

AIR FORCE

Housing Privatization



Utility Reimbursement for On-Base Privatized Housing

This Fact sheet provides guidance on the process for billing and collecting reimbursements of utilities for on-base privatized housing projects and the funding authorities required with reimbursements.

Background

Two general scenarios exist on how utility rates are established. (1) Housing privatization on an Air Force installation, with the utilities provided by the government. (2) Housing privatization at an off-base location with the local utility provider generating and distributing the utility in question (electricity/potable water/sewer/gas).

Scenario 1: Housing Privatization on-base, government provided utilities. In accordance with the General Eulberg policy dated 2 November 2007, MHPI project owners will reimburse the Government for utility services provided in two separate charges:

- a. The first charge is the monthly utility bill that will be based on the sum of the cost of the basic commodity (average cost of the purchased utility service) plus the utility distribution system line losses.
- b. The second charge, applicable when part of the installation utility distribution system is used solely to provide service to the MHPI project, will be a "pay-as-you-go" charge for any Operations and Maintenance (O&M) or capital construction required only on that part of the system solely servicing the MHPI project. If there are Air Force facilities either within the boundaries of, or further serviced through the MHPI project that receive utility service from the MHPI system, then that particular MHPI project is entirely exempt from any O&M and capital charges on utility lines leading to the MHPI project.

During the initial development period, the Project Owner installs meters at each individual housing unit. This enables the Project Owner to start charging tenants for actual utility consumption. Each tenant would also pay the non-Federal rate for utilities in accordance with the General Eulberg 2 November 2007 utility policy. The Project Owner is not a profit center and essentially passes on the utility consumption/bill directly to the tenant (regardless if the resident is a target tenant or other eligible tenant). Prior to the installation of utility meters on each housing unit, the Project Owner pays for all utility consumption in accordance with the Utility Service Agreement. In return, each tenant surrenders their entire BAH to the Project Owner to pay for rent and utilities. Once the meters are in place, each individual tenant is now responsible for paying the actual utility usage. The rent to the Project Owner is BAH – 110% of estimated utility cost.

Scenario 2: Housing Privatization off-base, w/local utility provider. When a housing privatization project is off-base with no ties to government utilities, the developer works with the local utility provider. The local utilities generate and provide the distribution of utilities to the Project Owner's housing development. In most cases, the prevailing rate is no different than the rate charged to the local community; however, the Project Owner may also negotiate a bulk rate with the local utility provider.

Funding Authorities

In general, reimbursements are collected back into the appropriation supplying the service or materials. For example, if the requirements for the service or materials sold are included in the installations Operation and Maintenance (O&M) (3400) appropriations' annual Financial Plan the collection goes back to O&M appropriation into the account of the organization providing the service and/or materials. These collections could include expenses such as utilities, supplies, fuels, civilian pay or contract costs.

There are two separate types of funding; direct budget authority (DBA) and reimbursement budget authority (RBA). DBA is your organizations' funding that is authorized and appropriated by Congress. RBA are the funds an organization expects to receive from a customer for goods or services provided.

Total Obligation Authority (TOA) is the total funding received and posted in the accounting system supporting an organizations' approved budget program in a given year. TOA includes the anticipated reimbursements that an organization expects to earn from customers (TOA = DBA + RBA). Fire and police services and on-base government provided utilities are examples of reimbursable services.

Total Annual Authority (TAA) is DBA plus the lesser of either actual earned reimbursements realized or the authorized anticipated reimbursement program and could be less than TOA.

When an organization earns more reimbursements than originally estimated (exceeds TAA) a request for additional funding is required. Under certain circumstances, and only with the prior written approval of the Office of Management and Budget (OMB), immediate and automatic apportionment of the amounts of reimbursable orders received and accepted may be authorized.

However, if additional funding cannot be obtained the organization providing the service and/or materials must cover reimbursements in excess of the anticipated reimbursable program from their DBA. Whenever earned reimbursements are less than the amount paid the excess must be returned to the customer.

Reimbursement programs must be closely monitored to ensure good fiscal responsibility.

