



Local vs. BUMED Funding Authority

Local Project Funding Authority (Commanding Officer Authority):

Specific Maintenance and Repair	0 to \$200,000
Minor Constuction	0 to \$100,000
Equipment Installation	0 to \$100,000

BUMED Funding Authority (Special Projects):

Specific Maintenance	> \$200,000
Repair	\$200,000 to \$5,000,000*
Minor Constuction	100,000 to \$750,000 **
Equipment Installation	> \$100,000

* Over \$5M requires ASN approval, over \$2M requires economic analysis.

** BUMED is authorized to fund minor construction from \$500,000 to \$1,500,000 for the remediation of serious threats to life, health and safety.

What is Sustainment?

(Sustainment is based on square footage, category codes, and area cost factors.) Provides resources for maintenance and repair activities necessary to keep an inventory of medical/dental facilities in good working order. It includes regularly scheduled adjustments and inspections, recurring and preventive maintenance tasks, and emergency response and service call for minor repairs. It also includes major repairs or replacement of facility components (usually accomplished by contract) that are expected to occur periodically throughout the life cycle of facilities. This work includes regular roof replacement, refinishing of wall surfaces, repairing and replacement of heating and cooling systems, replacing tile and carpeting, and similar types of work. Other tasks associated with facilities operations (such as custodial services, grass cutting, landscaping, waste disposal, and the provision of central utilities) are not included. Excludes Navy fleet hospitals and Navy fleet hospital storage facilities.

Activity Group/Sub Activity Group (AG/SAG) Description

- F4 FA FACILITIES SUSTAINMENT (CONUS/OCONUS)

(Sustainment is based on square footage, category codes, and area cost factors.) Provides resources for maintenance and repair activities necessary to keep an inventory of medical/dental facilities in good working order. It includes regularly scheduled adjustments and inspections, recurring and preventive maintenance tasks, and emergency response and service call for minor repairs. It also includes major repairs or replacement of facility components (usually accomplished by contract) that are expected to occur periodically throughout the life cycle of facilities. This work includes regular roof replacement, refinishing of wall surfaces, repairing and replacement of heating and cooling systems, replacing tile and carpeting, and similar types of work. Other tasks associated with facilities operations (such as custodial services, grass cutting, landscaping, waste disposal, and the provision of central utilities) are not included. Excludes Navy fleet hospitals and Navy fleet hospital storage facilities.

- F4 FB FACILITY RESTORATION AND MODERNIZATION (CONUS/OCONUS)

Provides resources for improving medical/dental facilities. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration of facilities solely to implement new or higher standards (including regulatory changes), to accommodate new functions, or to replace building components that typically last more than 50 years (such as foundations and structural components). Restoration and modernization does not include recurring sustainment tasks or certain environmental measures (such as projects strictly for the removal of asbestos and lead paint). Other tasks associated with facilities operations (such as custodial services, grass cutting, and the provision of central utilities) are also not included. Excludes Navy fleet hospitals and Navy fleet hospital storage facilities.

- ?? ?? FACILITIES AND NEW FOOTPRINT (CONUS/OCONUS)

Provides resources to support the erection, installation, or assembly of a new real property facility or the addition, expansion, or extension of an existing real property facility that adds to the existing facilities inventory. This also includes land acquisition. This excludes facilities restoration and modernization that does not add to the existing facilities inventory. Other tasks associated with facilities operations (such as custodial services, grass cutting, and the provision of central utilities) are also not included. Funding includes manpower resources and authorizations specifically required to accomplish the new construction.

- M1 SUSTAINMENT - LOCAL AUTHORITY

Includes expenses specifically identified and measurable to facility sustainment that can be accomplished within the funding approval authority of the activity's Commanding Officer. Local authority sustainment funding authority for repair and maintenance is \$0-\$200K as defined in the current series of OPNAVINST 11010.20.

- M2 SUSTAINMENT - CLAIMANT AUTHORITY

Includes expenses specifically identified and measurable to facility sustainment that requires approval at a level above the funding approval authority of the activity's Commanding Officer. Claimant authority sustainment funding authority for repair and maintenance is >\$200K.

- R1 RESTORATION AND MODERNIZATION - LOCAL AUTHORITY
FACILITIES AND NEW FOOTPRINT - LOCAL AUTHORITY

Includes expenses specifically identified and measurable to "restoration and modernization" and/or "facilities and new footprint" that can be accomplished with funding approval authority of the activity's Commanding Officer. As defined in the current series of OPNAVINST 11010.20, local funding authority for restoration and modernization is as follows:

- If classified as repair and/or maintenance funding approval is \$0-200K.
- If classified minor construction, funding authority is \$0-\$100K.

- R2 RESTORATION AND MODERNIZATION - CLAIMANT AUTHORITY
FACILITIES AND NEW FOOTPRINT - CLAIMANT AUTHORITY

Includes expenses specifically identified and measurable to restoration and modernization and/or "facilities and new footprint" that requires approval at a level above the funding approval authority of the activity's Commanding Officer. As defined in the current series of OPNAVINST 11010.20, claimant funding authority for restoration and modernization is as follows:

- If classified as repair and/or maintenance funding approval is >\$200K.
- If classified minor construction, funding authority is \$100-\$750K.

Attachment 9 – Real Property Maintenance

1.) Facilities Restoration and Modernization

0806276 Facilities Restoration and Modernization – CONUS Health Care
0806376 Facilities Restoration and Modernization – OCONUS Health Care

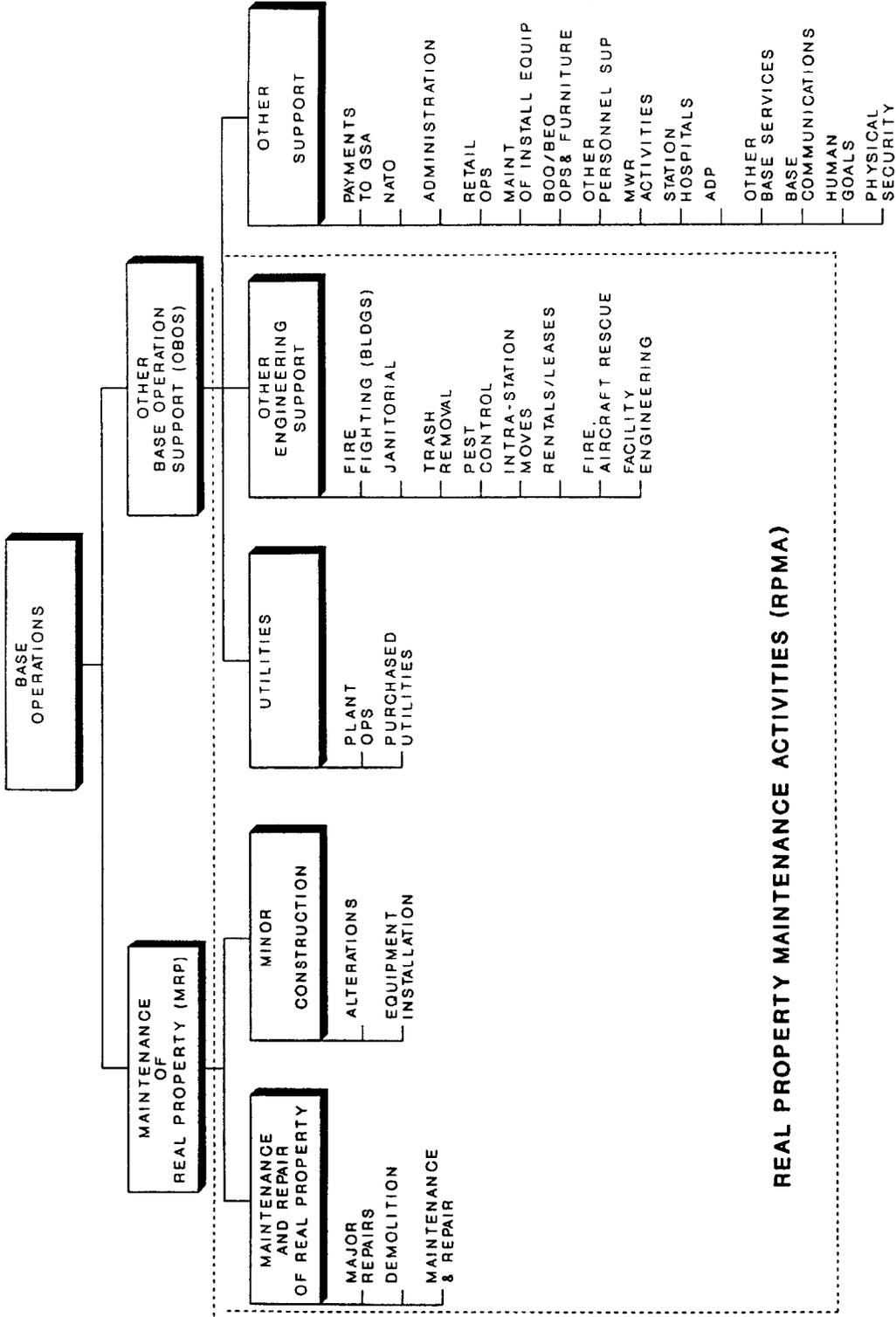
Definition. Provides resources for improving an inventory of medical facilities and installations with a primary mission of health care. Restoration includes repair and replacement work to restore damaged facilities due to accident or failure attributable to inadequate sustainment, excessive age, or other causes. Modernization includes alteration of facilities to implement a new, higher standard (including regulatory changes), to accommodate new functions, or to replace building components that typically last more than 50 years (such as foundations and structural components). Restoration and modernization does not include recurring sustainment tasks or certain environmental measures (such as removal of asbestos and lead paint), which are funded elsewhere. Other tasks associated with facilities operations (such as custodial services, grass cutting, and the provision of central utilities) are also not included. Excludes Army and Air Force contingency hospitals, Navy fleet hospitals, and Navy fleet hospital storage facilities.

2.) Facilities Sustainment

0806278 Facilities Sustainment – CONUS Health Care
0806378 Facilities Sustainment – OCONUS Health Care

Definition. Provides resources for maintenance and repair activities necessary to keep an inventory of medical facilities and installations with a primary mission of health care in good working order. It includes regularly scheduled adjustments and inspections, preventive maintenance tasks, and emergency response and service calls for minor repairs. It also includes major repairs or replacement of facility components (usually accomplished by contract) that are expected to occur periodically throughout the life cycle of facilities. This work includes regular roof replacement, refinishing of wall surfaces, repairing and replacement of heating and cooling systems, replacing tile and carpeting, and similar types of work. It does not include certain restoration, modernization, and environmental compliance costs, which are funded elsewhere. Other tasks associated with facilities operations (such as custodial services, grass cutting, landscaping, waste disposal, and the provision of central utilities) are also not included. Excludes Army and Air Force contingency hospitals, Navy fleet hospitals, and Navy fleet hospital storage facilities.

BASE OPERATION SUPPORT



13 / 11 / 11

BAG PE SAG Cross Walk

BUDGET ACTIVITY GROUP (BAG)/ PROGRAM ELEMENT (PE)/ SUB-ACTIVITY GROUP (SAG)

June 22, 2000

BAG	PROGRAM ELEMENT (PE)	SAG
In House Care (IHC)	807700-CONUS Hospital, Clinics	M9, MC, RW
	807900-OCONUS Hospital, Clinics	M9, RW
	807715-CONUS Dental	MR
	807915-OCONUS Dental	MR
Private Sector Care (PSC)	807713-Purchased Care	MD
Consolidated Health Support (CHS)	807705-Military Public Health/Occ Health	M2, WH
	807714-Other Health Activities	M1, ME
	807724-Military Unique, Other	C1, LN, LR, M3
Management Headquarters (MA)	807798-Management Headquarters-HC	EP
Education & Training (E&T)	806722-Armed Forces Prof Scholarship	MF
	806761-Education & Training-HC	C2, MA
Base Operations Support (BOS)	807776-Minor Construction - CONUS	FB
	807976-Minor Construction - OCONUS	FB
	807778-Maintenance & Repair - CONUS	FA
	807978-Maintenance & Repair - OCONUS	FA
	807795-Base Communication - CONUS	FN
	807995-Base Communication - OCONUS	FN
	807796-Base Operations - CONUS	FF,FG,FJ,FK,FL,FR,FV,RA
	807996-Base Operations - OCONUS	FF,FG,FJ,FK,FL,FR,FV,RA,ZY
	807753-Environmental Conservation	FW
	807754-Pollution Prevention	FU
	807756-Environmental Compliance	FT, FX, Q6, RX
	807790-Visual Information Activities	V2
	807779-Real Property Services - CONUS	FC, FD, FE
	807979-Real Property Services - OCONUS	FC, FD
	806276-Facilities Restoration & Modernization - CONUS HC	FB
806376-Facilities Restoration & Modernization - OCONUS HC	FB	
FY02 DHP	806278-Facilities Sustainment - CONUS Health Care	FA
FY02 DHP	806378-Facilities Sustainment - OCONUS Health Care	FA

BASE OPERATING SUPPORT
ACTIVITY AND SUBACTIVITY GROUP
(AG/AGSAG) TITLES

Activity Group F4: Maintenance of Real Property

MRP

F4FA	Maintenance and Repair
F4FB	Minor Construction
F4PL	MRP for Physical Security

Activity Group F3: Other Base Operating Support

OBOS

F3FC Utilities

Personnel

F3FJ	Bachelor Housing Operations
F3FK	Other Personnel Support
F3FL	Morale, Welfare and Recreation

Mission

F3FG	Retail Supply Operations
F3FH	Maint of Installation Eqpmt
F3FR	Other Base Services

Ownership

F3FD	Other Engineering Support
F3FF	Administration
F3FQ	ADP
F3V2	Audio Visual Support
F3F5	NATO
F3FV	Physical Security

F3FE Payments to GSA

F3FN Base Communications

Navy FCA and EMS in an SRM Environment.

