



DEPARTMENT OF THE NAVY
BUREAU OF MEDICINE AND SURGERY
7700 ARLINGTON BOULEVARD
FALLS CHURCH VA 22042

IN REPLY REFER TO
BUMEDINST 11011.1A
BUMED-M4
23 Aug 2018

BUMED INSTRUCTION 11011.1A

From: Chief, Bureau of Medicine and Surgery

Subj: PROCUREMENT OF LEASES FOR CLASS TWO REAL PROPERTY

Ref: (a) NAVFAC P-73
(b) SECNAVINST 11011.47C
(c) DoD Instruction 4165.71 of 6 January 2005
(d) Unified Facilities Criteria (UFC) 4-010-1, DoD Minimum Antiterrorism Standards for Buildings of 9 February 2012
(e) BUMEDINST 11010.7

Encl: (1) Definitions
(2) Guidance for New or Expanded Lease Requests
(3) Guidance for Renewal or Extension of Current Leases

1. Purpose. To implement policy established by reference (a) chapter 13, and references (b) through (d) and provide amplifying and specific guidance to standardize how Navy Medicine activities propose, substantiate, and request Bureau of Medicine and Surgery (BUMED) endorsement of lease requests. Enclosure (1) is a list of definitions used in this instruction. This instruction is a complete revision and should be reviewed in its entirety.

2. Cancellation. BUMEDINST 11011.1.

3. Scope and Applicability. This instruction applies to all echelons within BUMED, including those who are assigned maintenance responsibility for class 2 real property (buildings, structures, and utilities). This instruction does not address the procurement, lease, and use of relocatable facilities. Reference (e) provides guidance on procurement, lease, and use of relocatable facilities.

4. Background. Per chapter 13 of reference (a) and reference (b), Department of the Navy (DON) may only acquire real property if there is no other government property available that adequately satisfies its mission requirements. It is essential to consider many aspects of real property acquisition such as utility and maintenance costs, security requirements, footprint increases, and alignment with overall BUMED strategy prior to leasing real property. This document is intended to standardize the way in which leases are assessed and endorsed by BUMED for execution per references (a) through (c). References (a) through (d) and the Department of Homeland Security's Interagency Security Risk Management Process for Federal Facilities, August 2013 (https://www.dhs.gov/sites/default/files/publications/ISC_Risk-Management-Process_Aug_2013.pdf) provide guidance for the preparation of class 2

real property lease requests. Reference (a) is available at https://www.navfac.navy.mil/content/dam/navfac/Asset%20Management/PDFs/re/p73_c13_17feb06_hq_am.pdf. Reference (d) is available at <http://www.wbdg.org/ffc/dod/unified-facilities-criteria-ufc/ufc-4-010-01>.

5. Policy. The Commander, Naval Facilities Engineering Command (NAVFACENGCOM) is the only authorized systems command with delegated authority to execute leases per reference (b). Chief, BUMED must endorse all lease requests that will be funded with Operations and Maintenance, Defense Health Program funds.

6. Responsibilities

a. Navy Medicine Local Activity Commanding Officer must:

(1) Determine space availability. Contact their respective NAVFACENGCOM regional real estate manager to ascertain if any government space is available within a delineated area that would fulfill the requirement.

(2) Prepare lease request. If no such space is available, prepare and submit a lease request package.

(3) Determine if new lease or expansion of lease is required. For new leases or expansion of leases, prepare and submit the lease package to Healthcare Operations (BUMED-M3) at least 36 months prior to the anticipated lease execution or building occupancy date following the specific guidance in enclosure (2) of this instruction.

(4) Determine if renewal or extension of lease is required. For renewals or extensions of existing leases, prepare and submit the lease package to Fleet Support and Logistics (BUMED-M4) at least 18 months prior to lease expiration following the specific guidance in enclosure (3).

b. Navy Medicine Echelon 3 Commanders must:

(1) Assist requesting activities in preparation of all applicable documentation and justification for leases.

(2) Assist activities in identifying appropriate space requirements and developing the program for design for new or expanded leases or ensure that the most recent program for design is still applicable and accurate.

(3) Review requests from activities and validate; manpower, equipment, and space requirements; recurring and nonrecurring costs; pros and cons; and obtain review from all applicable codes and stakeholders at the echelon 3 level including, but not limited to, Manpower and Personnel (M1), Healthcare Operations (M3), Fleet Support and Logistics (M4), Information Management and Technology (M6), and Financial Management (M8).

(4) Provide BUMED leasing reports, metrics, and related data and respond to informational requests.

(5) Assess alignment with the strategic plan.

