



DEPARTMENT OF THE NAVY  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20350-1000

SECNAVINST 7010.7  
ASN (I&E)  
06 December 1999

SECNAV INSTRUCTION 7010.7

From: Secretary of the Navy  
To: All Ships and Stations

Subj: DEPARTMENT OF THE NAVY (DON) PROCEDURES FOR  
IMPLEMENTING PUBLIC-PRIVATE VENTURES (PPVS) FOR  
MORALE, WELFARE AND RECREATION (MWR) CATEGORY C  
REVENUE-GENERATING ACTIVITIES

Ref: (a) DoD Instruction 1015.13 of 17 Jun 98 (NOTAL)  
(b) DoD Instruction 1015.10 of 3 Nov 95 (NOTAL)  
(c) DoD Directive 1015.2 of 14 Jun 95 (NOTAL)  
(d) DoD Directive 1330.9 of 15 Dec 86 (NOTAL)  
(e) DoD Directive 1015.8 of 22 Oct 85 (NOTAL)  
(f) ASN I&E Memo of 7 May 97, SUBJ: OUTGRANTS OF  
DEPARTMENT OF THE NAVY-CONTROLLED REAL PROPERTY  
(g) SECNAVINST 11011.47 of 20 Jun 83  
(h) DoD Instruction 7700.18 of 12 May 83 (NOTAL)

Encl: (1) Sample Letter of Intent (LOI)  
(2) Sample Installation PPV Submission Package

1. **Purpose.** To establish policy, assign responsibilities, and prescribe procedures for the formation and execution of a DON PPV approval process in support of MWR Category C, revenue-generating programs and exchange programs.

2. **Background.** Reference (a) requires MWR and exchange activities within the Department of Defense (DoD) to consider using PPVs to enhance delivery of relevant services and issues a required methodology for considering PPV agreements where non-appropriated fund (NAF) capital expenditures are estimated to exceed one million dollars.

3. **Definitions**

a. **Public-Private Venture (PPV).** A PPV, for the purposes of this instruction, is an agreement between a DoD Non-appropriated Fund Instrumentality (NAFI) and a non-Federal

entity under which the non-Federal entity provides goods, services and/or facilities to authorized MWR and Exchange patrons. A non-Federal entity may, through a PPV, provide a portion or all of the financing, design, construction, services, or facilities.

b. MWR Category C Revenue-Generating Programs. MWR Category C revenue-generating activities are MWR business activities authorized in reference (b).

c. NAF Capital Expenditure. For purposes of this instruction, Capital Expenditure includes the expenditure of either appropriated and/or non-appropriated funds to:

(1) purchase any tangible fixed assets having a life expectancy of two years or more, or acquisition cost of \$1,000 or more;

(2) purchase a non-tangible asset, such as a franchise right or license; or

(3) support construction, renovation or repair of a facility;

The total amount of capital expenditure (APF/NAF) shall be estimated for the entire term or period of any project, contract, license, franchise or other arrangement and shall not be limited only to the estimated initial investment involved.

4. Applicability and Scope. This instruction applies to all DON installations/activities and to NAFI management of resources, programs and activities that support the MWR and exchange services missions. Per reference (a), this instruction does not apply to Navy and Marine Corps exchange merchandise retail stores and package stores.

5. Policy. It is DON policy to consider opportunities to partner with the private sector to enhance MWR Category C business activities and exchange services to better support the morale, welfare and recreation of authorized customers. Navy and Marine Corps activities are therefore encouraged to consider use of PPV agreements whenever practicable, regardless of capital requirement.

a. PPV agreements shall be considered as an alternative source to meet capital requirements in excess of one million dollars for Category C MWR activities and exchange activities.

b. PPV arrangements may be used to provide only the services and activities that are the mission of the MWR and exchange programs as defined in references (c), (d), and (e).

c. DON MWR and military exchange programs provided through PPV arrangements shall conform to patron restrictions in references (c), (d), and (e).

d. Reference (a) requires PPVs involving fast food restaurants at overseas locations be approved by the Assistant Secretary of Defense (Force Management Policy) (ASD (FMP)). Requests for approval shall be submitted via the Assistant Secretary of the Navy (Manpower and Reserve Affairs) (ASN (M&RA)).

e. Navy and Marine Corps installations will give prior notification to the chain of command of the intent to consider a PPV arrangement. In addition, they will provide documentation for review and approval before the issuance of an RFP/contract solicitation for a PPV arrangement. Procedures are set forth in paragraph 7.