In the traditional Navy facilities management model the facility condition assessment (FCA) was accomplished through the Continuous Inspection Program as defined in NAVFAC MO-322. The Continuous inspection program is comprised of three types of inspections: Control (CI), Preventive Maintenance (PMI) and Operator. At Public Works Centers, the control inspection was enhanced to develop Long Range Maintenance Planning Inspection (LRMP). The stated purpose of the inspection program was to systematically identify deficiencies, recommend action that will correct and/or impede advancing deterioration and maintain facilities and systems at a level consistent with mission. The inspection program produces a list of un-funded maintenance and repair backlog (BMAR) that is reported on the Annual Inspection Summary (AIS). The AIS has been used to identify work for the maintenance action plan (MAP) for execution by public works, to establish funding requirements for the PPBS (not used under FSM) and to report readiness under IRRS. The condition element of readiness reporting under IRRS is determined from the Facility condition Index (FCI) or the ratio of Plant replacement value (PRV) to the BMAR identified for the facility on the AIS (FCI= (BMAR/PRV)).

The adoption of the Facility Sustainment Model (FSM) and the Facility Recapitalization Metric (FRM) for the DOD Budget process has eliminated the need for BMAR reporting to support PPBS. The FSM and FRM were developed to replace BMAR because the metric has become unreliable and is too costly to maintain¹. The FSM cost factors are appropriate for macro-level analysis and planning and are not suitable for individual facilities or projects². While FSM eliminates one of the traditional uses of the AIS, the maintenance planning and readiness reporting process currently remains dependant on AIS and BMAR.

The performance of BMAR in maintenance planning and readiness reporting is subject to error and waste. For Navy maintenance planning, the BMAR items identified on the AIS are prioritized and placed into the MAP. Since total discretionary SRM funding is a small percentage of the total identified BMAR, the majority of the AIS is not included in the MAP. As a result, most of the work identification packages and cost estimates carried on the BMAR become obsolete before execution. As an example, in FY 02 the Commander Atlantic Fleet reported a total BMAR of 1.9 billion dollars. The total facility maintenance funding for 02 year was 425 million dollars. The majority of the total is dedicated to non-discretionary items (recurring work, PMI, emergency and service work). A typical planning figure for discretionary funds available for backlog reduction is 30% of the total or 128 million dollars. For COMLANTFLT, the annual expense of identifying and maintaining the BMAR is 6 million dollars. In this example, the

¹ **Report to Congress**

Identification of the Requirements to Reduce the Backlog of Maintenance and Repair of Defense Facilities, April 2001 DUSD(Installations)

² DOD Cost Factor Handbook

maintenance of BMAR consumed 5% of the funding available for backlog reduction and produced an AIS 15 times greater than the available budget.

DOD has identified the FCI derived readiness component of IRRS as a third-tier requirement that does not justify the expense of maintaining a BMAR. The Navy quality measure submitted to IRRS is the FCI. While FCI is widely used in facility management, the metric has inherent flaws that make it vulnerable to error. The use of the BMAR in the FCI calculation makes it subject to the same reliability and cost concerns that brought about the change to FSM. In addition, the FCI may mask some critical low cost repairs and amplify the importance of higher cost maintenance items that, while important for sustainment, have little immediate impact on mission capability. Finally, since FCI functions at the facility level and above it does not provide the necessary detail at the system level to evaluate actual mission effect of proposed corrective actions or assist in directing expenditures for best ROI.

Clearly as funding moves down from macro-level planning and analysis toward execution there is a first-tier requirement for a metric that directs expenditures toward SRM actions that result in best value. If best value is defined as having the greatest combination of impact on facility readiness and return on investment, the metric would need to be applicable at the facility level and measure both of the stated objectives. In order to be superior to the existing BMAR, the new metric must be more reliable, less expensive and provide value at every level of SRM planning and analysis. Given that real property facilities fail system by system, and that not all systems have equal impact on performance, the genesis of the new metric should be at a system level for first-tier planning. In order to meet the full value requirement the new metric must provide meaningful roll up to the macro level with no additional effort or expense. What is required is a scaleable condition indicator related to system value that measures system performance without subjectively identifying required corrective actions and cost estimates.

The CERL developed BUILDER EMS provides a metric that meets this requirement. The EMS Building Condition Index is mathematically determined from deduct values and associated severity and density modifiers. The BCI is developed from a roll up of component section, to component, to system and finally to building condition index. The BCI provides an equivalent granularity to the traditional FCI. For higher order planning and analysis the BCI could replace the current FCI in the business process. Other than providing easy drill down to system and component CI's, the BCI is superior to FCI in several significant ways. BCI is not influenced by the personal bias of an inspector who specifies the scope of a corrective action. The disciplined nature of the distress survey requires the inspector to identify 23 possible distresses from a list of well-defined observed conditions. The inspector records a severity and density range for each observed distress from the appropriate list of pre-defined possibilities. The EMS determines the condition index from the sum of the modified deduct values associated with the observed distress. As a result, Builder condition indices are consistent and repeatable with little variation between trained inspectors.

While the Builder BCI provides a superior metric for rating facility quality in IRRS, the need for a metric to assist the maintenance planning remains. Quality maintenance planning requires knowing where and when to make an SRM expenditure and how much money should be allocated. Whereas the traditional Navy process uses cost estimates to determine condition via FCI, Builder works in the other direction. Builder calculates estimated costs for SRM expenditures as a function of PRV and CI. Builder systems are inventoried and cost models are assembled from industry standard sources. Based on formula using CI, estimated costs for system repair or replacement are calculated as a percentage of plant/system value. Builder uses a family of cost calculations derived from CERL research that are specific to the type of building system or component. Using these costs, Builder identifies a list of "work items" similar to the current AIS. Each work item is associated with an EMS calculated CI; therefore it is easy to predict/measure the effect of execution of a given maintenance plan. In addition, Builder shows the behavior of CI with respect to time so that the work item cost will reflect the financial impact of acceleration of deferred execution of a given SRM action. The enhanced detail and granularity of Builder-calculated CI's allows maintenance planners to easily identify required SRM actions, project funding requirements and measure the mission effect and ROI of planned work. In as much as Builder cost estimates are based on engineering and industry benchmarks, the EMS maintenance planning is consistent with the objectives of FSM.

One of the DOD stated problems with use of BMAR as a facility metric is that it is too expensive to maintain. In practical application there is high Command interest in reducing the 6 million dollar annual cost of inspection for Commander, Atlantic Fleet. For the traditional Navy inspection process, facilities are divided into levels of maintenance classifications (LMC's). MO-322 provides for five LMC's ranging from vital facilities to surplus facilities waiting for disposal, each with a recommended inspection frequency of one to five years. The accepted method for reducing inspection cost is to extend the inspection frequency of a given LMC or to reclassify facilities to lower LMC's as resources dictate. While this will reduce inspection costs, the accuracy and timeliness of the data are adversely affected, thus producing a lower value metric. Since EMS Builder inspections require on-site observation of facility systems similar to the current FCA, it would seem that the EMS would be subject to the same or similar costs. However, there are significant differences in inspection procedure as well as opportunities for innovation of inspection scheduling that result in lower costs for routine assessment.

Analysis of existing cost data shows that at least 50 % of the productive labor time used in the FCA process is dedicated to the development of corrective action scopes of work and the associated cost estimates. Since these actions are not a part of the inspector duties using Builder, it is reasonable to expect a near doubling of the production rate from the FCA process. This increase in inspection productivity will only be fully realized after the initial start up costs of inventory and training have been met. Unlike the FCA, Builder does not require a master tradesman to determine recommended corrective actions but it does rely on inspectors trained in the EMS technique. There will be a need for a robust training effort to meet the requirement. The need for good systems inventory

is often cited as the major obstacle in the implementation of Builder. However, as with inspection scheduling, innovative techniques provide opportunities for major cost savings.

Builder describes a building through the use of 12 possible pre-defined building systems. Builder provides an inventory function that allows a technician to enter inventory data about components and component sections through review of drawings and onsite observation. While this method of inventory is most effective, it would be a costly enterprise to completely describe the existing Navy inventory in this fashion. Builder also has a "Quick data entry" function that populates a facility inventory based on category code and area. The current facility "models" were developed from US Army research. The DOD FSM and Cost Handbook provide both sustainment and PRV construction cost factors for a consolidated list of DOD facility classes. Inherent to the cost models are facility system and component inventory models similar to the existing Builder quick data entry models. By reconciliation of the two data sets it will be possible to populate a "facility inventory" from the facility class code and area of measure contained in the NFADB. Through exploitation of fully integrated facility management enterprise systems the facility inventories can be "evolved" into a level of accuracy commensurate with use. Facility inventory data may be mined and refined from the assessment process, activity based CMMS systems, OMSI information or PMI contracts. The use of facility class models and the integration of builder inventory into the current PW business process offers great opportunity for cost control during Builder implementation. Although already recognized at every management level the need for full integration of facilities data cannot be overstated.

The commitment to full integration of facilities data will allow for the innovation of inspection techniques and scheduling. The linking of data between facility inventory (iNFADS) and facility capital planning /management systems (I2M, RSIP/RSIM or similar) and CMMS (Maximo, PWTtools, DMLSS or similar) will facilitate the implementation of a new method for facility assessment. The new method may be considered an information or knowledge-based system. This type of system has its roots in the established field of reliability-centered maintenance (RCM). The RCM approach requires analysis of inventory, risk factors, failure modes and effects, and performance/predictive indicators to develop a plan of reactive, preventive, predictive or proactive maintenance for a desired reliability. In RCM the objective is to identify what needs to be done and why, and then to analyze information to determine when to take action.

With respect to facility assessment the current system is a time-directed preventative maintenance inspection. The inspection requirements are derived from the facility inventory discriminated by the rudimentary risk assessment of the LMC's. A more detailed analysis would allow facilities to be identified as candidates for one or more RCM actions. The NFESC-developed MDI is based on this type of operational risk assessment and can be used as an input to the analysis. In addition to MDI, the effect of system failure by facility class can be ranked and used to determine what type of inspections may be required. It is expected that some facilities systems would be

categorized as reactive inspection systems and would rely primarily on the user/operator to determine when an inspection is required through the mining and analysis of data from the CMMS. Certainly a number of facility systems will continue to be categorized as preventive and inspections will remain time-directed. The information integration would allow for trend analysis of condition index as well as data from day to day CMMS to optimize the frequency of inspections and ensure meaningful results. Analysis of this type of trend data will also facilitate the proactive approach to increase inherent reliability through the selection of systems that historically perform better. Perhaps the greatest opportunity for innovation through a knowledge-based inspection process is through the use of EMS condition indices as predictive indicators to generate the corrective action work requests at the right time for the best value SRM action.

Because the current FCA is designed to develop BMAR as a means to assess condition, most of the identified scopes and cost estimates spoil while waiting funding. The EMS condition indices can be used to determine when a corrective action should be accomplished to avoid unacceptable degradation of performance. The Builder EMS will also generate a cost amount for the corrective action based on the system characteristics, system value and condition index. By the use of an integrated information system a facility manager could identify the highest priority system needs from the risk and system effect data, rate the condition of these needs based on EMS condition index and allocate the available or anticipated SRM funds to meet the needs. The additional planning and estimating required to fully identify the SRM actions required would be limited to those actions that were truly best value. It is anticipated that activities would have to maintain sufficient backlog to ensure productivity of the execution process but such backlog would be limited to an amount commensurate with expected SRM funding and as a result eliminate most of the waste identified in the current process.

Aside from the efficiencies afforded by a knowledge-based inspection program, integration of the assessment into existing practices can save even more. The Continuous Inspection program defined in MO-322 has not been fully successful. The FCA separated itself from the remaining elements of operator and PMI and became the primary driver of the BMAR/AIS. The use of BMAR in the PPBS encouraged the separation of the "AIS inspection" from the routine of facility management and contributed to its un-reliability. Integrating facility assessment into the routine functions of facility management will reduce costs and help ensure a more reliable metric. Many of the more complex building components as well as the dynamic equipment do not lend themselves to thorough evaluation without some service interruption or invasive examination. The traditional approach required the control or FCA inspector to gather data on PMI and operator inspections for inclusion in the report. As FCA became more of an AIS driver this information exchange broke down and almost ceased to exist. The nature of EMS surveys and the observation of distresses make them prime candidate for full integration into the PMI process without the risk of subjective bias. Distress data in Builder form could be recorded during PMI and reported to the CMMS system through normal job order closeout. This information when shared with the Builder EMS would serve to refresh the condition index without the need for additional inspection. The capture of distress data through operator, specialized or certification inspections via a

fully integrated facilities enterprise system can result in significant reductions in routine assessment cost.

In the SRM environment under FSM and FRM there is no requirement to identify a BMAR to support PPBS. The identification of BMAR for use in FCI to assess condition is wasteful of inspection effort and only indicative of past performance. Allocation of resources based on FCI may not result in the best value investment. Determining a non-BMAR dependent condition index requires less inspection effort by eliminating the need for work identification and cost estimating. The Builder EMS develops a non-BMAR-dependent condition index that not only indicates current systems conditions but also can be used to monitor system degradation and predict future system readiness. The EMS condition index can be the prime metric in a knowledge based inspection program that can be used to generate SRM actions at the right time and right place for best value investment. A new facility assessment process integrating EMS with current maintenance practices and commitment to fully integrated information technology will result in consistent, auditable readiness reporting as well as best value allocation of SRM resources. The proposed process can provide the right metrics for each level of SRM management while holding cost required to maintain ongoing assessment to an acceptable amount.

