



**DEPARTMENT OF THE ARMY**  
ASSISTANT SECRETARY OF THE ARMY  
(INSTALLATIONS AND ENVIRONMENT)  
110 ARMY PENTAGON  
WASHINGTON, DC 20310-0110

JUL 19 2010

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Department of the Army Guidance for Energy Related Projects and Services

1. References.

a. Department of Defense (DoD) Directive, 5134.01, Under Secretary of Defense for Acquisition, Technology, and Logistics (USD (AT&L)), December 9, 2005.

b. 40 U.S.C. § 41.103, FAR Statutory and Delegated Authority.

c. 40 U.S.C. § 501, Services For Executive Agencies.

d. 10 U.S.C. § 2913, Energy Savings Contracts and Activities; 2916, Sale of Electricity from Alternate Energy and Cogeneration Production Facilities, and; 2917, Development of Geothermal Energy on Military Lands.

e. 10 U.S.C. § 2922(a), Contracts for Fuel or Military Installations.

f. 10 U.S.C. § 2662, Real Property Transactions: Reports to Congressional Committees; § 2667, Leases: Non-Excess Property of Military Departments and Defense Agencies; § 2688, Utility Systems: Conveyance Authority.

g. FAR Part 41, Acquisition of Utility Services and DFARS 241, Acquisition of Utility Services.

h. 42 U.S.C. § 8253(a)(1), Energy Performance Requirement for Federal Buildings; 8287, Authority to Enter into Contracts.

i. Army Energy Security Implementation Strategy (AESIS), dated January 13, 2009.

j. Memorandum, Subject: Real Estate Business Clearance Process, dated April 6, 2010.

2. Purpose. This memorandum establishes policy and provides guidance regarding the process for review and approval by the Deputy Assistant Secretary of the Army (DASA) of Energy & Partnerships (E&P) and/or DASA of Installations and Housing (I&H) for Army installation and facility energy projects to include: Power Generation, Energy Service Agreements (ESAs), Power Purchase Agreements (PPAs), Renewable Energy Initiatives and Alternative Energy Initiatives at Army Installations and Activities.

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### 3. Definitions.

a. An "energy project" is defined as a project that consists of one or a combination of the following: the construction of a power generation facility on an Army installation; the execution of a multi-year energy service or power purchase agreement solely or via Utility Energy Service Contract (UESC); Energy Savings Performance Contract (ESPC) or an Enhanced Use Lease; renewable energy and alternative energy projects; or any other multi-year energy production or energy purchase agreement regardless of the location of the energy production facility.

b. All energy projects should result in the advancement or enhancement of the Army energy security goals as evidenced by one or more of the following:

- (1) Reduced consumption of energy
- (2) Increased use of renewable/alternative energy
- (3) Assured access to energy supply
- (4) Increased energy efficiency
- (5) Reduced adverse impacts to the environment, and
- (6) Assured mitigation of mission impacts

4. Policy. DASA (E&P) will be informed of all energy projects and will review all project concepts. All project concepts will be reviewed and recommendations completed within 30 days of receipt from the installation. All projects must be reported separately to DASA (E&P).

a. Reporting requirements for projects with a cost less than or equal to \$750K or requiring use of Government real property for a term not to exceed 5 years must be reported. The submission must include at a minimum the following: title, cost, installation, energy service company (ESCO), contractor and POC within 30 days of the project start date.

b. Reporting requirements for projects greater than \$750K and; PPAs or ESAs with a power production plant or an ESCO that may or may not include a UESC will comply with paragraph 4.d. PPAs or ESAs with a total term exceeding 10 years (including option years and consecutive renewals) will also comply with paragraph 4.d.

c. Reporting requirements for projects requiring use of Government real property exceeding 5 years will comply with reference j.

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d. Review and Approval Process

(1) The review and approval process is to ensure energy project planning and execution is consistent with the AESIS.