## 6. Responsibilities

a. ASN (M&RA) is responsible for the approval of all DON MWR and Exchange program PPV projects with regards to commercial viability, including ensuring that a comprehensive Return on Investment (ROI) analysis, when applicable, has been completed.

b. The Deputy Assistant Secretary of the Navy (Installations and Facilities) (DASN (IF)) is responsible for the approval of all use of real property and/or facilities worldwide, as discussed in references (f) and (g).

c. The Navy and the Marine Corps shall:

(1) Ensure that MWR activities, Exchange programs, and

individual installations under their cognizance fully consider the use of PPVs in accordance with this instruction and reference (a) before expending NAF dollars.

(2) Ensure activities do not split requirements in such a manner as to avoid the applicability of the one million dollar threshold for considering use of PPVs.

7. Action

a. Where Navy and Marine Corps activities determine use of a PPV arrangement will be considered, they shall:

(1) Submit a Letter of Intent (LOI) from the installation commander to DASN (IF), ASN (M&RA), the Service chain of command, and the appropriate program coordinator (i.e. MWR/exchange) that briefly describes the project concept and need. A sample LOI is included as enclosure (1).

(2) Issue a Request for Information (RFI), when deemed necessary/appropriate.

(3) Submit an official PPV request package to DASN (IF) via ASN (M&RA) and Service chain of command, if PPV arrangement appears economically feasible and desirable. A sample PPV request package is included as enclosure (2).

(4) Issue a Request for Proposals (RFP) following approval of PPV request package.

b. The Office of ASN (M&RA) must approve all PPV request packages for commercial viability before they will be forwarded to DASN (IF) for final site approval. As a minimum, PPV request packages will include:

(1) Copy of LOI.

(2) Map of the site location on base showing the layout of building and adjacent facilities, and statement on how plan complies with base facilities master plan or regional facilities plan. If inconsistent with these plans, authorization for the

deviations is required by the installation commander or regional commander, as appropriate.

(3) Copy of site approval issued by Naval Facilities Engineering Command (NAVFACENGCOM) Engineering Field Division (EFD) or Engineering Field Activity (EFA). Explanation of real estate agreements (leases/easements/land grants, etc.) required for this PPV project, and a summary of environmental studies completed and decision documents issued to ensure National Environmental Policy Act (NEPA) compliance. Any leases or easements required as part of the PPV project must be processed using guidelines in references (f) and (g).

(4) Statement of facility use. If a proposed PPV is to replace or supplement an existing facility, include a statement explaining why a new facility is needed or information on usage of existing facility. Provide statement that the project will not result in any facility deficiencies that will require use of appropriated funds. If circumstances require any use of appropriated funds, the nature and estimated costs, and source of funds must be included.

(5) Explanation of probable impact on existing Exchange Program, MWR and/or NAF activities, including summary of basic methodology used to determine impact; and results of food and beverage assessment if the PPV involves a food and/or beverage operation.

(6) Results of analysis of probable impact of the PPV on any competition with the private sector.

(7) Specifics on intended patronage, consistent with DoD policy.

(8) Results of RFI, if conducted, and summary of public interest in this project.

(9) Summary of proposed cost to the installation/Navy/Marine Corps with specific data that identifies the source of funds.

(10) Copy of comprehensive Return on Investment (ROI) analysis, if applicable.

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(11) Comments on utilities, police, security and fire protection and how they apply to the proposed project.

(12) Any other information that may be relevant to the PPV project.

c. In accordance with reference (h), forward any PPV project exceeding the established \$500,000 threshold to ASN (FMP), via ASN (M&RA), for Congressional notification prior to award.

d. As directed in reference (a), deposit PPV fees, commissions, or other payments required by the PPV agreement (other than real property rental payments) into NAF accounts. Real property rental payments will be distributed as required by the lease agreement.

e. Retain local documentation on PPV projects. There may be occasions where NAF expenditures for a project are expected to exceed one million dollars, but the Service has determined that use of a PPV arrangement is not advantageous or not economically feasible and will not be pursued. The results of any economic analysis, estimates of NAF capital expenditures, and rationale for not pursuing a PPV must be documented and kept on file at the installation or program manager level.