FACILITY CONTRACT MANAGEMENT RESPONSIBILITIES

NAVFAC RESPONSIBILITIES INCLUDE:

1. Provides acquisition planning support to include participation in developing acquisition strategies, selection of contract type, and establishing execution schedules.
2. Provides acquisition planning and engineering services, to include requirements definition and preparation of technical specifications, in support of competitive acquisition of utility services.
3. Solicits bids/offers.
4. Conducts bid openings and/or negotiations, makes contract awards.
5. Issues Mods and Delivery Orders.
6. Processes protests and disputes.
7. Monitors overall contract performance, certifies invoices, processes payment.
8. Provides procurement oversight of contract management functions, provides quality assurance for one time facility construction contract actions (normally non-recurring).
9. For requirements executed at an EFD/EFA, provides project management, and EIC effort in support of design and Post Construction Award Services (PCAS) from receipt of requirement through project close out.

CUSTOMER RESPONSIBILITIES INCLUDE:

1. Provides acquisition planning to include developing requirements definitions and programming for funds.
2. Provides funding for all contract obligations associated with each contract action, as well as applicable SIOH to NAVFAC for contract services.
3. Prepares plans and specifications/A-E scope of work and quality assurance plans.
4. Reproduction of plans and specifications.
5. Manages day to day coordination efforts.
6. Prepares cost estimates for the contracting officer.

DEFINITIONS OF FACILITIES CONTRACTS

Facility Contracts - any contract normally funded from annual appropriations which provides for the maintenance, operations, equipment installation, repair, or alteration of real property assets by a contractor on site. Facility contracts are usually awarded following sealed bid or negotiated procedures, describe work requirements in various formats, and may be used to satisfy both one time and recurring facility requirements.

Facility Support Contracts - contracts used for recurring facility requirements of repair, maintenance and/or restoration of real property assets and equipment to preserve facilities in a usable or operable condition. FSCs may be further described as facility support service or facility support construction contracts or a combination thereof.

Facility Support Service Contract - any contract which provides for the maintenance and/ or operation of real property assets and is required by the character of the labor involved to include a Service Contract Wage Determination. May also be a contract having a value of less than \$2000 for the repair and alteration of real property assets. Typical contracts provide for janitorial services, ground maintenance, guard services, transportation services, motor pool operations, pest control services. (A Service Contract Wage Determination is not required for overseas.)

Facility Support Construction Contract - any contract in excess of \$2000 in value which provides for the repair and/or alteration of existing real property assets and is required by the character of the labor involved to include a Davis-Bacon Act Wage Determination. Typical contracts provide for the maintenance of building and structures, road and sidewalk repairs, painting, roofing and asphalt patching, and minor building alterations and/or repairs. (A Davis-Bacon Act Wage Determination is not required for overseas.)

Base Operating Support Contract is a single facility support contract intended to satisfy multiple facility service and/or facility construction requirements. BOS contracts may contain both facility service and facility construction components.

An Architect-Engineer (A-E) contract provides for:

(a) Professional services of an architectural or engineering nature, as defined by state law, if applicable, which are required to be performed or approved by a person licensed, registered, or certified to provide such services;

(b) Other professional services associated with research, planning, development, design, construction, alteration, or repair of real property that the contracting officer determines are of an architectural or engineering nature; and

(c) Other professional services of an architectural or engineering nature (including surveying and mapping, plans and specifications, value engineering, construction phase services, soil engineering, drawing reviews, preparation of operating and maintenance manuals and other related services) that the contracting officer determines should logically or justifiably be performed by members of the A-E professions (and individuals in their employment).

(d) Other incidental services (including studies, investigations, test, evaluations, consultations, comprehensive planning, program management, and conceptual design) that the Contracting Officer determines should logically or justifiably be performed by members of the A-E professions (and individuals in their employment) in conjunction with professional A-E services acquired by P.L. 92-582 procedures.

Design-Build Contract is a single contract for facility acquisition, alteration, or repair containing a performance based work requirement which places total responsibility for both detailed design and construction execution on a single contractor. Design-build contracts may be awarded after following sealed bid (Newport Design Build) or negotiated procedures.

Job Order Contract (JOC) is a firm fixed-price indefinite quantity contract which contains an extensive database of priced tasks encompassing most aspects of facilities maintenance and construction work. This database of priced tasks is used to describe and provide a basis for the negotiation of firm fixed-price work orders.

Task Order Contract (TOC) is a multiple award construction contract with a base year and usually two option years. There is a guaranteed minimum and a maximum. A request for procurement is issued; advertisement is made; and, several firms are selected for future delivery order awards. Each order is then competitively bid among this select group of firms.

Solution Order Concept (SOC) is a multiple award, indefinite quantity contract for design-build services where delivery orders are typically competed among awardees.

Multi-trade Contract is a firm fixed-price indefinite quantity contract which contains a schedule of priced labor rates and a pricing mechanism for establishing material costs which together are used to provide a basis for the negotiation of firm fixed-price work orders.

Annual Inspection Summary (AIS)

The Annual Inspection Summary (AIS) is an end of year (30 September) summary of the facility deficiencies that exist at the activity. It is a product of the continuous inspection program that provide a systematic review of each facility and estimates repair costs. The activity reviews this listing of deficiencies and determines which are to be corrected over the fiscal year. Those deficiencies remaining at the end of the fiscal year are summarized on this report and submitted via the chain of command to CNO. Once consolidated for Navy, the backlog summary is submitted to OSD and then to Congress. The AIS excludes family housing, antennas and antenna fields, communication lines, and fleet moorings. The inspection reports are an excellent source of information on current condition for the engineering evaluation process. See OPNAVINST 11010.34B Instructions for Preparation and submission of the Type "A" Annual Inspection Summary and Narrative Assessment.

Shore Base Readiness Report (BASEREP)

A Shore Base Readiness Report (BASEREP) is part of an effort to develop a mission-oriented system for measuring Shore Base readiness and linking financial and manpower resources with measures of readiness and workload. It is designed to provide the Chief of Naval Operations with a measure of shore Activity readiness as perceived by Base commanding officers.

Readiness ratings are analyzed to develop trends and comparisons for use in the logistics Baseline Assessment Memoranda during the programming/budgeting process and in defense of budget requests before the Congress. BASEREP data will also be used to assess shore Base readiness as part of the Shore Facilities Life Extension Program (Shore FLEP).

BASEREP is structured along two dimensions, missions, and asset categories. "Missions" consist of 28 representative shore Base missions. "Asset categories" represent the major resources (manpower, facilities, and equipment) available to accomplish Base missions. Commanding officers will provide an Asset Readiness Rating (C1-C4), for each relevant Mission/Asset category combination.

The BASEREP reports go directly to the Chief of Naval Operations for review.

AIS Common Errors and Pointers for Improvement

This list is a compilation of common errors that BUMED has identified on past years' Annual Inspection Summaries. Please incorporate these pointers to improve your activity's AIS.

Common errors:

1. Including funded projects on the AIS. If either BUMED centrally-funded or your CO locally funded a repair project on or before 30 Sep 00, do not include it on your AIS.
2. Including minor construction. The AIS is intended to document maintenance and repair items. Do not include any minor construction on this document.
3. Not including special project numbers for listed repair projects over \$200K. If you've taken the time to summarize the deficiency on the AIS, go ahead and assign it a special project number for tracking purposes even if you haven't prepared the project documents (i.e., DD 1391) yet.
4. The appropriation sponsor is O&M,DHP not O&M,N.
5. Summarize all MILCON repairs on a separate summary sheet under the appropriation sponsor being MCON vice O&M, DHP.

**CONTROL INSPECTION FREQUENCIES
(YEARS)**

LMC ¹	Mission Relationship ²	TYPE OF INSPECTION ³			
		Structural*	Electrical	Mechanical	Roofing
A	Direct Mission Support	2	2	2	1
B	Indirect Mission Support	3	3	3	1
C	Non-Mission Support	4	4	4	2
D&E	Inactive or Excess	5	5	5	3

*Inspect camels in group LMCs A&B annually and LMCs C&D bi-annually

NOTE 1. - Level of Maintenance Classification

NOTE 2. - Example. Active aircraft hangar = direct mission; admin, BEQ, BOQ = indirect mission support; recreational pavilion = non-mission support. Group designation is an individual activity decision based on common sense.

NOTE 3. - Specialized inspections of elevators, boilers, etc. are to be inspected at mandated frequencies as directed.

Definition of Program Categories

There are essentially three types of fund categories associated with a project, transition, investment and operations or sustainment. They are defined as follows:

Transition

Costs that are temporal in nature. If the result of spending the funds will not be visible after the plant is in operation and the costs are not annually recurring following operation than they are most probably transitional in nature.

Include: Ceremonies, publicity, printing costs for brochures, initial stockage of wayfinding materials, renovation of historic art, videos, the hiring of a marketing manager or Public Affairs officer, project management overhead, dual operations, phasing, moving and preparation costs.

Those plank costs or costs that get you from an old facility to a new. These costs are short term and end shortly after new operations are resumed.

The removal and reinstallation of old pieces of Radiology equipment may be considered as Transition requirements.

Investment

This is the bulk of costs for any project and include any costs required to move the facility from their present state of operations to the new project level of operations. These costs are an "investment" in technology and improved efficiencies. This includes the construction funds themselves, all new equipment costs (not necessarily timely replacement of old items with in-kind new ones), training required to educate staff on the new operations to include DPW and Facility Plant maintenance crews, TDY for staff to observe operations of like systems, facility orientation days to educate staff as to the layout of the new facility, etc.

Information Management costs are typically considered investment and not transition costs except for the use of consultants to assist in planning or configuring (project management) of systems, installers to set-up new

computers (hardware and software) or to cover overtime costs to the IMD staff to perform these functions. IMO costs are typically investment costs but must be budgeted for via some vehicle. Items to be budgeted include: the network (nodes, cabling, cards, the UPS); workstations; systems (i.e. Clinical Information systems, paperless systems, CHCS, Telemedicine, televideo management, remote sensors, patient monitors, nurse call, interior commo systems, Closed Circuit TVs, patient educational TVs, external communicators such as Emergency Radios, pagers, cellular phones and Office equipment (copiers, faxes, shredders, etc.).

Operational or Sustainment

Those costs that keep a facility operational on a daily basis such as utilities, grounds maintenance, a sprinkler system, a shuttle bus because of relocation, housekeeping etc. Typically, these costs are expected to be higher due to potentially higher throughput levels, larger plant, and grounds. Cost increases due to these reasons should be offset by medical operational savings from recovered outsourced workload and re-engineered operations that may include reductions in number of higher salary employees and substituting with lower salaried staff.

Definition of Project Tasks

Project tasks identify major stages or functional groupings of actions required to successfully build, occupy and operate the recent facility project. They are defined below.

NOTE: While some project tasks are almost completely funded by a one of the above program categories (i.e. transition paying for promotion), they do not necessarily have to be entirely investment, transitional or operational in nature. And, at the present time, transitional funds are used to support several operating and investment cost items and tasks.

Promotion

All actions and costs intended to support the public education concerning the new facility, to include marketing materials, navigational guide handouts, and the dedication ceremony and dedication week activities.

Those actions that allay public fears about a move to a new or renovated facility. These actions ensure public satisfaction during the transition and educated the

target market about the advantages resulting from the move. A goal is to increase market share to the facility of family member healthcare. It will promote future growth or changes to the way we do business by publicizing additional or new services. Promotional actions can help garner cost avoidance through CHAMPUS recapture and enrollment in TRICARE Prime. It is lastly an opportunity to look at your reengineering opportunities and innovative means of providing healthcare in a managed care environment.

Moving

Moving includes those costs directly attributable to moving from the old facility to the new. Such costs include: hiring a move contractor, or leasing trucks and the necessary equipment, boxes etc. to move using your own personnel assets, the costs to remove or reinstall old equipment from the old facility to the new, and damage control materials to protect the floors or walls in the new facility. You may also see some warehousing costs within moving costs if you must relocate equipment more than once.

Provisioning

Are those costs directly attributable to supplying and equipping a new or renovated facility.

- All issues related to new equipment except the management aspects of the task which fall under project management.
- The receiving and technical inspections of all new equipment. This may include hiring additional Medical Maintenance personnel or overtime for current staff.
- The movement of new equipment from the warehouse to the new location to include installation. This may require a special team of installers to include plumbers and electrical workers.
- A Stat work crew to perform last minute workorders prior to move in.
- Asundrie provisioning items: Crews to install cubicle curtains, bumper guards on new beds, hang ceiling IV poles, install needle boxes and personal injury protective gear.
- Interior Design items - include placement of furniture and design services of contractors, artwork and installation of that art, signage and plants (artificial). Although typically Transition does not fund artwork, signage, furniture or decorative items. These items are either part of the project of MEDCASE/CEEP.
- Supplies are those expendable medical supplies that typically are stocked on carts, shelves in supply rooms or linen which are required prior to patient care. A means other than completely stocking with new inventory should be explored.
- Radiology Equipment - these items are not Transition but are investment costs that need to be identified and monitored. A certain percentage of Radiological equipment is included in MCA

construction projects. The balance must come from the MEDCASE program. Costs for networked systems, digital radiology and wet to dry processing will have to be funded within the available program. A facility must develop a system to prioritize utilization of dollars on big ticket items.

