

Utility Privatization of Electric, Propane, Water, and Wastewater Utility Distribution
Systems at Fort Hunter Liggett, California

PART: U.S. GOVERNMENT PROCUREMENTS

SUBPART: SERVICES

CLASSCOD: S--Utilities and Housekeeping Services--Potential Sources Sought

OFFADD: Defense Energy Support Center, 8725 John J. Kingman Rd., Room 3830,
Fort Belvoir, VA 22060-6222

SUBJECT: S--SOURCES SOUGHT FOR PRIVATIZATION OF ELECTRIC,
PROPANE, WATER, AND WASTEWATER UTILITY DISTRIBUTION SYSTEMS
AT FORT HUNTER LIGGETT, CALIFORNIA.

POC: Douglas Smith, Contract Specialist, (703) 767-9409, Defense Energy Support
Center, (DESC-EA).

DESC: The Defense Energy Support Center (DESC), in conjunction with the Assistant
Chief of Staff for Installation Management (ACSIM), Army Material Command and, Fort
Hunter Liggett, California, seek to identify responsible potential sources and obtain
information in regards to possible privatization of utility systems in accordance with 10
USC 2688, "Utility Systems: Conveyance Authority" for Utility Privatization of the
Electric, Propane, Water, and Wastewater Utility Distribution Systems at Fort Hunter
Liggett, California. The potential privatization action will include transfer of ownership,
operation and maintenance, and the obligation to serve. The Army will not transfer
ownership of land or any land lease interest for Fort Hunter Liggett, CA and will grant
easements and leases, with concurrence of the underlying leaseholder where applicable,
for access to land associated with each utility system.

OBJECTIVE: Should privatization occur, the ownership of the entire electric, propane,
water, and wastewater utility systems and equipment to include, all capital investments,
operation, maintenance and repair responsibilities, shall transfer to a publicly or privately
owned utility provider. All responsibility for maintaining reliable service, including such
items as environmental compliance, operation, maintenance, major systems renovation,
construction, equipment, manpower and overhead shall be the responsibility of the new
owner. Utility services under the potential contract will not include the commodity itself.

INSTALLATION AND UTILITY SYSTEM DESCRIPTION:

Note: (1). All technical data and information listed below is to be considered either an
estimated quantity or an approximate order of magnitude. Companies responding to this
notice of interest are responsible for verification of all inventory data.

(2). Companies responding to this notice of interest shall respond to interest in the entire scope of the requirement.

Fort Hunter Liggett is located situated approximately 250 miles north of Los Angeles and 150 miles south of San Francisco in California's Central Coast region

INSTALLATION DESCRIPTION:

Fort Hunter Liggett is occupying over 165,000 acres in the San Antonio River valley next to the Los Padres National Forest. The installation's population today is 250 permanent residents and civil servants, with increases up to 4,000 transient active duty personnel when on training rotation. Housing occupancy is typically 98 percent.

Description of Facilities: The utility systems consists of the following capital assets:

Fort Hunter-Liggett

A. Electrical Distribution System Description

The Fort Hunter Liggett electrical distribution system consists of all appurtenances physically connected to the system from the points at which the electricity enters the system and/or where the Government ownership currently starts, to the point of demarcation.

Primary power enters the installation at 12 kV from Pacific Gas and Electric (PG&E). There are 21 separate meters servicing cantonment, housing, Ammunition Supply Point, MPRC, Williams Hill, Bald Mountain, 8J, Site Alpha, and Site Bravo repeater station areas. There are no substations on the installation, but the MPRC system has a switching station. Average monthly consumption is approximately 830,000 kilowatt hours with usage peaking in late summer to early fall. Emergency generators will remain under the ownership of the installation.

All overhead (pole-mounted) transformers have had all polychlorinated biphenyls (PCB's) removed. All pad-mounted transformers except two have had PCB's removed.

B. Propane System description:

The Fort Hunter Liggett propane system consists of all appurtenances physically connected to the system from the points at which the propane enters the system and/or where the Government ownership currently starts, to the point of demarcation. The system may include, but is not limited to aboveground storage tanks, valves, regulators, meters and distribution lines including service lines.

The propane system at Fort Hunter Liggett is concentrated within the cantonment area and consists of approximately 5,000 feet of distribution piping ranging from 1 to 2 inches in diameter. Within the system are 26 aboveground storage tanks ranging in capacity from 287 to 18,000 gallons. The propane system components vary in age, with the

newest tanks installed in 1993. The commodity provider, Northern Energy, also has approximately 46 propane tanks on post, of which they will retain ownership and control. Propane is used mostly for heating and cooking. Tanks are on a maintenance plan with the Directorate of Public Works to be painted every 5 years. Propane systems are currently in code compliance. Average consumption is 26,000 gallons of propane per month, with usage peaking in winter.

C. Water Distribution System:

The Fort Hunter Liggett water distribution system consists of all appurtenances physically connected to the system from the points at which the water enters the system and/or where the Government ownership currently starts, to the point of demarcation. The system may include, but is not limited to wells, storage tanks, distribution piping and appurtenances.

