



CHAIRMAN OF THE JOINT CHIEFS OF STAFF INSTRUCTION

J-4
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CJCSI 4600.02A
18 March 2011

EXERCISE-RELATED CONSTRUCTION (ERC) PROGRAM MANAGEMENT

References:

a. Title 10, United States Code, Chapter 169, Subchapter I, Section 2805, "Unspecified Minor Construction"

b. DODD 4270.5, 12 February 2005, "Military Construction"

c. CJCSM 3500.03 Series, "Joint Training Manual for the Armed Forces of the United States"

d. JSM 5100.01 Series, "Organization and Functions of the Joint Staff"

e. JSI 7100.01 Series, "Joint Staff Managers' Internal Control (MIC) Program"

1. Purpose. This instruction outlines procedures for managing the Exercise-Related Construction (ERC) program. ERC is unspecified minor military construction outside the United States in support of the Joint Chiefs of Staff (JCS) Exercise program. ERC funds are appropriated as part of the annual military construction (MILCON) budget request.

2. Cancellation. CJCSI 4600.02, 31 October 2008, is canceled.

3. Applicability. This instruction applies to the Joint Staff, combatant commands, Military Services, and other Defense agencies as appropriate.

4. Policy. It is Department of Defense (DOD) policy to manage and ensure the timely execution of the ERC program in full accordance with all applicable DOD and JCS directives, instructions, and guidelines.

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5. Releasability. This instruction is approved for public release; distribution is unlimited. DOD components (to include the combatant commands), other federal agencies, and the public may obtain copies of this instruction through the Internet from the CJCS Directives Home Page -- http://www.dtic.mil/cjcs_directives.

6. Effective Date. This instruction is effective upon receipt.



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Enclosures:

- A -- Responsibilities
- B -- Program Management
- C -- Format for Quarterly Project Reports

ENCLOSURE A

RESPONSIBILITIES

1. Director, Joint Staff (DJS). The Secretary of Defense has delegated unspecified minor construction approval and congressional notification authority as governed by Title 10, United States Code, Chapter 169, Subchapter I, sections 2801 and 2805 to the Director, Joint Staff.
2. Director for Logistics, J-4 (DJ-4). DJS approval and congressional notification authority has been delegated to DJ-4 and documented as a DJ-4 responsibility in JSM 5100.01D, "Organization and Functions of the Joint Staff." In the absence of the DJ-4, the Vice Director, J-4 has approval and notification authority.
3. Engineering Division, J-4 (J-4/ED)
 - a. J-4/ED has overall responsibility for managing the ERC program. This responsibility is carried out through the ERC Program Manager.
 - b. The ERC program is funded as a single line item, authorized and appropriated by public law. The program appropriation request is found under the Defense-wide, unspecified worldwide locations, unspecified minor construction heading and allocated to the "Joint Chiefs of Staff." J-4/ED accomplishes congressional notification for each project and overall funds management and control of the program.
 - c. Historically, the annual appropriation for ERC projects has been \$8-10 million. Geographic combatant commands (U.S. Africa Command, U.S. Central Command, U.S. European Command, U.S. Northern Command, U.S. Pacific Command, and U.S. Southern Command) share this amount based on program requirements within their areas of responsibility. Assuming congressional funding levels remain relatively unchanged, the five overseas combatant commands should each plan on receiving at least \$1 million annually for projects. This commitment helps engineers and planners begin ERC project design early and improve overall project execution by providing a relatively consistent funding baseline. Remaining ERC project funds are distributed based on the J-4/ED project evaluation process and program intent.
 - d. J-4/ED will manage the program to ensure that ERC project execution meets the MILCON execution goal of 65 percent obligated within the first year of appropriation. Accordingly, the DJ-4 will only fund combatant command ERC projects that can be awarded/obligated in the year of appropriation.

e. ERC Planning and Design (P&D) funds management is part of the overall J-4/ED program management responsibility. P&D funds are MILCON funds set aside specifically for planning and design of MILCON projects. J-4/ED requests P&D funds for the ERC program from the OSD Comptroller, military personnel, and the Construction Directorate. A total of 10 percent of the program appropriation is reserved for P&D.

f. The ERC program is an assessable unit and must carry out the responsibilities documented in JSI 7100.01E, "Joint Staff Managers' Internal Control (MIC) Program."