Reimbursable Order Process

Reimbursement Program Management

Responsibility

- Organizations performing service
- Points of Contact
- Resource Advisors (RA)
- Installation Accounting Liaison Office (ALO)
- Regional DFAS site Office
- Installation Asset Manager

- Liaison
- Coordinates with the appropriate installation offices to ensure process is established; billings prepared and costs updated annually as required in the legal documents.
- Submits billing documentation to AFCEE/HPM

Reimbursable Authority

Automatically apportioned to the extent orders are received

- Base RAs develop anticipated reimbursement estimates for annual Financial Plan submittal to MAJCOM
- MAJCOM submits annually to SAF/FMB
- SAF/FMB develops Air Force-wide budget estimates and apportionment requests annually

Reimbursable Order

Authority to incur obligation (Reimbursable Order)

- Written Agreement
 - Project Lease document
 - Utility Service Agreement/Plan – Attachment to Operating Agreement
- Civil Engineer (CE) provider of service for utilities
- Accounting Support
 - Base Accounting Liaison Office (ALO) and servicing regional DFAS site
- Miscellaneous Obligation Reimbursement Document (MORD)
 - Prepared by RA of organization(s) performing services & receiving reimbursement
 - Civil Engineer (CE) RA responsible for utilities
- Assigns an Order Number
 - Include Accounting Data Elements of installations' organization providing service or the centrally managed appropriation receiving the collection
- Accounting Support
 - Base Accounting Liaison Office (ALO) and servicing regional DFAS site

Payment Method

Project Owners (Vendors) can use one of two methods to process payments by EFT through DFAS-IN. Each method has different Routing Information and Payment instructions.

Payment Method #1:

- FEDWIRE or ACH
 BANK NAME: Citibank New York
 Payee Name: **FRB New York/ITS**
 ABA: 021000089
 Account#: 36838868

Additional Data to include: ALC 3801 and any data necessary to apply the payment (Bill Number, POC and Phone Number, ETC)

Payment Method #2

- Remittance Express (REX)
- Program used by DFAS-IN to receive collections through Ca\$hLink
 - Project Owner (vendor) must sign up for REX service with their bank
- **American Banking Association (ABA) Routing Number** (Wiring Account Number) for DFAS-IN (Institution receiving the REX) is **051036706**. All AF privatized projects use this number.
- Each DFAS Field site (entity receiving the REX) has an **Account/Identification Number**
- ALO or servicing regional DFAS Field site can provide the appropriate account number
 - **DFAS Limestone (6671), account # 312030**
 - **DFAS Japan (6688), account # 312032**
 - **DFAS Columbus (formerly DFAS Dayton) (5030), account # 312039**

Billing

- Form Options
 - Standard Form (SF) 1080 (Voucher for Transfer Between Appropriations) or approved standard billing installation form
 - Standard Form (SF) 1131 (Collection Form)
 - Standard approved installation billing form
- Prepare Monthly
- Include Accounting Data Elements (appropriation and element of expense investment code (EEIC)) to receive the collection
- Collections go back to the appropriation and EEIC that originally provided service or material
 - Operation and Maintenance (3400)
 - Purchased Utilities (480)
 - Purchased Water (48010)
 - Purchased Electricity (48020)
 - Purchased Gas (48030)
 - Purchased Sewage Disposal (48040)
 - Purchased steam Heat (48050)
 - Purchased Other Utilities (48090)
 - Supplies (619XX)
 - AFCESA Privatization Management/Miscellaneous (480AM)
 - Privatized Electrical Distribution (480UE)

- Privatized Natural Gas Distribution (480UG)
 - Privatized Wastewater Collection & Treatment (480US)
- Include Reimbursable Order Number
- Include description of services received (purpose of reimbursement)
- Include "Base Name" and a point of contact
- Include payment "Remit to address"
- Include Account/Identification Number of DFAS Field site entity receiving the REX
- Include customer name and address - Provided by Property Management Office

General

- Management of reimbursable programs may vary by installation. For assistance in tailoring these procedures for your installation contract AFCEE Housing Privatization, Portfolio Management (AFCEE/HPM) for support at DSN 240-8582/5715/2750

References

- AFI 65-601, Volume 1, Chapter 5 Budget Guidance and Procedures
- DoD Financial Management Regulation (DoDFMR) 700.14-R, Volume 11A & 15
- DoD FMR Volume 3, Chapter 2
- Procedures and Supporting Documentation Volume 2B, Chapter 6 Military Construction/Family Housing Appropriation
- DFAS-DE 7220.1-R; DFAS-DE 7220.3-R; DFAS-DE 7010.1-R; DFAS-DE 7101.2-R ; AFI 36-2114; AFI 32-1061; Public Law 97-258