(2) Energy projects must be economically feasible and provide the Army with an acceptable rate of return in light of the Army's involvement and resources used with minimal risk to the Army. Garrison Commanders and activity Directors, as representatives of the Secretary of the Army, shall have sufficient knowledge of the energy project's finances, operational goals, potential impacts to training and/or test mission and development plans to protect the interest of the Army. Commanders and Directors are expected to brief the Project to the governance board. All projects requiring DoD final approval will be reviewed by the DASA (E&P) prior to submission to DoD.

(3) Commanders and or Directors shall submit requests to DASA (E&P) through their command channels for review of energy projects at the concept or preliminary development stage. At a minimum a request shall include the following information:

(a) Project Description with the Bottom Line Up Front

i. Explain how the proposed project meets or aligns with the Army energy security goals and the characteristics of energy security as outlined in the AESIS.

ii. Justify the alternative and renewable energy initiative as it relates to the project's business proposal.

iii. Identify any potential impacts to the training and/or test mission and mitigation strategy which will be coordinated with the appropriate Army Commands, Army Service Support Component Commands, and Direct Reporting Units and certified by the installation senior mission commander.

(b) Conceptual Business Case and Cost Benefit Analysis

i. Identify requirements to include cost and priority.

ii. Analysis of Expectation.

iii. Market/Feasibility Study/Concept.

iv. Report of Availability.

v. State and Local Regulatory requirements  
- Environmental/Historic

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vi. Key Stakeholders.

vii. If the project is not an alternative or renewable energy project provide an assessment of the potential impact, if any, of the planned project on the future development of alternative or renewable energy projects on the installation.

(c) Process (Procurement Strategy)

i. Developer's Background

ii. Financing Options (Source and Availability)

iii. Government Risks/Impacts/Effects

iv. Payment/ Cash-flow/ Escrow

e. Realty Governance Board (RGB). Energy projects requiring the use of Army real property for a term exceeding 5 years requires compliance with the Real Estate Business Clearance Process, reference j. DASA (E&P) shall be a member of the RGB when energy projects are reviewed. Additional members of the board will be appointed on an ad hoc basis from appropriate senior leadership and key stakeholders. The RGB will make recommendations to approve, modify, defer or disapprove proposals within 30 days of receipt from the installation.

f. Fuels and Petroleum. Energy projects involving the purchase or sale of liquid fuels must be coordinated through the Army Materiel Command-Army Petroleum Center (Defense Energy Support Center, Defense Logistics Agency) for contract support prior to award.

5. This policy is effective immediately. Questions regarding this policy should be directed to Mr. Randy Shed, Utilities Portfolio Manager, ASAIE (E&P), 703 692-9860 or via email [randy.j.shed@us.army.mil](mailto:randy.j.shed@us.army.mil).



Katherine Hammack

Encl

DISTRIBUTION:

Deputy Assistant Secretary of the Army (Environment Safety and Occupational Health (ESOH)

Deputy Assistant Secretary of the Army (Installations and Housing)

Administrative Assistant to the Secretary of the Army

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SUBJECT: Department of the Army Guidance for Energy Related Projects and Services

DISTRIBUTION: (CONT)

Commander:

US Army Materiel Command (AMCBT-F), 9301 Chapek Road, Fort Belvoir, VA 22060-5527

US Army Corps of Engineers (CEMP-ZA), 441 G Street NW, Washington, DC 20314

US Army Medical Command (MCFA), 2050 Worth Street, Suite 22, Fort Sam Houston, TX 78234

US Army Space and Missile Defense Command (SMDC-EN), PO Box 1500, Huntsville, AL 35807-3801

US Army Forces Command (AFCG), Fort McPherson, GA 30330-1062

US Army Training and Doctrine Command (ATCG), Fort Monroe, VA 23651-5000

US Army Pacific (APCG), Fort Shafter, HI 96858-5100

Deputy Commanding General, US Army Installation Management Command, Installation Management Command (IMDC), 2511 Jefferson Davis Highway, Arlington, VA 22203

Chief:

US Army Reserve (DAAR-ZX), 2400 Army Pentagon, Washington, DC 20310-2400

National Guard Bureau (NGB-ZC), 111 S. George Mason Drive, Arlington, VA 22204

CF:

Deputy Assistant Chief of Staff for Installation Management (DAIM-ZA), 600 Army Pentagon, Washington DC 20310-0600