4. Joint Staff Comptroller

a. The Joint Staff Comptroller has responsibility for ERC program support to the J-4 directorate.

b. The OSD Comptroller issues ERC MILCON project and P&D funds to the JS Comptroller. The JS Comptroller issues these funds via suballotment to the combatant commands based on direction from the J-4/ED ERC Program Manager.

c. The JS Comptroller issues O&M funds to the J-4 Resource Management Section to enable J-4/ED to conduct oversight of the ERC program. P&D funds are suballotted to the combatant commands and are also issued to the J-4 Resource Management Section to permit J-4/ED's attendance at project design reviews.

d. The JS Comptroller monitors "Flash Reports" from combatant command comptrollers on commitments, obligations, and expenditures of ERC project and P&D funds on a monthly basis for current year appropriations and quarterly for prior year appropriations.

e. The JS Comptroller provides quarterly status of funds reports outlining the status of project and P&D fund obligations and expenditures to J-4/ED. This report is the document of record for ERC funds management.

f. As needed, the JS Comptroller facilitates the return of unexpended project and P&D funds previously suballotted to the combatant commands for awarding and utilization on other ERC requirements.

5. Combatant Commanders. The geographic combatant commands have overall responsibility for project coordination with host nations, planning, programming, design, construction execution, quality control, and by-project cost accounting. This is accomplished by engineer and comptroller staffs or other appropriate elements of the combatant commands and their Service

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components. Combatant commands shall submit projects for ERC in accordance with the guidelines below.

- a. Project supports U.S. military personnel participating in JCS exercises outside of the United States and its territories.
- b. Project directly supports combatant command Theater Campaign Plan.
- c. Project is executable under Title 10, United States Code, Chapter 169, Subchapter I, sections 2801 and 2805.
- d. Project will be obligated and construction will commence in the fiscal year of the appropriation.
- e. The project cannot be funded through other means.
- f. The combatant command received express written approval for the project from both the U.S. Embassy Country Team for consistency with U.S. policy and the host nation to ensure executability, access, and freedom of action.
- g. The project does not represent a foreign assistance program.
- h. The project does not support counterdrug operations.
- i. The project shall not be used to establish a new posture location in support of a permanent U.S. presence.

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ENCLOSURE B

PROGRAM MANAGEMENT

1. Planning and Design (P&D). J-4/ED will request from the OSD Comptroller in August P&D funds in an amount equal to 10 percent of the expected fiscal year appropriation. By 30 September, each combatant command shall submit requests for required P&D funds for the next 2 fiscal years (i.e., the next fiscal year plus 1). At a minimum, spend plans should include P&D funding required by the project, the obligation date, and the design completion date. The Joint Staff will reconcile combatant command unobligated P&D funds with the current P&D requirement and then distribute the balance of P&D funds no later than October.

2. MILCON Fund Suballocation. Each combatant command shall submit ERC project construction fund requests by 30 January and shall include the following details for each project:

- a. P&D status.
- b. Procurement administrative lead time.
- c. Status of host-nation agreement authorizing construction.
- d. Construction start date and estimated completion date.

The Joint Staff will fund approved ERC projects that combatant commands can obligate in the current fiscal year and will distribute MILCON funds after Congress passes the FY Appropriation Act (usually by February).

3. Unobligated MILCON. Each combatant command shall submit requests for unobligated MILCON funds for ERC projects by 1 March. End-of-year funding requests can include ERC projects not previously approved, and all projects must be obligated during the fiscal year of the appropriation. Requests should include the following information for each project:

- a. P&D status.
- b. Procurement administrative lead time.
- c. Status of host-nation agreement to allow construction.
- d. Construction start date and estimated completion date.

The Joint Staff will develop an End-of-Year ERC Execution plan from this submission. If required, the Joint Staff will host an End-of-Year ERC Project

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Board to determine the funding priority for the unobligated MILCON for end-of-year ERC projects. This board will occur in April.

J-4/ED shall distribute the balance of unobligated MILCON to the combatant commands in accordance with the End-of-Year ERC Execution plan mentioned in the previous paragraph no later than May. Each combatant command shall immediately obligate the funds and report to the Joint Staff when all funds are obligated no later than the end of June.

