



NAVFAC
Naval Facilities Engineering Systems Command

Navy Utilities Privatization

**For:
DLA Worldwide Energy Event**

April 2025

Utility Privatization (UP) Strategy



- Title 10 U.S.C § 2688 authority allows transfer of ownership of our utility systems to a non-government entity and entry into a service contract
- This is one of the key mechanisms to ensure resilient utility infrastructure as part of an overall strategy

UP System Prioritization

- Mission Priority: How critical is the utility to the installation's mission?
- System Condition: What is the level of system degradation and maintenance backlog?
- Reliability & Resilience: We analyze metrics like outage duration (SAIDI) and frequency (SAIFI).
- Regulatory Compliance: Can the current system meet new federal or state requirements?
- Workforce: Do we face challenges with workforce turnover or specialized skill sets?
- Resources: What are the available resources to sustain the system's capability?

Core Benefits:

- Improves system reliability and injects private sector capital into our utility systems.
- Allows Navy personnel to focus on their primary warfighting mission.

Advancing Mission Reliability Through 10 U.S.C. §2688

UP: Navy Best Practices

Utility Management and Process Optimization

- Utility Infrastructure and Condition Assessment Program (UICAP)
 - Navy's Utility Management program utilized for over 10 years
 - Utility Inventory and Condition Assessment (UICAP) Baseline – Complete and accurate inventory
 - Risk Assessment – Risk Optimization and identification of Initial System Discrepancy Corrections (ISDC)
 - Real Property Inventory Compliance – GIS Utility Mapping & Maximo inventory data are congruent
 - Standard Preventive Maintenance Program – Asset Condition reporting and inventory remains up-to-date
- **Utility Investment Analysis (UIA) in combination with Business Case Analysis (BCA)**
 - Streamlines input to BCA and maximized flexibility with BCA contract option
 - Models costing for focused analysis
 - Confirms significance and costing of ISDCs
 - Refines estimate including “Should Cost”



Outlook and Path Forward



Navy UP:

- Outlook: Build on recent successes and strengthen partnerships to deliver reliable Utility Services to the Department of the Navy Sailors and Marines.
- Primary Goal: Advance mission reliability and resilience by delivering modern and robust utility infrastructure.
- Continuous Improvement: Enhance program efficiency through:
 - Applying lessons learned from successful UP awards.
 - Exploring strategic regionalization.
 - Actively refining processes in partnership with DLA to achieve timely UP awards.
- Challenge: Proactively address manpower and specialized skill gaps to ensure efficient program execution.
- Foundation: Continue to leverage our data-driven and risk-based methodology to prioritize projects opportunities appropriate for UP to enhance mission readiness.

Strengthening Partnerships to Deliver Resilient and Efficient Utilities