



DEPARTMENT OF THE NAVY
COMMANDER, NAVY INSTALLATIONS COMMAND
716 SICARD STREET, SE, SUITE 1000
WASHINGTON NAVY YARD, DC 20374-5140

CNICINST 11011.1
N4

MAR 21 2010

CNIC Instruction 11011.1

From: Commander, Navy Installations Command

Subj: Enhanced Use Lease (EUL) Program

Ref: (a) 10 U.S.C. § 2667
(b) SECNAVINST 11011.47B
(c) 42 U.S.C. §§ 17001-17305), Energy Independence and Security Act of 2007
(d) 40 U.S.C. § 15810, Energy Policy Act of 2005
(e) Exec. Order No. 13423, Strengthening Federal Environmental, Energy, and Transportation Management, 24 Jan 07

Encl: (1) EUL Program Schedule

1. Purpose. To establish program and policy guidance for Enhanced Use Leases (EUL) at Commander, Navy Installations Command (CNIC) installations and regions in accordance with references (a) and (b).

2. Applicability. This instruction applies to all CNIC regions and installations.

3. CNIC Objectives. EULs can and should be used to leverage the value of underutilized assets as appropriate: to support overarching footprint reduction goals; to satisfy Navy mission requirements that might otherwise go unmet; and to support Navy's energy goals, including renewable energy, as a result of recent energy legislation and executive orders [references (c), (d), and (e)]. EULs should be fully incorporated into shore management Regional Integration Plans and Programs.

4. Background

a. Reference (a) allows the Navy to leverage the value of its underutilized (non-excess) real property through out-leasing such property to third parties. The lease must promote the

national defense or be in the public interest as determined by the Secretary of the Navy. Lease consideration is generally for not less than fair market value, per reference (a).

b. Lease consideration due to Navy by the lessee may be in the form of cash payments or in-kind consideration. It is the policy of CNIC to enter into leases for in-kind consideration whenever possible. EULs can offer the Installation and Region Commands many benefits. Both cash payments and in-kind consideration may be used for maintenance, protection, alteration, repair, improvement, or restoration of property or facilities (including environmental restoration) of property or facilities, construction of new facilities, provision of facilities, provision or payment of utilities services, and real property maintenance services that the Region Commander (REGCOM) determines appropriate.

c. If lease consideration is in the form of cash payments, reference (a) directs that at least 50 percent of the cash consideration must be made available by the Secretary to the installation where the proceeds were derived. The disposition of the remaining cash proceeds is left to the discretion of the Secretary to be used for purposes detailed in reference (a).

d. In-kind consideration may be accepted at any property or facility that is approved by the Secretary for an EUL.

5. Project Nomination Process

a. Eligible Property. Eligible property includes primarily two types of real estate assets: land and facilities. Reference (a) requires that the asset be under the control of the Navy and not "excess" as defined by the Federal Property and Administrative Services Act. In general, underutilized assets are those that are not anticipated to be needed for the duration of the lease, but which the Navy may need at some future date or needs to retain ownership for a mission-related reason, such as prevention of encroachment or energy mandate compliance. In this regard, the Navy shall reserve the right to terminate the lease and reacquire control of the property if needed in response to a national emergency.

b. Program Schedule. The EUL process consists of a two-phased approach to develop successful projects. Enclosure (1) provides the annual EUL Program schedule for Phase I Studies and Phase II programming and funding for EUL projects. CNIC will issue an annual data call requesting Regions nominate potential

sites/facilities for a Phase I Economic and Market Feasibility Study. Phase 1 studies provide an analysis of site conditions, economic and demographic area data; determination of the highest and best use of the land through detailed real estate market, financial feasibility, and comparable land sales analyses; projected cash flows or pro forma analysis; valuation analysis of the expected return to Navy; and an analysis of the strengths, weaknesses, opportunities and threats of the potential EUL lease project. CNIC will develop and maintain a Phase I integrated priority list (IPL).

