



DEPARTMENT OF DEFENSE

**DEFENSE
LOGISTICS
AGENCY**

DLA FACILITIES PROJECTS MANUAL

D C M B R 984

Cameron Station,
Alexandria, Virginia 22304-6100



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22314

DLAM 4270.1

DLA-WI

31 Dec 84

FOREWORD
(Supplementation is prohibited.)

The purpose of this manual is to provide detailed guidance for the preparation, submission, review, approval, and reporting of facilities projects within the Defense Logistics Agency. This manual has been prepared in compliance with pertinent laws and statutes and Office of the Secretary of Defense directives and regulations. It constitutes the current DLA implementation for these laws, directives, and regulations.

Users of the document are encouraged to submit recommended changes and comments to improve the publication, through channels, to HQ DLA, ATTN: DLA-WI, Cameron Station, Alexandria, VA 22304.

BY ORDER OF THE DIRECTOR

A handwritten signature in black ink that reads "George A. White".

GEORGE A. WHITE
Colonel, USAF
Staff Director, Administration

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3, 51A, 62, 71, 81

COORDINATION: DLA-C, DLA-L,
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This DLAM supersedes DLAR 4150.1, 1 Feb 74, and CH 1; DLAR 4150.2, 6 Nov 73, and CHs 1 thru 6; DLAR 4165.13, 28 Aug 81; DLAR 4270.1, 28 Sep 79; DLAR 4270.3, 10 Aug 76, and CH 1; DLA-W letter No. 83-2, 23 Sep 83.

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CHAPTER I

INTRODUCTION

PART 1

GENERAL INFORMATION

1101. Purpose. This manual provides detailed guidance for the preparation, submission, review, approval, and reporting of facilities projects within the Defense Logistics Agency.

a. The types of facilities projects covered in this manual include minor construction, emergency construction, major restoration or replacement of damaged facilities, contingency authority, repairs, maintenance, and equipment installation. Projects funded as overhead expenses under the Defense Stock Fund and by nonappropriated funds are included, as are certain aspects of regular military construction (MILCON) projects. Obtaining design services for these projects is also included.

b. Excluded from the provisions of this manual are:

(1) Projects financed solely and completely from appropriations for procurement.

(2) Projects involving family housing (DLAR 4165.1, Military Family Housing, applies).

(3) Projects which are solely for the acquisition of real estate (DLAR 4165.4, Real Property Actions, applies).

(4) Projects which are solely for Morale and Welfare and Recreational Facilities (DLAR 4165.9, Facilities for Moral, Welfare, Recreational Activities, and Private Organizations, applies).

1102. Applicability. The provisions of this manual apply to HQ DLA and all DLA primary and secondary level field activities.

1103. Authority. This manual has been prepared in compliance with pertinent laws and statutes (see Appendix A) and Office of the Secretary of Defense (OSD) directives and regulations (see Appendix B) in effect at the date of publication or as changed by amendment to the manual. It constitutes the current DLA implementation for these laws, directives, and regulations.

1104. Policy and Procedures

a. Policies and procedures governing projects included within the scope of this manual are contained in the applicable manual chapters.

b. New start authority is required for commercial or industrial-type functions involving products or services available from commercial sources when the cost factors involved meet the criteria contained in DLA CAPLTR 5-82, Guidance for Commercial Activities Program, which prescribes procedures for processing the request. The new start request may be submitted simultaneously with a supporting facilities project, but the facilities project may not proceed until the new start authority is granted.

DLAM 4270.1

1105. Significant Changes. This manual groups together the contents of several previous DLARs dealing with facilities and also implements the provisions of Public Law 97-214, the Military Construction Codification Law, excluding its Family Housing provisions.

a. Major changes of the Codification Law are:

(1) Minor construction authority for projects funded with MILCON funds has been increased to \$1,000,000.

(2) Minor Construction authority for projects funded with operations and maintenance funds has been increased to \$200,000.

(3) An emergency construction authority similar to that of the Military Services has been provided for Defense Agencies.

(4) Congressional notification waiting periods for project approvals or designs exceeding requisite cost thresholds have been shortened from 30 days to 21 days.

b. Significant changes from the superseded DLARs are:

(1) Incrementation rules are redefined (Chapter II, paragraph 2202).

(2). Uniform standards for documentation of facilities projects, including regular MILCON projects, are provided (Appendix E).

(3). Policy and procedures for acquisition of design services for facilities projects are provided (Chapter I, Part 3).

1106. Responsibilities

a. The Director, DLA (DLA-D) or, in his absence, the Deputy Director (DLA-DD) will:

(1) Exercise approval authority on all facilities projects for which notification of Congressional Committees is required prior to obligation of funds. Chapter III, part 1, of the manual delineates these projects.

(2) Approve notifications to Congress on individual Military Construction project designs which will exceed \$300,000 in cost when such projects are not on a list of design starts previously approved by the Director (DLAR 4165.5, Installation Master Planning, Programing and Reporting, and Chapter I, paragraph 1304, of this manual apply).

(3) Exercise approval authority on all repair projects exceeding \$500,000 or repair projects between \$100,000 and \$500,000 when this cost exceeds 50 percent of the replacement cost of the affected facility.

b. The Staff Director, Office of Installation Services and Environmental Protection, DLA (DLA-W) will:

(1) Exercise approval authority on all facilities projects within the approval authority of HQ DLA except for projects reserved in subparagraph a above for approval by DLA-D or DLA-DD.

(2) Approve changes in scope, cost, or both, for projects within the approval authority of DLA.

(3) Exercise control of design and construction of all projects approved at the HQ DLA level through the applicable military construction agency.

(4) These responsibilities may be redelegated to the Chief, Installation Division, Office of Installation Services and Environmental Protection (DLA-WI).

c. The Comptroller, DLA (DLA C) will:

(1) Obtain funding for approved projects from OSD when required.

(2) Notify the Congressional Committees on Armed Services and Appropriations of any facilities projects exceeding requisite thresholds after the Director, DLA approves the projects.

(3) Notify the Congressional Committees on Armed Services and Appropriations of proposed individual MILCON project designs which will exceed \$300,000 when the project involved is on a design start list previously approved by the Director, DLA.

d. The Heads of DLA Primary Level Field Activities (PLFAs) will comply with the provisions of this manual and exercise facilities projects approval and design authority as set forth in Appendix C. Requests for one-time exceptions to these limitations will be considered on a case-by-case basis by DLA-W, but such exceptions should be rare.

e. DLA Personnel at All Levels. Every officer and employee in DLA will assure that their actions will not involve an expenditure or obligation under any appropriation or fund in excess of the amount available for the purpose. Obligation of funds in excess of approved project limits is prohibited under 31 U.S.C. 1517, regardless of whether such limits are set by statute, by administrative regulations or by higher administrative approval of specific projects. See DLAM 7000.1, Accounting and Finance Manual, paragraph 10404 and 10406.

1107. Definitions. For convenience, certain terminology applicable to this manual is defined in each chapter.

1108. Forms and Reports. Forms and reports required by this manual are contained in Appendices D, E, and F.

PART 2

RESTRICTIONS ON DEFENSE AGENCY OWNERSHIP AND PERFORMANCE OF
FUNCTIONS PERTAINING TO FACILITIES

1201. Prohibition of Defense Agency Ownership of Real Property and Facilities. 10 U.S.C. 2682 prohibits the ownership by Defense Agencies of real property or facilities. It requires that facilities under the jurisdiction of the Department of Defense which are used by Defense Agencies be under the jurisdiction of a Military Department designated by the Secretary of Defense. All DoD-owned real estate occupied by DLA is owned by a Military Department and permitted to the Agency for use.

1202. Responsibility for Facilities Construction for Defense Agencies. 10 U.S.C. 2851 requires that construction projects for Defense Agencies be accomplished by or through a Military Department designated by the Secretary of Defense. Defense Agencies have no direct authority to contract directly for design or construction of facilities.

1203. Responsibility for Maintenance and Repair of Defense Agency Facilities. 10 U.S.C. 2682 requires that the maintenance and repair of facilities for Defense Agencies be accomplished by or through a Military Department designated by the Secretary of Defense. Defense Agencies normally have no direct authority to accomplish these functions. However, see paragraphs 1204 and 1205, for discussion of facilities management functions at DLA permitted installations (Supply Centers and Depots) and at installations where a Military Department serves as a host activity.

1204. DLA Permitted Installations. For entire installations which are permitted to DLA for command and control (Supply Centers, and Depots), DLA has agreements with the owning Military Service which allow performance by DLA of normal Facility Engineer functions. These are specific delegations to DLA of the facilities management authorities of the applicable Service Secretary and include authority to operate a Facility Engineer organization and to contract for maintenance, repair, and construction projects. This contract authority is limited to that specifically delegated to each PLFA and is subject to compliance with applicable Military Department regulations and criteria.

1205. DLA Tenanted Activities. Each DLA tenanted activity will develop an interservice support agreement (ISA) with the appropriate host installation in accordance with Joint Service Regulation AFR 172-3 SECNAVINST 7020.4 C/AR 37-19, Financial Administration of and Interdepartmental Support Agreement. All maintenance, repair, and construction shall be accomplished by or through the host activity in accordance with the ISA.

PART 3

ACQUISITION OF DESIGN AND CONSTRUCTION SERVICES
FOR DLA FACILITIES PROJECTS

1301. Designation of DoD Construction Agencies in Public Law. 10 U.S.C. 2851 designates the Army Corps of Engineers (CoE) and the Naval Facilities Engineering Command (NAVFAC) as the facility construction agencies for the DoD.

1302. Assignment of Construction Agency Responsibilities Within DoD. DoD Directive 4270.5, Military Construction Responsibilities, implements 10 U.S.C. 2851 and assigns construction agent responsibilities within the DoD. It provides that the CoE or NAVFAC shall be used in the design construction, maintenance, rehabilitation, repair, alteration expansion or extension of Defense Agency real property facilities, with the concurrence of the owning Military Service. The directive provides that in rare instances, another construction agent (such as an Air Force contracting office dealing with facilities maintenance contracts) may be used if proposed by the Defense Agency head and approved by the Secretary of Defense as the most efficient, expeditious and cost effective solution after comment by the Secretary of the owning Military Department and the normal construction agent. Overseas construction agents of the DoD are designated by the directive as shown in Table 1-1.

TABLE 1-1
DoD Overseas Construction Agency Assignments

DEPARTMENT OF THE ARMY

Canada, excluding Newfoundland
Canal Zone
Egypt
Europe, excluding Spain, Portugal, Italy, Greece
Greenland
Israel
Japan, including the Ryukyu Island (Okinawa)
Korea and Taiwan
Marshall Islands
Middle East, including the Saudi Arabian Peninsula
Southern Asia, from Iran to Burma
Turkey

DEPARTMENT OF THE NAVY

Atlantic Ocean area
Australia and New Zealand
Carribbean Sea area
Greece
Iceland
Indian Ocean area
Italy
Newfoundland
North Africa, including Somalia and Kenya, but excluding Egypt
Pacific Ocean area, excluding the Marshall Islands
Portugal, including the Azores
Republic of the Philippines
Southeast Asia
Spain

DEPARTMENT OF THE AIR FORCE

British Isles

Countries not specifically assigned above will be designated by the Secretary of Defense as requirements occur. Certain other countries may have assignments change as requirements change.

1303. Designation of Design and Construction Agent Responsibilities for DLA Projects. The Corps of Engineers or the Naval Facilities Engineering Command shall be used in the design, construction, maintenance, rehabilitation, repair, alteration, addition, expansion, or extension of DLA real property facilities with the approval of the Military Department having jurisdiction of the real property facility.

a. At DLA-controlled installations (DCSC, DESC, DPSC, DGSC, DDOU, DDTC, DDMT), design, construction, maintenance, rehabilitation, repair, alteration, addition, expansion or extension of a real property facility within the local authority of the installation commander (see Appendix C) may be accomplished by the installation Facility Engineering organization. Staffing of Facilities Engineer organizations will be based on staffing guides of applicable Military Department pursuant to the permit agreement.

b. At DLA activities tenanted on other Military Department installations, facilities to be constructed shall be designed and constructed by the host activity Military Department construction agent. Design of routine projects, after approval at the appropriate level (see Tables in Appendix C) shall be requested from the host activity through the use of a simple work order request when the project is of standard design with no unusual or unique features; the funded project cost is less than \$75,000; or the project does not require separate cost identification to ensure compliance with other DoD/DLA criteria (such as economic justification for multiple air conditioning units in a single facility, waivers or exceptions to DoD/DLA policy).

c. At DLA activities in General Services Administration (GSA) space, facility alterations shall normally be designed and constructed by GSA.

d. Design, construction, maintenance, repair, alteration, addition, expansion or extension of a real property facility exceeding PLFA approval authority will be accomplished by the construction agent designated by DLA-W.

e. Acquisition of military facilities including family housing construction outside the United States, shall be accomplished by construction agents indicated in Table 1-1. Minor construction, O&M type repair and improvement in these areas may be executed by the Military Department having jurisdiction of the real property facility.

f. In rare instances where use of other than the normal Military Department construction agency i.e., the CoE or NAVFAC, would clearly provide the most efficient, expeditious and cost effective construction solution, HQ DLA will entertain suggestions to propose such designations to SECDEF. Before formalizing such proposals, PLFAs should consult with DLA-W for instructions and assessments of probability of success.

1304. Congressional Notification, Prior to Awarding Architectural and Engineering Contracts Exceeding \$300,000

a. 10 U.S.C. 2807 requires that the MILCON Subcommittees of the Congress be notified when the cost of architectural and engineering services and construction design for any military construction project will exceed \$300,000. The law requires that this notification be made not less than 21 days before initial obligation of funds for these services.

b. The repair by replacement of multiple air conditioning units by the use of a central system may be classified as a repair project provided the tonnage is not increased and the scope of area coverage remains the same. When a repair by replacement project for air conditioning exceeds the existing tonnage, that portion of the tonnage in excess must be separated on the cost estimate sheet and such excess must be funded with construction/alteration funds. The construction portion of the combination project is subject to the funding limitations in Tables C-1 and C-2.

c. Air conditioning to support ADPE and other special equipment may be approved by the Director, DLA up to a total of 25 tons as an exception to the general policy, as permitted by DoD 4270.1-M, Construction Criteria Manual. Costs associated with this are to be charged to the functional cost of the user activity.