4. Combatant Command Final Project Submittal. Combatant commands shall submit to J-4/ED their next fiscal years' ERC no later than 15 July. These submittals must include complete and signed DD Forms 1391 for each project, along with a prioritized listing of the submitted projects signed at the combatant command general/flag officer level. At a minimum, the following information must be included on the DD Form 1391:

- a. Combatant command assigned project number.
- b. Facility/site/installation and country.
- c. Estimate of total funded project cost, amount of funds to be obligated, and estimate of "other" project costs not to be funded under the ERC program. P&D funds are provided separately and are not included in the programmed amounts of an ERC project.
- d. Brief description of the proposed construction, its scope of work, supported CJCS exercise(s), and how the construction supports the exercise(s).
- e. Justification including the impact, if not funded.
- f. Inclusive dates and location(s) of construction.
- g. Statement of support to exercise objectives.
- h. Estimated cost avoidance to be realized and payback in terms of years or number of exercises.
- i. Method of accomplishment (e.g., troop labor and/or contract -- include percentage of each if split accomplishment).
- j. Impact on quality of life (QoL) for exercise personnel.
- k. Documentation from the U.S. Embassy Country Team that the proposed construction is viable and consistent with U.S. policy and host-nation approval for the project, access, and freedom of action.

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5. ERC Costs. Combatant commands shall account for all ERC costs attributable to each construction project in the final documentation, as outlined below.

a. Costs of all materials, supplies, and services applicable to the project, including those furnished on a non-reimbursable basis by other military departments and Defense agencies. In addition, all costs authorized by existing law or by sources outside the Department of Defense.

b. Labor costs, except for U.S. military labor.

c. Overhead or support costs that can be identified as representing additional costs that would not have been incurred were it not for the project, except for P&D costs.

d. The following will not be included as attributable ERC project costs. However, they shall be reported to ensure that the project does not exceed thresholds established in Title 10, United States Code, Chapter 169, Subchapter I, sections 2801 and 2805:

(1) Transportation costs of materials, supplies, and government-furnished equipment (GFE).

(2) Non-DOD expenses such as travel and per diem costs of troop labor, materials, supplies, services, and fuel that are furnished on a non-reimbursable basis. These costs will be reported to the extent that such costs exceed \$50,000 per project. The costs of supplies or services furnished on a non-reimbursable basis should be estimated on a fair-market value basis.

(3) O&M funds may be used for project P&D or for the construction of ERC projects. However, O&M cannot be combined with MILCON in order to supplement the funding of ERC projects.

(4) DOD-funded costs applicable to the operation of GFE, including fuel and maintenance costs.

e. ERC projects are governed by statutory limitations outlined in Title 10, USC, Chapter 169, sections 2801 and 2805.

6. Development of the Joint Staff Exercise Related Construction Program. The Joint Staff will host an ERC Board during the last 2 weeks of July. The purpose of the board is to prioritize the combatant command ERC projects that will be funded during the upcoming fiscal year.

a. J-4/ED will chair the Joint Staff ERC Board. The board will include representatives from the combatant commands and will review and evaluate

projects submitted by the combatant commands to ensure compliance with ERC program objectives and guidelines.

b. Proposed projects will be scored by the Joint Staff ERC Board based on the following criteria.

(1) Combatant Command Priority. To ensure priority projects are funded, each combatant command is given 50 points, which it may distribute to its proposed projects as it sees fit within the following guidelines:

(a) No one project may receive more than 25 points.

(b) All points must be distributed within the first \$1 million of proposed projects.

(2) Contribution to Exercise Objectives. A maximum of 10 points is available in this category.

(a) For direct support to main exercise objective(s) -- 10 points each.

(b) For projects supporting secondary exercise objective(s) -- 5 points each.

(c) If the project does not directly support a specific exercise objective -- 0 points.

(3) Net Resource Savings. Points are based on cost avoidance, resource savings, and payback. The term "resources" is measured in dollars and includes costs for transportation, storage, rental items, billeting, and other quantifiable expenses. A maximum of 10 points is available in this category.

(a) For projects with estimated payback within the next exercise cycle (either the exercise cycle the ERC project is attached to, or the next exercise that will utilize the facility or improvement, whichever comes first) -- 10 points.

(b) For projects with estimated payback within the next two exercise cycles -- 7 points.

(c) For projects with no payback or payback beyond two exercise cycles -- 0 points.

(4) Contribution to the Combatant Command Theater Campaign Plan. A maximum of 10 points is available in this category.

(a) For projects that directly support the combatant command theater campaign plan -- 10 points.

(b) For projects that have second-order effects in support of the combatant command campaign plan -- 5 points.

(5) Quality of Life (QoL) for Exercise Personnel. A maximum of 10 points is available in this category.