Director Operations, Office of the Assistant Chief of Staff for Installation Management (DAIM-OD), 600 Army Pentagon, Washington DC 20310-0600

Chief, Energy Savings Performance Contract Division, Defense Energy Support Center, Energy Enterprise – EC RM 3937, 8725 John J. Kingman Road, Suite 4950, Fort Belvoir, VA 22060-6222

Executive Director, Army Test and Evaluation Command, 4501 Ford Ave, Alexandria, VA 22302-1458



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APR 6 2010

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Real Estate Business Clearance Process

1. **Background and Applicability.** This memorandum supplements DASA (I&H) policy issued on August 13, 2009 Subject "Real Estate Transactional Oversight" and establishes a mandatory Business Clearance Process for actions, projects, and initiatives that involve the use, disposal or acquisition of real property in business relationships between the Army and private entities, non-profits or non DoD governmental entities and have an estimated cumulative business value of greater than \$750,000. Examples of Business Clearance required transactions include, but are not limited to: BRAC disposal; Public Sale; Negotiated Sale; Enhanced Use Leasing (EUL); Real Property Exchanges(RPX); Out-grants and In-grants; Build to Lease (BTL); 801 Housing; Residential Communities Initiative (RCI) Privatized Housing; Privatization of Army Lodging; Privatization of Army Barracks; Army Compatible Use Buffers (ACUB); and Conservation Conveyances.

2. **Realty Governance Board (RGB).** Effective immediately, a Realty Governance Board (RGB) is created to administer the Business Clearance process. The RGB is chaired by the DASA (I&H) and members will be appointed on an ad hoc basis from appropriate senior leadership and key stakeholders. The RGB will meet periodically to review proposals as required and will make a recommendation to approve, modify, defer or disapprove a proposal. The RGB Chair, after consideration of the RGB analysis and recommendation, will provide the action, project or initiative proponent(s) a written decision. Subject to compliance with all applicable law, regulations and RGB governance, the proponent and the delegated real estate officer are then authorized to proceed with RGB approved proposals. The DASA (I&H) will calendar, publicize and facilitate regularly scheduled RGB meetings and maintain official RGB records.

2. **Business Clearance Process.** The proponent of the action, project or initiative and the delegated real estate officer are responsible for preparing and presenting the proposal to the RGB. Presentations should be approximately 40 minutes and will include time for questions and answers. At the discretion of the RGB Chair, subject matter experts (SME) and consultants may attend the presentation and assist with the presentation. However, proponents and the delegated real estate officer are expected to be the primary presenters. Enclosure 1 provides presentation structure and issues that should be addressed in the presentation.

SUBJECT: Real Estate Business Clearance Process

3. Point of contact for scheduling RGB actions is Mr. Randall Wagner at (703) 614-1073.



Joseph F. Calcara  
Deputy Assistant Secretary of the Army  
(Installations and Housing)

Enclosures

DISTRIBUTION:

DEPUTY ASSISTANT SECRETARY OF THE ARMY (ENVIRONMENT SAFETY AND OCCUPATIONAL HEALTH) (DASA (ESOH))

DEPUTY ASSISTANT SECRETARY OF THE ARMY (ENERGY) (DASA (ENERGY))

ADMINISTRATIVE ASSISTANT TO THE SECRETARY OF THE ARMY

ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT (ACSIM)

U.S. ARMY CORPS OF ENGINEERS (USACE)

US ARMY FORCES COMMAND (AFCG)

US ARMY MATERIEL COMMAND (AMCCG)

US ARMY TRAINING AND DOCTRINE COMMAND (ATCG)

US ARMY CENTRAL (THIRD ARMY)

US ARMY NORTH (FIFTH ARMY)

US ARMY SOUTH

US ARMY EUROPE AND 7TH ARMY (AEACG)

US ARMY PACIFIC (APCG)

EIGHTH US ARMY (EACG)

US ARMY SPECIAL OPERATIONS COMMAND (USASOC)