(6) Certify that the region will fund lease and build out costs from existing funds and provide source of funds for Assistant Deputy Chief, Financial Management (BUMED-M8) for approval.

c. Chief, BUMED. Will ensure the following responsibilities are accomplished.

(1) Assistant Deputy Chief, Manpower and Personnel (BUMED-M1) must:

(a) Review all requests that involve changes to manpower requirements and provide written comments regarding the lease request to BUMED-M3.

(b) Coordinate manpower questions with echelon 3 and activity staffs.

(2) Assistant Deputy Chief, BUMED-M3 must:

(a) Lead the review of the business case analysis (BCA) for new leases or expansions, validating accuracy of the BCA, and ensuring compliance with the requirements of references (a) through (d) and the Department of Homeland Security's Interagency Security (ISC) Risk Management Process for Federal Facilities, August 2013. Evaluate alternative options to leasing and expansions.

(b) Confirm the appropriate market area and assertions made in the BCA with respect to workload and recapture of private sector care are reasonable.

(c) Confirm for lease renewals or extensions, that the assertions in the BCA supporting the original lease have been met or exceeded; and that current conditions and actual costs continue to support the lease as the most economical solution for BUMED.

(d) Route new or expanded lease request packages for review, comment, and position (concurrence or non-concurrence) through BUMED codes including, but not limited to, BUMED-M1, BUMED-M4, Information Management and Technology (BUMED-M6), BUMED-M8, Legal Affairs (BUMED-M00J), and Office of General Counsel (BUMED-M00L).

(e) Coordinate BCA questions with echelon 3 and activity staffs.

(f) Prepare a summary analysis of the review. Provide final recommendation to endorse approval or disapproval of the new or expanded lease requests to the Executive Steering Committee (ESC).

(3) Assistant Deputy Chief, BUMED-M4 must:

(a) Review all requests for new, expanded, renewals, or extension of leases ensuring compliance with the requirements of references (a) through (d) and the Department of Homeland Security's Interagency Security (ISC) Risk Management Process for Federal Facilities, August 2013.

(b) Route lease renewal or extension request packages for review, comment, and position (concurrence or non-concurrence) through BUMED codes including, but not limited to, BUMED-M3, BUMED-M8, BUMED-M00J, and BUMED-M00L.

(c) Coordinate facilities, logistics, and security questions with echelon 3 and activity staffs.

(d) Provide final recommendation to endorse approval or disapproval of the lease renewals and extensions to the Deputy Chief, Business Operations.

(e) Following the decision of the ESC for new or expanded leases and the Deputy Chief, Business Operations for renewal or extension of leases, communicate desired actions to NAVFACENGCOM via Commander, Naval Installations Command, per reference (b).

(f) Review all occupancy agreements or leases prior to NAVFACENGCOM execution per reference (b).

(g) Monitor and report annually the overall status of leases obtained by Navy Medicine activities to the Defense Health Agency facility division and the Deputy Under Secretary of Defense for Installations and Environment.

(h) Maintain a database of all active leases authorized for use throughout the enterprise.

(4) Assistant Deputy Chief, BUMED-M6 must:

(a) Review all requests that involve new or expanded information technology requirements and provide written comments regarding the lease request to BUMED-M3.

(b) Coordinate information technology questions with echelon 3 and activity staffs.

(5) Assistant Deputy Chief, BUMED-M8 must:

(a) Review and approve anticipated sources of funding proposed by the activity commanding officer for all new or expanded leases.

(b) Coordinate funding questions with echelon 3 and activity staffs.

(6) Director, Office of General Counsel, BUMED-M00L must:

(a) Review all requests for legal requirements and provide written comments regarding the lease request to BUMED-M3.

(b) Coordinate legal questions with echelon 3 and activity staffs.

(7) Director, Strategy and Change Management (BUMED-ED1) must:

(a) Review all requests that involve new or expanded leasing requirements.

(b) Assess and provide written comments regarding the lease request to BUMED-M3, including a statement on whether or not the requested lease aligns with the BUMED strategic plan.

(8) Director, Performance Improvement (BUMED-ED2) must:

(a) Review all requests that involve new or expanded leasing requirements.

(b) Assess and provide written comments regarding the lease request to BUMED-M3, including a statement on whether or not the requested lease aligns with the BUMED strategic plan.

(9) Deputy Chief, Business Operations. Must approve or disapprove BUMED endorsement of all lease renewals and extensions. Provide rationale for disapprovals.

(10) ESC. Must review and provide decision to approve or disapprove BUMED endorsement for all the new or expanded lease requests. Provide rationale for disapprovals.