Preparation

Costs associated with preparing the healthcare facility to receive patients. Costs should include all pre-cleaning requirements to include at least three pre-cleans - whether via contract (current contractor or new) or in-house staff. Pest control is also included in this task. Look for hidden preparation costs i.e. cleaning of the mechanical rooms, the interstitial space and sealing of special floors i.e. brick.

Pest Control is the requirement to perform an initial fumigation of any pests identified.

Project Management

This covers the primary functions of the Health Facility Project Office and the Transition Operations Center (TOC) plus any other management tasks incurred by the other departments of the facility. Included in project management are any manpower to prepare the MEDCASE documents, develop specifications, work with contracting and enter the equipment on the new property book. Contracts such as logistical support for developing contracts documents (identifying equipment needs, inventorying on-hand and comparing to JSN requirements of the project) are all considered project management.

Transition Operational Management - these are the costs directly related to developing a Transition team and the Health Facility Project Office if these entities will exist. Costs include temporary personnel costs and overtime, supplies and equipment for the offices, offices if needed, utilities, grounds maintenance and housekeeping and transportation i.e. a van or truck to move equipment and supplies and project site visitors.

Dual Operations

This is the requirement to operate two physical plants at the same time during the occupation phase covering the period from beneficial occupancy date (BOD) through facility operational date (FOD). This may include overtime or temporary personnel such as security guards, housekeepers and safety inspectors. Utility costs may be considered here also.

Military Construction

This is the basic construction task and includes all construction funds with the exception of category E equipment which is funded by construction but is considered part of the provisioning process.

Planning

This function supports any planning actions not directly related to the project management process but which is generated by the fact that the project exists. Such actions would include master planning the backfill plan for the old facilities, or performing re-engineering processes that are not project driven but due to timing become linked to the project and subsequently begin to effect project decisions.

Post-BOD Initiatives

As the result of the project several needs and initiatives may be identified that are not required to execute the construction, occupation or operation of the facility, but which would enhance continued operations. Examples may include expansion of specific functions based upon mission changes, enlarging the parking lot, adding new capabilities to room functions, installing new information systems that were not originally part of the project scope but which are identified by the facility as required for effective and efficient operations.

Operations

This is the basic task of operating the facility once the staff have moved and fully occupied the building. Costs for this task would include sustained maintenance of the physical plant and all its equipment, medical operating expenses (which may be higher or lower depending on how effectively the facility organization re-engineers itself to best use the new physical plant), housekeeping and grounds maintenance, supplies inventory, staffing, and planning actions that should be normally occurring (basic strategic and planning), etc.

Reclamation

The tasks supporting the closing and turning over of the old facility(ies). Such costs include security, utilities, movement of old equipment to DRMO or another facility, and temporary manpower or overtime to perform these functions.

Training

The initial training of staff to work on new equipment or systems. Training includes costs to perform mockups, to lease a training center, dollars to pay contractors or consultants to perform training on-site, registration fees and some TDY costs.

Certification & Commissioning

Those tasks and costs related to testing and making the building systems work. Many of these costs may be included in new maintenance costs or as part of the construction contract. Some potential costs may include fuel to test the generators, parts and labor. The hiring of key control officer and locksmiths to install all new cores, hiring safety consultants to develop safety hazard assessments for all the functional areas, external organizational assessments (JCAHO, fire experts, etc.).

Phasing

Phasing is generally related to renovation projects. These projects require departments to move temporarily to another location either within the facility or to temporary buildings during the construction or the provisioning process. Costs for temporary facilities, their utilities, maintenance, furnishings, etc. to include DEPMEDS, plus moving in and out are included in this phasing task category. New construction projects may require the leasing of mobile radiology equipment to support relocating the current equipment item from the old facility into the new. New construction may also be sited on part of the current facilities, requiring temporary facilities.

Basic Design Project References

DoD Space Planning Criteria: Department of Defense Criteria for allocating and sizing rooms/spaces within all medical facilities. Includes numerous mathematical models for determining myriad facility space requirements. Required for all MILCON projects. Provides a reasonable baseline for sizing spaces within other-funded projects.

AEI/MDS : Architect/Engineer Instructions - Medical Design Instructions: Detailed instructions for the MILCON project A/E firm with specific reference to what the design team shall produce for each submittal i.e., analysis, drawings, specifications, calculations, etc.

Medical Facility Design Guide Plates: Templates for specific medical functional rooms. The Guide Plates contain essential narrative data and schematics for key dimensions, layouts, equipment, electrical/mechanical/communication support, and any special instructions

Mil- Handbook- 1191: Establishes the DoD-HA guidance and criteria for health facility design requirements. Includes general information on each engineering discipline as they relate to health facilities. Includes information minimum requirements for acoustics, finishes, utilities, structure, lighting levels, etc, within specific medical rooms.

NFPA: National Fire Protection Agency Codes: Mandatory codes for designing and inspecting all types of new, renovated and existing facilities, and required equipment/systems to ensure basic fire and life safety.

UFAS/ADA: Uniform Federal Accessibility Standards/American Disabilities Act - Mandatory federal standards to ensure full access to disabled staff, patients and visitors.

Health Facility Project Officers Guide: A reference produced by the USAHFPA for Army health facility project officers and MTF points- of- contact (POC's) containing basic checklists, descriptions, and guidelines for all phases of HFO project management, with an emphasis on construction and transition phases.

ADMINISTRATIVE MESSAGE

ROUTINE

R 292009Z JAN 02 ZYB PSN 458487M36

FM CNO WASHINGTON DC//N44//

TO CINCLANTFLT NORFOLK VA//N46//
CINCPACFLT PEARL HARBOR HI//N46//
CINCUSNAVEUR LONDON UK//N7//
CNET PENSACOLA FL//N44//
CNET PENSACOLA FL//N44//
COMNAVRESFOR NEW ORLEANS LA//N8/N46//
COMNAVRESFOR NEW ORLEANS LA//N8/N46//
COMNAVSEASYS COM WASHINGTON DC//04XI//
COMNAVAIRSYS COM PATUXENT RIVER MD//N8//
COMNAVAIRSYS COM PATUXENT RIVER MD//N8//
DIRSSP WASHINGTON DC//JJJ//
DIRSSP WASHINGTON DC//JJJ//
BUMED WASHINGTON DC//JJJ//
BUMED WASHINGTON DC//JJJ//
COMNAVSECGRU FT GEORGE G MEADE MD//N4//
FLDSUPPACT WASHINGTON DC//N4//
FLDSUPPACT WASHINGTON DC//N4//

INFO ASSTSECNAV IE WASHINGTON DC//IF//
ASSTSECNAV IE WASHINGTON DC//IF//
ASSTSECNAV RDA WASHINGTON DC//ADMIN//
ASSTSECNAV RDA WASHINGTON DC//ADMIN//
ASSTSECNAV FM WASHINGTON DC//FMB2//
ASSTSECNAV FM WASHINGTON DC//FMB2//
CMC WASHINGTON DC//LFL//
CMC WASHINGTON DC//LFL//
COMNAVAFACENGC COM WASHINGTON DC//00/NPW/MCN//
COMNAVAFACENGC COM WASHINGTON DC//00/NPW/MCN//
LANTNAVFACENGC COM NORFOLK VA//09//
LANTNAVFACENGC COM NORFOLK VA//09//
PACNAVFACENGC COM PEARL HARBOR HI//09//
PACNAVFACENGC COM PEARL HARBOR HI//09//
SOUTHNAVFACENGC COM CHARLESTON SC//09//
SOUTHNAVFACENGC COM CHARLESTON SC//09//
SOUTHWESTNAVFACENGC COM SAN DIEGO CA//09//
SOUTHWESTNAVFACENGC COM SAN DIEGO CA//09//

UNCLAS //N11019//

MSGID/GENADMIN/CNO N44//

SUBJ/DEFINITION OF REPAIR FOR FACILITIES SPECIAL PROJECTS//

REF/A/DOC/OPNAVINST 11010.20F/-//

REF/B/DOC/OUSD LTR/02JUL1997//

REF/C/DOC/CNO LTR 11019 SER N44D8U594264/16OCT1998//

NARR/REF A IS THE FACILITIES PROJECT MANUAL. REF B PROVIDED STANDARD CRITERIA FOR REPAIR PROJECTS CONSTITUTING A NEW DEFINITION OF REPAIR. REF C INDICATED THAT REF B CRITERIA WOULD BE INCORPORATED INTO THE NEXT REVISION OF REF A.//
POC/KEN BRANCH/CDR/N44C/-/TEL:TEL: DSN 329-1660//

RMKS/1. THIS IS AN ADMINISTRATIVE CHANGE TO REF A TO UPDATE THE DEFINITION OF REPAIR FOR FACILITIES SPECIAL PROJECTS PROMULGATED IN REF B. AS INDICATED IN REF C THIS CRITERIA WILL BE INCORPORATED IN THE NEXT REVISION TO REF A. MAKE THE FOLLOWING PEN AND INK CHANGES TO REF A:

PARA

- 3.1.1. CHANGE TO READ: REPAIR MEANS TO RESTORE A REAL PROPERTY FACILITY, SYSTEM OR COMPONENT TO SUCH A CONDITION THAT IT MAY EFFECTIVELY BE USED FOR ITS DESIGNATED FUNCTIONAL PURPOSE.
- 3.1.1.A CHANGE TO READ: WHEN REPAIRING A FACILITY, THE COMPONENTS OF THE FACILITY MAY BE REPAIRED BY REPLACEMENT, AND THE REPLACEMENT CAN BE UP TO CURRENT STANDARDS OR CODES. FOR EXAMPLE, HEATING, VENTILATING, AND AIR CONDITIONING (HVAC) EQUIPMENT CAN BE REPAIRED BY REPLACEMENT, CAN BE STATE-OF-THE-ART, AND PROVIDE FOR MORE CAPACITY THAN THE ORIGINAL UNIT DUE TO INCREASED DEMAND/STANDARDS. INTERIOR REARRANGEMENTS (EXCEPT FOR LOAD-BEARING WALLS) AND RESTORATION OF AN EXISTING FACILITY TO ALLOW FOR EFFECTIVE USE OF EXISTING SPACE OR TO MEET CURRENT BUILDING CODE REQUIREMENTS (FOR EXAMPLE, ACCESSIBILITY, HEALTH, SAFETY, OR ENVIRONMENTAL) MAY BE INCLUDED AS REPAIR.
- 3.1.1.B CHANGE TO READ: ADDITIONS, NEW FACILITIES AND FUNCTIONAL CONVERSIONS MUST BE DONE AS CONSTRUCTION. CONSTRUCTION PROJECTS MAY BE DONE CONCURRENT WITH REPAIR PROJECTS AS LONG AS THE PROJECTS ARE COMPLETE AND USEABLE.
- 3.1.2.C DELETE THE WORD "MAJOR".
- 3.1.2.E.(3) DELETE THE PARAGRAPH ENTIRELY.
- 6.1.1.E CHANGE TO READ: ALTERATION. AN ALTERATION IS THE WORK REQUIRED TO ADJUST LOAD BEARING-WALLS OF AN EXISTING REAL PROPERTY FACILITY SO THAT IT MAY BE MORE EFFECTIVELY ADAPTED TO OR UTILIZED FOR ITS DESIGNED PURPOSE. ALTERATION IS CLASSIFIED AS CONSTRUCTION.