CHAPTER II
CONSTRUCTION
PART 1
DEFINITIONS

2101. Construction. Construction is the erection, installation, or assembly of a new real property facility; the addition, expansion, extension, alteration, conversion, or replacement of an existing real property facility; or the relocation of a real property facility from one installation to another. Construction includes demolition of facility or facilities to be replaced, supporting utilities, roads, parking lot, equipment installed in and made a part of such facilities, related site preparation, excavation, filling and landscaping, or other land improvements. Source and cost of all production and other movable equipment directly associated with construction projects should be disclosed as additional information in presenting construction programs and budgets. The provisions of this manual also apply to construction to support noncapitalized undertakings when such undertakings constitute construction as defined.

2102. Conversion. A conversion is a major structural revision of a real property facility that changes the functional purpose for which the facility was originally designed or used. A conversion results in a change to the basic real property facilities 3-digit category code (DoD Instruction 4165.3, DoD Facility Classes and Construction Categories; DLAR 4165.3, DoD Facility Classes and Construction Categories) currently assigned to the facility. Two elements are necessary for conversion: a major structural revision, and change in functional purpose. Major structural revision consists of changes of interior or exterior facility arrangements so that a facility may be used for a new purpose. When a conversion project also includes repair and/or maintenance, the separate categories of work may be funded as such.

2103. Addition, Expansion, Extension. Addition, expansion, and extension each constitute a physical increase to a real property facility that adds to the overall external dimensions of the facility. As a general rule, if the dimensions used to record the facility in inventory are increased, then an addition, expansion, or extension has occurred. Examples:

(a) Increasing the length or width of piers or increasing the length, width, or height of buildings is an addition.

(b) Increasing the production capacity of a utility plant by the addition of a generator or increasing the storage capacity of a POL facility is an expansion.

(c) Increasing the length of a primary water distribution line is an extension.

(d) Providing additional electric service within a building is not an addition, extension, or expansion of the electrical distribution system but is an alteration to the building or an element of "nonconstruction equipment installation expenses."

(e) Constructing a fire escape on a building is not an addition, expansion, or extension but is an alteration.

2104. Replacement. A replacement is a complete reconstruction of a real property facility destroyed or damaged beyond the point at which it may be economically repaired. A construction project for complete replacement must include the cost of demolition of the facility, and such costs are part of the construction costs.

2105. Alteration. An alteration is the work required to adjust interior arrangements, or other physical characteristics of an existing real property facility so that it may be more effectively adapted to or utilized for its designated purpose. An on-base relocation of an entire facility is an alteration. Additions, expansions, and extensions are not alterations. Some examples are:

a. A real property facility may be moved or disassembled and reassembled at a different location within the confines of an activity. In other words, a structure may be relocated and considered an alteration as long as it is not removed from (demolition), nor added to (new construction), the activity's real property inventory.

b. A section of road or railroad may be relocated or realigned to reduce curves or increase clearances.

c. The fabrication, erection, installation or removal of a partition, the installation of a new door and/or a window, or the addition of a mezzanine constitutes an alteration.

d. The installation of central air conditioning or mechanical ventilation is an alteration.

e. The installation of a fire protection system in an existing facility or structural modifications for fire protection purposes are alterations.

2106. Alterations Incident to Repairs. Alterations incident to repairs are alterations for which good engineering practice dictates simultaneous accomplishment with a repair effort. Such alterations may involve specific considerations of energy conservation methods and systems. The specific purpose of the integrated undertaking must be the restoration of the real property facility to such condition that it may be effectively used for its designed purpose. The alterations are not to be funded as repair and must be separately identified in the cost estimate for proper funding when construction, repair, or maintenance are done together as an integrated project, each can be processed as a are done together as an integrated project, each can be processed as a separate project. When the work is so integrated that separation of construction from maintenance and repair is not possible, the entire project will be funded as construction. Some specific examples of alterations incident to repair are:

a. Installing new insulation in exterior walls in connection with the replacement of deteriorated wallboard in their interior surfaces.

b. Providing natural light by installing skylights when replacing deteriorated roof.

c. Extending air conditioning ducts into spaces currently served by window units in lieu of replacing the latter, in connection with an overall building repair.

2107. Rehabilitation, Improvement, and Similar Terms. Work to accomplish either rehabilitation or improvement is usually a combination of repairs and/or various elements of construction as defined in paragraph 2101. Project titles should not include such terms as "rehabilitation" and "improvement".

2108. Real Property Facility. A real property facility is a separate and individual building, structure, or other real property improvement. A real property facility shall be assigned only one 3-digit basic category code (DoD Instruction 4165.3 and DLAR 4165.3). For multiple-use facilities use the 3-digit basic category having the largest floor area in the building.

2109. Military Construction. Military construction includes all construction of any kind carried out with respect to a Military Installation.

2110. Military Installation. Military Installation means any base, camp, post, station, yard, center, or other activity under the jurisdiction of the Secretary of a Military Department or, in the case of an installation in a foreign country, under the operational control of the Secretary of a Military Department or Secretary of Defense. It is a fixed location together with its land, buildings, structure, utilities, and improvements and is controlled and used by a DoD element.

2111. Military Construction Project. A military construction project is a single undertaking at a Military Installation that includes all construction work necessary to produce a complete and useable facility or a complete and useable improvement to an existing facility.

2112. Minor Construction Project. A minor construction project is a single undertaking at a Military Installation that includes all construction necessary to produce a complete and useable facility or a complete and useable improvement to an existing facility, and has an approved cost equal to or less than the amount specified by law as the maximum amount for a minor military construction project (currently \$1 million). Minor construction projects can be funded with O&M funds for projects costing less than \$200,000 (O&M funded minor construction-OMMC) or with MILCON funds for projects costing between \$200,000 and \$1 million (Unspecified Minor Construction-UMC). See paragraphs 3105 and 3106 for more detailed discussion.

2113. Exceptional Construction Authorities. The Exceptional Construction Authorities are those authorities which are available to obtain authorization and funding outside the normal MILCON programming system for construction projects costing more than \$200,000. These are: Unspecified Minor Construction, Emergency Construction, Major Restoration or Replacement of Damage Facilities and Contingency Construction. See Chapter III for a more detailed discussion of these.

2114. Installed Equipment

a. Installed equipment, sometimes called "built-in equipment", is accessory equipment and furnishings that are required for operation and are affixed as a part of the real property facility. The equipment is engineered and built into the facility as an integral part of the final design and as an essential part thereof. Equipments of this category are considered part of the real property and are normally taken up under Real Property Class 2. The following items are typical examples:

- (1) Built-in furniture, cabinets, and shelving.
- (2) Venetian blinds and shades.
- (3) Permanent partitions.
- (4) Elevators and escalators.
- (5) Drinking-water coolers (built-in).
- (6) Fire alarm and intercommunications systems that are affixed as an integral part of the structure.
- (7) Protective construction features.
- (8) Built-in safes and vaults.
- (9) Pneumatic tube systems.
- (10) Heating, ventilating, and air-conditioning installations.
- (11) Electric generators and auxiliary gear.
- (12) Waste disposers, such as incinerators.
- (13) Hoods and vents.
- (14) Refrigerators and reefers (built-in).
- (15) Laboratory furniture (built-in).
- (16) Crane and hoist runways and tracks (built-in).
- (17) Chapel pews and pulpits.
- (18) Bowling lanes, including setting and pinspotting equipment.
- (19) Theater seats.

b. Some installed equipment which is not built-in, may not be classified as real property, as defined, or under certain circumstances is properly procurable as an investment cost from a procurement appropriation. These items of equipment for an existing facility may be procured as a nonconstruction cost. Following are typical examples:

- (1) Portable dock levelers.
- (2) Material Handling conveyors.
- (3) Telephone switchboard and associated equipment.
- (4) Food preparation and serving equipment.
- (5) Dishwashers.
- (6) Wireless fire alarm equipment.
- (7) Intrusion alarm equipment.

PART 2

PROJECT SCOPE

2201. General

a. The scope of a construction project must be consistent with the character and remaining life of the facility and must include all known or foreseeable work necessary to result in a complete and useable real property facility or improvement thereto. The planned (i.e., foreseeable) acquisition of, or improvement to, a real property facility through a series of minor construction projects is prohibited.

b. A complete and useable facility includes extensions or improvements to other facility categories required to make the facility useable, such as exterior electrical, water, or sewage distribution systems or related facilities, such as parking lots and fencing. An exception is a modification to a central utilities plant required by several facility upgrade projects.

c. A single project can be prepared for a specific improvement to an existing facility. Similar improvements in other facilities can be separate projects. Also, unrelated and dissimilar improvements in the same facility can be in separate projects. For example, energy improvements can be separated from a fire protection requirement.

d. Individual facility requirements can also be separate projects if, by themselves, each one is complete and useable and it does not constitute incrementation (see par 2202 below). For example, if assignment of a hazardous materials storage mission to a depot requires construction of a hazardous materials storage area in one building and a hazardous materials recoupment facility in another building, separate projects would be prepared for each of these facilities. If expansion of the mission of a fuel depot requires construction of an additional tank, expansion of the truck-filled rack and alterations to a pier, separate projects would be prepared for all this construction. If increase in workload of a DPDO requires expansion of stabilized outdoor storage, installation of a higher capacity scale and construction of an additional warehouse, separate projects would likewise be allowable.

2202. Incrementation

a. Incrementation constraints have been modified by the Congress to permit using minor construction projects to precede or follow a major construction project. Use of either the MILCON funded Unspecified Minor Construction, or the O&M funded Minor Construction authority, as appropriate, is permitted. These projects may precede a military construction project for a new mission requirement when such a project would provide a complete and useable facility to meet a specific need during a specific period of time, or follow a military construction project when new mission requirements develop after the military construction project has been completed. In the case of an Unspecified Minor Construction project (cost exceeding \$200,000), the appropriate committees of Congress must be notified. The above, notwithstanding a regular MILCON project, must fully satisfy all known requirements of the purpose being supported at the time of acceptance of the new facility. Furthermore, it should be expected that no general improvements would be required in such facilities for at least 2 years following the date of acceptance unless a new mission requirement develops after that date, or for unrelated purposes.

b. The following shall not be accomplished through the use of the minor construction authorities:

(1) Splitting a project into increments solely to reduce the costs thereof below an approval threshold or ceiling amount for minor construction projects.

(2) Undertaking incrementation that results in higher costs of construction because of a sacrifice of economy of scale.

(3) Concurrent work on an active military construction project to reduce the cost of the military construction project below cost variation modification levels.

2203. Construction, Equipment Installation, Repair, and Maintenance Performed as One Project

a. When construction, equipment installation, repair, and/or maintenance are accomplished simultaneously as an integrated undertaking, each separately defined category of work may be approved and funded on the basis of each of the separate categories. For this purpose, engineering cost estimates may be used to determine the costs applicable to each portion.

b. In the event a project is composed of work which is so integrated as to preclude separation of construction, maintenance, and/or repair costs, the combined construction/repair project shall be accomplished as a construction project. If the combined cost exceeds \$200,000, the project must be accomplished as MILCON. If it qualifies under the criteria for exigency, it may be proposed for approval under the Unspecified Minor Construction authority. Otherwise, it must be included in an annual program.

2204. Combining Appropriated and Private or Nonappropriated Funds. Appropriated funds will not be mixed with private and/or nonappropriated funds for the same single undertaking since this practice may be considered an incrementation and subdivision to circumvent statutory limitations. Exceptions to this policy must be approved in advance by the Secretary of Defense or his designee. Copies of approved exceptions must be provided to the House and Senate Armed Services Committees. Private and/or nonappropriated funds may be used to purchase and install furnishings, equipment and interior finishes for private and/or nonappropriated fund activities.

2205. Funded/Unfunded Project Costs (DoD Directive 7040.2)

a. Funded project costs on all types of projects will include:

(1) All materials, supplies, and services applicable to the project except as indicated in subparagraph b.

(2) All items of installed capital-type equipment except as indicated in subparagraph b.

(3) Transportation costs applicable to materials, supplies, installed capital-type equipment, and Government-owned equipment.

(4) Labor costs, including construction units composed of foreign nationals, but excluding U.S. military labor.

(5) That portion of installation overhead or support costs which can be identified as representing additional costs which would not have been incurred were it not for the project.

(6) Overhead costs charged by the Corps of Engineers and the Naval Facility Engineering Command.

(7) Travel and per diem applicable to troop labor.

(8) Costs applicable to maintenance and operations of Government-owned equipment in accordance with established hourly rates.

b. The following unfunded project costs shall be included for statistical purposes only and shall be clearly identified as unfunded costs on all minor construction projects.

(1) All costs financed from Military Personnel appropriations.

(2) Costs applicable to the depreciation of Government-owned equipment.

(3) Cost of materials, supplies, and items of installed capital-equipment that has been obtained specifically for the purpose on a nonreimbursable basis, either as excess distributions from another Military Department or comparable Defense component or as excess distributions from other Government agencies. The owning Military Department, DoD agency, or comparable Defense component is precluded from using excess materials, supplies, or items of installed capital-type equipment purchased by the Military Department or DoD agency on its own minor construction projects, except as a funded cost which will include cost of transportation. Pricing of property to be treated as unfunded costs shall be at the federal supply catalog price, or at the estimated fair value.

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- (4) Planning and design costs, including soil borings, surveys, and inspections.
- (5) Cost of production and other movable equipment.

PART 3

SPECIAL SITUATIONS

2301. Construction in General Services Administration Owned, Managed, or Controlled Facilities

a. DLA field activities located in General Services Administrations (GSA) controlled facilities will comply with DLAR 5305.2, Space Management and Reporting, in obtaining alteration or other minor construction type work.

b. Under the general provision of the General Services Administrative (GSA) Annual Appropriations, DLA appropriations available for operations and maintenance may be used for reimbursement to GSA for those expenses required after initial occupancy for relocating, consolidating, renovating or altering buildings and facilities. Projects involving alterations or construction to DLA-occupied, GSA-owned, managed or controlled facilities may be authorized and funded as appropriate within the delegated authority of each DLA activity as specified in Table C-1. Work exceeding local authority will be forwarded to HQ DLA, ATTN: DLA -WI, for review, approval, and management with GSA regions for accomplishment. Requests will include a clear explanation as to need for the work, a sketch plan showing proposed work, the GSA cost estimate, an economic analysis, and statement as to the availability of funds. Delegation of approval authority to PLFAs will not be further delegated. Funding will be by GSA Reimbursable Work Authorization (RWA). As a general rule, GSA is responsible for work that a tenant can normally expect from a landlord. DLA is responsible for work which cannot be normally expected from a landlord and which is strictly peculiar to the needs of DLA. Regulations governing GSA, not those applying to DoD, shall govern project accomplishment.

