

INSTRUCTIONS FOR COMPLETION AND SUBMITTAL OF THE MAJOR NONAPPROPRIATED FUND CONSTRUCTION (NAFCON) NOMINATION

The following instructions are provided to complete the requirements for Centrally Funded Major NAFCON Nomination to the CNIC Capital Investment board (CIB) and the submittal process for a construction project **greater than \$1M** for inclusion in the annual NAFCON Program. Nomination forms are required for submission in the Program Year (year 1), of the 10-year Integrated Priority List (IPL). Contact the Commander Navy Installations Command (CNIC), Facilities and Construction Contracting Branch, Millington Detachment (N944) with any questions pertaining to the Nomination or the submittal process. The Point of Contact (POC) is the Facilities Capital Requirements Coordinator (CRC) Eric Gaines email: duncan.e.gaines.naf@us.navy.mil PH 901-230-3291.

Major NAFCON Nomination Instructions:

1. The Major NAFCON Nomination consists of two parts. The Morale, Welfare and Recreation (MWR) POC/Submitter should be able to provide the information required in Part A while the Public Works Officer (PWO) will need to provide the information requested in Part B. Per the current version of the OPNAVINST 11010.20 instruction, all projects shall be coordinated with the PWO and endorsed by the Regional Engineer/Assistant Regional Engineer (RE/ARE) prior to nomination to CNIC. Regions must ensure submissions are a financial benefit the NAFI as well as provide beneficial services to active duty military and authorized MWR patrons. A complete and accurate submittal will help facilitate a quick review/evaluation of the desired project and contribute to its successful inclusion in the NAFCON Program.

Title Page

- a. **Project Title:** Provide a concise and accurate title for the proposed project (i.e. RV Park Expansion 35 Full Service Sites, Construct 25 Beach Cottages, Construct Community Recreation Center, Renovate Bowling Center and kitchen, etc.)
- b. **Installation:** Select the name of the Installation where project is proposed from the alphabetized list in the dropdown box.
- c. **Region:** Select the Navy Region where the Installation selected above is located from the list in the dropdown box.

Part A

1a Provide the Statement of Need. A clear and concise explanation of “why” the project is required.

1b. Provide the project background. When applicable, historical summary of the project issues, previous repairs of existing facilities, level of efforts or continued degradation. Address repair investment of appropriated funds.

1c. Project Scope in Detail Description. Quantify to the greatest extent possible. Provide an accurate and comprehensive description of the proposed project. The information needs to be so

“clear” that an individual not familiar with the project or current operations can fully understand the project. It should also include information about the size of the new facility being constructed. A clear and concise explanation of “why” the project is needed should also be included. This is an extremely important part of the submittal but is often given only slight attention in the submittal. Justification and reasoning supporting the size (sq. ft.) of the facility being proposed often requires more explanation to fully explain the need in a clear and logical format. If the proposed project has several different functions included, provide a description (attach additional sheets as needed) of each function. Photos of the existing building(s) and/or the proposed site are also encouraged to help provide a clear understanding of the proposed project.

- a. **Section 2:** This section will automatically calculate (JavaScript must be enabled) the estimated total required investment based on the input provided in the four shaded cells (items a, b, g, & o). The values for construction cost, supporting facility cost (see definition below) and collateral equipment/FF&E must be based on realistic costs. N944 personnel will review the investment amount but if the Installation is aware of the cost per square foot for a similar type Government construction project (either anticipated in near future or recently completed) that information would be very useful to help validate the construction cost being proposed. Other values (PCAS, LEED, ATRP, etc.) are self-calculating values that are based on the amounts entered for the construction costs.
 - (1) Supporting facilities, in item “g”, are items of construction directly related to the primary facility such as utilities, roads, parking, site improvements/amenities, cybersecurity features and auxiliary buildings. The cybersecurity commissioning cost is to cover contractor’s submittals, administrative actions, and compliance with the Department of Navy cybersecurity requirements as well as DoN’s in-house cost to review contractor submittals and to implement steps necessary for obtaining Authority to Operate.
 - (2) The selection of either CONUS/OCONUS in the dropdown box beside item “k” for SIOH is required since this varies by location.
 - (3) Enter the total amount of required APF funding for Companion Projects from Part B (sections 6,10,11,12 &13). Per OPNAVINST 11010.20J, projects will not be forwarded to the MWR / NEX BOD without prior approval of APF funds.
- b. **Section 3 Financials:** Provide the requested financial information (both revenue and expenses) for the existing facility (if applicable) for the previous 2 years. This information is available in SAP. The SAP pull must include the information for all activities and departments that are being consolidated as part of the new project. Also provide the potential financial information (both revenue and expenses) for the initial 5 years after completion of the new project. The financial projections are obviously important but at this point in the nominations process it is understood there is a significant amount of “guess work” involved. However, the projections should be based on reasonable assumptions since the purpose of the nomination process is to determine whether the proposed project will be a good business proposition and investment for the NAFL. The following table shows the yearly summarized operations statement generated in SAP for a MWR activity. This type of financial report will be used as the basis for information provided in the Nomination.