There are no groundwater withdrawal permits. Fort Hunter Liggett operates the supply system under California Department of Health Services Water Supply Permit No. 02-90-003, amended May 17, 2000 for corrosion control. The Offeror shall comply with all sampling and testing requirements of the California Department of Health Services, Drinking Water Field Operations Branch, per Water Quality Monitoring Summary, (for a "Community Small Groundwater Developed" (CSGD)), for the Monitoring Period of January 2002-December 2004.

The Contractor shall comply with all applicable federal, state, and local regulations governing the operation of the water systems.

D. Wastewater Collection system:

The system may include, but is not limited to treatment facilities, collection piping and appurtenances.

The wastewater system at Fort Hunter Liggett is concentrated mostly in the cantonment area and consists of collection piping, appurtenances, a treatment facility, and spray fields. The original system was constructed in the 1950's, and improvements have been made as needed since that time. All wastewater, primarily domestic sewage and limited vehicle wash water, produced in the cantonment area is treated at the Fort's 1.0 million gallon per day (mgd) wastewater treatment facility. Average annual flow to the treatment facility is approximately 88,000 gallons per day (gpd). Wastewater is treated in concrete-lined aerated lagoons. The treatment train includes bar screens, a comminutor, a wetwell, and three uncovered aerated lagoons in series. There are three wetwell pumps in the influent pump station that pump wastewater from the wetwell to a diversion box (valve chamber) that is normally set to divert wastewater to Pond #1, the first and primary aerated lagoon of the three in series. Two of these pumps make up the primary and secondary pumps, but there is an additional pump for emergency backup. This pump, in addition to having an electric motor like the other two, has a propane-driven motor so that

the pump can still operate during a power outage. These pumps are automatically controlled by the level of wastewater in the wetwell.

According to California Regional Water Quality Control Board, Central Coast Region, Standard Provisions and Reporting Requirements for Waste Discharge Requirements, January 1984, C. General Reporting Requirements, “Transfer of control or ownership of a waste discharge facility must be preceded by a notice to the Regional Board at least 30 days in advance of the proposed transfer date. The notice must include a written agreement between the existing discharger and proposed discharger containing specific date for transfer of responsibility, coverage, and liability between them. Whether an order may be transferred without modification and a public hearing is at the discretion of the Board. If order modification is necessary, transfer may be delayed 120 days after the Regional Boards receipt of a complete Report of Waste Discharge.”

REQUIREMENTS: The general goal of the privatization process at Fort Hunter Liggett is to transfer all capital assets of the electric, propane, water, and wastewater treatment facilities to a municipal, private, regional, district or cooperative utility company or other non-Department of Defense entity to own and operate the systems on a long term contractual basis. Specific requirements under the contract will be: (1) the ability to service all areas within Fort Hunter Liggett and all Federal service premises currently served by Government owned systems that are the subject of this requirement; (2) the ability to provide access to two [2] independent potable water sources to provide redundant supply linkage. Independent potable water sources are two separate sources of supply from two separate treatment facilities. One area of consideration [as a source] may be the existing Fort Hunter Liggett plant.

PROCESS: This request is to gather information from interested parties and is an essential step in determining market interest for the privatization of the electric, propane, water, and wastewater systems at Fort Hunter Liggett. In order to minimize costs both to potentially interested parties and the government, this notice is issued to determine market interest and feasibility as well as determining marketing strategies for privatizing the utility systems. Should insufficient credible interest be identified for a privatization action, it is highly likely that no formal solicitation will be issued. Should interest be determined sufficient, a formal Request for Proposals (RFP) may be forthcoming. Interested parties should provide a statement of interest on company letterhead. The statement of interest must not exceed a total length of 15 pages. The statement shall include as a minimum, the following information: (1) capability and experience in the ownership, operation and maintenance of similar systems; (2) financial capability to purchase, upgrade, expand, operate and maintain utility systems; (3) conceptual rate plan (i.e., will charges for utility service be made from existing rates or from rates developed specifically for service at the individual installation(s)); (4) discussion of your conceptual basis for a proposed purchase price (capitalized earnings value, replacement cost new less depreciation, original cost less depreciation, or other); (5) understanding of the federal, state and local environmental laws and regulations and familiarity and experience with

environmental compliance procedures and regulations for the State of California and US Environmental Protection Agency Regions; (6) Company point of contact, phone no. and e-mail address.

SITE VISIT AND DATA: Neither a site visit nor the provision of additional data on the utility systems is considered necessary for the preparation and submittal of statement of interest. If a site visit and the provision of additional data are later determined necessary, notification will be provided by way of an amendment to this announcement.

DUE DATE: Statements of interest must be submitted to Defense Energy Support Center (DESC-EA) by 3:00 P.M., Eastern Standard Time on Friday, March 16, 2004. Sources may address responses to: Defense Energy Support Center, 8725 John J. Kingman Rd., Room 3830, ATTN: Douglas Smith, DESC-EA, Ft. Belvoir, VA 22060-6222.

LINK DESC: For future Privatization solicitation information

LINKURL: <http://www.desc.dla.mil/DCM/DCMPage.asp?pageid=246>

EMAIL DESC: For additional information or clarification

EMAIL ADD: Douglas.G.Smith@dla.mil