

Why GAO Did This Study

Since 1988, military departments have privatized utility systems—such as electricity, water, natural gas, and wastewater—on military installations. DOD awards privatized utility services contracts to companies who upgrade, maintain, and operate the systems. Members of Congress and stakeholders have expressed concerns over the length of time it takes to award these contracts. DOD has a goal of reducing the time frames.

A House committee asked GAO to review DOD’s utilities privatization. This report examines (1) the length of time to award contracts for privatized utility services, and (2) the extent to which DOD is demonstrating leading practices to collect and disseminate lessons learned.

GAO reviewed data on all 21 new utility services contracts awarded from fiscal years 2016 through 2018; compared DOD’s lessons learned activities with GAO’s leading practices; and interviewed DOD and utility company officials.

What GAO Recommends

GAO recommends that (1) DOD and the military departments collect information on the time to complete key steps when awarding these contracts, and (2) DOD develop a mechanism to store and archive lessons learned from across the department. DOD partially concurred with both recommendations, noting that it would be beneficial to expand the actions GAO had recommended. GAO agrees that such an expansion would be helpful in efforts to collect more data.

View [GAO-20-104](#). For more information, contact Timothy J. DiNapoli at (202) 512-4841 or dinapoli@gao.gov.

DOD UTILITIES PRIVATIZATION

Improved Data Collection and Lessons Learned Archive Could Help Reduce Time to Award Contracts

What GAO Found

From fiscal years 2016 through 2018, Department of Defense (DOD) components awarded 21 new contracts for privatized utility services on military installations. The contracting process generally took an average of 4 years from solicitation to contract award. However, the entire pre-award contracting process could be longer, as GAO found that DOD does not maintain complete data on the time to conduct key steps in the acquisition planning phase (see table).

Contracting agent	Number of contracts	Average Time to Complete Contracting Pre-award Phases (months)		
		Acquisition planning	Solicitation to contract award	Total acquisition time
Defense Logistics Agency Energy	19	Data not available	44.9	Data not available
Naval Facilities Engineering Command	1	7.5	92.4	99.9
Air National Guard	1	Data not available	5.6	Data not available

Source: GAO analysis of DOD data. | GAO-20-104

GAO found that DOD does not maintain data on when military departments begin to consider privatization and when a complete inventory of the associated infrastructure, such as pipes and valves, is available to use in the solicitation. While no DOD regulation or policy that GAO reviewed requires the collection of data on the time to complete all pre-award activities, in 2014, Defense Logistics Agency Energy officials established milestones to plan and monitor key pre-award activities. GAO found that the length of time from receipt of requirements to contract award was reduced from an average of 61 months pre-2014 to an average of 35 months post-2014.

The lessons learned efforts of DOD to shorten the time to award contracts have fully or partially demonstrated four of five leading practices. DOD’s efforts include:

- collecting information through working groups and conferences;
- analyzing past privatization efforts to focus management oversight;
- validating changes by demonstrating new processes;
- storing lessons learned through revised guidance; and
- sharing lessons learned through working groups and training.

However, as DOD does not collect consistent information on the total time to award utility services contracts, DOD is missing opportunities to use lessons learned to reduce the time. Further, DOD does not have a repository for archiving specific lessons learned from utilities privatization efforts. Rather, DOD officials note they consider lessons learned as they develop updated guidance, templates, and handbooks. Without a repository of specific lessons learned, such as conducting the privatization process, DOD is missing opportunities to collect and share lessons learned to assist stakeholders on the remaining 580 utility systems it considers available for privatization.