



DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
WASHINGTON, D.C. 20350-2000

IN REPLY REFER TO

11240
Ser N464C/3U575142
11 March 2003

From: Chief of Naval Operations
To: General Services Administration

Subj: LEASE OF GENERAL SERVICES ADMINISTRATION (GSA) FLEET
VEHICLES TO THE U.S. NAVY

Ref: (a) Energy Policy Act (EPAAct) of 1992, 42 U.S.C. 13201
et seq.
(b) Executive Order 13149 (April 21, 2000)
(c) CNO (N4) memo of 28 Apr 99 (NOTAL)

1. The purpose of this letter is to document current partnering efforts and to provide guidance for the lease of GSA Fleet vehicles to the U.S. Navy.

2. The Navy is dedicated to meeting the Alternative Fuel Vehicle (AFV) requirements of references (a) and (b). To help achieve these requirements, the following guidance is provided for leasing non-tactical light duty vehicles to Navy activities.

a. Ethanol (E85) Flex-Fuel vehicles will be provided when that type of vehicle is available from the vehicle manufacturer and is consistent with customer requirements, unless a compressed natural gas (dedicated or Bi-Fuel) vehicle has been requested.

b. Compressed natural gas and liquid propane powered vehicles (dedicated or Bi-Fuel) will be provided only when requested by the customer.

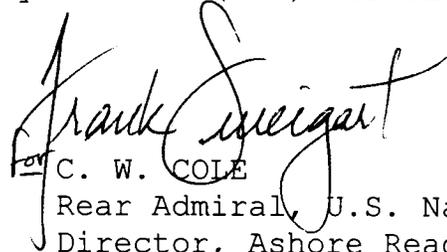
c. A non-AFV will be provided only when a type of vehicle requested by the customer is not available, consistent with guidance in paragraphs 2.a and 2.b above, and a written waiver is provided as required by reference (c).

d. Preference in placement of AFV's should be given to Navy activities that are located within Metropolitan Statistical Areas and those activities that currently have existing AFV refueling capability nearby. Preference should also be given to those activities, by which the introduction or increased number of AFV's would induce the construction of public or private refueling infrastructure.

3. As provided for in reference (a), request GSA allocate the incremental cost of purchasing AFVs across the entire Navy fleet of non-tactical light duty vehicles leased for use in the 50 United States. Beginning in Fiscal Year 2003, GSA is authorized to apply a \$5.00 per vehicle per month surcharge to the entire fleet of non-tactical light duty vehicles leased for use in the 50 United States by Navy activities. This rate is based on the projected cost differential of planned AFV purchases for Navy activities, and will remain in effect until modified or deleted by this office. The funds collected will be used to pay incremental acquisition costs of AFV's (those above the cost of comparable gasoline vehicles) procured for Navy activities.

4. The Navy is committed to reducing petroleum consumption through improvements in fuel efficiencies and the use of AFVs and alternative fuels. Transitioning our non-exempt light duty vehicle fleet to more environmentally friendly fuels is a significant step in that direction. Continued partnering with GSA will permit the Navy to comply with applicable Statutes and the Executive Order, and maintain a leading AFV role within the Department of Defense.

5. My point of contact for this matter is LCDR Greg Harshberger at (703) 601-1611 or Mr. Gary Lind at (202) 685-9260.



For C. W. COLE
Rear Admiral, U.S. Navy
Director, Ashore Readiness Division

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