Report: XXXXXXXXXX EXECUTIVE SUMMARY
 Name: XXXXXXXXXX SUMMARIZED OPERATIONS STATEMENT
 Period 1 ended October FY 2018 Page: 1 of 1
 Date: 12/07/2017
 Cost Center or Group: XXXXXXXXXX
 Installation: *
 Category:
 Activity:

Use amount of total revenue from this line for previous 2 years

Use amount of total expenses from this line for previous 2 years

REVENUES:	CURRENT MONTH					YEAR TO DATE				
	PLAN	%	ACTUAL	%	PPY	STD PLAN	%	STD ACTUAL	%	PPY
REPAIR REVENUE	31,003	46.83	36,932	27.82	25,110	31,003	46.83	36,932	27.82	25,110
SALES DISCOUNT REVENUE			2-	0.00-				2-	0.00-	
PROGRAM REVENUE	34,945	52.78	38,612	29.08	30,519	34,945	52.78	38,612	29.08	30,519
COMMISSIONS			62	0.05				62	0.05	
OTHER REVENUE	260	0.39	57,137	43.04	25,229	260	0.39	57,137	43.04	25,229
EXTRA-ORDINARY REVENUE			20	0.02	37			20	0.02	37
TOTAL REVENUE:	66,208	100.00	132,762	100.00	80,896	66,208	100.00	132,762	100.00	80,896
COST OF GOODS SOLD	13,840	44.64	16,713	45.25	9,492	13,840	44.64	16,713	45.25	9,492
EXPENSES:	PLAN	%	ACTUAL	%	PPY	PLAN	%	ACTUAL	%	PPY
SALARIES & BENEFITS	188,653	284.94	182,175	137.22	155,779	188,653	284.94	182,175	137.22	155,779
SUPPLIES	27,425	41.42	30,951	23.31	26,937	27,425	41.42	30,951	23.31	26,937
DEPRECIATION-LOCAL	12,593	19.02	12,591	9.48	9,577	12,593	19.02	12,591	9.48	9,577
DEPRECIATION-CENTRAL FUND			8,437	6.35	8,437			8,437	6.35	8,437
MAINTENANCE	717	1.08	2,942	2.22	1,407	717	1.08	2,942	2.22	1,407
ENTERTAINMENT	339	0.51	1,556	1.17	400	339	0.51	1,556	1.17	400
CONTRACTUAL	94-	0.14-	14,091	10.61	6,846	94-	0.14-	14,091	10.61	6,846
DELEGATES	4,855	7.33	5,077	3.82	5,436	4,855	7.33	5,077	3.82	5,436
ADVERTISING & PROMOTION			510	0.38	351			510	0.38	351
AWARDS & PRIZES	372	0.56	1,077	0.81	1,860	372	0.56	1,077	0.81	1,860
ALLOCATION EMPLOYER MM/DS COST	26,760	40.42	33,259	25.05	26,292	26,760	40.42	33,259	25.05	26,292
OTHER EXPENSES	2,781	4.20	13,857	10.44	841	2,781	4.20	13,857	10.44	841
EXTRA-ORDINARY EXPENSE			865-	0.65-	29			865-	0.65-	29
SUBTOTAL NAF EXP. EXCL. UFM OFFSET	278,242	420.25	322,370	242.82	253,684	278,242	420.25	322,370	242.82	253,684
UFM EXP OFFSET LABOR	168,735-	254.86-	174,932-	131.76-	161,304-	168,735-	254.86-	174,932-	131.76-	161,304-
UFM EXP OFFSET NON-LABOR	9,179-	13.86-	6,029-	4.54-	14,894-	9,179-	13.86-	6,029-	4.54-	14,894-
TOTAL NAF EXP. INCL. UFM OFFSET	100,327	151.53	141,408	106.51	77,486	100,327	151.53	141,408	106.51	77,486
OPERATIONS BEFORE NET DIVIDEND	34,119-	51.53	8,647-	6.51	3,410	34,119-	51.53	8,647-	6.51	3,410
NET DISTRIBUTION - DIRECT										
NET PROFIT/LOSS	34,119-	51.53	8,647-	6.51	3,410	34,119-	51.53	8,647-	6.51	3,410
NET CASH FLOW FROM OPERATIONS	21,526-	32.51	12,381	9.33-	21,423	21,526-	32.51	12,381	9.33-	21,423