7. Records Management

a. Records created as a result of this instruction, regardless of format or media, must be maintained and dispositioned for the standard subject identification codes (SSIC) 1000, 2000, and 4000 through 13000 series per the records disposition schedules located on the Department of the Navy/Assistant for Administration (DON/AA), Directives and Records Management Division (DRMD) portal page at <https://portal.secnav.navy.mil/orgs/DUSNM/DONAA/DRM/Records-and-Information-Management/Approved%20Record%20Schedules/Forms/AllItems.aspx>. For SSIC 3000 series dispositions, please refer to part III, chapter 3, of Secretary of the Navy Manual 5210.1 of January 2012.

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b. For questions concerning the management of records related to this instruction or the records disposition schedules, please contact your local records manager or the DON/AA DRMD program office.

8. Review and Effective Date. Per OPNAVINST 5215.17A, (the responsible OPNAV organization) will review this instruction annually around the anniversary of its issuance date to ensure applicability, currency, and consistency with Federal, Department of Defense, Secretary of the Navy, and Navy policy and statutory authority using OPNAV 5215/40 Review of Instruction. This instruction will be in effect for 5 years, unless revised or cancelled in the interim, and will be reissued by the 5-year anniversary date if it is still required, unless it meets one of the exceptions in OPNAVINST 5215.17A, paragraph 9. Otherwise, if the instruction is no longer required, it will be processed for cancellation as soon as the need for cancellation is known following the guidance in OPNAV Manual 5215.1 of May 2016.

9. Information Management Control. The reports required in paragraphs 6b(4) and 6e(7) are exempt from reports control per SECNAV M-5214.1 of December 2005, part IV, subparagraph 7k.



C. FORREST FAISON III

Releasability and distribution:

This instruction is cleared for public release and is available electronically only via the Navy Medicine Web site, <http://www.med.navy.mil/directives/Pages/BUMEDInstructions.aspx>.

DEFINITIONS

1. The definitions of reference (b) and the General Services Administration (GSA) Leasing Desk Guide must apply to this instruction. Terms important to this instruction are reiterated in this enclosure for clarity.
2. The term “expansion” means modifying an existing lease with the lessor, when appropriate space is available and BUMED has a mission-related need for additional space at a leased location.
3. The term “extension” means the expiration date of a current lease is extended for a temporary term, usually 1-3 years but not to exceed 5 years, to provide for continued occupancy with substantially the same terms and conditions. An extension is generally executed or requested when there are evolving requirements, delays in execution of a new or replacement lease, or delays in a move to other federally controlled space.
4. The term “lease” means an agreement or contract by which the owner of real property grants an interest in real property to another providing for the exclusive rights to possess and use that property for a specified period of time in exchange for consideration.
5. The term “long-term” means periods of more than 5 years to include renewable, extendible to periods of longer than 5 years, or for an indefinite period of time.
6. The term “new or replacement lease” means the acquisition by lease of an interest in real property that requires a new solicitation on the part of the NAVFACENGCOM or the GSA.
7. The term “occupancy agreement” means a complete, concise statement of a tenant agency’s agreement to the financial terms and conditions for occupying GSA-controlled space. GSA prepares the occupancy agreement and both the tenant agency and GSA sign it. Per reference (b), NAVFACENGCOM has the responsibility for warranting real estate contracting officers for DON. As such, BUMED can review and make recommendations on an occupancy agreement but only a NAVFACENGCOM real estate contracting officer can sign the occupancy agreement on behalf of the DON.
8. The term “real property” means land and any interest in land, together with any buildings, fixtures, affixed improvements and structures, and related appurtenances regardless of funding source.
9. The term “renewal” means the right, but not the obligation of the government to continue a lease upon specified terms and conditions included in the original lease agreement.
10. The term “short-term” means periods of 5 years or less, including all rights of renewal.

GUIDANCE FOR NEW OR EXPANDED LEASE REQUESTS

1. New or expanded leases imply a significant new investment in both one-time and recurring costs to outfit and operate the new or expanded leased facility. This necessitates more robust requirements for lease request packages to support new or expanded leases.

2. At a minimum, the package must consist of:

a. A BCA must include:

(1) One-time and recurring costs listed by individual line items by fiscal year and funding sources [Budget Activity Group (BAG), Program Element (PE)] associated with personnel (military, civilian, and contractor), lease, build-out, medical equipment and equipment service contracts, operating services (such as housekeeping, linen service, pest control), utilities, supplies, security systems (card access, alarm, equipment, and installation), anti-terrorism force protection, security guards, electronic health record systems, telephone lines (hardware, switches, installation, monthly lease), telemedicine wireless hardware and installation, safety systems, initial outfitting (furniture, fixtures, equipment), and transition expenses (move-in, move-out, closure requirements) at a minimum.

