

DEPARTMENT OF THE NAVY
FINANCIAL MANAGEMENT POLICY MANUAL

PART B: OPERATION FUNDING POLICY

Section I: GENERAL

075100 SCOPE

This Section contains budget and funding policy for operation of Department of the Navy activities. It includes guidance concerning host tenant relationships, consolidated support activities, transportation and travel, interservice, interdepartmental and international relationships, and a variety of miscellaneous funding assignments.

Section II: HOST/TENANT RELATIONSHIPS

075120 DEFINITIONS

Terms and definitions that shall be used in providing budget and funding guidance in various areas of relationships within the Department of the Navy follow:

- Host Activity - A host activity is one which provides facilities and services to another activity. A host activity may provide services itself, or utilize contractors and/or supporting activities to provide services.
- Supporting Activity - A supporting activity is one which generally provides only Services to other activities. An example is a Public Works Center (PWC).
- Tenant Activity - The tenant activity is one which uses facilities and/or receives services from another activity or activities.
- Activity Identifier Naval Facilities Assets Data Base (NFADB) Reporting - The Unit Identification Code (UIC) of a shore activity that is responsible for reporting its assigned real property to the NFADB.
- Activity Identifier Maintenance Responsibility (Usually referred to as Maintenance Unit Identification Code (MUIC) -The activity or others responsible for funding maintenance and repair of a particular facility. The responsible party may be the host activity, a tenant activity, or a contractor.
- Mission Related Facilities - Assets devoted to the accomplishment of a specific mission, business area, or end (PWC) product. (i.e., Navy Working Capital Fund (NWCF) facilities and Medical facilities)
- Installation Core Business Model - Department of the Navy business areas, functions and subfunctions that are managed by the installation and usually funded through base operating support (BOS).
- Common Service Support Those BOS services provided by host activities to tenant activities on a non-reimbursable basis, with the exceptions for NWCF activities and provisions for special circumstances noted in par. 075123.

075121 BUDGET POLICY

1. HOST ACTIVITY RESPONSIBILITY. The host activity is responsible for costs incurred for the preservation of facilities in the real property inventory of the host so as to protect the value of the plant account. Although a tenant may be a sole occupant of a facility in the real property

inventory of the host, structural maintenance of a cyclical nature (also classified as preventive and corrective maintenance) and repair to ensure the continued physical integrity of the facility, including installed equipment, is a host budgeting responsibility, unless the tenant is identified as the "Maintenance UIC". The term "cyclical maintenance" is applied to those types of real property maintenance operations for which engineering standards have established annual or multiple year cycles of optimum frequency for effective maintenance of a facility. The host includes the cost of common service supporting the direct program of the activity budget. The host is also responsible for emergent repair work to correct repairable damage caused by disasters and repair to replace worn out parts of a facility that are beyond economical maintenance. In circumstances when the host finds it necessary to relocate tenants on property controlled by the host, the host is responsible to provide alternate spaces of approximately equal serviceability to the displaced tenant. In the event that the host's request of relocation is necessitated by accommodation of a function of a different tenant, the tenant activity necessitating the space realignment is responsible for the costs of renovating space and relocation.

The host activity shall be the Activity Identifier Naval Facilities Assets Data Base (NFADB) Reporting for all real property. The activity with the Maintenance UIC responsibility will determine the appropriate level of maintenance to be performed on facilities under its cognizance. NWCF activities will be the Maintenance UIC in the NFADB for all NWCF mission related facilities, and all facilities occupied entirely by NWCF personnel. The Bureau of Medicine and Surgery (BUMED) may be the Maintenance UIC only for medical/dental facilities. With the exception of mission-related Strategic Systems Program facilities, global antenna systems, and Government-owned, contractor-operated facilities, all other Navy facilities fall under the complete responsibility of the host activity.

Note: Under policy for the depreciation of DoD General Property, Plant and Equipment (PP&E) assets, the user who derives economic benefit from an asset maintains depreciation schedules. Therefore, NWCF activities will include the depreciation for all real Property for which it is designated the Maintenance UIC, However, real property depreciation should not be included in NWCF rates.

2. TENANT ACTIVITY RESPONSIBILITY FOR REAL PROPERTY MAINTENANCE, The tenant activity will budget and fund any additional, identifiable, measurable, and significant costs incurred by the host on the tenant's behalf, provided that such costs can be segregated on a reasonable and meaningful basis without undue administrative and/or fiscal difficulties. Examples of such reimbursable costs are as follows:

- tenant's direct expenses;
- special purpose additions, improvements, alterations, and/or rehabilitation of facilities for the tenant's occupancy or use (those facilities changes which are beyond the scope of the host's responsibilities to maintain the existing structures as described in paragraph 1 above) ;
- maintenance and repairs, beyond normal wear and tear, caused solely by the tenant's occupancy or use of the facilities.