MILITARY SURFACE DEPLOYMENT AND DISTRIBUTION COMMAND

US ARMY SPACE AND MISSILE DEFENSE COMMAND

US ARMY NETWORK COMMAND ENTERPRISE TECHNOLOGY COMMAND

US ARMY MEDICAL COMMAND/THE SURGEON GENERAL (DASG)

US ARMY INTELLIGENCE AND SECURITY COMMAND (IACG)

US ARMY CRIMINAL INVESTIGATION COMMAND (CICG)

US ARMY CORPS OF ENGINEERS

US ARMY MILITARY DISTRICT OF WASHINGTON (ANCG)

ARMY TEST AND EVALUATION COMMAND

US ARMY MILITARY ACADEMY-WEST POINT

US ARMY RESERVE COMMAND

NATIONAL GUARD BUREAU

US ARMY ACQUISITION SUPPORT CENTER

INSTALLATION MANAGEMENT COMMAND

## Realty Governance Board (RGB) Proposal Brief Format

### **Description of Proposal - (BLUF)**

Briefly summarize the proposed business transaction and the action requested of the RGB.

- \* Chain of Command coordination results and recommendation.

### **Business Case**

Describe Army due diligence and proposal analysis

- \* Validated proposal requirements
- \* Estimated Real Property Value (Facilities & Land, Rent, In-Kind Consideration)
- \* Calculated savings to the Army
- \* Real Property non-excess justification (if-applicable)
- \* Anticipated uses of out-granted real property
  - Housing, lodging, distinguished visitor quarters, hotels, recreation facilities, military treatment facilities, hospitals, outpatient care facilities, energy related facilities
- \* A detailed description of the basic business transaction contemplated by the proposal
  - EUL, RPX, BTL, public sale, etc. etc.
  - Real property estate/use to be conveyed, permitted or acquired
- \* Maps and aerial photos depicting real property and adjacent installation property
  - Relevant Real Property and Facility Descriptions
  - Land, Buildings, Infrastructure, Utilities, Site conditions
- \* Feasibility Studies and Reports
- \* Economic Analysis
  - Proposal vs. Appropriated Funded Project
  - OMB Scoring
  - Army's administrative costs
- \* Report of Availability - Complete
  - Jurisdiction
  - Zoning
  - Title & Encumbrances
  - Taxes
- \* Regulatory
  - Environmental
  - Historic
  - State & Local
- \* Market, Stakeholder & Political Interest
- \* Business case Technical & Financial assumptions
- \* Other relevant real estate documentation (i.e., Report of Excess or Report of Availability)

### **Risk-Return Balance**

- \* Investment vs. Return
  - Asset Value vs. Consideration Paid and/or Received
  - Return on Investment
- \* Protecting Got Investment & Participation



## Realty Governance Board (RGB) Proposal Brief Format

- Upside & Downside
- Government Administrative Cost
- \* Non-Economic Risk & Return
  - Congressional interest, local government interest, competition issues, Chamber of Commerce, AFFEES MWR, litigation risk, Soldier & Family Readiness
- \* Market Demand

### **Legal and Regulatory Authorities and Governance**

(Relevant statutes, regulations, rules, policies, and other governance)

- \* Program and Project
- \* Real Property
- \* Source Selection/Acquisition Authority
- \* Historical
- \* Environmental
- \* OSD and Other Agency approvals
- \* Congressional notification
- \* Special Legislation
- \* Other pertinent information

### **Strategies, Conditions & Instruments**

- \* Solicitation Plan
  - Statement of Qualifications; Invitation for Offers, Request for Qualifications; Notice of Leasing; on-line auction etc....
  - Selection Criteria
  - Solicitation Legal Requirements & Governance
- \* Project Milestones, at a minimum, anticipated/actual dates for Industry Day; Issuance of Solicitation; Selection of preferred Offeror; Closing/Execution of real estate instrument; Construction Schedule
- \* Technical and financial limiting conditions
- \* Real Estate Instruments/Agreements
  - Deed, Lease, Easement, License etc.
- \* Contracts, MOA's, MOU's, Business Points Memorandum etc.

### **Summary**

- \* Recommended RGB decision
  - Primary
  - Alternative(s)