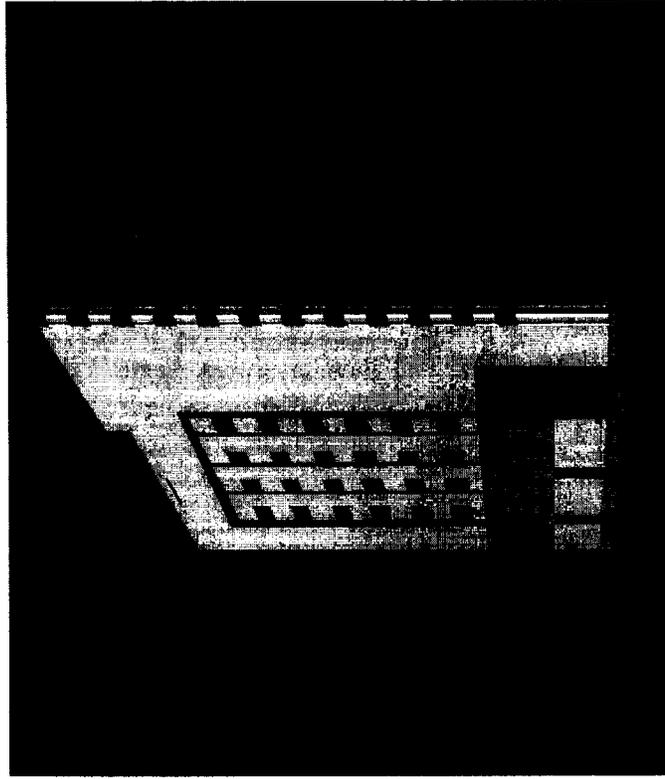
2. THE ABOVE CHANGES ARE EFFECTIVE IMMEDIATELY.//

BT
NNNN



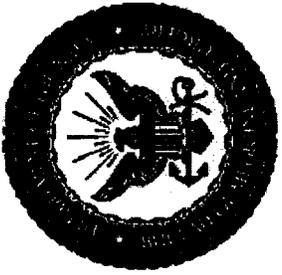
MILCON Project Development

Integrated Planning



ACTIVITY CO
INSTALLATION CO
HSO
EFD
NAVFAC (MFDO)
DoD (HA) /DMFO
RLC
LEAD AGENT
BUMED
OTHERS (ad hoc)

MEDICAL MILCON



MILCON Project Planning

- Basic Facilities Requirement (BFR)
- Deficiency tabulation
- Military Construction Program (DD1391)
- Facility Study
- Economic Analysis
- Program for Design
- Room Contents List (CE)



Project Planning-Project Documentation-DD1391

- ◆ Project Title
- ◆ Program Element – O&M, DHP
- ◆ Project Number
- ◆ Project Cost
- ◆ Block 11 (Minimum Requirement Data)
 - Property Record Card Number
 - PRV
 - Owner UIC/Responsible Maintenance UIC
 - Reported on current AIS or supported by a BCA



Special Project Screening

- Do we have maintenance responsibility for the facility?
If not, why are we doing this project?
 - Is this project within CO's authority?
 - Is the amount of "construction" near or over \$500K in the project?
 - Is the amount of "repair" > 50% of the PRV and > \$500K? If so, you need an Economic Analysis.
 - Is the project > \$2.0M? Need Economic Analysis.
 - Is the project > \$5.0M? Need ASN approval.
 - Is this an energy/environmental project? Is it clearly indicated?
 - Are all Repair/Construction costs broken down?
 - Are ALL costs included in the estimate (e.g., PCAS, SIOH, etc)
 - Have you considered non-project costs such as moving expenses/equipment in your budgeting?
-



Special Projects Programming Board

- **Purpose:**
 - Prioritize & Program Special Projects
 - **Activities must:**
 - Provide projects to HSO (get them in by mid- September!)
 - Update project lists/estimates/design status!
 - Provide Slides/Photos/etc to justify prioritization
 - **Priority must relate to deficiency severity**
 - JCAHO violation/Life Safety
 - Interruption of delivery of healthcare?
 - Reflected in AIS?
-



Special Projects Tips

- Remove old “OBE” projects from our system to aid in prioritization
 - » Send in a letter to cancel the project
 - Use local funds when available
 - » Request one time authority if over the CO’s threshold
 - » Priority to reducing backlog versus new construction!!
 - Make sure we know what you have designed and ready
 - » Helps when/if we have a year end dump to have something ready
 - » Could be modifications to existing projects underway
 - » Use your EFA/EFDA’s creative contracts ie: JOC/SOC/TOC/IQ...
-

Special Projects Program

31 July	All 1391's for the Board are due to BUMED
30 Sep	All Maintenance Action Plans are due to BUMED
Oct	Board Meets to prioritize projects
Nov	Report the amount of money by activity that was spent on sustainment and restoration/ Modernization. This is a drill or exercise to see if we can capture the information. For this the three HSO's will include the big three.
Dec	All reservations will be in or projects will be replaced. They will be returned as soon as I get authorization to send.
Jan	Report back on execution of MAP, consolidated at the HSO
Feb	Mid-year issues that are facility related sent to the HSO. Important to have everything reserved so as not to lose it during the Mid crisis.

REPEAT



DEPARTMENT OF THE NAVY
BUREAU OF MEDICINE AND SURGERY
2300 E STREET NW
WASHINGTON DC 20372-5300

IN REPLY REFER TO

11019
Ser 432A1/0002
10 Jan 95

From: Chief, Bureau of Medicine and Surgery

Subj: PRIOR YEAR SPECIAL PROJECT CONTRACT CHANGE ORDER GUIDANCE

1. The following procedures should be followed when a special project modification arises concerning an awarded design or construction contract. This pertains to projects that were awarded with prior year O&M funds.

a. Determine from your comptroller whether prior year funds are available locally to fund the change order.

b. Forward a request to your cognizant Healthcare Support Office (HLTHCARE SUPPO) (Facilities Manager) for an "authority to proceed" for all change orders. A modification or consecutive modifications that exceed ten percent of the original contract award shall be forwarded to BUMED via your HLTHCARE SUPPO. Description of modification, cost, year of prior year funds to be used, and funding availability should be included in this request.

c. If funds are unavailable locally, you should request a reservation of funds from your HLTHCARE SUPPO when you are requesting the "authority to proceed." When the modification has been negotiated, request from your HLTHCARE SUPPO the actual award amount to be funded.

2. There is one exception to all of this. If the change order is for a special project that was awarded with FY 93 RPM funds, you may use either FY 93 RPM or current year O&M funds. All other year change orders should only be funded with prior year funds of which the project was awarded.

3. The use of the FAX machines is highly encouraged for these change orders due to the time sensitivity. My point of contact is Lieutenant M. S. Pacyna, CEC, USN (MED-432A) at DSN 294-1637 or 202/653-1637 and FAX 202/653-0728.

A. Didomenico
A. DIDOMENICO
By direction

FACILITIES PROJECTS GUIDE**1. IDENTIFY PROBLEM**

- a. Formal Process (Inspection, Engineering Evaluations, Work Requests, etc.)
- b. Informal Process (coffee break discussions, telephone calls, hallway discussions, etc.)
- c. Effect on Mission Accomplishment (How does this facilities problem affect the ability of the station to perform a function? The overall mission? What is the work's priority among all the other things?)

2. CLASSIFY PROBLEM BY TYPE(S) OF WORK

- a. What is the nature of the work? The fundamental characteristics?
 1. Construction - Are you building a new facility? Adjusting the interior arrangement? Making a capital improvement? Installing equipment classified as real property?
 2. Repair - Is the facility deteriorated? What is the cause of the deterioration? Are you replacing any parts or components?
 3. Maintenance - Are you trying to forestall the need for repairs? Trying to preserve it? Prevent wear and tear? It is recurring day-to-day, periodic, or scheduled work? Is it specific or continual maintenance?
 4. Equipment Installation - Are you installing personal property in an other than new facility? What work is directly related to the installation of the personal property? Is there any construction or repair involved? Do you have procurement funds for funding the equipment installation work?
- b. What is your intent? What is the predominant rationale for doing the work? Why are you doing something now? Rule of thumb: If for preservation, then maintenance; If for condition, then repair. If the efficiency or change, then construction.
- c. What does the Facilities Projects Manual say? Does it clearly support your determination? How about a second opinion (EFD, PWD/PWC)?

3. DETERMINE OTHER WORK REQUIRED TO BE DONE IN THE SAME FACILITY BY TYPE

- a. What is the "facility"? Does it bear the same basic 3-digit category code. Does the NAVCOMPT Manual or P-78 say that it should be recorded as a single facility, that is, recorded as a single property record?
- b. What other repairs, or specific maintenance must be done to maintain the serviceability of the facility?

- c. What is the relationship between any different construction efforts going on in the same facility? Is each project (1) for unrelated and dissimilar purposes, (2) not dependent on the other, (3) not contiguous, and (4) will each one result in a complete and usable facility or improvement?
- d. Is construction a result of a mission change? If yes, then what other facilities require construction as a result of the same mission change?
- e. Consider the prudence of all the work being done in the facility. Should it be included in one, or several, projects?

4. DETERMINE THE BEST TECHNICAL SOLUTION

- a. Considerations
 - 1. Engineering
 - 2. Economics
 - 3. Operational
 - 4. Esthetics
- b. Does the solution result in a change in the designated purpose of the facility (a change in category codes is conversion - construction work)? Does the repair solution use substitute materials? Is there an in capacity proposed? Are these changes allowable as a repair?
- c. Do I need to consult anyone else for ideas?
- d. Develop an initial estimate of cost.

5. DETERMINE THE WORK THAT WOULD BE REQUIRED TO BE CONSIDERED TOGETHER IN TERMS OF A PROJECT

- a. Construction Projects
 - 1. Defined as (1) a single undertaking that includes all construction necessary to produce a complete and usable facility, or a complete and usable improvement to an existing facility and (2) has an approved cost less than the amount specified by law as the maximum amount for a minor military construction project.
 - 2. "Specific Purpose" is no longer a criteria for determining project scope.
 - 3. A single project can be prepared for a specific improvement to an existing facility.

b. Repair Project

1. A single undertaking of repair necessary to satisfy a "finite requirement": all the repairs essential to maintain serviceability or to prevent significant deterioration of a particular real property facility.
2. Are you using prudent management as to which repairs to accomplish as a project. Are repairs exceeding or approaching 50% of the facility's replacement value? Is the replacement value listed in the P-164 realistic?
3. Are you totally replacing the facility? If so, then you are proposing construction.
4. Is phasing necessary? For funding considerations? For operational considerations? What approvals are required? Again, consider combining all related work being done on the facility; each project must be complete and useable.

c. Specific Maintenance Project

1. Specific maintenance may be programmed on a project basis. Check the Projects Manual for the ground rules. Check your major claimant's policy.

d. Equipment Installation Project (Existing/"other than new" Facility)

1. Have you determined that the equipment is personal property vice real property? Did you consult the NAVCOMPT Manual?
2. What are the non-construction costs (equipment installation costs) associated with the installation of the personal property? Is the project to install equipment in a facility or a "system" in multiple facilities?
3. Are the procurement costs of the primary piece of equipment broken out from equipment installation costs and other expense items?
4. Considered "turn-key"? Equipment installation costs in 'turn-key' projects, in existing facilities shall be funded as part of procurement cost when a single contractor is providing for the equipment and installation in a single contract.
5. Are items of related construction and repair separately identified?
6. Have you requested funding for Equipment Installation work from the same source of procurement funds as the equipment was purchased? All EI projects are now (since May 90) funded like "turn-key" projects.

6. DETERMINE THE FUNDED COSTS OF THE PROJECT

- a. What are the items which constitute the funded cost of the project? All funded costs must be considered when determining funding authority limits.
- b. What are the unfunded costs?
- c. What about the other costs?
- d. What will planning and design cost?

7. DETERMINE THE APPROVAL AUTHORITY

- a. Who must approve the project? If not within the Facilities Projects Program limits, then accomplish within the Commanding Officer's authority or submit a MILCON Project as appropriate.
- b. Have you considered the project as a candidate for one of the special programs?
 - 1. NAVOSH
 - 2. Pollution Abatement

8. DETERMINE PROPER APPROPRIATION

- a. What appropriation should be used (O&MN, NAF, NIF, etc.)?

9. DETERMINE WHO CAN OR SHOULD FUND THE PROJECT

- a. Normally the Major Claimant funds facilities projects.
- b. If a special program, then the funds are centrally-managed. Ask your Claimant.
- c. If equipment installation, the organization responsible for funding the service wide procurement of the item may be responsible.

10. DETERMINE STATION PRIORITY

- a. Does your activity have a Facilities Planning Board? Who sets the priorities?
- b. Determine the project's priority relative to other projects already on the Facilities Project Summary List .

11. **PREPARE FACILITIES PROJECT DOCUMENTATION**

- a. Project Data Sheet or DD1391 identifies the requirement and provides an approximate estimate. (Required for all O&M and RDT&E projects except Equipment Installation projects.)
- b. DD Form 1391 is submitted when funding appears probable. Maintain good point-of-contact at your Major Claimant.
- c. The special funding programs may require additional documentation requirements. Check with fund manager for specific details.
- d. Revise your Facilities Projects Summary List (due to your claimant 15 April).

12. **REVIEW AND APPROVAL PROCESS**

- a. Forward to your Major Claimant with an information copy to the EFD. If arrangements have been made or it is otherwise required, forward them via the EFD for review.
- b. Give special consideration to timing in the submittal of projects requiring CNO approval.

13. **DESIGN**

- a. Authorized by the Major Claimant.
- b. Accomplishment?
 1. Normally by the EFD (in-house or contract), or
 2. by the PWC (in house or contract), or
 3. by the Activity PWD (in-house or contract).
- c. Is the design solution consistent with the project submission? Can the design solution be classified the same as submitted? Are approvals and funding still valid?