c. At the conclusion of Phase I, Navy Regions will provide recommendations, with supporting rationale, to CNIC (N4) for those EUL projects that should be considered for Phase II funding due to their potential for return on investment or benefit to the Navy, their high development potential, and their compatibility or support of the installation's mission. Regions will also provide supporting rationale for excluding underutilized properties from EUL consideration. The Phase II studies include an industry forum to solicit developer interest in the project, selection of a developer, negotiation of the business and leasing plan, required environmental documentation (including historical and cultural), execution of the lease, and lease administration over the life of the lease.

d. CNIC will review and prioritize the projects for Phase II funding.

6. Roles and Responsibilities

a. CNIC has the following roles and responsibilities:

- (1) Policy and Guidance
- (2) Phase II EUL project funding

b. Navy Region Commanders and Installation Commanding Officers have the following responsibilities:

- (1) Review shore installation asset portfolio and prepare Phase I nominations to CNIC (N4)
- (2) Review of Phase I studies and submit recommendations to CNIC for Phase II EUL Projects with supporting rationale

c. Naval Facilities Engineering Command (NAVFACENGCOM) has the following roles and responsibilities:

(1) Headquarters, NAVFACENGCOM Asset Management will provide Program Management in support of CNIC. Specifically, Asset Management will:

(a) Represent CNIC, as required, at interservice and interagency meetings, and public sector conferences.

(b) Track project execution and provide periodic briefings to CNIC on program status.

(c) Develop and execute an EUL Training Program for Region, Installation, and FEC personnel.

(d) Prepare and submit documents required for Congressional reporting by reference (a) to the Secretary and coordinate such reports with CNIC.

(e) Prepare and submit to CNIC (N8) a quarterly report of cash receipts and in-kind value of all active EUL projects.

(2) Facility Engineering Commands (FECs) will have the following roles and responsibilities:

(a) Coordinate Phase I nominations with the Region and provide technical support in assessing potential EUL Phase 1 candidate sites.

(b) Phase II project execution to include:

- Industry Forum,
- Selection of Developer,
- Negotiation of Business & Leasing Plan,
- Execution of Lease, and
- Lease Administration.

7. Training. The Navy's EUL Training Plan provides a comprehensive blueprint for developing and implementing the Navy's program in all aspects of the EUL program. NAVFACENGCOM, in support of CNIC, provides comprehensive EUL training. REGCOMs should ensure that installation Commanding Officers (COs), Executive Officers (XOs), and Public Works Officers (PWOs) attend, at a minimum, the one-day Leadership track in the EUL Training Program. Additionally, COs should ensure that their asset management staff engaged in EUL development are fully trained.

8. Action. CNIC REGCOMs and installation COs shall make maximum use of EUL Program as practicable in support of their shore management responsibilities.



M. C. VITALE
Vice Admiral, U.S. Navy

Distribution:

Electronic only, via CNIC Gateway

[https://cnicgateway.cnic.navy.mil/HQ/N00/CAPM/DIRPR/Directives/Fo
rms/AllItems.aspx](https://cnicgateway.cnic.navy.mil/HQ/N00/CAPM/DIRPR/Directives/Fo
rms/AllItems.aspx)

EUL PROGRAM SCHEDULE

- May CNIC data call to Regions for Phase I EUL Nominations
- June Regions submit nominations to CNIC/NAVFACENGCOM (from RIPs or other sources)
- July NAVFACENGCOM/CNIC develop recommended Phase I IPL
- Aug NAVFACENGCOM briefs IPL to SMIG WG for concurrence
- Sep NAVFACENGCOM awards Phase I studies task to Contractor
- Jan FEC briefs results of Phase Is to Installation and Region
- Feb Regions submit consolidated comments on Phase I Studies with recommendations and supporting rationale to go/no-go to Phase II
- Mar NAVFACENGCOM/CNIC develop Phase II IPL and brief SMIG WG for concurrence
- Apr CNIC initiates Phase II program funding for following FY award.