(a) For projects directly impacting exercise personnel QoL (barracks, dining facilities, latrines, shower/shave units) -- 10 points.

(b) For projects partially impacting troop QoL -- 7 points.

(c) For all other projects -- 3 points.

(6) Funds Obligation. A maximum of 10 points is available in this category.

(a) Obligates 90 percent in year of appropriation -- 10 points.

(b) Obligates 90 percent by second year -- 7 points.

(c) Obligates 90 percent beyond the second year -- 0 points.

(7) The Joint Staff ERC Board will make every effort to ensure each competing combatant command receives an equitable share of the ERC budget within established project scoring guidelines.

7. Reporting Requirements. Combatant commands shall submit quarterly ERC Project Reports to J-4/ED in the format shown in Enclosure C. These quarterly reports must be received by J-4/ED no later than 30 September, 31 December, 31 March, and 30 June.

8. Congressional Notification. DJ-4 will notify Congress of the approved ERC program for the next fiscal year and provide out-of-cycle notification of major changes to the program or projects once approved.

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a. J-4/ED will coordinate congressional notification packages with J-3, J-5, J-7, J-8, OCJCS/LA, OCJCS/LC, and the JS Comptroller before the packages are sent to DJ-4 for approval. Once approved, DJ-4 will send copies to:

(1) MILCON congressional committees.

(2) OSD Comptroller.

(3) Assistant Secretaries of Defense (International Security Affairs and International Security Policy).

(4) Deputy Under Secretary of Defense for Installations and Environment.

b. The proposed ERC program notification package will include a project list highlighting project data including project title, location, estimated cost, exercise(s) supported, and a synopsis of the project scope and justification. DD Forms 1391 will not be forwarded to Congress.

c. An out-of-cycle congressional notification is required for all project cancellations, additions, relocations, and scope or cost changes greater than 25 percent of the amount authorized.

(1) Requests for approval of all out-of-cycle congressional notifications should be forwarded to the DJ-4 and should be signed at the geographic combatant command general/flag officer level. Requests should include reason(s) for the change; a description of the new, changed, and/or canceled work; the source of funds; and new or updated DD Forms 1391.

(2) Out-of-cycle congressional notification packages will include a synopsis of the project(s) and program change(s) and a justification. DD Forms 1391 will not be forwarded to Congress.

d. Construction may begin only after the end of the 21-day period beginning on the date the notification is received by the committees.

ENCLOSURE C

Format for Quarterly Project Reports

1. Report on all open ERC projects.
2. Use the format below:

| | | | | |
|----------------------|-----|-----|----------------|--------------|
| Project title | P&D | OBL | Proj Status | Exp /Disp |
|----------------------|-----|-----|----------------|--------------|

P&D -- Planning and Design. If 65 percent or more, color the block green; if 40 percent or less, color the block red. Otherwise, color the block yellow. Enter the exact P&D number in the block.

OBL -- Project Obligation. If 65 percent or more, color the block green; if 40 percent or less, color the block red. Otherwise, color the block yellow.

Proj Status -- Project Status. Measures completion of the construction schedule. If 80 percent or more, color the block green; if 50 percent or less, color the block red. Otherwise, color the block yellow. Enter the exact percentage complete in the block.

Exp/Disp -- Expensed/Disbursed. If 65 percent or more, color the block green; if 40 percent or less, color the block red. Otherwise, color the block yellow. Enter the exact Exp/Disp number in the block.

3. Provide an overall condition report of the ERC program execution by summarizing all projects in a single line as show below:

| | | | | |
|--------------|-----|-----|----------------|--------------|
| COCOM | P&D | OBL | Proj Status | Exp /Disp |
|--------------|-----|-----|----------------|--------------|

P&D -- Planning and Design. If 65 percent or more, color the block green; if 40 percent or less, color the block red. Otherwise, color the block yellow. Enter the exact P&D number in the block.

OBL -- Project Obligation. If 65 percent or more, color the block green; if 40 percent or less, color the block red. Otherwise, color the block yellow.

Proj Status -- Project Status. Measures completion of the construction schedule. If 80 percent or more, color the block green; if 50 percent or less, color the block red. Otherwise, color the block yellow. Enter the exact percentage complete into the box.

Exp/Disp -- Expensed/Disbursed. If 65 percent or more, color the block green; if 40 percent or less, color the block red. Otherwise, color the block yellow. Enter the exact Exp/Disp number into the block.