Infrastructure Reset
Opportunities for Industry

SAME Pendleton Day

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15 June 2017

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Infrastructure Reset (IR)

- Infrastructure Reset: a long term effort to fundamentally change infrastructure lifecycle management. Key tenets:
  - Spend every infrastructure dollar on the right long term investment
  - Make every infrastructure dollar go further
  - Make better informed infrastructure investment decisions

- Infrastructure Reset Defined: Optimize installation capability within constrained resource availability, while supporting the Operating Forces (OPFOR) and Supporting Establishment (SE).

- Implementation will require:
  - All Hands Support
  - Commandant’s Infrastructure Reset Strategy (Dec 2016)
  - Upfront investment and a long term commitment to resourcing stability
  - Reinvestment of efficiencies mined from installations into infrastructure shortfalls
  - A revolutionary approach with focus on optimization/efficiency across the enterprise.
    - Decision making based on the Business Case
    - Policy/statutory changes to enable better use of existing resources
    - Leveraging industry: Financing and Innovation
Framing the Problem

- Too much “obsolete-costly” Infrastructure
  - Continued growth in footprint, complexity, and cost of Infrastructure Ownership

- Many Infrastructure Bills (Rebalance-to-the-Pacific, AVPLAN, Training Facilities)
  - Mitigate future OPFOR Impact by driving down Infrastructure Cost

- Limited resources
  - Hard choices required to close the gap between resources and requirements

To reduce infrastructure cost, we must reduce footprint.
Facility Investment Gap

- Facility Investment Imbalance – Total $32B funded or programmed FY01-22
  - Sustainment is 42% of total Facility Investment, average $634M/yr or 86% of sustainment reqmt
  - New Footprint is 35.4% of total Facility Investment, average $542M/yr
  - Recap is 22% of total Facility Investment, average $342M/yr or 19% of recap requirement
  - Demolition is 0.6% of total Facility Investment, average $9M/yr, or 38% of demo requirement

IR Strategy closes the gap from top & bottom by reducing footprint & reinvesting mined savings.
The Long View

The impact of under-investment is not noticeable in the short term. The long view is needed for facilities investment IOT sustain readiness at the lowest total life-cycle cost.

- In the short run (FYDP) 30% reduction in sustainment yields FCI* decrease of 3 points
- Return to pre-2007 level of infrastructure decay FCI = 74 ...$10.2B invested FY07-14 improved FCI to 81
- Failing Facility = beyond economic repair
- In the long run (20 years) 30% reduction in sustainment yields FCI decrease of 23 points
- POM-18 now at 66% of updated FSM-18 requirement

Funding Sustainment at 100% of the FSM requirement maintains current condition. Restoration & Modernization (Recap) funding is required to improve condition.

*FCI – Facility Condition Index
Four IR Lines of Effort (LOEs)

**LOE #1:** Reduce and optimize infrastructure footprint – Million Square Feet (MSF)
- Standardized Facility Requirements Across the Force
- Reduce excess - demolish 25% of enterprise footprint (31MSF ~$250M/yr)
- Space Management – Increase utilization through building consolidations

**LOE #2:** Facilities investment at the lowest total lifecycle cost
- Targeted MILCON/FSRM investments…capabilities, cost, footprint
- Remove funding stove pipes (MILCON/FSRM) and policy/statutory barriers
- Re-look at what we buy: Cadillac vs. Corolla…UFC
- Leverage key enablers…like Industrial Controls

**LOE #3:** Consistent implementation of best practices and process efficiencies
- Contract toolboxes – right tools for the job at the right prices
- Pre-and post award innovation in contracting…more than just Value Engineering!
- Alternative financing models…ESPC, UESC, UP, IGSA

**LOE #4:** Aligned installation management and enterprise governance.
- Benchmark: CNIC Shore Mission Integration and Regional Mission Integration Groups
Closing The Gap

- Implementation of the Infrastructure Reset Strategy results in closing the investment gap by 2028, through comprehensive footprint reduction, Q3/Q4 facilities elimination, and reinvestment of savings to increase the facilities investment funding line.

- Gap closure by 2028
- Recap Requirement Eliminated
- Revised Requirements line based on demolition of 31 MSF, FY17 - 27
- Facilities investment increased by reinvestment of BOS & Utility savings from 31 MSF of demo

*Excludes utility systems which are addressed separately
Potential Opportunities (Pre-decisional!)

- **Planning**
  - Professional services: planners, GIS techs, engineers, scope writers
  - Standardized BFR Development
  - Master Plan updates, “MUD” plans and Regional Optimization Plans

- **Contract Optimization**
  - Demolition…Regional? Base-specific?
  - Facilities Consolidation…do we have the right tools (like DB)?
  - MACs and JOCs…are they optimized for best price/value?

- **Alternative Financing Opportunities**
  - 3rd party owned/operated microgrids (EUL; PPA; ESPC; UESC)
  - Utilities Privatization
  - 3rd party owned/operated Industrial Controls (EUL; ESPC, UESC)
  - Intergovernmental Support Agreements

- **Authorities**
  - FY17 NDAA: new rules on work classification (conversion=repair)
  - Expanded use of leases, ESPC and UESC to enable demo and consolidation

- **Innovation**
  - Post Award: “Innovation” spec in contracts (NASA BOS model)
  - Pre-award: “Shark Tank” – turning unsolicited proposals into contracts…legally.
Thoughts Going Forward…

- Ways to improve collaboration with industry, earlier in the process.
  - Shaping government/industry conversations vice “sales pitches” we can’t do anything with

- Contract toolbox: ways to improve speed, pricing and value.

- Barriers to success: policy, law, processes…and any solutions in mind.

- How to harness the innovation capacity of industry within the framework of the FAR and acquisition law.
Discussion/Questions