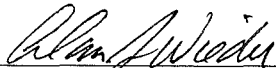


MEMORANDUM OF AGREEMENT

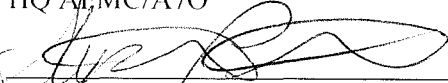
**On
Utilities Privatization**

1. The American Federation of Government Employees (AFGE) Council 214 and Air Force Materiel Command (AFMC), hereafter referred to as the Union and Management, hereby enter into this Memorandum of Agreement regarding subject initiative as it applies to bargaining unit employees (BUEs) covered by the Master Labor Agreement (MLA) between the parties.
2. Utilities Privatization is a Department of Defense (DoD) initiative to privatize four installation utility systems: electric, natural gas, wastewater, and water. Under the provisions of Title 10 U.S.C. section 2688, base utility systems may be conveyed (ownership transferred) to a municipal, private, regional, district, or cooperative utility company or other entity. Ownership of equipment, fixtures, structures, and other improvements utilized in connection with electric, natural gas, wastewater, and water systems may be conveyed. The government will specify points of demarcation where government ownership stops and Utilities Privatization Contractor ownership begins. The government would then award a long-term (normally 50-year) utility service contract to the same entity. Since utility privatization is a conveyance of the infrastructure (a real estate transaction), the requirements for private/public competition (OMB Circular A-76 and PL 110-181, Sec. 322 and 327) do not apply. Management will complete a privatization evaluation of each of the four utilities at each AFMC base. To be qualified, bids must be technically acceptable and must beat the properly computed "government should cost estimate." If no qualified bids are received from offerors (including the local provider), the base will retain ownership and maintenance of the utility.
3. The Air Force sampled manhours expended at several bases and extrapolated that to an estimate of impact at all bases. The impact across the five AFMC bases with in-house maintenance is estimated to be 60 full time equivalents if all systems at all five bases are conveyed. Management intends to reinvest positions affected by Utility Privatization within the Civil Engineer unit. Unless and until duties are assumed by an outside company, Air Force employees should continue working these positions. Where IAW OMB Circular A-76 and PL 110-181, Sec 322 and 327 applicable, management agrees not to eliminate these positions without a private/public competition consideration.
4. Prior to implementation, each affected base will provide the local union a briefing on the local plan for Utilities Privatization. The briefing will provide an overview of the terms and timetable for each privatization offer and will identify potentially affected bargaining unit positions and the offices involved. Management will provide requested details and documents, except where prohibited by law or government wide regulation or if the documents contain source selection sensitive information. The local union will be afforded an opportunity to bargain these impacts in accordance with Article 33 of the MLA.
5. All remedies available under the MLA or 5 U.S.C. 71 will remain available to the parties if concerns cannot be cooperatively resolved.

FOR MANAGEMENT



ALAN J. WIEDER, Col, USAF
Chief, CE Operations Division
HQ AFMC/A70

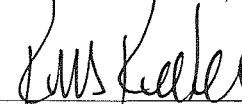


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