2302. Subsequent Projects in the Same Real Property Facility. The following applies only to minor construction projects with individual funded costs exceeding \$50,000. Where two or more such projects are undertaken at the same installation on the same real property facility within any 12-month period, the project justifications for the second and subsequent projects shall clearly demonstrate that the projects are for purposes unrelated to the previous projects.

2303. Diversion of Warehouse Space for Other Uses. In order to preclude unwarranted diversion of critically needed warehouse space into other uses, special controls have been put into effect, for DLA-controlled installations. Under conditions delineated in DLAR 4145.19, Storage and Warehousing Facilities and Services, and modified by HQ DLA-OWO Msg 211540Z Oct 83, the permission of DLA-OW is required before beginning a project which will divert warehouse space to other uses. This is a separate approval form the facilities project approval.

2304. Air Conditioning. All projects to provide for air conditioning are construction unless they qualify for approval of an exception to DoD policy as outlined in DoD 4270.1-M, in which case it must be forwarded for approval HQ DLA. See Chapter VIII for additional direction.

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2305. Relocatable Facilities (DoD) Instructions 4165.56)

a. Applicability. Unless it is required as a part of a construction project, the cost of a relocatable building for an interim requirement may be an unfunded project cost under restrictive conditions.

(1) The building is designed for the specific purpose of being readily moved, erected, disassembled, stored, and reused. All types of buildings designed to provide relocatable capabilities, including other building forms, such as trailers, are included.

(2) The estimated funded plus unfunded costs for the building disassembly and repackaging (including normal repair and refurbishment of components) and for nonrecoverable building components, such as foundations, shall not exceed 20 percent of the building acquisition cost.

(3) The building is for an interim facility requirement of 3 years or less duration, resulting from either transitory peak military missions, deployments, military contingency operations, disaster relief requirements, or to satisfy urgent (as defined in DoD Directives 4270.24, Unspecified Minor Construction, Emergency Construction, and Restoration or Replacement of Damaged or Destroyed Facilities, and 7040.2,) requirements pending approval and construction of facilities via normal military construction programs. See subparagraph c below for exceptions.

(4) Specifically excluded from this definition are building types/forms provided as an integral part of a mobile equipment item and that are incidental portions of such equipment components, such as communications vans or trailers.

b. Interim Facility Project Criteria

(1) Except as modified in this paragraph, procedures for preparation and submission specified in this manual apply.

(2) Project cost. Funded and unfunded project cost guidance (paragraph 2d205) applies, except as follows:

(a) The cost of relocatable buildings is an unfunded cost. Such buildings shall be considered personal property, unless these facilities are authorized for procurement using military construction funds or are converted to a temporary or permanent real property facility. In this case, the buildings shall be accounted for as real property.

(b) Site preparation, foundations, exterior utilities, and other supporting construction requirements are funded costs.

(c) The costs for packaging and transporting relocatable buildings are unfunded costs.

(d) The cost of erection is unfunded project cost.

(3) Economic consideration

(a) An economic analysis performed in accordance with DoDI 7041.3, Economic Analysis and Program Evaluation for Resource Management, and DLAM 7041.1, Economic Analysis, must substantiate the use of a relocatable building as the most economical means of satisfying the requirements in comparison with available alternatives when the funded project exceeds \$2,000. The following applies to this analysis: 1 The project cost is the sum of the funded and unfunded costs except that only 20 percent of the initial relocatable buildings

procurement cost shall be included. 2 The cost of alternatives will be determined by adding the sum of all funded and unfunded costs.

b) If the economic analysis does not support the use of the relocatable building and its use is the only feasible means of satisfying the interim requirement within the date of need established by an unforeseen military operations requirement, the requirement with detail justification should be submitted to HQ DLA ATTN: DLA -W for approval.

(c) The cost of maintenance, operation, disassembly, and refurbishment of relocatable facilities used for interim requirements, shall be charged to operations and maintenance funds of the functional area or user.

(4) Urgent requirement. The urgency provisions of DOD Directive 7040.2 must be satisfied regardless of funded cost when relocatable buildings are used pending approval and construction of facilities through normal military construction procedures. Use of relocatable buildings, in this case, must be approved by HQ DLA.

c. Extended Use of Interim Facility. Relocatable buildings used to satisfy interim facility requirements will not be retained in use for a period greater than 3 years from the date of original erection and use; and shall be disassembled and removed from the site prior to the expiration of the 3-year period, except:

(1) When such facilities are utilized in support of continuing military contingency operation and continued use is approved by ASD (MI&L).

(2) When a replacement facility has been authorized and funds appropriated by the Congress, in which case the relocatable facility may be retained in use until construction of the replacement is completed.

(3) When the relocatable facility has been subsequently incorporated as real property by approval of the ADS(MI&L), and after notification of the Armed Services and Appropriation Committees of the Congress when the sum of the funded project cost and the relocatable building acquisition cost exceeds \$300,000.

d. Overseas Utilization of Relocatable Buildings in lieu of permanent construction. The relocatable building requirement shall be programmed as a line item through appropriate military construction procedures and the building cost, transportation, erection costs, site preparation, and related supporting costs shall be funded from military construction appropriations.

e. Disposition

(1) Personal Property. Relocatable buildings accounted for as personal property shall, upon being excess to the activity, be redistributed or disposed of in accordance with personal property procedures.

(2) Real Property. When relocatable buildings accounted for as real property become excess to the activity at the erected location, they shall be redistributed or disposed of in accordance with real property procedures.

f. Leasing of Relocatable Facilities. Leasing, renting, or other temporary use of relocatable or pre-engineered buildings through real property leases, service contracts or other contractual arrangements including lease extension to permit such arrangements is prohibited except as provided herein.

(1) Short-term (1 year or less) leases may be authorized by HQ DLA when the costs do not exceed \$50,000 rental per year. Short extensions or inclusion in leases of options to renew

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where the intent of the lease is short term but the exact dates might be difficult to define may also be approved by HQ DLA, but in general they will be limited to those cases economically justified.

(2) Leases for longer than 1 year may be approved by HQ DLA but only in the most unusual circumstances where no other means exist to provide the facility.

(3) Requests for leases shall be submitted to DLA-WIM via the chain of command and will include the following:

- (a) Activity name and location
- (b) Requirement for relocatable buildings
- (c) Length of lease
- (d) Estimated rent
- (e) Type of fund involved
- (f) Square footage of facility
- (g) Building function (category code and location)
- (h) Number of people using facility
- (i) Set up and break down costs
- (j) Related project when for interim requirement DLA-WIM will prepare the request for ASD(MI&L) for lease approval.

2306. Construction of a New Facility for Metal Scrap, Baling and Shearing or for Melting or Sweating Aluminum Scrap. Any project for construction of a new facility for metal scrap, baling and shearing, or for melting or sweating aluminum scrap within the continental limits of the United States must be submitted to DLA-W for review. Such projects require prior determination by the Assistant Secretary of Defense (Manpower, Installations and Logistics) that such projects are in the national interest.

CHAPTER III
CONSTRUCTION PROGRAMMING
PART 1
GENERAL INFORMATION

3101. Annual Military Construction Program

a. The annual Military Construction (MILCON) Authorization and Appropriation Acts provide authorization and funds for individual construction projects that have been developed under the facilities master planning system (see DLAR 4165.5). This annual program shall be restricted to construction projects exceeding \$200,000 in funded construction costs and to projects with individual costs exceeding \$50,000 which are solely for the acquisition of real estate. All of the projects compete with each other for inclusion in the annual program throughout the programming process.

b. Urgently required projects which are exclusively for the acquisition of real estate are processed under the authorization of 10 U.S.C. 2672 and 2672a, and are not covered by this manual (see DLAR 4165.4).

c. All construction projects having individual project funded costs exceeding \$200,000 must be included in the annual program, except for those projects which qualify under one of the following exceptional construction authorities:

- (1) Emergency Construction - see paragraph 3102.
- (2) Major Restoration or Replacement of Damaged Facilities - see paragraph 3103.
- (3) Secretary of Defense MILCON Contingency Authority - see paragraph 3104.
- (4) Unspecified Minor Construction (formerly Exigent Minor) - see paragraph 3105.

3102. Emergency Construction (over \$1,000,000)

a. Authority. 10 U.S.C. 2803 provides emergency authority for accomplishing military construction projects outside those line items included in the annual MILCON Authorization Act. Normally, use of this authority shall be restricted to projects in excess of \$1,000,000. The total amount of authority available to the SECDEF for this purpose in any fiscal year is usually \$30,000,000. For each project undertaken under this authority, the Director, DLA must make a determination that the requirement for the project is vital to the national security, and the requirement for the project is so urgent that deferring authorization for its construction to the next Military Construction Act would be inconsistent with national security. When a decision is made to carry out an emergency construction project, the Director, DLA must notify, in writing, the appropriate Congressional committees. Each such notification shall include the justification for the project and its current estimated cost, the justification for carrying out the project under 10 U.S.C. 2803 (see Appendix A), and a statement of the source of funds to be used to carry out the project. The project then may be carried out only after the 21-day period beginning the date the notification is received by such committees or sooner if each committee has approved the project before the end of that period. Two key factors which must be demonstrated are that a useable completion date is required substantially earlier than the next MILCON program could provide, and that it is possible to complete design and begin execution of the project sooner than if the project was delayed for inclusion in the next regular MILCON program.

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b. Funding. Annual MILCON Appropriation Acts do not provide funds for the accomplishment of projects permitted under the authority of 10 U.S.C. 2803. Projects must be financed by military construction fund savings resulting from favorable contract awards or by cancellation of other projects that have been authorized and funded in prior year programs. Programs that are deferred to provide a source of funds for reprogramming, but for which a requirement remains, may be requested in a subsequent annual program.

c. Approval Procedures

(1) An emergency construction project submission shall be forwarded to DLA_W. Submitting commands should clearly identify the urgent need on documents supporting the project. Since funding will come from MILCON savings and project cancellations, it must be shown that the emergency project is more important than any project that will be cancelled to provide the required funding. The Director, DLA will designate the funding sources at the same time the project is approved.

(2) After approval of the project by the Director, DLA, the Armed Services Committees of the Senate and House of Representatives must be notified of the proposed action. Concurrently, the Assistant Secretary of Defense (Comptroller) must request and receive the approval of the Office of Management and Budget and the Appropriations Committees of the Senate and House of Representatives for the proposed action for reprogramming of funds.

(3) Approval for emergency construction projects is most difficult to obtain and can be extremely time-consuming. The utmost discretion on the part of requesting command/agencies is recommended. Unless the requirement is vital to the security of the United States, submission in an early annual program will be surest and fastest method of obtaining a needed facility cost in excess of \$1,000,000.

3103. Major Restoration or Replacement of Damaged Facilities

a. Authority. Under the authority of 10 U.S.C. 2854, damaged or destroyed facilities may be repaired, restored, or replaced using funds available from military construction appropriations when the funded project cost exceeds \$1,000,000. The use of this authority has been restricted by the Secretary of Defense to complete replacement or "major restoration" of a facility which is urgently required. Major restoration is defined as restoration costs in excess of 50 percent of the cost of completely replacing the facility. This authority does not preclude the use of operation and maintenance funds to repair damaged facilities when the cost exceeds \$200,000 and is over 50 percent of the replacement cost if approved by ASD(MI&L). In those cases where the phasing is such that restoration or replacement will not be unduly delay or when urgency cannot be justified, projects should be included in the annual MILCON program. A major restoration or complete replacement of a damaged facility that can be supported as an urgent requirement will be funded as Unspecified Minor Construction under 10 U.S.C. 2805 when the funded project costs are between \$200,000 and \$1,000,000, providing they meet the requirements of paragraph 3105. Projects with a funded cost of \$200,000 or less may be undertaken using operations and maintenance funds.

b. Funding. Military construction funds are not provided by this authority. Reprogramming similar to the procedures outlined for emergency construction is required. The Congressional Appropriations Committees will approve such reprogramming actions only when it can be shown that delay of the project concerned for inclusion in the next regular MILCON program will adversely impact upon primary mission capabilities, or perpetrate unacceptable hazards to life and property.

c. Approval Procedures. Approval procedures are the same as those used for emergency construction.

d. Eligibility Criteria. To establish eligibility for funding from military construction funds under 10 U.S.C. 2854, projects shall be assessed in terms of the following requirements and guidelines:

- (1) Project must involve complete replacement or major restoration.
- (2) A continuing military requirement for the facility must exist. Delaying the project for inclusion in the next regular MILCON program must adversely impact upon primary mission capabilities or perpetrate unacceptable hazards to life and property.
- (3) Size of the replacement facility may be increased to meet current mission and functional requirements; however, only the requirement validated by the construction criteria can be restored regardless of the original facility size.
- (4) Current design and material criteria should be used in design and construction of the replacement facility.
- (5) Damage must be due to fire, storm, earthquake, or other acts of God. For the purpose herein, an act of God does not normally include damage resulting from prevailing or seasonal heavy weather, nor does it include an accumulation of minor damage incidents. Damage from terrorist activities, however, can be included.
- (6) Damage to facilities which normally receive abuse as a part of their function usually will not be considered under 10 U.S.C. 2854.

3104. Military Construction Contingency Authority

a. Authority. Authority contained in 10 U.S.C. 2804 provides the Secretary of Defense authority to establish or develop installations or facilities which he determines to be vital to the security of the United States. This authority encompasses a nonhostile situation involving the need for construction of military facilities deemed vital to the security of the United States of such urgency and impact that construction of the required facilities cannot await inclusion in a subsequent annual MILCON Authorization Act; or a hostile situation resulting from an incipient or actual conflict, where in the construction of military facilities and installations is urgently needed to support the interests of the United States and is deemed vital to the security of the United States.

b. Funding. Funds are controlled by the Secretary of Defense. Financing of contingency requirements normally shall be from funds appropriated in the annual Military Construction Appropriation Acts. In the event of a declaration of war or the declaration by the President of a national emergency, the Secretary may fund the project using any funds that have been appropriated for MILCON, including funds appropriated for family housing.

c. Approval Procedures

(1) For nonhostile situations within the Continental United States, DLA shall forward the request for use of the SECDEF contingency authority by memorandum to SECDEF through ASD (MI&L) indicating the situation under which the request is being made.