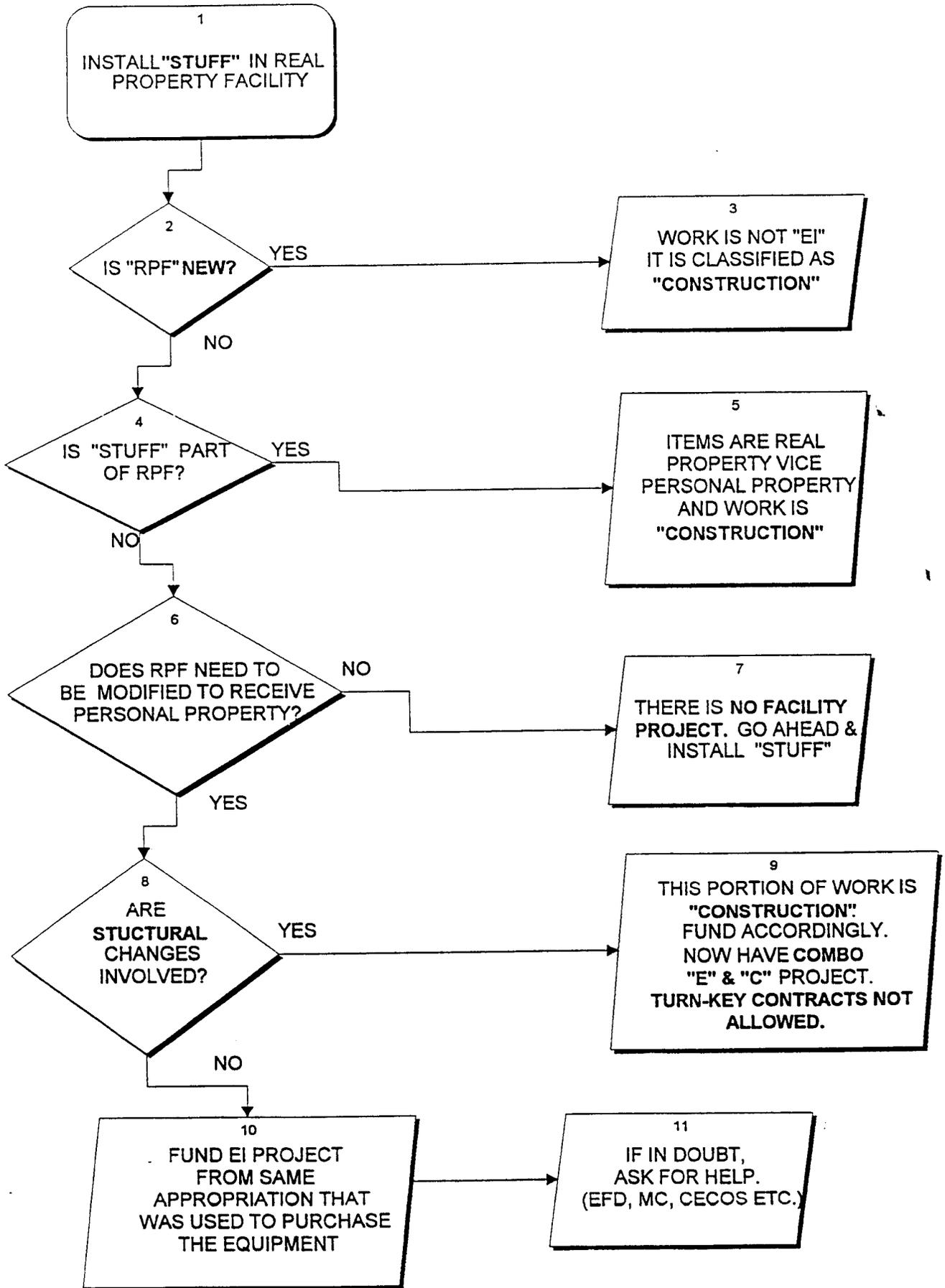
14. **EXECUTION**

- a. Who will handle execution?
 1. Normally the EFD.
 2. Sometimes the PWC or PWD.
- b. How will the project be accomplished? By contract? In-house? Seabees? See DOD Directive 1135.2 for guidance. Due to complexity and scope, Facilities Projects are normally accomplished by contract.
- c. Can or will separate projects be accomplished by a single contract or work request?
- d. Are funding or approval authority limits, or funding constraints being exceeded?
Watch those change orders.

**ITEMS MOST FREQUENTLY NEGLECTED OR OVERLOOKED
IN PREPARING FACILITIES PROJECTS**

1. Sign and date all project documents. Whenever a project is revised in scope or cost, add a revision number as assigned to the project number e.g., RC3-92 rev. 1).
2. Include drawings, sketches, photographs, pictures, etc., to provide a clear understanding of the project.
3. Identify projects properly by assigning letter prefix such as "R", "C", "M" or "E" or any appropriate combination for all work classifications included in the scope of your project.
4. When describing Repair projects, avoid words such as "new", "install", "construct", "renovate", etc., that imply construction or alteration. Generally, justification for repair projects must indicate physical deterioration.
5. Explain and show computation of the replacement cost if it differs from the CPV indicated in NAVFAC P-164.
6. Cost Estimate:
 - a. List separate costs for each work category for combination projects in the cost estimate and on the DD Form 1391.
 - b. Include International Balance of Payments (IBOP) data when applicable (overseas).
 - c. Minimize Lump Sum (LS) estimates.
 - d. Regardless if the estimated overhead, profit and contingency costs are listed as separate line items or included within the unit costs of labor and material for each individual line item, the rates used for each of these items must be shown at the end of the cost estimate.
 - e. A&E contract costs and "Planning Costs" should be included in the unfunded project costs on the 1391 and listed separately on the cost estimate.
 - f. Include "unfunded" costs (E.G., GFM, OPN funded equipment, Seabee labor) on the 1391 and list them separately on the cost estimate form; "unfunded" costs are used for statistical purpose only. Unfunded costs should not be included in the total funds requested.
7. Air Conditioning Projects:
 - a. Air conditioning waivers are no longer required. However, energy efficient designs are still required.
 - b. Any A/C unit, regardless of size, installed solely in support of equipment (ADP, communication, etc.) is considered Class III personal property and should be procured AND installed with the same procurement funds used to purchase the supported equipment (not operations and maintenance funds).
8. Submit site approval requests with the project submission (when required). See Chapter 10, NAVFACINST 11010.44 Shore Facilities Planning Manual.

EQUIPMENT INSTALLATION



CATEGORIES NORMALLY INVOLVED WITH EQUIPMENT PROCUREMENT

CATEGORY	EQUIPMENT	EQUIPMENT HOOKUP	EQUIPMENT INSTALLATION	CONSTRUCTION
DEFINITION	CLASS III OR IV EQUIPMENT, AS DEFINED BY NAVCOMPT	TRANSPORTATION, UNPACKING, ASSEMBLY, TESTING, CONNECTING	MODIFICATIONS OF REAL PROPERTY REQUIRED BY EQUIPMENT, NOT CHANGING CHARACTERISTICS OF BUILDING	CHANGES CHARACTERISTICS OF BUILDING (POWER, STRENGTH, SIZE)
EXAMPLE	ADP NO-BREAK POWER A/C	CONNECT CRT'S PRINTERS, CPU CONNECT TO SYSTEM CONNECT TO BUILDING SYSTEMS (POWER)	PROVIDE OUTLETS RUN ELECTRIC LINES PROVIDE PAD, ELECTRICAL CONNECTIONS PROVIDE ELECTRICAL OUTLETS	LOAD BEARING WALLS, COLUMNS, OR FLOORS
FUNDING	APPROPRIATIONS FOR PROCUREMENT OPN APN SCN DBOF (CPP), etc.	APPROPRIATIONS FOR PROCUREMENT OPN APN SCN DBOF (CPP), etc.	APPROPRIATIONS FOR PROCUREMENT OPN APN SCN DBOF (CPP), etc.	APPROPRIATIONS FOR CONSTRUCTION O & M, N O & M, NR DBOF (CPP)



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Rules for Project Success

(Don't Ignore Your Common Sense!!!)

Author: Harvey A. Levine
The Project Knowledge Group
Saratoga Springs, NY

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It's that time of year, where everyone comes up with lists. They may be New Year's resolutions. Or perhaps the 10 best movies of the year, or ten worst political jokes ... whatever. In the project management world, we might reach out to name the ten most impressive projects, or project successes. I will yield to the obligation to join the masses, with my list of Ten Rules for Project Success. These are based on close to forty years of observing and participating in failures and successes in project management.

It would seem that most of these rules need not even be mentioned. They are more a set of "common sense" things, rather than profound scientific observations. Yet, even with this list before me, I tend to ignore some of these very basic tenets from time to time, with predictable deleterious results. There is a saying: "those that fail to learn from past mistakes are condemned to re-live them". Perhaps my punishment should be to right these rules on the black-board 100 times. Well, how about posting them on the web instead? With my apologies to Mr. Letterman, I will list these in ascending numerical order, although there is no greater weight assigned by position.

Rule Set #1 - Standards & Guidelines

I am reminded of the adage: "I don't know where I'm going, but I'm making good time". Under pressure to get the job underway, we often set out on the wrong path, with neither a plan nor a set of guidance criteria. If the project team is to pull together toward a common goal under common guidelines, the goals and guidelines must be published and communicated.

- Never take anything for granted
- Objectives and standards must be established for everything
- For everything, there is a set of expectations and a set of guidelines for meeting those expectations

Rule Set #2 - Strategic Planning

We should treat every project as if it were a business. In this respect, we should apply all aspects of generally accepted strategic planning practices. This would include the identification of stakeholders and a stakeholder analysis. It would also include identification of objectives and constraints, as well as opportunities, threats and issues. This should lead to the development of a set of strategies to meet the project objectives, while supporting the definition of success as perceived by each of the project stakeholders.

- Objectives are achieved only if they are identified
- Objectives are achieved because there is a strategy in place to do so
- For every set of objectives, there is a set of associated constraints

Rule Set #3 - Value Analysis & Reality Checks

Here's a situation that comes up again and again, each time with disastrous results. The person proposing the project fails to disclose the worst-case scenario. Perhaps for fear that the project will be disapproved if the true risk be told, or perhaps the sponsor refuses to believe that the downside can happen on this job. Whatever the reason, we fail to recognize the full range of outcomes, exposing the firm to potential major losses and embarrassment.

When we read the reports of failed and abandoned projects, we can assume that many of these failures are the result of the unwillingness to deal with reality. The downside sometimes does occur. Technical problems and time delays easily turn a positive cash flow to a cash drain and we often miss the window of opportunity. The result is a canceled job, after much of the money has been spent, and the firm's resources diverted from other opportunities.

- For every business case, there is a most likely, a potential upside, and a potential downside
- It is suicidal to assume that the downside cannot happen
- It is appropriate to assume that Murphy is working on your project

Rule Set #4 - Stakeholder Analysis Stakeholders are everywhere.

There are more than you think. Stakeholders play a pivotal role in project success. We must go beyond the traditional view of project success: "accomplish all schedule, budget & technical objectives, as planned". I prefer a wider view of project success: "accomplishing the goals of everyone who has a stake in the project".

Who is a Stakeholder? People who will have an impact on project success. Project Champions, Project Participants (incl. Suppliers & Clients), Ancillary Groups, Regulatory Agencies, the Public.

What do we need to know about project stakeholders? We need to find out who they are. We need to find out what they want, how can they impact success, and how can they be satisfied.

Whether your project has been successful will depend, at least in part, on the perceptions of the stake-holders of what was actually accomplished.

Rule Set #5 - Alternative Strategies - Technical Risk Analysis

Each of these rule sets are complete topics, for which I could prepare entire articles, or even entire books. So, as pre-sented here, these topics can serve only as a punch list -- a reminder of areas that must be addressed if a project is to be successful.

Heading the list in importance, yet usually way down the list in getting attention, is the subject of Risk Avoidance and Management. We might breakdown risk into four areas: schedule, cost, technical, and scope.

Looking at technical risk, we must avoid complacency in assuming that all technical objectives will be met just be-cause they are in the plan. We must continually ask: "what-if" and be prepared with backup plans in the case that the original plan goes awry.

The time to develop backup plans is at the beginning, rather than when the problem occurs. In that way, we can also determine when the decision time (to change course) has arrived. Think of your project as a series of closing doors. At the beginning, we have a wide band of possibilities. As we move further along in the project, doors of opportuni-ties keep on closing, reducing the choices that we have to meet our technical objectives.

The risk adverse manager has identified the probability and impact of technical risks and has programmed a series of decision points into the schedule -- to review the technical progress and change course if necessary.

- Ask "What-if"
- Prepare Backup Plans
- Identify and Schedule Decision Points
- Recognize project as series of closing doors

Rule Set #6 - Schedule Risk

In the area of schedule risk, we need to consider contingency time. In the typical plan, contingency is already factored into each of the task durations. While task contingency is very important, we often blur the task duration, by adding a (non-scientific, variable) safety factor. We would be better served if we addressed time contingency separately, either by using multiple estimates, or collecting schedule contingency at the end of a path. There are several emerging con-cepts for "shared contingency", including Critical Chain Project Management (CCPM) and Plan Contingency Allow-ance (PCA).

Regardless of the approach used, it is essential that schedule contingency be incorporated into the plan. Otherwise, you will be committing yourself to a completion date that has 50% or less possibility of happening.

The need for contingency is dependent upon the sensitivity of the end date. The greater the penalty for missing the date, the greater the need for contingency. How much contingency is also dependent upon the risk within the individual tasks.

Schedule contingency must be *managed* (just like cost contingency). It is not there to be used at will to cover lack of diligence. It is available to be applied to identified risks, when problems arise.

- Identify items with schedule risk
- Quantify that risk
- Determine the amount of safety needed to protect the project from penalties
- Perform a Schedule Risk Analysis
- Incorporate a defined schedule contingency (preferably "shared") and manage that contingency.

Rule Set #7 - Organizing for Projects: Roles & Responsibilities

Forget about all of the other rules if you do not follow this one. Managing Projects is not "business as usual". There can be many varieties of organizations for projects ... But, there cannot be a vacuum. Structure and leadership are necessary to project success. The Project Office, in some form, provides a platform for that structure and leadership. It provides a foundation for standards and practices for project management.

As we organize for project management, here are a few other things to keep in mind:

- Everyone's role in contributing to project success must be defined (preferably in a position guide)
- Support for project management is not voluntary ... it is a "condition of employment"
- Even Project Teams must work within a structure, with defined practices, and good leadership

Rule Set #8 - Project Leadership

In the last decade, there has been much attention given to ad-hoc teams, personal responsibility, and de-centralization. Some software has also been developed to support this emerging environment.

For the most part, it has not worked. There is an increasing return to project offices, project leaders, and centralized tools. Project Management is a specialized process requiring skill and discipline.