(2) One-time and recurring savings by fiscal year and the funding designation (BAG, PE). For patient-care related leases, include the associated savings with the recapture of private sector care, at a minimum.

(3) A return on investment calculation that includes all expected costs and savings identified in paragraphs 2a(1) and 2b(2) of this enclosure.

(4) The delineated market area used to estimate the expected costs and savings identified in paragraphs 2a(1) and 2b(2) of this enclosure.

(5) A narrative description of all non-financial, non-quantifiable benefits supporting the BCA.

(6) The BCA must validate the mission requirement, include alternatives considered, and validate that leasing space is the most economical solution.

b. A documented program for design which outlines space requirements based upon the manning assumptions and clinical treatment areas identified and supported by the BCA.

(1) The departmental gross square footage will serve as the basis for the new or expanded lease request. Do not make any attempt to translate the gross to net usable or rentable square feet, terms commonly used by the GSA.

(2) BUMED will approve the request for new or expanded leases based upon the program for design departmental gross square footage, which represents the requirement. It is understood that in the course of procuring a lease for BUMED, the NAVFACENGCOM and GSA occupancy agreement, the actual lease or both may differ from the program for design as a function of available real property in the lease market area.

c. Category C equipment list (with estimate of equipment costs).

d. Lack of adequate space letter, or other documentation or reference, from Navy regional engineer or Joint Base engineer. Since the Navy region regional engineer will be a via addressee, the expectation is that their endorsement of the lease request will serve as the formal documentation, and this requirement can be satisfied with documentation of informal discussions, such as phone calls, e-mails, or meeting minutes.

e. Anticipated sources of funding by BAG and PE, by fiscal year, and supporting planning document submissions, e.g., program objective memoranda issues, unfunded requirements, research and development grants.

f. Signed letter from BUMED activity CO requesting the new or expanded lease requirement, with all the requirements of paragraphs 2a through 2e of this enclosure at a minimum, addressed to the appropriate NAVFACENGCOM, addressed as follows:

From: Commanding Officer, (requesting activity)
To: Commander or Commanding Officer, Naval Facilities Engineering Command X
Via: (1) Commander, Navy Medicine (echelon 3)
(2) Chief, Bureau of Medicine and Surgery
(3) Commander, Navy Region (X) Regional Engineer
(4) Commander, Naval Installations Command (N4)

GUIDANCE FOR RENEWAL OR EXTENSION OF CURRENT LEASES

1. Renewals or extensions of current leases do not generally include significant new investment in one-time costs to outfit and operate the current leased facility. However, they do represent a continuing investment of recurring costs such as personnel, services, supplies, information technology, utilities, janitorial, security, etc.
2. Per reference (b), a mission that requires a long-term use must pursue relocation into government-owned facilities or land. Accordingly, activities or commands that are presently leasing property in the United States must reevaluate the decision to lease at least every 5 years to determine whether it is more advantageous to the government to relocate to government-owned facilities or land.
3. Therefore, at a minimum, letters requesting renewals or extensions of current leases must include:
 - a. Validation and confirmation that the assertions regarding costs and savings made in the original BCA to support the initial lease are still true. The command must validate that leasing space is still the most economical solution. Include a copy of the original BCA.
 - b. A summary of the existing lease terms with the amount of rentable square feet and the existing annual lease costs.
 - c. Confirmation that recurring costs are programmed and funded within the activity's local budget base.
 - d. A narrative description of all non-financial, non-quantifiable benefits of renewing the existing lease or a reason for the request for extension.
 - e. Lack of adequate space letter, or other documentation or reference, from Navy regional engineer or Joint Base engineer. Since the Navy region regional engineer will be a via addressee, the expectation is that their endorsement of the lease request will serve as the formal documentation and this requirement can be satisfied with documentation of informal discussions, such as phone calls, e-mails, or meeting minutes.
 - f. Signed letter from BUMED activity CO requesting renewal or extension of the current lease, including the requirements of paragraphs 3a through 3e of this enclosure, addressed to the appropriate NAVFACENGCOM, addressed as follows:

From: Commanding Officer, (requesting activity)
To: Commander or Commanding Officer, Naval Facilities Engineering Command (X)
Via: (1) Commander, Navy Medicine (echelon 3)
(2) Chief, Bureau of Medicine and Surgery
(3) Commander, Navy Region (X) Regional Engineer
(4) Commander, Naval Installations Command (N4)