(2) For nonhostile situations in overseas areas DLA shall coordinate the proposed construction with the Commanders of Unified or Specified Commands concerned for validation and establishment of a priority of need and submittal to ASD (MI&L) through the Chairman JCS, with a copy to DLA.

(3) For hostile situations, when time permits, requests shall be processed in the same way as that described for the nonhostile situations. When the Commander of the Unified or Specified Command concerned determines that tactical exigencies will not permit more deliberate

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procedures, the Commander may submit a request directly to ASD (MI&L) through the Chairman, JCS, with a copy to DLA.

(4) Under a Declaration of War or National Emergency. The ASD (MI&L) shall prepare the notification of approval for Secretary of Defense signature for submission to the Committees on Armed Services and Appropriations of both the House of Representatives and the Senate. Funds identified may be obligated immediately upon approval of SECDEF.

3105. Unspecified Minor Construction (\$200,000 to \$1 million)

a. Authority. Authority is contained in 10 U.S.C. 2805 for the accomplishment of construction projects not otherwise authorized by law that have a funded project cost between \$200,000 and \$1,000,000. Projects which are solely for the acquisition of real estate do not qualify under this authority (see DLAR 4165.4). The Unspecified Minor Construction authority is to be used for projects which require accomplishment sooner than would be possible if delayed for inclusion in the next regular MILCON program. This authority provides for projects formerly called Exigent Minor Military Construction and includes self-amortizing projects.

b. Funding. Annual MILCON legislation provides lump-sum authorizations and appropriations for Unspecified Minor Construction projects. Assignment of MILCON funds for Defense Agency projects is under the control of the ASD (Comptroller).

c. Approval Procedures

(1) Specific approval authorities are contained in Table C-1, Appendix C. Projects with a funded project cost exceeding \$500,000 must be approved by the Director, DLA, and that the appropriate Subcommittees of the Congress must be notified before any construction obligations may be incurred. (See subparagraph below.)

(2) The appropriate level dollar limitations set forth in Table C-1 are applicable to "funded project costs."

(3) An increase in scope and funding of an approved Unspecified Minor Construction Project may be requested if the total new funded cost will not exceed \$1,000,000. Reapproval of the project by the authority appropriate to the new funded cost will be required in all cases. Such reapproval of projects having a funded cost moving from below to above \$500,000 must clear a 21-day Congressional notification before any obligations may be incurred. Specific instructions on changes in scope or cost of Unspecified Minor Construction Projects are contained in DoD Directive 4270.24. Unspecified Minor Construction, Emergency Construction, and Restoration or Replacement of Damaged or Destroyed Facilities.

d. Eligibility Criteria

(1) Unspecified Minor Construction. With the exception of self-amortizing projects as defined in subparagraph d (2) below, all DLA Unspecified Minor Construction projects must qualify under each of the following factors:

(a) The facilities requirement addressed by the project was identified too late for inclusion in the last budget submission to the Congress. For the purpose of this condition, it should be assumed that if all other criteria apply, the project could not have been inserted up to the date that the budget was submitted to the Office of the Secretary of Defense (about 15 September each year for the fiscal year beginning 1 year later).

(b) A useable completion date for the facility is required substantially sooner than would be possible if the project was delayed for inclusion in the next annual MILCON program (assuming contract award on 1 November, 30 days into the fiscal year).

(c) One or more of the following criteria pertain:

1. A new primary mission assignment cannot be implemented without the requested construction.
2. Unexpected growth in existing primary missions cannot be accommodated without the requested construction.
3. Unexpectedly rapid progress in a high priority research and development effort cannot be exploited without the requested construction.
4. A hazard to life and property equating to Occupational Health and Safety Act, Category 1A, cannot be corrected without the requested construction.
5. The requested construction is necessary to conform to regulatory or statutory requirements which must be complied with to continue performing primary missions.
6. Unexpected, new items of major equipment, which are necessary to the performance of primary mission, cannot be put into operation without the requested construction.
7. The requested construction consists of essential alterations incident to repairs (funded from other than MILCON) which are immediately necessary to continue performing current primary missions. The purpose being served must be the restoration of the facility to allow continued use for its designed purpose. Restorations for a different purpose (i.e., a different facility category code will be assigned) do not meet this qualification. To qualify as Unspecified Minor Construction, the cost of alterations must not exceed 50 percent of the cost of associated repairs.
8. Unexpected loss or severe reduction in supporting utility sources or systems will jeopardize the ability to continue to perform primary missions without the requested construction.
9. No feasible alternative interim or permanent methods of satisfying the facilities requirement exists.

(2) Self-Amortizing minor construction projects costing less than \$1,000,000 can be approved under the Unspecified Minor Construction Program, provided that the construction will, within 3 years following completion of the project, result in savings in maintenance and operating costs in excess of the cost of the project. The technique for the computation of savings is very involved and the appropriation from which these projects are to be funded is limited. Project development should be considered in the light of these factors and restricted to those that are clear examples of cost effective construction with payback periods within 3 years. Projects to be considered are those which will permit an existing function to be more economically accomplished as a result of the capital investment. Specifically, it must be demonstrated that the investment involved will reduce existing annual operating expenditures sufficiently to amortize the project within a 3-year discounted period. Attempts to qualify projects under this authority based on vague savings assigned to increased productivity, cost avoidance, or consolidation of functions will, to increased productivity, cost avoidance, or consolidation of functions will, in all probability, be fruitless. It shall also be remembered that the computation of savings must compare present and proposed total systems investment cost and not just the cost of the added facilities. DLAM 7041.1 provides guidance in preparing payback analysis for projects submitted under this authority.

(3) Notwithstanding any other provisions for approval of Unspecified Minor Construction projects, no such project may be undertaken which as been previously denied by Congress from

proposed MILCON authorization legislation without the approval of the Secretary of Defense, or his designee. Such projects which have been removed from the MILCON program during DLA or other Executive Department reviews will not be considered under Unspecified Minor Construction unless factors unknown at the time of such deletion demand remedy sooner than would be possible under the next annual program.

e. Notification to Congress. No funds may be obligated for an Unspecified Minor Construction project with a funded cost in excess of \$500,000 until the Committees on Armed Services and Appropriations of the House of Representatives and the Senate have been notified in writing and 21 calendar days have elapsed. Notifications will be processed for these projects approximately 2 months before projected advertisement for bids. DLA -W shall prepare the notifications of the approval of the projects thru DLA-D and transmit them to the Congress. A copy of each Congressional notification must be provided to (ADS MI&L) and ASD(C).

f. Certificate of Savings. The justification for each self-amortizing Unspecified Minor Construction project shall include a Certificate of Savings in the format of Exhibit D-1. The Certificate of Savings essentially certifies that the discounted savings to be derived from the project over a 3-year period (see subparagraph d (2)) exceeds the investment cost (discounted if appropriate). The Certificate of Savings shall also identify the source of the savings by end use and the year the savings will be realized.

3106. Minor Construction (Under \$200,000)

a. Authority. Authority is contained in 10 U.S.C. 2805 and 10 U.S.C. 2233 for the accomplishment of construction projects not otherwise authorized by law that have a funded cost less than \$200,000. Projects solely for the acquisition of real estate do not qualify under this authority (see DLAR 4165.4).

b. Funding. Minor construction projects costing less than \$200,000 will be funded from annual Operations and Maintenance (O&M) appropriations. Through the budget process, O&M funds will be assigned to the HQ DLA centrally-managed project fund or allocated to PLFAs as appropriate. The Congress is vitally concerned that O&M funded Minor Construction will not be accomplished at the expense of needed maintenance and repair, and therefore requires that a special report be submitted annually to allow an assessment of whether unwarranted diversions to Minor Construction are occurring. The DLA Minor Construction objective is that no more than 15 percent of the total of each year's maintenance floor accounts (931, 932, 933, 934, 936 and 938) be spent of Minor Construction (936). Since the only maintenance floor expenditures for some PLFAs, such as DPDS and DCASRs, are for minor construction, the PLFAs which are fully under DLA control must be limited to a lower figure. Individual PLFA annual minor construction obligation objectives (ceilings) will therefore be established prior to the beginning of each fiscal year.

c. Approval Procedures

(1) Specific approval authorities are contained in Table C-1, Appendix C.

(2) The approval level dollar limitations set forth in Table C-1 are applicable to "funded project costs."

(3) An increase in scope and funding of a minor construction project may be requested only if the total new funded cost will not exceed \$200,000. Reapproval of the project by the authority appropriate to the new funded cost will be required in all cases. If the new cost exceeds \$200,000, the procedures for either regular MILCON or Unspecified Minor Construction must be used.

d. Eligibility Criteria. Minor construction projects costing less than \$200,000 must qualify under one or more of the criteria included in paragraph 3105.1(c) unless the project is self-amortizing. In that case, paragraph 3105d (2) and 3105f shall apply.

PART 2

PREPARATION AND SUBMISSION

3201. Annual Military Construction Programs. Submission of projects for the annual Military Construction programs shall be in accordance with DLAR 4165.5. The general policies and criteria for acquisition of facilities, as outlined in DLAR 4165.5 apply to all categories of construction. Appendix E of this manual provides guidance for the preparation of supporting documents for the Military Construction Program projects. NAVFAC Instruction 11010.57, AFR 864, and AR 210-20 provides procedural directions for submittal of site approval requests.

3202. Emergency Construction, Major Restoration or Replacement of Damaged Facilities, MILCON Contingency, and Unspecified Minor Construction

a. Preparation of Projects. Projects shall be prepared on DD Form 1391, Military Construction Project Data, and DD Form 1391c, Continuation Sheet, in accordance with the instructions of Appendix E. The engineering cost estimate shall be increased by 5 percent for contingencies and by the current authorized percentage to cover the applicable service construction agent (NAVFAC or COE) administrative costs. Form 1391 shall indicate budget estimate. The DD Form 1391 shall be accompanied by a detailed cost estimate on DA ENG Form 150, Construction Cost Estimate, as well as appropriate photographs, charts, and maps necessary to enable review officials to understand the nature and scope of the project. Photographs, preferably taken before cleanup, are especially desired for restoration of damaged facilities projects. The submission must also include a facility study prepared in accordance with Appendix E, with the following modifications:

(1) For Unspecified Minor Construction projects paragraph 1 shall be titled, "Project and Purpose." After providing the information specified in the basic instruction, a statement on the purpose to be supported must be provided. This is the fundamental military or management objective of the overall undertaking being supported. Typical examples are:

(a) The purpose being supported by this project is the assignment of a hazardous materials storage mission to DDMT.

(b) The purpose being supported by this project is the installation of a new computer system at DCASR Boston.

(c) The purpose being supported by the project is expansion of an existing hazardous materials disposal mission of DPDO Hawaii.

(d) The purpose being supported by this project is the savings of the cost of fuel by reclaiming waste oil.

(2) Paragraph 5, Justification for Project, shall contain a direct, concise description of exactly how the project qualifies under the exceptional authority in question.

(a) For emergency construction projects, an explanation of the circumstance requiring the project shall be provided. Full details on why delaying the project for inclusion in the next regular MILCON program would be inconsistent with the National Defense interests of the U.S. shall be spelled out. The effect of the project on required capabilities under the various contingency plans should be cited where applicable. The requirement for the specific useable completion date requested shall be thoroughly explained.

(b) For Major Restoration or Replacement of Damaged Facilities projects, information to demonstrate that the cost to restore each of the real property facilities involved exceeds half the facility replacement cost shall be provided. The details on how the damage resulted from an "Act of God" shall be spelled out. An explanation on how delaying the project for inclusion in the next regular MILCON program would adversely impact upon mission capabilities or perpetrate unacceptable hazards is also necessary.

(c) For Contingency Construction Authority projects, the information required by paragraph 3202 and the following additional information is required.

(1) An explanation of the reasons why the project cannot be programmed in accordance with established planning, programming, and budgeting system procedures.

(2) A statement of anticipated construction contract award and design completion dates.

(3) Identification of any additional funds required to design the requested project.

(d) For Unspecified Minor Construction projects, each of the criteria points in paragraphs 3105d(1)(a) through 3105d(1)(c) shall be specifically addressed unless the project is self-amortizing. In that case, paragraph 3105 d(2) and 3105 f shall apply.

(3) Paragraph 5, Justification for Scope of Project, shall contain statements that:

(a) "No other existing suitable facilities are available to satisfy the requirements."

(b) "The proposed project is consistent with the characteristics and remaining economic life of the existing structures."

(4) Paragraph 6, Equipment Provided from Other Appropriations, shall also apply to Unspecified Minor Construction projects required to house or install items of equipment to be delivered (i.e., justified under paragraph 3105 d(1)(c)6). The procurement contract number shall be added to item 6d, "Scheduled Delivery Date", for all Unspecified Minor Construction projects.

(5) Paragraph 9, Siting the Project, shall have the following statement added to the end of the first paragraph: "and site approval has been initiated or obtained for the proposed project locations as required by NAVFACINST 11010.57, Army AR 210.10, Air Force AFR 86-4.

(6) Paragraph 11, Economic Analysis. Primary economic analyses are only required for self-amortizing projects. Secondary economic analyses are not required for Unspecified Minor Construction projects, but should be prepared on Emergency Construction or Major Restoration or Replacement of Damaged Facilities or Contingency projects when two or more possible facility solutions exist. Where only one method of satisfying the facility requirements exists, instructions in DLAR 7041.1 Economic analysis and Program Evaluation for Resource Management, paragraph III F, shall be followed. DLAM 7041.1 contains guidance for the preparation of economic analysis.

b. Submission Procedure. All projects shall be forwarded to DLA-WI. The forwarding letter on all projects must specifically address the existence or nonexistence of related maintenance, repair, or equipment installation to be accomplished as an integrated undertaking and funded by other than construction funds. Where such projects exist, they shall be listed by number and title, and copies shall be provided for use by DLA reviewing officials.

3203. Minor Construction Projects (Under \$200,000)

a. Project Preparation - Projects within Secondary Level Field Activity (SLFA) PLFA authority:

(1) DLA controlled Installations: Projects will be prepared on standard work request, DA Form 4283, with a detailed cost estimate developed by the Facility Engineer. Projects thus prepared, along with full justification, will be submitted to the Head of the PLFA for approval, as appropriate.

(2) DLA Tenanted Activities: Projects will be prepared on the applicable Military Department work order request form with a detailed cost estimate developed by the Host Activity Facility Engineer. These projects, with Host Activity coordination, as necessary, and full justification, will be submitted to the SLFA/PLFA Commander for approval.