The following instructions further explain the information requested in the Nomination as well as show where, on the SAP report, that the information can be found.

- (1) **3a/3c:** Provide the Total Revenue amounts for the activity for the previous 2 years of operation. These amounts can be found in the SAP report, on the line titled "Total Revenue", as indicated in the example above.
- (2) **3b/3d:** Provide the Total Expense amounts for the activity for the previous 2 years of operation. These amounts can be found in the SAP report, on the line titled "Total NAF Exp. Incl. UFM Offset", as indicated in the example above.
- (3) **3e/3g/3i/3k/3m:** Provide the Potential Total Revenues which are anticipated, for the initial 5 years, after the new project is completed. As indicated in the example above, these can include multiple categories of revenue that would be reported in the SAP generated report once the new project had been completed.
- (4) **3f/3h/3j/3l/3n:** Provide the Potential Expenses which are anticipated, for the initial 5 years, after the new project is completed. As indicated in the example above, these can include multiple categories of expenses and will need to include the depreciation for the new project. The depreciation should be based on a straight line depreciation of the estimated total required investment from section 2 of the Nomination. This amount should be depreciated over a **30 year** time frame for new construction projects.

- c. **Section 4:** Provide company code and all associated cost centers included in the project.
- d. **Sections 5 – 6:** Provide requested information which relates to the project location. Please note that a primary and an alternate site are both required for new construction projects. This is due to the increasingly number of site changes during the project nomination process that has caused delays and other issues. If there is no possibility for an alternate site on the facility, this needs to be stated

clearly in the remarks section under section 6.

Part B

- a. **Sections 1 – 4:** Provide requested information which relates to the required Site Approval and the alignment with installation's Master Plan. NAF funds may **NOT** be used for Site Approval, compliance with NEPA requirements or DD form 1391 development. **Per OPNAVINST 11010.20J Site Approval and NEPA documentation is required prior to submission to the MWR NEX BOD for approval.**
- b. **Section 5:** Provide requested information which relates to whether siting meets minimum standoff distances.
- c. **Section 6:** Provide requested information which relates to the project location and any existing facility that is involved. Also provide information related to ATFP, seismic, fire protection, ABA, etc. which will be required as a result of the project.
- d. **Section 7:** Provide requested amounts for the anticipated changes to the Base Operations Support (BOS) costs that will be incurred as a result of the project. This should **ONLY** be the "difference" in the BOS costs resulting from the project (not the total amount) and can actually be negative if the BOS costs are reduced as a result of the new project due to increased efficiencies, consolidation, reduced maintenance, etc.
- e. **Section 8:** Provide requested utility information including the distance to the connection location and the capacity of the existing utilities. Please note it is important to provide the distance to the connection point since, per the current version of the DoDI 1015.15 and the OPNAVINST 11010.20 instructions, NAF funds may **NOT** be used for excessive utility connections.
- f. **Section 9:** Provide requested information related to anticipated impacts to the project from storm water regulations and requirements.
- g. **Sections 10-13:** Provide requested information which relates to any anticipated impacts to the project from environmental contamination, archeological/cultural resources, and threatened/endangered species or wetlands/floodplains issues. It is important to determine whether any of these could be encountered since, per the current version of the DoDI 1015.15 and the OPNAVINST 11010.20 instructions, NAF funds may **NOT** be used for assessment, clearances or remediation of these types of issues.
- h. **Section 14:** Provide requested information related to the status of the SHPO consultation. Also list any requirements that would affect the project if a historic property is involved.
- i. **Section 15:** Provide requested information concerning NEPA documentation that will be required for the project and whether any issues are expected that would prevent obtaining this in a timely manner.
- j. **Section 16:** Provide a list of permits which would typically be required for a similar

project. Information should include the issuing agency and the anticipated length of time to obtain the permit.

