Reinvestment Account balance
    • How RCI Projects assess utility usage and cost to residents, and how residents are
      reimbursed or charged according to their assessed usage
  – Consolidated 2884(c) report due to OSD in mid-April and mid-October

• No change to current GFOQ reporting process
  – GFOQ data is collected in PAM Quarterly Report
New for FY14 Year-End: Program Evaluation Report

- **Program Evaluation Report (PER) is a revised version of PEP Report**
  - Part 1 of PER to provide more relevant long-term sustainment and recapitalization data, deemphasizing the PEP’s development focus as more Projects complete their Initial Development Periods
    - Very similar to PEP Report’s Fact Sheet and Monitoring Matrix, with minor reordering of line items and new line items
  - Part 2 of PER to provide long-term program and Project-level analysis that covers:
    - Project Sources and Uses projections over 50-year term
    - Recaps of 12-month operating and capital performance that replace the Project Summary Reports
  - PER reporting templates are finalized; OSD still working on PER instructions
  - Project PER submissions for previous government fiscal year (12 months) due to Army HQDA on 1 November
    - FY14 PER submissions (1 Oct 13 – 30 Sep 14) due 1 Nov 14 to OACSIM-PPD Program Managers
  - New OSD requirement to estimate government’s cost to develop PER
    - OACSIM-PPD will develop estimate on behalf of RCI Asset Managers
Future Actions

• FY14 PER submissions for the period of 1 Oct 13 – 30 Sep 14 due 1 Nov 14 to OACSIM-PPD Program Managers
• Updated Monthly Dashboard templates for Family Housing will go into effect once eMH system is ready
• Renewable Energy Reporting Templates are in development for use only by RCI Projects with renewable energy projects, such as rooftop-mounted solar panels, to provide data needed by the Army’s Energy Initiatives Task Force (EITF) and beyond
• Updated Quarterly Report and Monthly Dashboard templates for UH Projects will be developed
Questions?

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