(3) DLA Activities in GSA Space: Projects will be prepared as required by local GSA procedures. Necessary engineering support will be obtained from the GSA office controlling the building. Projects with full justification will be submitted to the Head of the PLFA for approval.

b. Project Preparation - Projects in excess of PLFA authority: Projects will be prepared on a DD Form 1391 and submitted to DLA-WI for review and approval. Guidance for completing the DD Form 1391 is included on Appendix E. Project scope and justification must be consistent with the criteria of paragraph 3106d. The justification should additionally include the following:

(1) A statement of the remaining life of the facility (obtained from Property Record Cards).

(2) Economic justification if specific materials or building components are specified, i.e., economic evaluation of alternatives.

(3) A statement that the work will be accomplished by contract, unless a determination has been made that contracting for the work is not feasible and explanation is provided.

c. Cost estimates-estimates will be prepared by PLFA or host activity engineer personnel as appropriate, and identify both funded and unfunded costs (see para 2205).

d. Project approvals - as required, HQ DLA approval of projects will be accomplished as follows:

(1) For projects to be executed by the PLFA: A DLA Form 309, Authorization for Contractual Procurement, will be provided to the PLFA. In unusual situations, particularly where time is of the essence, HQ DLA may grant a one time exception to the PLFA approval levels and authorize a PLFA to execute a project immediately. In such cases, locally available funds are normally utilized.

(2) For projects to be executed by a DoD Design/Construction Agent or a host activity: an approved project package including a DD Form 448, Military Interdepartmental Purchase Request (MIPR), will be provided directly to the Design/Construction Agency (i.e., NAVFACENCOM or the CoE) or the applicable host activity. This authorization and funding process may involve two steps, the first for design alone and the second for actual construction.

e. Restrictions

(1) Minor construction will not be undertaken in a new facility within 12 months from the date of acceptance of that facility without prior approval of DLA-W.

(2) If at any time it appears that the cost of a project approved by HQ DLA or higher authority may exceed the approved amount, the matter will be brought to the immediate attention of DLA-WI. In general, changes in scope, cost, or both, must be resubmitted to the appropriate level for approval.

f. Project Files

(1) Project files will represent a complete historical record of each project from inception to completion. Correspondence and other documentation will be incorporated in the project file at all appropriate levels. This will include a statement of the total cost broken down to show funded and unfunded cost, memorandums for records pertaining to decisions resulting from discussions, meetings, and telephone conversations documentation of justification, approval and current cost estimates reflecting revision date and initials of individuals making update.

(2) Except as discussed in subparagraph (3) below, a Certificate of Cost Incurred will be prepared for each completed minor construction project, substantially in accordance with the format of Exhibit D-1. Include statement of total cost incurred on the project, the funded portion of total cost, and a statement that funded cost incurred did not exceed authorized amount. The Certification of Cost Incurred will be prepared within 90 days after physical completion of the project, and will be signed by the Head of the DLA activity, the responsible engineering official, and the responsible fiscal official. A copy will be retained in project files at each level maintaining such files.

(3) To minimize the accounting records, files and certificates for routine one-time construction undertakings of nominal cost, the costs related to these undertakings may be charged to appropriate work orders with no requirements for separate identification of the actual costs by specific undertaking, provided:

(a) The funded cost involved in any single undertaking does not exceed \$1,000.

(b) There is no necessity for separate cost identification to ensure compliance with other limitations.

(c) The work accomplished under this authority does not supplement an authorized minor construction project or otherwise circumvent restrictions on minor construction.

(d) The work order for these undertakings is limited to alterations and additions, expansions, or extensions, and does not commingle costs applicable to other types of work, such as maintenance and repair.

(e) A monthly listing is prepared showing each undertaking accomplished under the work order authority during the month and its estimated cost. This listing is to be retained as an official record of the use of this authority. This listing will be maintained at the activity exercising approval authority.

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3204. Reports. Report requirements and procedures are discussed in Chapter IX and Appendices D, E, and F of this manual.

PART 3. EXECUTION

3301. Promptness. The element of time is the principal difference between projects submitted in the annual Military Construction Program and those processed under the exceptional construction authorities. Exceptional construction authority projects are authorized on the premise that they are so urgently required that authorization and funding cannot possibly be delayed for inclusion in the next regular program. During the justification stage of a project, statements are frequently made as to the requirements for beneficial occupancy by a specific date. When delays are subsequently noted between the approval by the requisite authority and commencement of the projects, DLA's management and credibility is brought into question. In particular the execution of Unspecified Minor Construction projects in a routine manner, resulting in low or delayed obligation rates in spite of a large number of approved projects, places DLA in an especially embarrassing situation during budget reviews. A most relevant indicator of a funding requirement during these reviews is the level of the unobligated balance in the program. Therefore, it is necessary that funds be obligated as soon as possible after project approval to accurately reflect the funding requirements.

3302. Increase in Authorized Costs and Scope of Minor Construction Projects. Conditions may develop that indicate a requirement for an increase in the scope and/or dollar amount of a minor construction project. In this event the executing activity shall request such increase(s) from the appropriate project approval authority. PLFAs may increase the authorized scope and funded amount of such projects up to their approval authority limitation. In the case of projects within HQ DLA approval authority limits (either originally or as a result of the requested increase), the request shall be forwarded to DLA-WI with an explanation of the reasons for the increase. Only HQ DLA is authorized to approve increases in cost and scope of HQ approved projects.

3303. Site Approval. Site approval requests shall be forwarded separately and immediately to the applicable Military Service site approval authority (see AR 210.10, NAVFACINST 11010.57, AFR 86-4). Site approval must be obtained prior to the start of design. 3304. Method of Accomplishment. Regulations on methods for projects accomplishment are prescribed in paragraph 1303.

CHAPTER IV

REPAIRS

PART 1

GENERAL INFORMATION

4101. Definition. Repair is the restoration of a real property facility to such condition that it may be effectively utilized for its designated purposes by overhaul, reprocessing, or replacement of constituent parts or materials that have deteriorated by action of the elements or usage and have not been corrected through maintenance.

4102. Examples of Repair

- a. Replacement or repair of broken piling, deck, or structural elements of a pier or wharf.
- b. Roof repair by replacement when such is the most economical means of repair.
- c. Replacing broken pavement and/or overlaying worn or deteriorated pavement.
- d. Replacing worn out installed equipment (as defined in par 2114) that is beyond economical maintenance.
- e. Overlaying a floor which can no longer be sanded and refinished, with linoleum or floor tile is considered repair rather than maintenance.
- f. Demolishing an unuseable building. The demolition of a portion of a facility is repair where the portion to be demolished is not to be replaced and must be removed because it is unsafe, unuseable, and is no longer economical to repair. Subsequent related costs, such as closing of openings and cutting off utilities, are within the scope of repair. However, if demolition is part of a construction or MILCON project, then cost of demolition is part of the construction funded project cost.
- g. The complete replacement or major reconstruction of a facility, such as the removal of a deteriorated prefabricated building and erection of a new building on an existing foundation, is construction, not repair.

4103. General Policy

- a. As a general guide in repair projects involving replacement of constituent parts, the item installed shall be equal in quality and size or capacity to the item removed.
- b. Repairs, however, can be effected by replacement of the original materials with substitute materials under the following conditions based on providing repairs by the most economic means and life cycle costs.
 - (1) When a direct replacement of materials is no longer available.
 - (2) When economic and environmental justifications dictate replacement with improved or more durable, esthetic materials. Such justification shall be based on a sound engineering judgement that takes into account functions performed in the area and a favorable life cycle cost analysis over the remaining life of the structure. The term "life cycle cost study" is utilized in the context of the instructions contained in DLAM 7041.1. Improved materials or design may be used, if new materials have been developed and have come into accepted use since installation of the material to be replaced, or if the selection of the original material or the original design is

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economically unwise. In general, a new material shall not be of higher quality or durability than that permitted for a similar use by criteria for new construction. It is not the intent of this section to allow for the improvement or upgrading of an existing facility normally funded as construction with repair funds. Discretion should be used in preparing the project submittal to assure that the correct intention is emphasized in the project justification.

c. In the course of repair by replacement, constituent parts of a structure, such as electrical wiring, piping, heating, and ventilating equipment (contained within the individual building), may be increased in size to meet current standards or modern accepted engineering practice. Increases in size of air conditioning units are specifically excepted from this provision.

d. When the scope of a repair project exceeds 50 percent of the replacement value of the facility and the cost exceeds \$100,000, the project must be approved by DLA-D or DLA-DD. When calculating the replacement value, only the individual facility listed on the plant property record may be used. DoDI 7040.2 defines a facility as a separate individual building, structure, or other real property improvement (each item which is subject to separate reporting under the DoD real property inventory).

4104. Structural Repairs

a. Repair by replacement of deteriorated walls, gutters, roofs, stairs, porches, platforms, windows, facia, sills, and similar components may be accomplished through the use of improved or more durable, esthetic materials in accordance with the general policy.

b. Structures shall be upgraded by exterior repair only to the extent justified by the remaining useful life and/or foreseeable requirement for the structure.

c. In the course of repair, window and door openings may be modified to the extent necessary to utilize available manufactured sizes so as to preclude special fabrication costs where exact replacement is no longer available.

d. Built-up and shingle roofs may be repaired by replacement in total or by overlays on existing material when the existing components are no longer available.

e. Waterproofing and/or repainting of exterior masonry walls are not repairs but constitute maintenance.

4105. Repairs to Utility Systems

a. Complete replacement of portions of a utility system that have deteriorated to a point where they cannot be economically maintained shall be replaced in kind and classified as repair.

b. In replacing constituent parts of utility systems, improvements can be made in the design of materials utilized provided that life cycle cost study indicates that such improvement will result in lower main equal to or greater than the increased cost of the improvement over replacement in kind. Typical work in this category of repair includes:

(1) Replacement of corroded pipe with pipe having a higher resistance to corrosion.

(2) Replacement of unreliable and obsolete equipment, such as a control system needing repair, with an automatic control system that would permit more economical operations.

(3) Replacement of existing pipe, conduit, or ducts, needing repair with component of the same or next size larger than the original when the original is no longer manufactured.

c. The costs involved in the modernization of utility systems related to improving the means of production or use of utilities, within the capabilities/capacity of the existing plant, when such maintenance is incident to repair, are chargeable as a repair.

d. When modernization increases production capacity; enlarges, extends, or expands primary distribution systems; or provides service for a new purpose, the portion of the project that accomplishes the aforementioned is construction and must be processed as such.

e. Construction required for conversion of a heating plant, which is in good repair, from one fuel to another is an alteration and, therefore, must be processed as construction. However, if a heating plant is beyond economical repair, and the facility engineer so certifies, then a replacement of the heating system to accommodate the fuel conversion may be financed as repair, provided the expenditure meets all restrictions on the use of these funds and that the conversion meets all prescribed criteria in DoD 4270.1-M.

f. In the repair of piping systems that have deteriorated, cathodic protection shall be incorporated as a repair cost where economically justified.

4106. Pavement Repair

a. Types of Pavement. The various pavements reported under Department of Defense categories, such as airfield pavements (runways, taxiways, aprons, and other) and roads and streets (walks, parking areas, and miscellaneous pavements) may include the following constituent parts:

(1) Surface course or wearing surface.

(2) Base course.

(3) Subbase course.

(4) Compacted subgrade.

(5) Shoulders, a contiguous drainage system, and other appurtenances (excluded are airfield lighting, communication lines, and liquid fuel storage and distribution).

b. Types of Pavement Deterioration. Typical types of isolated pavement deterioration, damage, or failure that may be corrected by repair are as follows:

(1) Structural defects, such as cracks or breaks that will impair the life, safety or the load-carrying capacity of the pavement.

(2) Surface defects, such as spalled, shattered, or broken-up rigid slabs, which may require total replacement of an isolated portion of any slab.

(3) Settlement of a portion of pavement where the base or subbase has failed or densified.

(4) Surface evidence of movement or distress, such as plastic movement (shoving) or distress of the base and subbase course.

(5) Rutting of pavement possibly caused by loss of stability or subsurface failure due to excess moisture.

c. Types of Pavement Repair Work. The following are typical examples of pavement work which can properly be classified as repair. All designs of such work must be in accordance with applicable design standards and must meet current mission. A specific repair project may include various combinations of these examples:

(1) Spot Repair. The repair or replacement of a failed or deteriorated separate area or slab by removing and replacing portions of the pavement surface, base, subbase, and appurtenances, as necessary, to maintain serviceability.

(2) Overlay. The overlay of all or part of an existing pavement surface to maintain serviceability of the pavement, including: spot repair to the existing pavement required to support the overlay under traffic conditions; necessary preparation of the existing pavement surface; use of a leveling course, where required, in the preparation of an uneven pavement surface to permit the overlayment; and placement and finishing the new surface. The primary purpose of overlayment shall be to achieve a smooth pavement free from cracks, spalling, and settlement rather than to increase the design strength.

(3) Resurfacing. The replacement or overlay of a deteriorated, flexibletype pavement surfacing to maintain serviceability of the pavement, including: removal of the existing deteriorated surfacing; spot repairs of the existing base, subbase, drainage, and appurtenances, as required; leveling and compacting the base as necessary; and placement and finishing the new surface material. The primary purpose of resurfacing is to achieve a smooth pavement, free from spalling, cracks, settlement, popouts, etc., to make the pavement serviceable rather than increase the design strength.

(4) Restoration. The replacement of a deteriorated pavement by removal of continuous portions of the existing surface, base, subbase, drainage, and appurtenances as necessary and replacement is to restore the strength and serviceability of the existing pavement so it will continue its existing functional use rather than increase the design strength.

4107. Modernization of Lighting Systems

a. Except as restricted below, work resulting in the modernization of the lighting system of a building may be funded as a repair if the existing system is inadequate, i.e., does not meet the lighting intensity recommended for the particular area, detrimental to the efficiency of work required in the building, unsafe, or harmful to employee eyesight. In this context, the correction of a deficiency of light in a lighting system is in the nature of a repair, and therefore, a determination of physical system deterioration is not essential to classify the work as repair. The project documentation must include the lighting intensity as recorded and number of personnel affected. The concept includes exterior lighting on or within the 5-foot line of the building and lighting within the boundaries of a parking area. Energy conservation measures should be considered when replacing inadequate and/or deteriorated lighting system when it will result in energy savings.

b. If the need for modernization is a direct result of a conversion or a change in functional purpose to which the structure is to be used, the work is an alteration and must be funded as construction.