ROBERT B. PIRIE, JR  
Assistant Secretary of the Navy  
(Installations and Environment)

Distribution:  
SNDL Parts 1 and 2  
MARCOR PCN 71000000000 and 71000000100

**SAMPLE LETTER OF INTENT (LOI)**

(Installation Letterhead)

7010  
Code  
Date

From: (Name of Installation)

Subj: NOTIFICATION OF INTENT TO INITIATE A PUBLIC-PRIVATE  
VENTURE (PPV) PROJECT

Ref: (a) SECNAVINST 7010.

1. As directed in reference (a), this letter serves as notice of intent to initiate a (food service/bowling/golf/marina, etc) PPV at Naval Station, Norfolk. (Provide brief description of project concept and need.)

2. A Request for Information (RFI) will/will not be conducted. Should a PPV be considered in the best interests of the Navy/Marine Corps, a PPV submission package will be forwarded when completed. A Request for Proposals (RFP) will not be issued without written approval from ASN (M&RA) and DASN (IF).

3. My POC is (Name), DSN #, Commercial #, FAX, and email address.

Signed by Installation Commanding Officer

Distribution:  
ASN (M&RA)  
DASN (IF)  
Program Manager  
Service Chain of Command

Enclosure (1)

**SAMPLE INSTALLATION PPV SUBMISSION PACKAGE**

(INSTALLATION LETTERHEAD)

7010.  
Code  
Date

From: Installation name  
To: Deputy Assistant Secretary of the Navy  
(Installations and Facilities)  
  
Via: Assistant Secretary of the Navy (Manpower and  
Reserve Affairs)  
Service Chain of Command  
  
Subj: REQUEST FOR PUBLIC-PRIVATE VENTURE (PPV) PROJECT  
  
Ref: (a) SECNAVINST 7010.

1. Request approval to pursue a restaurant PPV project at Naval Station, Norfolk. (Include a summary of the anticipated scope of the project, and an explanation of why the facility is needed as supported by a food and beverage survey, preliminary market research, etc.)

2. The following information is provided to support this request:

a. Copy of Letter of Intent.

b. Site Plan. (Map of site location on base showing layout of building and adjacent facilities. Also, provide statement on how plan complies with base facilities master plan or regional facilities plan. If inconsistent with these plans, provide authorization for the deviations. Provide copy of site approval issued by NAVFACENGCOM EFD/EFA.)

c. Site approval from NAVFAC EFD/EFA. (Explanation of real estate agreements (leases/easements/land grants) required for this PPV project. Provide summary of environmental studies/statements completed and decision documents issued to ensure compliance with NEPA.)

d. Facility Use. (If a proposed PPV is to replace or supplement an existing facility, include a statement explaining why a new facility is needed, and include information on usage of existing facility; e.g., if other revenue generating facility, include

Enclosure (2)

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current financial statements; patrons, etc. Provide statement that project will not result in any facility deficiencies that will require use of appropriated funds. If circumstances require any use of appropriated funds, list nature and estimated costs.)

e. Impact on MWR/NAF/Navy or Marine Corps Exchange Program. (Explain probable impact on existing Exchange Program, MWR and/or NAF activities, including summary of basic methodology used to determine impact. Provide results of food and beverage assessment if the PPV project involves a food and/or beverage operation.)

f. Community Impact. (Results of analysis of probable impact of the PPV on any competition with the private sector.)

g. Patronage. (Discussion of intended patronage. Who will be authorized to use the facility? Include authorized users; e.g., military and reserve members, retired military, DoD civilians, and family members of the above.)

h. Results of Request for Information (RFI). (Summary of public interest in pursuing this project, if RFI conducted.)

i. Costs Involved. (Summarize proposed cost to the installation/Navy/Marine Corps, and identify from whom the funds will be provided.)

j. Return on Investment (ROI). (Include comprehensive ROI analysis, if applicable.)

k. Additional Information. (Comment on any of the following that applies to the proposed project.)

(1) Utilities. (Will utilities be provided, and if so, which ones? What rates will be charged the developer?)

(2) Police/security and fire protection. (Will police, security and fire protection services be provided by the local community or the installation? Would any costs be involved? What are those costs?)

(3) Any other relevant information. (Provide any other information that may be relevant to this project.)

2. The POC is (name), DSN #, Commercial #, FAX #, and email address.

Signed by Installation Commanding Officer

Enclosure (2)

Endorsements on (installation name) letter of (date):

ASN (M&RA)

DASN (IF)

Approve

(signature)

(typed name)

(date)

Disapprove

Other\*

\*Remarks:

Enclosure (2)