- k. **Section 17:** Provide requested information which relates to any other issues that could potentially have a negative impact on the project.
- l. **Section 18:** Provide the requested signatures and other contact information. **The signatures of the MWR POC/Submitter and PWO from the Installation as well as the Region N9/CIB Chair and the RE/ARE are all required. If the Nomination is received without all signatures, it will be returned without action.**

Submittal Process:

1. **Step one:** Complete Major NAFCON Nomination and submit to N944 for consideration of the CNIC Capital Investment Board (CIB) and inclusion in the annual NAFCON Program. Nominations are due no later than (NLT) 30 April, three years prior to the program year for the proposed project and must also include a project quad chart. Nominations will **ONLY** be accepted from the Region N9 CIB or their designated representative and will **NOT** be accepted directly from the Installation/Activity. **It is strongly suggested that the proposed project is coordinated with the CNIC N92 Program Manager prior to making the formal submittal. This enables the Program Manager to provide valuable input prior to the formal submittal and ensures that the project is supported by the Program Manager.**

E-mail transmission is preferred and shall be sent to the following mailbox:
MILL_MWR_NAFProjects@navy.mil

The signatures of the MWR POC/Submitter and PWO from the Installation as well as the Region N9 and the RE/ARE are all required. If the Nomination is received without all signatures, it will be returned without action.

2. **Step two:** The CRC will review and forward the Major NAFCON Nomination, along with the CRC's comments, to the appropriate Program Management Branches (typically consisting of the N92 Program Manager and the N948 Finance Branch at a minimum) with a request to review and provide additional comments. The CRC will consolidate the comments and issue a comprehensive list to the Region N9 / CIB Chair or their designated representative for action. All comments must be satisfactorily addressed NLT April 30 of the same year that the nomination is submitted for the project to remain in the NAFCON program. If the comments have not been satisfactorily addressed, the project will be removed from the CNIC CIB consideration.
3. **Step three:** Upon receipt of satisfactory responses from the Region, the next step is to conduct a Project Validation Assessment (PVA). A (PVA) is required for all construction projects in excess of \$1M.
 - a. The Capital Requirements Coordinator will send the PVA Customer Requirements, containing the list of required information, to the Region. The N944 Branch will either contract with a Consulting AE Firm to conduct the PVA or conduct the PVA using in-house staff. Projects that are more complicated in scope, multi-use facility, or have a lack of facility documentation may require consulting support to complete at a minimum 35% design and cost estimate. The cost of all PVAs is centrally funded. A Project

Manager from the N944 Branch will be assigned to coordinate the PVA. Once all of the required information has been obtained, the time and date of the PVA site visit will be coordinated with the Installation, Region and the Program Manager. The Program Manager and/or Region representatives are encouraged to participate in the PVA for timely decisions and resolutions. Advance notice and coordination will be provided to all involved to the greatest extent possible.

Important Information Concerning PVAs:

- On past projects there have been instances where the PVA consultants may have been “persuaded or pressured” into making assumptions concerning patronage and revenue that were later found to be overstated and/or without any firm basis. In order to keep the process completely legitimate, Regions and Program Managers are urged to be heavily involved with the PVA and review all of the conclusions / recommendations in the Draft PVA document.
- Financial projections from the PVA are used as part of the rationale for approving a project to be included in the NAFCON Program. Historically projects have often failed to meet those projections, the actual financial performance of every NAFCON project is scrutinized by the Office of the Secretary of Defense (OSD). A Post Occupancy Review (POR) is required, as part of the yearly briefing of the NAFCON Program, starting once the project has been in operation for 1 full year and is continued until the project has completed 3 full years of operations. The information provides OSD with a detailed comparison between the financial projections made during the PVA and the actual performance of the project once it is operational. If the actual performance falls short of the projections, an explanation of what contributed to the poor performance and any “lessons learned” to prevent this from happening in the future are required to be included in the POR. It is imperative that any recommendations set forth in the PVA, such as price structuring, are implemented as stated.

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