4108. Cathodic Protection

a. The installation of cathodic protection incident to the repair of a real property facility shall be processed as part of the repair project.

b. The installation of cathodic protection on an existing real property facility in order to prevent damage to that facility shall be processed as maintenance provided the requirement for cathodic protection developed after the facility had been placed in service.

c. The installation of cathodic protection during the construction of a new real property facility, or during the conversion, addition, expansion, or complete replacement of a real property facility shall be processed as construction.

4109. Restoration of Damaged Facilities. Restoration of damaged facilities which is not a complete replacement may be funded as repairs. When the cost of restoration of a damaged facility exceeds \$200,000 and 50 percent of complete replacement the work may be funded from MILCON funds in accordance with paragraph 3103.

4110. Scope of Repair Projects. A repair project is defined as a single undertaking of repair necessary to satisfy a finite requirement. A "finite requirement" is considered to be all of the known repairs that are essential to maintain serviceability or to prevent significant deterioration of a particular real property facility. Normally, all repairs to a single facility should be included as a single project. Once a project is developed and approved by the appropriate authority, see paragraph 4111 and Table C-2, accomplishment of the work by incremental funding and/or contracts over 2 or more years to meet funding or resource constraints is permissible. Similarly accomplishment of several repair projects by a single contract for overall convenience and economy of design and project management is permissible.

4111. Approval Authorities

a. Projects Restricted to Approval by DLA-D or DLA-DD. DoD Directive 4165.2, DoD Real Property Maintenance Activities Program, requires approval by the Director or the Deputy Director of a defense agency on all repair projects exceeding \$500,000 in cost or projects with a cost between \$100,000 and \$500,000 when the cost exceeds 50 percent of the replacement cost of the affected facility. DoD Instruction 4165.58, Program Control System for Real Property Maintenance Activities, requires that conformed copies of the approval action for these projects, accompanied by supporting justification, be furnished concurrently with the approval to DASD(I).

b. The Staff Director, Installation Services and Environmental Protection DLA (DLA-W) will approve other projects requiring HQ DLA approval.

c. For DLA-controlled Installations - See Table C-2, Appendix C. Projects within the local approval authority shall be executed without a project submission.

d. Heads of Tenant Activities at DLA-controlled installations, other Military Installations, GSA-controlled facilities or Contractor-owned, Contractor-operated (COCO) facilities have neither responsibility nor authority for facilities maintenance and repair, but will depend on the host installation or agency for support. If the lack of repair support prevents a DLA activity from performing its assigned mission, the DLA activity building manager should attempt local resolution of the matter with the host installation GSA building manager or COCO contracting officer. If local resolution is not possible, the matter may be referred through DLA channels for assistance.

4112. Project Files. Project files will represent a complete historical record of each project from inception to completion. Correspondence and other documentation will be incorporated in the project file at all appropriate levels. This will include a statement of the total cost broken down to show funded and unfunded cost, memorandums for record pertaining to decisions resulting from discussions, meetings, and telephone conversations, documentation of justification, approval and current cost estimates reflecting revision date and initials of individuals update.

4113. Reports. Report requirements and procedures are discussed in Chapter IX of this manual.

PART 2

CRITERIA FOR JUSTIFICATION AND REVIEW OF REPAIR PROJECTS

4201. Criteria

a. Justifications should demonstrate that:

(1) The facility has a continuing military requirement that is documented in the Installation Master Plan.

(2) The function of the facility cannot be eliminated, consolidated, or transferred to another facility.

(3) The function cannot feasibly be accomplished by private industry or by cross-servicing with other Government agencies.

(4) The loading factor will not permit consolidation within a like facility.

(5) The proposed repairs will reduce maintenance and operating costs.

(6) Deferral will result in hazards to life or property, costly production delays, impairment of operations, or result in eventual higher repair costs.

(7) The repair costs can be amortized over the remaining economical life of the facility, if replacement of the facility is planned.

(8) The method of accomplishment is considered to be the most economical and feasible under the circumstances.

(9) Repair projects, in which the estimated costs exceed 50 percent of the replacement cost of a complete facility, shall include evidence that an economic evaluation discloses that repairs are more economical than replacement.

b. Each maintenance and repair project submitted is subject to onsite reviews by representatives of DLA, OSD, congressional authorities, GAO, etc. To ensure the technical and economic validity of the project, the need for its funding, each project must meet the criteria contained in this section. Specific documentation regarding potential cost savings shall be supplied in each project writeup.

c. Each repair project must state that it has been reviewed in accordance with the latest DOD "new start" criteria and is not a new start, or is a new start and has been approved by the Director, DLA.

4202. Repair and Maintenance Performed as One Project. The principle set forth in paragraph 2203 is applicable to repair projects that include maintenance work.

4203. Overruns. When it is necessary to increase the cost or scope of a repair project, the project shall be reapproved by the project approval authority applicable for the new total project cost. Changes to a prior year approved project are limited to correction of design deficiencies on latent defects. Other desired changes that increase the project scope of a prior year approved project must be funded with current year funds.

CHAPTER V

MAINTENANCE

PART I

GENERAL INFORMATION

5101. Maintenance. The recurring day-to-day, periodic, or scheduled work required to preserve or restore a real property facility to such a condition that it may be effectively utilized for its designated purpose is defined as "maintenance." The term includes work undertaken to prevent damage to a facility that otherwise would be more costly to restore.

5102. Differentiation Between Maintenance and Repair. It is recognized that a clear line of demarcation cannot always be drawn between maintenance and repair. Judgment must be exercised in differentiating between these categories of work. As a general rule, maintenance differs from repair because maintenance does not involve the replacement of constituent parts of a facility, but constitutes the work done on such constituent parts to prevent or correct wear and tear and thereby forestall replacement.

5103. Types of Maintenance. There are two broad types of maintenance effort. One is work performed on a facility or group of similar facilities on a continual basis with no definite beginning or end to the effort. Various terms have been used to describe these efforts, such as recurring maintenance, nonrecurring maintenance, and cyclical maintenance. Because, by definition, all maintenance is recurring, these terms do not serve to differentiate between these types. One type readily lends itself to the program covering "project," where as the other does not. The following terms are used herein in the interest of uniformity.

a. Specific Maintenance. Specific Maintenance is maintenance of a facility performed on an individual job order basis. This work recurs over various given cycles but is not convenient or practical to be accomplished on day-to-day or continuing nature on the particular facility. Examples of this type of maintenance are:

- (1) Exterior and interior painting of buildings.
- (2) Sealcoating asphaltic pavement.
- (3) Resealing joints in concrete pavements.
- (4) Dredging to an approved project depth (two years or longer between requirements).

b. Continual Maintenance/Preventive Maintenance. Continual maintenance or preventive maintenance is maintenance of a facility that is highly repetitive on a portion of a facility and extends throughout the year or seasonal portion of the year. Examples of this type of maintenance are:

- (1) Railroad track maintenance.
- (2) Pier maintenance (usually involving several piers).
- (3) Steam distribution line maintenance.
- (4) Preventive maintenance on electrical and mechanical equipment.
- (5) Painting.

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- (6) Service contracts for air conditioning/heating system.
- (7) Custodial work.
- (8) Cleaning and sealing pavement joints.

Part 2

Policy and Approval Authorities

5201. Policy

a. Maintenance shall be financed from appropriations available for operations and maintenance or from Defense Stock Funds at Defense Fuel Supply Center Government-owned, contractor-operated (GOCO) facilities.

b. Specific and continual maintenance shall be programmed through the annual budget process. Approval of a budget request shall constitute authority to issue individual or standing job orders or institute contract procedures. Minor repairs incident to continual maintenance, such as occasional tie replacement in railroad trackage, need not be classified separately but may be included in the maintenance job order or contract. It must be recognized that, at times, specific maintenance must also be done on the facility undergoing continual maintenance. Emphasis must be placed on early detection of deficiencies and prompt remedial action to prevent larger and more costly repairs or deterioration and damage that may ultimately result in replacement. Accordingly, maximum use of local maintenance funds shall be made for this purpose.

c. Real property facilities scheduled for replacement in the Military Construction Programs shall be maintained only to the degree necessary to meet the projected need for the facilities pending implementation and completion of the replacement facilities. Upon replacement, facilities should be declared excess and then disposed.

5202. Approval Authorities

a. The Heads of DLA Primary Level Field Activities will ensure adequate maintenance of DLA-controlled real property facilities and in the discharge of this responsibility subject to the limitations prescribed below:

(a) Heads of DLA-controlled installations will approve maintenance work within available operation and maintenance funds (Operation and Maintenance (O&M), and Defense Stock Fund (DSF), Research, Development, Test and Evaluation (RDT&E)).

(b) Heads of Tenanted Activities at DLA-controlled installations, other Military Installations, GSA-controlled facilities or COCO facilities have neither responsibility nor authority for facilities maintenance and repair, but will depend on the host installation or agency for support. If the lack of maintenance support prevents a DLA activity from performing its assigned mission, the DLA activity should attempt local resolution of the matter with the host installation GSA building manager or COCO contracting officer. If local resolution is not possible, the matter may be referred through DLA channels for assistance.

5203. Project Files. Project files will represent a complete historical record of each project from inception to completion. Correspondence and other documentation will be incorporated in the project file at all appropriate levels. This will include a statement of the total cost broken down to show funded and unfunded cost, memorandums for record pertaining to decisions resulting from discussion, meetings, and telephone conversations, documentation of justification, approval, and current cost estimates reflecting revision date and initials of individuals making update.

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5204. Reports. Report requirements and procedures are discussed in Chapter IX of this manual.

CHAPTER VI
PROGRAMMING MAINTENANCE AND REPAIR
PART I
GENERAL INFORMATION

6101. Policy

a. The Real Property Maintenance Agreements with the owning Military Services of DLA-controlled installations require adherence to the service policies and standards on the maintenance of real property. Since almost all such facilities are owned by the Army, the programming procedures outlined in Department of the Army (DA) Pamphlet 420-6, Facilities Engineering Resources Management System, have been adopted by DLA. The requirements, statements, and annual work plans outlined in DA Pamphlet 420-6 are used by HQ DLA in establishing funding levels and executing RPMA programs within the Agency.

b. The fundamental underpinning of an adequate program for the maintenance and repair of real property facilities at an installation is the establishment and rigid application of a systematic program to periodically inspect facilities, and installed equipment to identify and document deficiencies so that they may be programmed and corrected. The Army Office of Chief of Engineers Facilities Engineering Revised Facility Component Inspection Policy (Appendix F) prescribes inspections and frequencies for the various types of facilities. Appendix F will be complied with at DLA-controlled installations and the documented results of these inspections will be used as the basis for the DLA maintenance and repair of real property programs.

c. DLAR 4150.2, Real Property Maintenance Activities at DLA-Controlled Activities, provides basic real property maintenance policy and objectives.

d. Installations will be maintained and operated at the lowest possible overall cost to the Government; consistent with the mission and tenure of the facilities on the installations and the health, safety, and efficiency of the people or equipment involved.

PART 2

PROGRAMMING PROCEDURES

6201. Applicability. The following paragraphs apply to DPSC, DGSC, DCSC, DESC, DDMP, DDMT, DDOU, DDTC and DFSC.

6202. Annual Work Plan (Exhibit D-4). An annual work plan prepared in accordance with DA Pamphlet 420-6, paragraphs 3 and 4, for the upcoming fiscal year shall be submitted to DLA-W (ATTN: DLA-WIE) by 1 April each year. This document is the primary basis of allocation of RPMA funds for execution. The plan is exempt from RCS control in accordance with DLAR 5000.12, Management and Control of DLA Information Requirements.

6203. Early Submission of Project Documentation. Full repair project documentation on the highest 25 percent priority projects requiring HQ DLA approval contained in each PLFA's Annual Work Plan shall be submitted to HQ DLA (ATTN: DLA-WIE) by 15 May. Documentation for projects exceeding \$200,000 will be in accordance with Appendix E of this manual. The objective is to begin design on all HQ DLA approved projects prior to the start of the fiscal year in which they will be executed.

6204. Repair Projects Lists. A Repair Project Update List will be submitted to HQ DLA (ATTN: DLA-WIE) by 30 August each year. This two part list will include all projects requiring HQ DLA approval and will be in the format of Exhibit VI-1. The first part will be a priority list of Backlog of Maintenance and Repair (BMAR) projects which remain a requirement for the current fiscal year, which represents an updating of that portion of the Annual Work Plan. Unless previously submitted, full project documentation in accordance with Appendix E of this manual for the projects on this list shall accompany the report. The second part will be a forecast of requirements for the current succeeding year.

6205. Execution. In order to avoid bunching contract awards at the end of each fiscal year, DLA PLFAs shall have 50 percent of their Budget Year local authority repair projects documented by 15 July and under design not later than 30 September. The balance of the Budget Year local repair projects shall be under design not later than 31 December to ensure obligation by 30 September of the current fiscal year.

6206. Reports. Report requirements and procedures are discussed in Chapter IX and Appendices D, E, and F of this manual.

EXHIBIT VI - 1
 FORMAT FOR
 REPAIR PROJECT UPDATE LIST
 PART 1

Activity: _____

DEFENSE LOGISTICS AGENCY

Repair Program

Project Priority List for 30 October 19__

Priority	Project I.D.No.	Project Title	Est. Cost	No. of Yrs. Reported as BMAR	Date of Validation by Higher Authority
1	7-70R	Repair loading docks and install angle iron edge protection, Warehouse Bldgs. 50, 51, and 54.	\$ 23,000		
2	7-70R	Repair toilet facilities, Admin. Bldg. 307.	11,000		
3	2-69R	Repair and coat roads.	22,000		
4	8-68R	Replace ballast and ties in railroad trackage.	41,000		
5	3-70R	Replace condensate return lines, Warehouse 306.	19,000		
6	4-69R	Reroof Warehouses 59, 60, and 61.	400,000		
		(Identify building by descriptive name or title in addition to number.)			

EXHIBIT VI - 1
 FORMAT FOR
 REPAIR PROJECT UPDATE LIST
 PART 2

Activity: _____

DEFENSE LOGISTICS AGENCY

Repair Program

Project Priority List for 30 October 19__

Priority	Project I.D.No.	Project Title	Est. Cost	No. of Yrs. Reported as BMAR	Date of Validation by Higher Authority
1	7-70R	Repair loading docks and install angle iron edge protection, Warehouse Bldgs. 50, 51, and 54.	\$ 23,000		
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3	2-69R	Repair and coat roads.	22,000		
4	8-68R	Replace ballast and ties in railroad trackage.	41,000		
5	3-70R	Replace condensate return lines, Warehouse 306.	19,000		
6	4-69R	Reroof Warehouses 59, 60, and 61.	400,000		
		(Identify building by descriptive name or title in addition to number.)			