Exceptions to the foregoing tenant funding responsibilities are recognized in the case of certain support costs relating to Navy Offices of Patent Counsel and Navy and Marine Corps commissary stores (see pars. 075135 and 075156 for details concerning these exceptions).

3. MISSION TASKS. With the exception of those special circumstances delineated in par. 075123, the host will provide base operating support for DON appropriated fund activities on a non-reimbursable basis. Common service support functions identified in par. 075123 will be

provided to all DON tenants (including NWCF activities), unless a tenant is mission funded to perform the function itself (e.g., small craft used for training by a training activity). Host activities that operate under NWCF should charge their own appropriated military support resources provided by their management command for the non-reimbursable support services provided to tenant or satellite activities.

4. OPERATING FORCES. Host activities, such as naval operating bases and air stations, are assigned responsibility for base support of units of the operating forces, Host activities budget; for resources required to finance the cost of designated common service support functions listed in par. 075123. This is applicable whether the units are permanently homeported or are deployed for extended periods. Host activities that operate under NWCF procedures should provide designated common service support functions to operating force units, financed from their own appropriated military support resources/allotments provided by their management commands. Utilities for operating forces should not be included in base support funding, but instead will be reimbursed by the operating force. Funding of minor construction/alterations is dependent on mission requirements. Per subpars. 1 and 2, minor construction/alteration necessary for preservation of facilities is a host responsibility, necessary for or caused by the tenant's mission needs is a tenant responsibility.

5. PAYMENT FOR MUNICIPAL SERVICES. Department of the Navy (DON) installations, including family housing, entitled to be provided essential public services (e.g., police and fire protection) on the same basis as all other parties within the jurisdiction. That is, if the services are funded with state or local taxes and are provided to the non-Federal property owners and occupants at no additional cost, then such services are to be provided to the DON at no cost, even though the government is exempt from state and local taxation. Installations where the government has retained exclusive Federal jurisdiction may generally pay for such services. Where private or commercial users pay for services (e.g., trash collection, water, and sewer), then the installation may be charged, using the same basis in calculating the fees. No installation, including those where the government has retained exclusive Federal jurisdiction, may enter into a contract for fire fighting or security guard functions unless: (1) the contract is to be carried out at a location outside the United States (including its commonwealths, territories, and possessions), at which the use of members of the armed forces for the performance of such functions would be at the expense of unit readiness; (2) the contract is to be carried out on a government owned but privately operated installation; or (3) the original contract was entered into prior to 24 September 1983.

075122 SIGNIFICANT COSTS

Costs to the host for provision of unique support requested by one or more tenants, that are additional, identifiable, and can be segregated or metered on a reasonable and meaningful basis will be reimbursed by the tenant. In general, additional, identifiable costs for recurring support provided by a host or supporting activity will be reimbursed unless the amount is less than \$500 within a fiscal year, in which case the billing is considered to be uneconomical. Costs incurred in support of Working Capital Fund (WCF) mission products and services may not be waived.

D75123 FUNDING GUIDE

The Installation Core Business Model provides a specific guide for services managed and provided by a host or installation that are usually funded through base operating support (BOS). While all of the areas identified in the Installation Core Business Model are BOS functions, they

may not be applicable to all activities. Financial responsibility for the services identified in the Installation Core Business Model varies based on the following circumstances:

- Appropriated Fund Activities — With the exception of those services delineated as special circumstances in this par. and/or subject to the provisions of par.075122, the host or responsible installation will provide all BOS services identified on the Installation Core Business Model to appropriated fund activities on a non-reimbursable basis as common-service support functions.
- NWCF Activities — With the exception of those services asterisked on the Installation Core Business Model, and specifically addressed in this section or subject to the provisions of par. 075122, the host or responsible installation will provide all BOS services to NWCF activities as common-service support functions.

INSERT INSTALLATION CORE BUSINESS MODEL

DESIGNATED COMMON-SERVICE SUPPORT FUNCTIONS. The following list details common-service support functions depicted in the Installation Core Business Model and further clarifies funding responsibilities for those functions.