- Project success can only be achieved through project leadership
- Project leaders must be skilled in project management

- Project leaders must have people skills ... and use them
- Project leaders must be empowered to lead
- Certification in project management should be encouraged and rewarded

Rule Set #9 - PM Functional Management

Continuing with the above theme:

- The PM Function must have a leader
- There should be one person in charge ... preferably with formal responsibility
- The leader need not be a full time assignment, but it must be a defined role
- The PM leader is responsible for effecting PM standards

Rule Set #10 - Implementing Project Management

Finally, the entire process of implementing project management in the firm must be orderly and comprehensive. First, the overall process must be defined. Next, tools must be acquired to support the defined process. Then, all personnel involved in the PM process must be trained and indoctrinated. Implementation may be performed in phases, starting with a pilot implementation, then building a larger base while perfecting the process.

- The implementation of PM is a project, and should be managed like one.
- The implementation of PM should have a measurable plan.
- The implementation of PM should be audited (and therefore there must be an audit function).

Harvey A. Levine, with 38 years of service to the project management industry, is founder of The Project Knowledge Group, a consulting firm specializing in PM training, PM software selection, evaluation & implementation, and PM using microcomputers. He has implemented or enhanced the project management capabilities of numerous firms, often combined with the selection or implementation of computerized project management tools.

Mr. Levine is the leading consultant to the project management software industry and is recognized as the leading expert in tools for project management. He has been Adjunct Professor of Project Management at Rensselaer Polytechnic Institute and Boston University. He has conducted project management public seminars for ASCE, AMA, IBM, PMI.

Mr. Levine is the author of the book "Project Management using Microcomputers", and has published extensively in other books and periodicals and videos. Mr. Levine is past president of the Project Management Institute and recipient of PMI's 1989 Distinguished Contribution to Project Management award. He was recently elected a Fellow of PMI.

Mr. Levine has offices in Saratoga Springs, NY and San Diego, CA. His e-mail address is: LevineHarv@cs.com



DEPARTMENT OF THE NAVY

NAVY PUBLIC WORKS CENTER
9742 MARYLAND AVENUE
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Code 150
27 OCT 1999

From: Commander, Atlantic Division, Naval Facilities Engineering Command
Commanding Officer, Navy Public Works Center, Norfolk

Subj: CONSOLIDATIONS/STREAMLINING OF FACILITIES ACQUISITION
RESPONSIBILITIES

Encl: (1) Changes in Funding Flow Due to Consolidation of Acquisition Responsibilities
(2) Revised Funding Flow Chart

1. Historically, both the Atlantic Division, Naval Facilities Engineering Command (LANTNAVFACENGCOM) and Navy Public Works Center (PWC), Norfolk performed facilities acquisition for customer activities. Beginning in FY99, LANTNAVFACENGCOM and PWC Norfolk regional acquisition personnel were realigned into the single office of Resident Officer in Charge of Contracts (ROICC). This was accomplished to improve the responsiveness, efficiency, and quality of products and service delivery to our clients.

2. Effective 1 October 1999, this consolidation process will be completed as all PWC Norfolk acquisition personnel are consolidated under LANTNAVFACENGCOM. ROICC will award and administer regional facilities construction, repair, maintenance, design, and facilities support contracts. While we have tried to make this consolidation as seamless as possible to our clients, there are major funding changes and actions (enclosure (1)) that will affect you. Enclosure (2) depicts the new funding flow.

3. We are committed to providing a smooth transition and to improving our service and support. If you have any questions or need any assistance, please call Richard Walters, PWC at (757) 445-2674, DSN 565-2674 or Larry Thomas, LANTDIV Code 014 at (757) 322-8102, DSN 262-8102.

B. W. KRAAI, JR
CAPTAIN, CEC, USN
VICE COMMANDER

J. R. DOYLE
CAPTAIN, CEC, USN
COMMANDING OFFICER

Distribution:

PWC Norfolk Lists 1 and 6

LANTNAVFACENGCOM Part 1 List A (1-17), List C, List D, List F (1-5)

People Who Care

**Changes in Funding Flow
Due to Consolidation of Acquisition Responsibilities**

1. PWC clients seeking cost estimates for planning or specification requirements and work accomplishment related to facilities construction, repair, maintenance and facilities support should submit a TF-1 to PWC Norfolk. If the client and the Regional Work Induction Board determine that the work will be executed via a contract, the client will provide funding as follows.

a. Construction: Provide Direct Citation Funds (NAVCOMPT Form 2276/2276A) or Military Interdepartmental Purchase Request (DD Form 448) with a copy of the applicable TF-2 to ROICC.

b. Facility Service Contract (FSC): Provide Work Request Funding (NAVCOMPT Form 2275) or Military Interdepartmental Purchase Request (DD Form 448) prior to services being received, to PWC Norfolk.

c. Construction (51/49): Provide Project Order funding (NAVCOMPT Form 2275) or Military Interdepartmental Purchase Request (DD Form 448) to PWC Norfolk (provided 51% of the work will be accomplished by PWC Norfolk's in-house workforce).

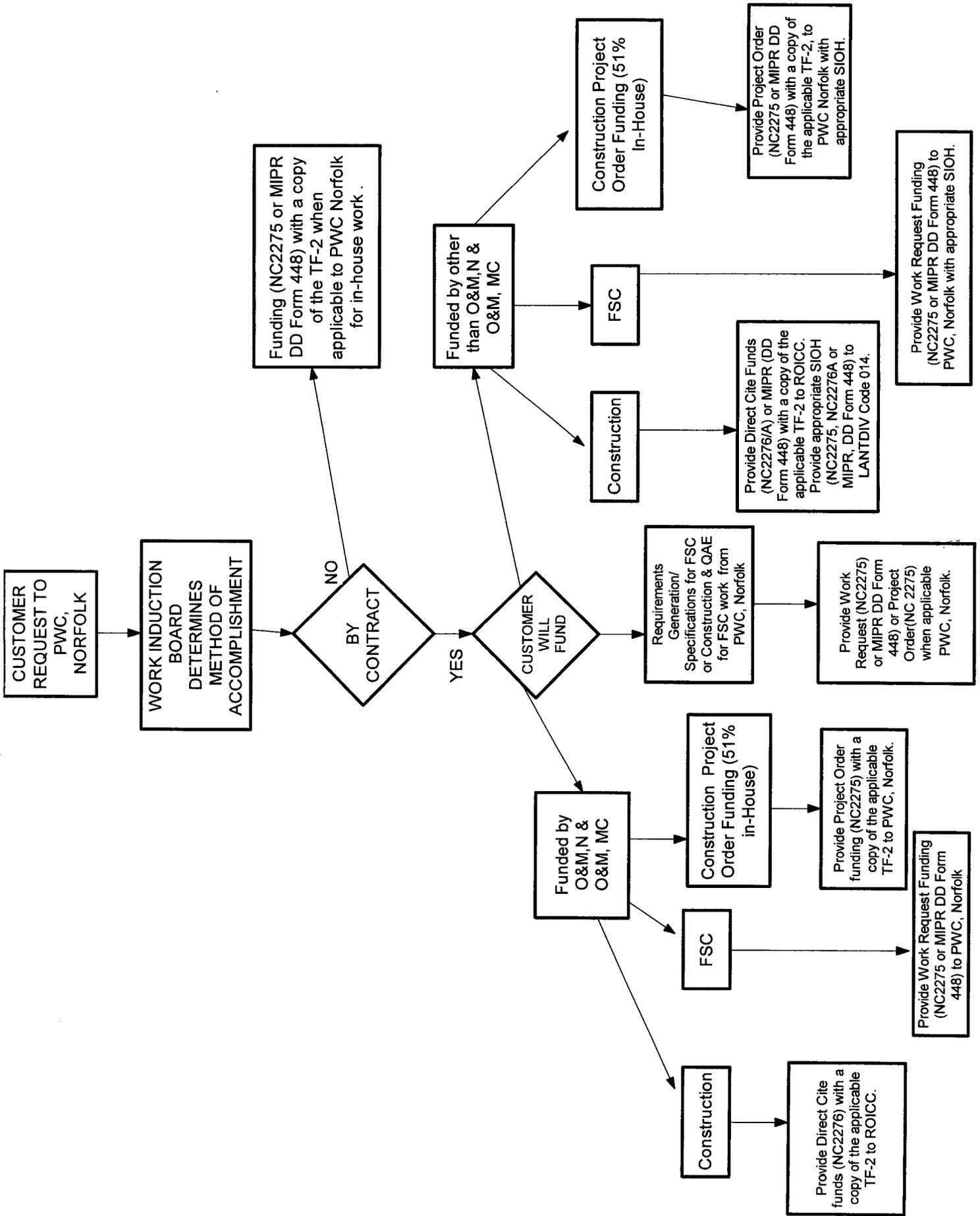
2. Reimbursement for non FSC contract Supervision, Inspection, and Overhead (SIOH), if applicable, will be sent to ROICC on a separate Order for Work and Services (NAVCOMPT Form 2275) or Military Interdepartmental Purchase Request (DD Form 448). These funds will be accepted and handled by LANTNAVFACENCOM. SIOH rates and guidance are included in LANTNAVFACENCOM memorandum 014 of 2 April 1998. FSC, SIOH, if applicable, will be sent to PWC Norfolk on same document as contract funding.

3. Requirements generation/specifications will be available from PWC Norfolk at a Stabilized Labor Rate.

4. Quality Assurance Evaluation services for FSC will be available from PWC Norfolk on a reimbursable basis at a predetermined rate.

5. PWC Norfolk will continue to accept year-end funds on Project Orders for facility design, construction and maintenance (provided 51% of the work can be accomplished by PWC Norfolk's in-house workforce).

PWC, NORFOLK WORK INDUCTION





DEPARTMENT OF THE NAVY

ATLANTIC DIVISION
NAVAL FACILITIES ENGINEERING COMMAND
1510 GILBERT ST
NORFOLK, VA 23511-2699

TELEPHONE NO:

(757) 322-8102

IN REPLY REFER TO:

014

2 April 1998

From: Commander, Atlantic Division, Naval Facilities Engineering Command

Subj: **RECOVERING COSTS OF CONTRACT ADMINISTRATION SERVICES AT
ENGINEERING FIELD DIVISIONS/ACTIVITIES (EFD/EFA)**

Encl: (1) NAVFACENGCOMINST 7820.1J dtd 9 Feb 98

1. A major change to the funding of Naval Facilities Engineering Command (NAVFACENGCOM) in the functional area of facilities contract services has occurred in FY 98 for Department of the Navy (DON) Operation and Maintenance (O&M) supported field activities. Specifically, the Navy Comptroller has centralized all Real Property Maintenance (RPM) and Other Base Operating Support (OBOS) program execution costs as mission funding to NAVFACENGCOM. Consequently, Engineering Field Divisions/Engineering Field Activities will be mission funded in FY 98 with O&M,N funds to execute planned and budgeted Navy and Marine Corps O&M funded facilities contract actions. Acquisition execution support of all "other funded" facilities contract actions continues to be reimbursed by the customers.
2. NAVFACENGCOM advised the Marine Corps, all Navy Claimants, and staff Civil Engineers of the DON funding policy change and by letter dated 29 September 1997. A follow-on announcement to our customers in the LANTNAVFACENGCOM area of responsibility was made by letter dated 7 October 1997. NAVFACENGCOM Instruction 7820.1J, of 9 February 1998 was issued to reflect the DON funding changes and SIOH rates for non-DON O&M funded contract administration services. A copy of the NAVFACENGCOM instruction is provided by enclosure (1) for your reference. Please ensure that all personnel at your activity / office involved in funding Supervision Inspection and Overhead (SIOH) are provided a copy of enclosure (1).
3. We intend to meet our responsibility to provide facilities contract services to you. Should you require further information or desire to discuss any aspect of this matter, please contact Mr. Larry Thomas, Accounting Officer at (757) 322-8102, DSN 262-8102 or Mr. Dave Lamoureux, our Director of Contracts at (757) 322-8220 or DSN 262-8220.

Larry P. Thomas
By direction

Distribution: (See next page)

Quality Performance ... Quality Results

**Subj: RECOVERING COSTS OF CONTRACT ADMINISTRATION SERVICES AT
ENGINEERING FIELD DIVISIONS/ACTIVITIES (EFD/EFA)**

Distribution:

Part I

List A (only 4, 5, 11, 13-22)

Lists AA (only 3-5, 7-16,) AB (only 2, 3, 5, 6, 8-11), B (only 5-31), BA (only 2-13),
BB (only 2-13)

Lists C (only 3-28), CA, CB

Lists D (only 5-54), DA (only 3), DB

Lists E (only 18-20, 23, 24, 38-55), EA (only 14-23, 25-43), EB (only 9-32)

Part II (CONUS Customers)

Lists A-U

Part III (Overseas Customers)

Lists A-R

Part IV (Headquarters Commands)

Lists A-FF



DEPARTMENT OF THE NAVY

NAVAL FACILITIES ENGINEERING COMMAND
200 STOVALL STREET
ALEXANDRIA, VA 22332 2300

IN REPLY REFER TO
NAVFACINST 7820.1J
FAC FM1
9 February 1998

NAVFAC INSTRUCTION 7820.1J

From: Commander, Naval Facilities Engineering Command

Subj: RECOVERING SUPERVISION, INSPECTION, AND OVERHEAD (SIOH) SERVICES AT ENGINEERING FIELD DIVISIONS/ACTIVITIES (EFD/EFA) AND THEIR SUBORDINATE ORGANIZATIONS

Ref: (a) Department of the Navy (DON) Budget Review Issue 61532, Supervision, Inspection and Overhead
(b) NAVFACENCOM ltr of 29 Sep 97; Subj: Contract Administration Costs for Navy and Marine Corps Facilities Contract Actions Funded by Operations and Maintenance Appropriations

Encl: (1) Facility Contract Management Responsibilities
(2) Definitions of Facilities Contracts

1. **Purpose.** This instruction sets forth NAVFACENCOM policy on recovering SIOH at EFDs, EFAs, and their subordinate organizations, as well as defining the scope of their mission funded responsibilities as relates to acquisition execution support. This policy is effective as of 1 October 1997. For Public Works Center (PWC) support to public works officers, separate Contract Administration Rates (CAR) and inspection service rates are established at each PWC. PWC rates include tasks not provided by the EFD/EFA, and they are excluded from this instruction. The policy stated herein covers the customer and the performing EFD, EFA, and/or subordinate office, and in no way establishes any third party policy.

