



Department of Energy
Office of Science
Washington, DC 20585

Office of the Director

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MEMORANDUM TO DISTRIBUTION

FROM: MILTON D. JOHNSON MDJ
CHIEF OPERATING OFFICER

SUBJECT: Maintenance Investment and Replacement Plant Values

The Department has adopted the nationally recognized goal for maintenance investment which is approximately 2 percent – 4 percent of the total Replacement Plant Value (RPV). This is known as the Maintenance Investment Index (MII).

The Office of Science (SC) worked with the Office of Engineering Construction and Management (OECM) this year to establish a baseline RPV for each of the laboratories and the SC complex for the FY 06 budget process. The RPV referred to herein includes all buildings, trailers and other structures except: 1) Category 3000 of Other Structures (i.e., “programmatically facilities”), and 2) excess facilities that are non-operating in FY 06 or before.

It was imperative that SC establish a baseline with OECM because there was a \$2 billion difference between what OECM calculated as the SC RPV and what SC was reporting as the RPV. Only those revisions that were justified and auditable were accepted by OECM during our discussions and the resultant outcome was that revisions totaling about \$1 billion were accepted by OECM and another \$1 billion could not be justified.

The baseline RPV’s were provided at the Site Managers meeting in July and Lab Directors meeting in August and are provided below:

LAB	FY 06 Baseline RPV*	LAB	FY 06 Baseline RPV*
AMES	\$51,655,200	PPPL	\$261,195,413
ANL-E	\$1,266,698,363	SLAC	\$877,468,762
BNL	\$1,381,681,089	TJNAF	\$87,992,598
Fermi	\$518,361,659	Bates - MIT	\$51,323,192
LBNL	\$920,688,340	Notre Dame	\$10,781,596
ORISE	\$37,323,605	Y-12	\$108,735,000
ORNL	\$1,049,191,681	LLNL	\$107,246,543
ORO	\$71,215,573	Sandia	\$54,906,606
PNNL	\$59,338,733	SC	\$6,915,803,953

* Includes all buildings, trailers and other structures except: 1) Category 3000 of Other Structures (i.e., “programmatically facilities”), and, 2) excess facilities that are non-operating in FY 06 or before.



If you have any questions about your baseline, please contact John Yates, SC-82.

Now that the RPV baseline is set, it is important that we adhere to a process for tracking major changes to the baseline. The process starts with you, in consultation with the laboratory, determining that a revision to the RPV is needed. We need notification of significant (5 percent or more) planned changes in overall RPV or, in one or more of the following categories: buildings, Category 3000 of Other Structures, and "All Other" Other Structures.

Examples of changes include:

- additions of new facility or disposal of a facility
- movement of facilities to or from buildings, Category 3000 of Other Structures or "All Other" Other Structures
- application of a new "site factor"
- use of new models for estimating RPV
- change in the year a facility will be classified as excess in FIMS field "Excess Year" (e.g., change from FY 07 or after to FY 06 or earlier).

Once you have decided that a revision is appropriate and major (5 percent or more), you should inform John Yates, SC-82 of your reasoning and your plan. You should then prepare the revision and document it in such a way that it is auditable to the baseline. The revisions should then be sent to SC-82 for review. SC-82 will work with OECM to obtain their agreement on the revision and it will then be approved as final by SC.

I expect that the review and approval process will take some time depending upon the degree and nature of the revisions. It may even be necessary for OECM and/or SC-82 to conduct a field visit to verify items.

Minor RPV changes that, over the course of the year, result in a major change should be documented and logged so that changes can be reviewed by SC and OECM.

This review process is not intended to deter you from making necessary and appropriate changes to your RPV estimates; it is intended to clearly document the changes planned and executed.

Note that the SC guidance for preparation of the Ten-Year Site Plans (TYSP) requires an annual accounting of RPV changes (see pages 6 and 7 of the guidance at <http://www.science.doe.gov/SC-80/sc-82/documents/TYSP6-2-04.pdf>). The first TYSP's are due November 1, 2004, and can be used as notification of major changes from the baseline planned in FY 05 and summary of changes in FY 04.

The 2 percent goal should not be construed as a goal for each individual building or structure at a lab. Consequently, we do not have any plan to establish a more complex system that sets alternate goals for buildings or structures based on their age, use, or type. Each laboratory is sufficiently large and diverse enough in its structures to strive for an overall percentage goal without adding unnecessary administrative tracking burdens.

If you or your staff need additional advice and guidance on revising the RPV or maintenance investments, please feel free to call John Yates at 301-903-8435 or by email at John.Yates@science.doe.gov

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