Chapter VII

EQUIPMENT INSTALLATION

PART 1

GENERAL INFORMATION

7101. Installation of Equipment. This chapter sets forth the conditions under which procurement and installation of equipment shall be treated as "construction" costs, and the conditions under which procurement and installation of equipment shall not be treated as "construction" costs.

7102. Installed Equipment. Construction includes equipment installed and made a part of a real property facility. This type of equipment is defined in Chapter II, paragraph 2114.

7103. Personal Property. Personal property, sometimes called "plant equipment," or "equipment in place," is defined as accessory equipment and furnishings that are movable in nature and not affixed as an integral part of the real property facility. This equipment includes all types of production, processing, technical, training, servicing, and RDT&E equipment. This type of equipment includes, but is not limited to, such items as heat-treating ovens, stationary machine tools, installed photographic laboratory equipment and meteorological equipment, permanent training devices, telecommunications equipment, telecommunications equipment, automatic data processing and other electronic and ancillary equipment. Under certain conditions, a relocatable building may be personal property. (See paragraph 2305.)

7104. Procurement and Installation of Installed Equipment. The initial costs of procurement and installation of installed equipment are specifically defined as construction costs and shall be included in the cost of a construction project.

7105. Procurement and Installation of Personal Property

a. Procurement of Personal Property. The costs associated with procurement, including moving, packing, unpacking, assembly, attachment, and testing of personal property are not construction costs. These costs are investment or expense costs according to the regulations governing the use of appropriations for research, development, test and evaluation; procurement; operations and maintenance; or those regulations governing the use of industrial funds.

b. Installation of Personal Property in New Real Property facilities. In the construction of new real property facilities and in conversions, additions, expansions, extensions, and complete replacement of existing facilities, the construction shall be complete in all known respects, ready to receive the personal property. Consequently, all known utilities, false floors, foundations, partitions, shielding, and other such requirements incidental to the installation of the plant equipment shall be included as a construction cost.

c. Installation of Personal Property in Existing Real Property Facilities. Usually, when the work required to install personal property falls within the scope of "construction" as defined, the work shall be treated as construction. However, when the following types of work are directly related to the installation of personal property in an existing facility, the work shall not be treated as construction, but as equipment installation. Equipment installation costs are chargeable to the cost account code of the functional area utilizing the equipment. Funding may be with PDA or O&M funds. Installation of equipment shall normally be accomplished by contract unless it is impractical and qualified personnel exist at the installation.

(1) Installation and relocation of less than ceiling high prefabricated interior screens, partitions, and dividers that are primarily unattached; movable screens or detachable panels

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temporarily held in place by light braces and screws readily removable without impairing or defacing either the panels themselves or the floors, walls, or ceilings of the structure.

(2) False floors and platforms required solely for operation of equipment to be installed.

(3) Installation of required shielding for electro-magnetic radiating devices. (Structural modifications including new permanent partitions incident to the installation of shielding are construction.)

(4) Special foundations and pads in existing facilities where they are required to spread load, and/or secure equipment in place. (An increase in the existing load-bearing capacity of such a floor by additional or larger structural components is construction.)

(5) Secondary utility work necessary to connect the equipment to existing utilities services within the facility. This work lies between the utilities primary entry, or panel source, within the structure and the equipment to be served; for example, from the existing main electrical service panel to the equipment to be served or, for equipment requiring primary voltage, from the building primary bus to the equipment. Secondary utility work may include special converters, rectifiers, stepdown or stepup transformers, isolation of shielded spaces, or other accessory devices or special service lines used exclusively for control and operation of the equipment.

(6) Installation of air conditioning when approved as an exception to DoD policy under the following circumstances:

(a) For types of equipment where the manufacturer's published installation criteria specifically states that the equipment must be operated in an air-conditioned space.

(b) For prefabricated clean rooms installed in non-air-conditioned spaces or when the building central system cannot meet the temperature and humidity requirements of the clean room operation.

(c) Air conditioning may be provided only in bona fide equipment space related to the equipment. Projects that include air conditioning of associated administrative or other working spaces, or personnel living spaces concurrently with air conditioning of equipment spaces shall be programmed, budgeted, and financed as construction. This policy shall not be used to justify piecemeal installation of air conditioning. Whenever possible, air conditioning provided under this policy shall be an extension or expansion of a central plant system, which may include the extension of duct work, the extension of direct expansion systems, or the extension of chilled water systems by installation of new water lines and new air handling units. All air conditioning accomplished under this policy shall be in accordance with the design criteria established in DoD 4270.1-M. Use of individual or separate air conditioning units shall be considered as an exception to the policy requiring a central system for an entire building and shall be processed in accordance with DoD 4270.1-M.

(7) Mechanical ventilation and separate exhaust systems that may be provided when required for personnel safety or for the proper functioning of the equipment as required by the manufacturer's published installation criteria.

(8) Uninterruptable power supply (UPS) units, which are not designed or, in fact, used as a primary or alternate electrical generating source for a given facility, but which are, in reality, integral parts of the crypto, communications, or whatever type of equipment that requires this type of service.

7106. Examples of Equipment (Personal Property) Installations

a. A requirement develops for installation of automatic data processing (ADP) equipment in a supply building.

(1) The following elements of work are construction costs:

(a) Enlarging or providing a new transformer or substation outside the building and the provision of a main service panel in the building.

(b) Installation of permanent partitions for ADP office or other function.

(c) Additional or new primary electric service to the building.

(d) Additional fixtures for general lighting of the ADP space.

(2) The following elements of work are nonconstruction costs:

(a) Procurement and installation of air conditioning for ADP environmental control.

(b) Raised floor for ADP equipment and for secondary electrical service.

(c) Electrical service from main electrical service panel to ADP equipment within the building.

(d) Installation of required shielding on existing partitions.

b. A requirement develops to improve the environmental conditioning in a building used for paint stripping to provide minimum process requirements for this function on a year-round basis. The work involves installation of a complete and new heating and ventilating system for the entire building. All of the work is construction.

7107. Summary. The regulations permitting various elements of work to be performed, in conjunction with the installation of equipment, are based upon the need generated by the particular pieces of equipment. This need is distinguished from that derived from requirements to accomplish a certain manufacturing, testing, etc., process or function within a specific facility. The general intent is to permit the work that is normal to the installation of new equipment or relocation of existing equipment to be accomplished as an integrated undertaking. The intent is not to permit indiscriminate accomplishment of alterations under the guise of equipment installation.

Part 2

PROGRAMMING

7201. Policy. The maintenance/repair portion of an equipment installation project shall be funded from appropriations available for operations and maintenance. The construction portion shall be funded from appropriations available for construction. The equipment installation portion shall be funded as an "expense" from appropriations available for operations and maintenance, or from procurement, chargeable to the same functional area cost code for which the equipment is installed. However, 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.

7202. Cost Estimates. Cost estimates for each equipment installation project, where applicable, shall be shown under separate headings, precisely based upon the separate categories of work, i.e., maintenance/repair, construction, and equipment (personal property) installation. Some typical equipment costs are described in paragraph 7106.

7203. Approval Authority. Approval authority for an equipment installation project, involving construction, maintenance, and/or repair shall be dependent on the cost of each category of work, as indicated below.

a. Approval authority for the "construction" portion shall be in accordance with the approval authority for construction, as specified in Chapter III and Appendix C.

b. Approval authority for any "repair" portion shall be in accordance with the approval authority for repair, as specified in Chapter IV and Appendix C.

c. Approval authority for any "maintenance" portion shall be in accordance with the approval authority for maintenance, as specified in Chapter V.

d. Approval authority for the "equipment installation" (personal property) portion shall be as indicated in Appendix C.

7204. Submission. Procedures for the submission of equipment installation projects are contained in paragraph 7301.

Part 3

CRITERIA FOR JUSTIFICATION AND REVIEW OF PROJECTS FOR
INSTALLATION OF EQUIPMENT

7301. Criteria for Equipment Installation. The activity shall certify that projects for installation of equipment meet the following criteria.

- a. The function to be performed by the equipment must be supported by a firm mission requirement.
- b. The function cannot be eliminated, consolidated, or transferred to another facility or activity.
- c. The proposed project is the most feasible of the possible alternatives that would satisfy the requirement.
- d. The proposed project is consistent with the characteristics and remaining economic life of structure.
- e. The proposed project will provide a complete and useable installation (submitting a project that is an increment of the total work forseen to be necessary to completely install the equipment is prohibited).
- f. The proposed project has been reviewed in accordance with the latest DoD "new start" criteria and is not a new start, or is a new start and has been approved by the Director, DLA.

CHAPTER VIII AIR CONDITIONING

PART I

GENERAL INFORMATION

8101. Purpose. Because of the high energy usage and the greater than normal maintenance expense associated with air conditioning, DoD has promulgated instructions which restrict the use of air conditioning at all DoD facilities. These restrictions apply to all projects regardless of fund source or funding levels. This chapter expands on the instructions contained in DoD 4270.1-M, Chapter 8, as they pertain to facilities projects.

8102. General Limitation. All projects for air conditioning in DLA are covered by DoD 4270.1-M. Any project, regardless of fund source which will provide air conditioning within DLA real property must meet the criteria therein. NO OTHER CRITERIA MAY BE SUBSTITUTED.

8103. Waivers. When a project, regardless of fund source or funding level, does not meet the criteria, a waiver to the DoD policy must be obtained before the start of design or procurement of equipment.

a. Submittal Procedure. When it is determined that a waiver is required, the PLFA will prepare a letter forwarding the project to DLA-W recommending the proper course of action. All waiver requests must be prepared by the PLFA. Waiver requests exceeding DLA approval authority will be forwarded to ASD(I) as necessary.

b. The bulk of waiver request submittals are for permission to install multiple air conditioning units in an existing facility. These requests must be accompanied by an economic justification using life cycle costing techniques.

c. Appropriated fund projects which are otherwise within the commanding officers approval authority must also be forwarded for approval of air conditioning waivers.

d. Notification of Approval. When an air conditioning waiver request is granted by DLA-W, a copy of the notice shall be forwarded to DASD (I). Each notice shall contain the information prescribed in DoD 4270.1-M, Chapter 8.

8104. Conformance to Policy

a. Alteration/Construction air conditioning projects must also conform to all the regulations governing the use of minor construction funds as explained in Chapters II and III.

b. The repair by replacement of multiple air conditioning units by the use of a central system may be classified as a repair project provided the tonnage is not increased and the scope of area coverage remains the same. When a repair by replacement project for air conditioning exceeds the existing tonnage, that portion of the tonnage in excess must be separated on the cost estimate sheet and such excess must be funded with construction/alteration funds. The construction portion of the combination project is subject to the funding limitations in Tables C-1 and C-2.

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c. Air conditioning to support ADPE and other special equipment may be approved by the Director, DLA up to a total of 25 tons as an exception to the general policy, as permitted by DoD 4270.1-M, paragraph 8-4 3E. Costs associated with this are to be charged to the functional cost of the user activity.

PART 2

PROJECT REQUESTS TO HQ DLA

8201. General Information. All projects for minor construction, repair (including repair by replacement), and environmental control shall be submitted as provided for in Appendix E. In addition to the submitted forms prescribed in Appendix E, information as outlined in paragraph 8202 shall be appended to the project request.

8202. Additional Data

a. Activity and Location

b. Building or Facility Identity

(1) Category code and description as per Category Codes for Classifying Real Property of DLA, see DLAR 4165.3.

(2) Programming priority (DoD 4270.1-M, Chapter 8).

(3) Building number.

(4) Type of construction. If nonpermanent, give year scheduled for replacement.

(5) Gross area and ceiling height of building.

(6) Square-foot area and ceiling height to be air-conditioned.

(7) "U" Factors for existing walls, floors, and ceilings.

c. Proposed Air-Conditioning System Description

(1) Capacity in tons.

(2) Type of system or equipment to be installed.

(3) Unusual internal heat loads in kw and Btuh. Include source of data.

(4) Show special requirements, such as humidity control, reheat, humidification, shielding, ventilation, other environmental control, etc. Include source of requirement.

(5) Btuh/watt input ratio of proposed system.

d. Estimated Cost of Proposed System

(1) Air-conditioning units.

(2) Electrical work.

(3) Duct work.

(4) Piping.

(5) Insulation.

(6) Controls.

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e. Weather Zone and Number of Hours of 67°F. Wet Bulb (Engineering Weather Data--Army, Navy, and Air Force Manual, TM 5-785).

f. Any Additional Justification Information Not Included in Preceding Data Requirement.

g. Supplementary Support Data

(1) A heat gain analysis, which may be an abbreviated calculation on proposed installations up to 25 tons.

(2) A small-scale floor plan layout of the entire structure indicating the entire area that QUALIFIES for air conditioning, the proposed system, equipment locations, duct routing, areas within the building presently air conditioned, the age and type of air conditioning presently installed.

h. Other Qualifying Areas. If there are any areas within the structure QUALIFYING for air conditioning that are not included in the project, a statement must be made as to the future programming for the area that will remain not air conditioned.

i. Special Justification Data. Give any special justification data pertinent to support proposed system components or arrangement. If multiple unit installation, give comparative long-range costs of single unit versus multiple units. Cost comparison shall include operating and maintenance cost by the American Society of Heating, Refrigeration and Air Conditioning Engineers Formula, using the current station utility and labor cost. (See DoD 4270.1-M, Chapter 8, for time elements to be considered in the economic analysis.)

8203. Project Identification. All air-conditioning projects shall be identified as follows:

a. Repairs (including repair by replacement).

b. New air conditioning and increase to capacity of existing system (in both cases, an alteration to the structure).

c. Air conditioning for environmental control (equipment installation.)

d. Combination Repair and minor construction/alteration projects.

CHAPTER IX

REPORTS

PART 1

GENERAL INFORMATION

9101. Purpose. Facilities construction, maintenance and repair are some of the most scrutinized functional areas managed by the DoD. Requirements for various detailed reports to the Congress are contained in provisions of public law, requiring the collection of data on a systematic basis and subsequent aggregation into the required formats at the HQ DLA level. These reports are also essential elements in the HQ DLA level management of facilities.