2. **Cancellation.** NAVFACINST 7820.1H of 21 September 1995 is hereby canceled and superseded. This instruction has precedence over all other NAVFACENCOM directives which may conflict with its provisions.

3. **Background.**

a. NAVFACENCOM was mission funded in Operations and Maintenance, Navy (O&M,N) through FY 1995 to execute Navy and Marine Corps Operations and Maintenance (O&M) funded facility contract actions. Acquisition execution support of all "other funded" facilities contract actions was reimbursed by the customer. During the FY 1996 DON summer budget review, the Naval Facilities Engineering Command's mission funding for the EFDs' execution of Navy and Marine Corps O&M funded facilities contract actions was decentralized effective 1 October 1995. As a result, EFDs' mission funds were realigned from NAVFACENCOM to Navy Claimants and the Marine Corps for reimbursement beginning in FY 1996.

b. The FY 1999 DON summer budget review, Budget Review Issue 61532—Supervision, Inspection and Overhead, reversed the above-mentioned realignment effective 1 October 1997. Reference (a) is the budget review issue, and it provides the corresponding adjustments made to the Navy Claimants and Marine Corps. NAVFACENGCOM is back to being mission funded in O&M,N to execute planned and budgeted Navy and Marine Corps O&M funded facilities contract actions, while acquisition execution support of all “other funded” facilities contract actions continues to be reimbursed by the customer. Reference (b) notified Navy Claimants, Marine Corps, and performing NAVFACENGCOM activities of this change.

4. Policy.

a. Contract Management Responsibilities.

NAVFACENGCOM is the designated responsible agent for acquisition execution of facility requirements for the Navy and Marine Corps. NAVFACENGCOM is also a design and construction agent for the Department of Defense for specific geographical areas and/or facility disciplines. Funding necessary to support this acquisition effort is either mission funded or reimbursed by the customer, depending on the funding appropriation of the facility requirement. Reimbursement is realized either through a fixed SIOH rate, or through a direct reimbursable.

Customer activities continue to be responsible for developing requirement definitions, planning and programming for necessary funds, and providing other necessary management, coordination, and facility support contract quality assurance functions to support the warranted contracting officer in executing individual contract actions.

Satisfying facility requirements by contract is a team effort. Enclosure (1) lists specific functions for which NAVFAC and customers are responsible. Definitions of facilities contracts are provided in enclosure (2).

b. Facilities Acquisition Effort.

Facilities acquisition effort refers to acquisition support services associated with the execution of repair, maintenance, minor construction, major construction, environmental compliance and remediation services, and other facilities-type contract actions. Acquisition support services include contract management, construction inspection, supervision and overhead efforts, as well as the review and administration of contract submittals for design, construction, and facilities support contracts awarded by NAVFACENGCOM. NAVFACENGCOM facility acquisition effort is funded as delineated below.

(1) **Navy and Marine Corps O&M funded facilities contract actions, including Navy and Marine Corps Reserve funds:** As mentioned in paragraph 3.b., and previously discussed in references (a) and (b), a major Navy Comptroller budget change to the funding of NAVFACENGCOM occurred for Navy and Marine Corps O&M funded facilities acquisition support services provided by EFDs, EFAs, and their subordinate organizations. Specifically, beginning in FY 1998, the Navy Comptroller has eliminated the collection of SIOH on each Navy and Marine Corps O&M funded facility contract and has provided mission funding to

NAVFACENCOM for facilities acquisition effort of contract actions funded by planned and budgeted Navy and Marine Corps Real Property Maintenance (RPM) and Other Base Operating Support (OBOS) programs. Consequently, the associated acquisition support services for these contract actions are mission funded. This covers both new obligations and obligation adjustments. Such contract actions are listed below.

(a) For facility Architect-Engineer (A-E)/design contract actions awarded by NAVFACENCOM, the acquisition support provided includes all NAVFAC responsible support functions listed in enclosure (1).

(b) For facility support service contract actions and facility support construction contract actions (normally recurring work), the support provided includes all NAVFAC responsible support functions listed in enclosure (1), with the activity remaining responsible for all quality assurance.

(c) For one-time facility construction contract actions (normally non-recurring work), support provided includes all NAVFAC responsible support functions listed in enclosure (1).

(d) For design-build facility contract actions, a combination of (a) and (c) above.

(e) For simplified acquisition facility contract actions, the support provided is the same as (b) above if service, or (c) above if construction.

(2) Navy and Defense Agency facilities contract actions funded with other than Navy and Marine Corps O&M and Military Construction:

(a) For facility A-E/design contract actions, the acquisition support reimbursement is on a direct basis.

(b) For all facility support service contract actions and for facility support construction contract actions (normally recurring work), the SIOH recovery rate is 4% of the contract action value, including both fixed price and indefinite quantity work. Support provided with this rate includes all NAVFAC responsible support functions listed in enclosure (1). The activity is responsible for all quality assurance. Quality assurance, if requested from the contract office, would be on a direct reimbursement basis.

(c) For one-time facility construction contract actions (normally non-recurring work), the SIOH recovery rate is 8% of the contract value. Support provided with this rate includes all NAVFAC responsible support functions listed in enclosure (1).

(d) For design-build facility contract actions, the SIOH recovery is 8% plus direct reimbursement of the A-E related acquisition support effort, a combination of (a) and (c) above.

(e) For simplified acquisition facility contract actions, the SIOH rate is either 4% (service) or 8% (construction).

9 February 1998

(3) Navy and Defense Agency facility contract actions funded with Military Construction as appropriated in the DOD MILCON Appropriation Acts: In accordance with Navy, OSD and Congressional direction, these rates have been based on aggregate workload projections under two major geographic locations, CONUS and OCONUS, vice contract action. These fixed rates are not meant to be activity unique, project unique and/or contract unique. This acquisition support includes all appropriations in the DOD MILCON Appropriations Act, including Family Housing O&M, as well as the various accounts within the BRAC appropriations, such as environmental, O&M, etc.

(a) For all facility contract actions, including land acquisition, demolition, turnkey construction, installation cost, and utility hook-up costs, the SIOH recovery rate is 6% CONUS and 6.5% OCONUS.

(b) For A-E/design contract actions, acquisition support reimbursement is on a direct basis.

(c) For Navy and Marine Corps MILCON, Navy and Marine Corps Family Housing Construction, Navy Family Housing O&M, and major elements of Navy BRAC, such as construction, design and environmental restoration, NAVFACENCOM funds execution support.

(d) For purposes of this instruction, all non-appropriated funded (NAF) facilities contract actions are considered MILCON. However, NAF facilities can be designed and constructed to meet unique customer requirements, and contract management will be reviewed on a case-by-case basis.

(4) Acquisition support for NATO funded construction will be reimbursed in accordance with NATO policies in effect at time of award.

(5) Navy and Marine Corps facilities contract actions funded with the Defense Environmental Restoration (Transfer) Account (ER,N): The ER,N transfer account for Navy and Marine Corps is centrally managed and executed by NAVFACENCOM in the Navy O&M Appropriation. All acquisition support services are directly charged to the program. Field office support is covered by 3% SIOH recovery (fixed rate). For the Navy and Marine Corps ER,N, NAVFACENCOM funds execution support. Other defense agency environmental restoration funded facilities contract actions are handled in accordance with paragraph 4.b.(2).

(6) Other acquisition effort in support of the following programs:

(a) **Civil Works Facility Support Contracts:** The method of reimbursement for NAVFACENCOM's acquisition support at Civil Works facilities is dependent on the type of contract action. Reimbursement is either by recovering supervision, inspection, and overhead (SIOH) as a flat percentage mark-up based on the contract value, or on a direct reimbursable basis. The value of the direct reimbursement is based on estimates provided by the NAVFACENCOM associates providing the Civil Works support. The method of reimbursement by contract "type" (capital rehabilitation vs. facilities service) is outlined below:

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(i) Construction Contract Actions (including Capital Type Rehabilitation (CTR) contracts): (normally non-recurring, Resident Officer in Charge of Construction (ROICC)-type contract actions), the acquisition support recovery method is SIOH, 6% of the contract value.

(ii) A-E/Design Contract Actions (includes environmental studies): the acquisition support recovery method is by direct reimbursement.

(iii) Design-Build Contract Actions: the acquisition support recovery method is 6% SIOH, plus direct reimbursement of the A-E related effort, a combination of (1) and (2) above.

(iv) Facility Support Contract Actions (including facility support service and facility support construction contracts): the acquisition support recovery method is by direct reimbursement. Quality assurance inspection is the responsibility of the customer (the activity or the major claimant, as applicable). If quality assurance services (QAE) inspector(s) are requested of NAVFACENCOM by the customer, these services may be provided by NAVFACENCOM on a direct reimbursable basis.

(b) **Timber Harvesting:** Forestry service contracts for Navy and Marine Corps O&M funded activities are mission funded. Non-Navy and Marine Corps customers are direct reimbursable. All forestry sale contracts are direct reimbursable.

(c) **Specialized Studies:**

(i) Regardless of source of funding appropriation, technical support for specialized studies/analyses is directly reimbursed by the customer. Some examples (not all) of specialized studies/analyses are: NEPA, planning, and other project documentation, specialized testing and assessments, hazard determination analyses, cultural/natural resources, historic, facility condition inspection/assessments, and technical energy services associated with Demand Side Management (DSM) actions. Specialized technical support is not considered mission funded Engineer-in-Charge (EIC) oversight effort.

(ii) EIC oversight effort of A-E/Design contracts for studies performed during the final design process of a facilities repair, maintenance, construction, and/or environmental compliance contract action, and/or in support of post award design for those contract action types is mission funded for Navy and Marine Corps O&M funded contract actions.

(iii) For all other funded similar contract action types, EIC effort is a direct reimbursable. **Further, regardless of funding, requests for EIC effort, and/or for technical reviews of locally prepared designs are a direct reimbursable.**

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(d) **Contingency Operations:** Regardless of requester and funding, contingency operations are not considered planned and budgeted. While mission funding may be used on an interim basis, acquisition support effort is a direct reimbursement.

(e) **Utility Contract/Agreement Actions:**

(i) Since DSM utility contracts/agreements are not planned or programmed, the acquisition effort in support of the realization of such contracts/agreements is directly reimbursed by the benefiting customer(s).

(ii) The acquisition effort in support of the realization of an Energy Savings Performance Contract (ESPC), executed under the authority in 42 U.S.C., is centrally managed by NAVFACENGCOM for Navy and Marine Corps customers. Typical acquisition support services as outlined in paragraph 4.b. are not normally required for ESPCs. Measurement and verification of contractor performance are the responsibilities of the customer, who may acquire technical support from NAVFACENGCOM through direct reimbursement.

(iii) The acquisition effort and engineering services in support of competitive and noncompetitive acquisition of utilities services are mission funded for Navy and Marine Corps customers. (Normally invoice certification is delegated to the customer and becomes the customer's responsibility.)

(f) **Cooperative Agreements and Public/Private Ventures and Leased Construction:** Costs associated with acquisition support efforts in support of facility related cooperative agreements, public/private ventures, and/or leased construction must be reimbursed by either the benefiting program or the benefiting customer. There is no NAVFACENGCOM mission funding available to support these costs. Acquisition support will be handled on a case-by-case basis.

c. **Reimbursement Procedure.**

When reimbursement for acquisition support effort is applicable, the contracting officer, warranted with NAVFACENGCOM contracting authority, shall not proceed with any facility contract action until the appropriate SIOH (fixed rate) funds/reimbursement have been furnished by the customer. Reimbursement must be provided by the customer simultaneously with the funding for the contract action. (NAVFACENGCOM's EFD structure outside of "closed bases" has no host structure. Host/Tenant funding relationships are the responsibility of the host and the tenant, not NAVFACENGCOM or its components. Closed bases' Host/Tenant relationships have separate agreements.)

d. **Commercial Cards.**

When the NAVFACENGCOM Commercial Purchase Card is obtained and used by a NAVFACENGCOM customer, SIOH/direct reimbursement does not apply. The customer will be totally responsible for the performance, quality, timeliness and acceptance of the service, product, or construction.

e. Cranes.

The acquisition effort in support of crane procurements is not covered by this instruction. The appropriate funding guidance and functional responsibilities can be found in SECNAV Instruction 11260.2 of 10 September 1997.

5. Policy waiver. A command-wide balance of mission, reimbursement, and SIOH resources to their respective workload is necessary to ensure adequate acquisition management, administration, and oversight, as well as corporate funding solvency. Exceptions to this policy, regardless of customer, project, and/or amount, impact this command-wide balance. Consequently, all exceptions to this policy can be granted only by COMNAVFACENGCOM.

6. Action. Addressees shall adhere to the policy and guidance set forth herein.



R. L. MOELLER
Vice Commander

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