1. Airfield Support - Host funding responsibility
2. Seaport Support - Seaport support is provided by the host; however, NWCF activities will reimburse the host for Tugs/Craft costs and Spill Response casts incurred in support of mission products and services.
3. Other Mission Support
 - a. Miscellaneous Support
 - Health Care Support - Health Care Delivery Service (also see par. 075132)
 4. Community Support (QOL) - Operation of consolidated installation support offices, such as travel, base locator, bachelor quarters, Navy family housing, and other services provided for the recreation and welfare of members. The host will provide MWR support including operation of childcare centers in accordance with par. 075500.
 - a. Shelter/Subsistence
 - Galley - Operation of enlisted dining facilities and meals for enlisted members (also see par. 075152).
5. Facility Management
 - a. Facility Maintenance - Maintenance and operation costs related to facilities used in common by both host and tenant, such as roads and walkways (also see par. 075131) are a host responsibility as well as cyclical maintenance and structural repair of facilities in the real property inventory of the host [also see par. 075121-1). Building services are a host responsibility; however, buildings occupied solely by NWCF personnel will be supported by the NWCF. Exceptions to this policy are Morale, Welfare, and Recreation (MWR) Category "C" or any similar activities operated with non-appropriated funds.
 - b. Transportation - Vehicle assignment and management, including common bus and taxi service within the installation (also see par. 075131) are the funding responsibility of the host. NWCF activities are responsible for transportation costs support of their mission products and services.

c. Environmental Quality - Compliance, conservation, and pollution prevention programs necessary to comply with federal, state and local environmental laws and implementing regulations are a host responsibility. However, costs incurred to comply with such regulations are subject to the provisions of par. 075122. NWCF activities are responsible for environmental costs incurred in support of their mission products or services.

d. Grounds Maintenance - Maintenance of common use areas, including landscaping and snow removal, is a host responsibility. Exceptions to this policy are MWR Category "C" or any similar activities operated with non-appropriated funds.

6. Public Safety

a. Force Protection -Police and security operations, such as base patrol, disaster preparedness, and crime prevention are host functions; however, NWCF activities are responsible for guard/security costs in support of their mission products and services, (also see par.075140).

b. Fire protection is a host responsibility; however, NWCF activities are responsible for fire protection costs in support of their mission products and services.

c. Fire Alarm System - Provision and maintenance of a fire alarm system is a host responsibility; however NWCF activities are responsible for the cost of fire alarm systems provided in support of their mission products and services (see par.075131).

7. Command Support

a. Command - Matters of command direction and policy coordination pertaining to the installation, including port control and air operations are a host funding responsibility.

- Legal - Legal staff assistance within the installation (also see pars. 075135, 075159, and 075180 for responsibility for specific costs.)
- MILPERS Management - Coordination of general military training, career counseling, and consolidated military personnel reporting.
- Postal Operations - Provision of a postal facility and pick up and delivery of U.S. mail and guard mail to central locations within the Installation. NWCF activities are responsible for postage and services performed in support of their mission products or services.
- Public Affairs - Dissemination of information, such as station newspapers or arrangements for special events for the public.

b. Management of Resources

- Civilian Personnel Services - Includes recruitment, classification, staffing, Labor and employee relations, equal employment opportunity programs, and employee development services provided by local Human Resource Offices However, NWCF activities will reimburse the providing activity for HRO support provided in support of their mission products or services.
- Resource Management - For activities in the host's chain of command, includes funds management; cost analysis services; budget formulation, reporting and execution; and financial liability investigation of property losses. Other tenant activities receive these services from their management commands or provide their own (i.e., NWCF). Fiscal accounting, disbursing, payroll functions, etc. are provided by the Defense Finance and Accounting service (DFAS).

c. Supply - General supply operations of receipt, issue, requisition processing, purchasing, procurement, warehousing, and household goods shipping administration (also see par. 075180)

are host functions. NWCF activities will reimburse for supply costs in support of their mission products or services.

SPECIAL CIRCUMSTANCES IN SUPPORT RELATIONSHIPS. Within the DON, special provisions for funding are applicable to the following areas of support.

1. Fire Marshal inspection and Reporting - Evaluation of the operational capability of fire protection services by fire departments is a mission responsibility of the Naval Facilities Engineering Command, which is accomplished by the geographic Engineering Field Divisions without reimbursement,
2. Base Communications/Information Technology - Cable plant management, including unclassified voice, video, and data transmission art managed by the Naval Computer and Telecommunications command (NCTC). NCTC coordinates with activities and provides information technology support to the local host. The host is responsible for access to telephone lines on the base; however, basic phone service and data transmission are considered mission functions and should be reimbursed by the tenant.
3. Utilities - Utility costs in excess of mutually agreed upon basic service support are subject to reimbursement in accordance with the provisions of par. 075122. Utilities include water, sewage, electricity, natural gas, and fuel oil services, as well as, central generation and distribution of steam, chilled water, and compressed air.
4. Accident Repairs - Repairs required as a result of accidents to host owned class 3 plant property assigned to tenants on a custody/loan basis is a funding responsibility of the tenant activity.
5. Air Conditioning - Cyclical maintenance and repair of air conditioning equipment which is installed and included in class 2 plant property is the funding responsibility of the activity that has Maintenance UIC responsibility.

Figure, Installation Core Business Model

The following figures show the business areas, functions and sub-functions that are managed by the installation.

Core Businesses	Airfield Support	Seaport Support	Other Mission Support
Functions • Sub-functions	Air Operations <ul style="list-style-type: none"> • Airfield logistics • AT control • Aviation fuel-support • Ground electronics • T-line/Airfield facilities 	Port Services <ul style="list-style-type: none"> • Berthing and hotel services • Port logistics • Port operations center • Tugs and craft* 	Misc. Support <ul style="list-style-type: none"> • Cemeteries • Military banking facility • Mobilization • Museums • Healthcare support • Retail service support • Commissary support
	Other Air Ops <ul style="list-style-type: none"> • Auxiliary airfield support • Cargo handling • Crash and rescue • Passenger-terminal ops • Weapons 	Other Port Ops <ul style="list-style-type: none"> • Degaussing • Sea Air rescue • Spill response* • Weapons 	

Core Businesses	Community Support (QOL)	
Functions • Sub-functions	MWR <ul style="list-style-type: none"> • Management Support • Cat A activities • Cat B activities • Cat C activities 	Child Development Program <ul style="list-style-type: none"> • Center care • In-home care
	Shelter/Subsistence <ul style="list-style-type: none"> • Bachelor quarters • Contract berthing • Galley 	Family Housing Support <ul style="list-style-type: none"> • Management and operations • Maintenance • Minor construction and major repairs • Police and fire protection
	Family Service Center <ul style="list-style-type: none"> • Counseling services • Family advocacy program • Education/RAMP/LAMP 	MILPERS Services <ul style="list-style-type: none"> • Ceremonial guard • ESO/campus • Pay and personnel support • Restricted barracks

Core Businesses	Facility Management	
Functions <ul style="list-style-type: none"> • Sub-functions 	Utilities* <ul style="list-style-type: none"> • Cable television • Chiller plant • Gas and electric • Other • Pneumatic power • Pure water • Sewage • Steam • Water 	PW Management <ul style="list-style-type: none"> • Management and administration • Installation plans and engineering • Real estate management
	Facility Maintenance* <ul style="list-style-type: none"> • CBU/Self help • Dredging • Emergence/service maintenance • Minor construction • Preventative maintenance 	Transportation* <ul style="list-style-type: none"> • Management and administration • Railroads • Cranes • Vehicles • Construction • Other
	Building Services* <ul style="list-style-type: none"> • Janitorial • Pest control • Refuse collection and recycling 	Environmental* <ul style="list-style-type: none"> • Clean-up • Compliance • Conservation • Pollution prevention
	Grounds Maintenance <ul style="list-style-type: none"> • Grounds maintenance and landscaping • Street sweeping and snow removal 	

Core Businesses	Public Safety	Command Support
Functions <ul style="list-style-type: none"> • Sub-functions 	Force Protection <ul style="list-style-type: none"> • Disaster preparedness • Guard/security/traffic* • Law enforcement/crime prevention 	Command <ul style="list-style-type: none"> • Chaplain services • Legal services • MILPERS management • Postal Ops* • Public affairs
	Fire and Safety <ul style="list-style-type: none"> • EM response • Fire protection/HAZMAT* • Centrally managed safety program/NAVOSH 	Management of Resources <ul style="list-style-type: none"> • CIVPERS Services* • Resource Management** • Intra-station moves
		Supply* <ul style="list-style-type: none"> • Inventory control • Management and procurement • POL management • SERVMART • Warehousing
		Information Services* <ul style="list-style-type: none"> • ADI • Audio-visual and printing • Base Comms

*NWCF activities reimburse for costs in support of mission products and services.

**Resource Management usually follows the Chain of Command.

Healthcare and retail services are generally not funded by the installation. Any support provided is included under "Other Mission Support."