9102. Policy. The accounting structure for Real Property Maintenance Activities (RPMA) at DLA-managed installations will be as required by DLAM 7000.1, Accounting and Finance Manual. To the extent that goods and services can be identified with specific RPMA functions, the elements of cost as prescribed by DLAM 7000.1 will be used. Data needed to meet the Services reporting will be compatible with DLAM 7000.1.

PART 2

REPORTING PROCEDURES

9201. Contract Awards Report (RCS DLA(AR)395(W)). In order to monitor the use of HQ DLA controlled funds, it is necessary that timely reports of actual contract awards be provided. Accordingly, within 10 working days after award of a project which was approved and funded by HQ DLA, i.e., authorized by issuance of either a DLAH Form 309, Authorization for Contractural Procurement, or by a One Time Exception to PLFA approval authorities, a letter report will be submitted to HQ DLA, ATTN: DLA-W. This requirement pertains to all project types, minor construction, repair, and maintenance. The report will contain the following information.

- a. Project Title
- b. Contract Number
- c. Funded Cost
- d. Award amount
- e. Estimated final completion date.

9202. Minor Construction Program Reporting Procedures. Public Law 97-214, the MILCON Codification Act, contains a requirement that the use of Operations and Maintenance resources for minor construction be reported annually to the Congress to allow the monitoring of proper balance between minor construction and repair. The DLA -wide summary report will be prepared and submitted by DLA -W. Feeder reports from all DLA PLFAs which have used O&M resources within a fiscal year shall be submitted in duplicate by letter to HQ DLA, ATTN: DLA-W within 30 days after the end of each fiscal year. Negative reports are required. EXHIBIT D-3 provides the format for this report.

9203. Semiannual RPMA Report (RCS DLA(SA)753W)

a. This report is used in formulating and conducting the overall Real Property Maintenance Activities program by bringing together:

- (1) Annual and long-range work plans which are validated by engineer elements and that accurately portray unconstrained requirements.
- (2) The annual submissions in support of budget requests required by DoD.
- (3) Performance reporting on accomplishment of the program.
- (4) Reporting utilization of RPMA resources to higher authority.

b. Applicable DLA primary level field activities will prepare the RPMA report on DLA Form 724, Report of Real Property Maintenance Activities, and submit two copies to HQ DLA (ATTN: DLA-W) not later than 1 month after the end of the report period. Reports printed by automatic printer will be acceptable if columnar headings appear and special symbols are explained. The final report will be cumulative for the entire year, and duplicate copies of that report will be provided to the applicable Services office at the time of submission to HQ DLA. EXHIBIT D-4 provides the format and instructions for preparing the report.

APPENDIX A

EXCERPTS FROM PERTINENT LAWS

1. 10 U.S.C. 2676. ACQUISITION: LIMITATION

(a) No Military Department may acquire real property not owned by the United States unless the acquisition is expressly authorized by law. The foregoing limitation shall not apply to the acceptance by a Military Department of real property acquired under the authority of the Administrator of General Services to acquire property by the exchange of Government property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.).

(b) Authority provided the Secretary of a Military Department by law to acquire an interest in real property (including a temporary interest) includes authority--

(1) to make surveys; and

(2) to acquire the interest in real property by gift, purchase, exchange of real property owned by the United States, or otherwise.

(c) (1) Except as provided in paragraph (2), the cost authorized for a land acquisition project may be increased by not more than 25 percent of the amount appropriated for the project by Congress or 200 percent of the amount specified by law as the maximum amount for a minor military construction project, whichever is lesser, if the Secretary concerned determines (A) that such an increase is required for the sole purpose of meeting unusual variations in cost, and (B) that such variations in cost could not have been reasonably anticipated at the time the project was originally approved by Congress.

(2) A land acquisition project may not be placed under contract if, based upon the agreed price for the land--

(A) the scope of the acquisition, as approved by Congress is proposed to be reduced by more than 25 percent; or

(B) the agreed price for the land exceeds the amount appropriated for the project by more than (i) 25 percent, or (ii) 200 percent of the amount specified by law as the maximum amount for a minor military construction project, whichever is lesser, until subsection (d) is complied with.

(d) The limitation on reduction in scope or increase in cost of a land acquisition in subsection (c) does not apply if the reduction in scope or the increase in cost, as the case may be, is approved by the Secretary concerned and a written notification of the facts relating to the proposed reduced scope or increased cost (including a statement of the reasons therefore) is submitted by the Secretary concerned to the appropriate committees of Congress. A contract for the acquisition may then be awarded only (A) after a period of 21 days elapses from the date the notification is received by the committees, or (B) upon the approval of those committees, if before the end of that period each such committee approves the proposed reduced scope or increased cost.

2. MINOR CONSTRUCTION AUTHORITY

10 U.S.C. 2805. UNSPECIFIED MINOR CONSTRUCTION

(a) Within the amount authorized by law for such purpose, the Secretary concerned may carry out minor military construction projects not otherwise authorized by law. A minor military construction project is a military construction project (1) that is for a single undertaking at a military installation, and (2) that has an approved cost equal to or less than the amount specified by law as the maximum for a minor military construction project.

(b) (1) A minor military construction project costing more than 50 percent of the amount specified by law as the maximum amount for a minor military construction project may not be carried out under this section unless approved in advance by the Secretary concerned.

(2) When a decision is made to carry out a minor military construction project to which paragraph (1) is applicable, the Secretary concerned shall notify in writing the appropriate committees of Congress of that decision, of the justification for the project, and of the estimated cost of the project. The project may then be carried out only (A) after the end of the 21-day period beginning on the date the notification is received by the committees, or (B) after each such committee approves the project, if the committees approve the project before the end of that period.

(3) A project for the relocation of any activity from one installation to another that involves 25 or more full-time civilian employees of the Department of Defense but that is not subject to paragraph (1) may not be carried out under the authority of this section until the appropriate committees of Congress have been notified by the Secretary concerned of the intent to carry out such relocation under the authority of this section.

(c) Only funds authorized for minor construction projects may be used to accomplish unspecified minor construction projects, except that the Secretary concerned may spend from appropriations available for operation and maintenance amounts necessary to carry out unspecified military construction project costing not more than 20 percent of the amount specified by law as the maximum amount for a minor military construction project.

(d) Military family housing projects for construction of new housing units may not be carried out under the authority of this section.

3. EMERGENCY CONSTRUCTION AUTHORIZATION

10 U.S.C. 2803. EMERGENCY CONSTRUCTION

(a) Subject to subsections (b) and (c), the Secretary concerned may carry out a military construction project not otherwise authorized by law if the Secretary determines (1) that the project is vital to the national security, and (2) that the requirement for the project is so urgent that deferral of the project for inclusion in the next Military Construction Authorization Act would be inconsistent with national security.

(b) When a decision is made to carry out a military construction project under this section, the Secretary concerned shall submit a report in writing to the appropriate committees of Congress on that decision. Each such report shall include (1) the justification for the project and the current estimate of the cost of the project, (2) the justification for carrying out the project under the section, and (3) a statement of the source of the funds to be used to carry out the project. The project may then be carried out only after the end of the 21-day period beginning on the date the notification is received by such committee, or after each such committee approves the project before the end of that period.

(c) (1) The maximum amount that the Secretary concerned may obligate in any fiscal year under this section is \$30,000,000.

(2) A project carried out under this section shall be carried out within the total amount of funds appropriate for military construction that have not been obligated.

4. 10 U.S.C. 2682. FACILITIES FOR DEFENSE AGENCIES. The maintenance repair and construction of a real property facility for an activity or agency of the Department of Defense (other than a Military Department) financed from appropriations for military functions of the Department of Defense will be accomplished by or through a Military Department designated by the Secretary of Defense. A real property facility under the jurisdiction of the Department of Defense which is used by an activity or agency of the Department of Defense (other than a Military Department) shall be under the jurisdiction of a Military Department designated by the Secretary of Defense.

5. 10 U.S.C. 2851. SUPERVISION OF MILITARY CONSTRUCTION PROJECTS

(a) Each contract entered into by the United States in connection with a military construction project or a military family housing project shall be carried out under the direction and supervision of the Secretary of the Army (acting through the Chief of Engineers), the Secretary of the Navy (acting through the Commander of the Naval Facilities Engineering Command), or such other department or Government agency as the Secretary of Defense approves to assure the most efficient expeditious, and cost effective completion of the project.

(b) A military construction project for an activity or agency of the Department of Defense (other than a Military Department) financed from appropriations for military functions of the Department of Defense shall be accomplished by or through a Military Department designated by the Secretary of Defense.

APPENDIX B

PERTINENT REFERENCED DIRECTIVES, INSTRUCTIONS, AND MANUALS

SECTION I

DEPARTMENT OF DEFENSE DIRECTIVES AND INSTRUCTIONS

1. DoD Directive 1135.2 establishes the policy governing the procurement of services for maintenance, repair, alteration, and new construction of real property in the continental United States and Alaska.
2. DoD Directive 1200.1 establishes allocation of Reserve Forces Units to, and determination of manpower in local communities.
3. DoD Directive 1225.5 publishes policy on acquisition of facilities for the reserve components of the armed forces, including minor construction and repair
4. DoD Directive 4100.15 establishes policy with respect to operation of DoD commercial and industrial activities.
5. DoD Directive 4145.19 establishes policy governing storage and warehouse facilities.
6. DoD Directive 4165.2 redefines and updates the objectives and policies of the DoD Real Property Maintenance Activities (RPMA) Program.
7. DoD Instruction 4165.3 establishes uniform facility classes and construction categories (DoD Real Property Category Codes).
8. DoD Instruction 4165.12 provides overall guidance and procedural requirements for obtaining prior approval for acquisition and disposal of real property.
9. DoD Instruction 4165.56 establishes procedures for authorization, acquisition, utilization, and disposition of relocatable buildings.
10. DoD Instruction 4165.58 outlines concepts and assigns responsibilities for development of an integrated DoD-wide program control system for Real Property Maintenance Activities consistent with the policies of DoD Directive 4165.2.
11. DoD 4270.1-M prescribes broad technical criteria and policy guidance for design and construction of safe, functional, durable facilities which have reasonable and appropriate maintenance and operating costs over the design life of the facilities. Detailed design criteria and procedures which may be developed and issued by the DoD Components, will be consistent with the policy statements and criteria contained herein.
 - a. Establishes design and installation policy for air conditioning, evaporative cooling, dehumidification and mechanical ventilating equipment.
 - b. Establishes space criteria for religious, welfare, and recreational facilities.
 - c. Establishes policy on selection of fuels or energy to be used in heating plants and power plants.
 - d. Sets the basic construction standards for permanent type barracks and dormitories.

DLAM 4270.1

e. Outlines DoD policies and standards governing installation of automatic sprinkler systems, automatic and manual fire alarm systems, and exterior fire reporting facilities.

12. DoD Directive 4270.5 establishes policy and responsibilities for the use of DoD construction agents in the design and construction of military facilities.

13. DoD Directive 4270.24 prescribes policy guidance for the programming, approvals, and reporting of projects for unspecified minor construction, emergency construction and the restoration or replacement of damaged facilities.

14. DoD Directive 4270.32 establishes procedures governing the use of DoD Military Construction Contingency authorizations.

15. DoD Directive 6055.9 establishes procedural and documentation requirements for site approval submission to the Department of Defense Safety Board (DDSB) for projects involving explosives safety criteria.

16. DoD Directive 7040.2 establishes the basic policies for the development of planned programs by the Department of Defense for the improvement of financial management in the area of appropriations for acquisition and construction of military real property, i.e., military construction, and for the preparation of specific time schedules for completion of such programs.

17. DoD Instruction 7040.5 defines the financial contents of the accounts that comprise the DoD budget and management accounting system. It describes accounting of costs for equipment installations.

18. DoD Instruction 7045.7 provides guidance on the Planning, Programming and Budgeting System.

19. DoD Instruction 7041.3 provides guidance for preparation of economic analysis of proposed DoD investments.

20. DoD Directive 7060.3 establishes policies and procedures governing construction in foreign countries for nonappropriated fund activities.

21. DoD Directive 7410.4 sets forth the regulations governing Industrial Fund operations.

SECTION II

DLA REGULATIONS AND MANUALS

DLAM 1000.1	DLA Safety and Health Manual
DLAR 1000.17	Protection and Enhancement of Environmental Quality
DLAR 1000.22	Environmental Consideration in DLA Actions in the United States
DLAR 1000.29	Environmental Consideration in DLA Actions Abroad
DLAR 3020.1	Development, Use, Marking and Stocking of Fallout Shelters
DLAR 4100.5	DLA Fire Prevention and Protection Program.
DLAR 4145.19	Storage and Warehousing Facilities and Services
DLAR 4165.1	Fire Reporting Procedures
DLAR 4165.3	DoD Facility Classes and Construction Categories
DLAR 4165.4	Real Property Actions
DLAR 4165.5	Installation Master Planning, Programing and Reporting
DLAR 4165.9	Facilities for Morale, Welfare Recreational Activities and Private Organizations
DLAR 4165.10	Housing Referral Services and Housing Equal Opportunity Programs
DLAR 4165.13	Relocatable Buildings
DLAR 4270.4	Construction Standards for ADP and Communications Facilities
DLAR 5305.2	Space Management and Reporting
DLAM 7000.1	Accounting and Finance Manual
DLAR 7040.1	Military Construction Program
DLAR 7041.1	Economic Analysis and Program Evaluation for Resource Management
DLAM 7041.1	Economic Analysis
DLAR 7150.1	Programming and Financing of Facilities at Military Installations Utilized by Two or More DoD Components

APPENDIX C

PROJECT APPROVAL AUTHORITY TABLES

Tables, by work category and funded cost limitation, showing where to submit facility projects, approval authorities for facility projects, and applicable funds source.

TABLE C-1

MINOR CONSTRUCTION APPROVAL AND FUND SOURCE TABLE

DLAM 4270.1

<u>Cost Limits</u>			<u>Approval</u>	<u>Fund</u>
Fund - To		<u>Submit To</u>	<u>Authority</u>	<u>Source</u>
<u>DLA Controlled Installations (DPSC, DGSC, DCSC, DESC, DDMT, DDOU, DDTC) Notes 1,2</u>				
0 - \$75,000		PLFA	PLFA Commander (Note 4)	PLFA O&M
\$75,001 - \$200,000		DLA-W	DLA-W	HQ DLA O&M
\$200,001 - \$500,000 (Note 3)		DLA-W	DLA-W	OSD MILCON
\$500,001 - \$1,000,000 (Note 3)		DLA-W	DLA-D/DD	OSD MILCON
			Plus Congressional Notification	
C-2 II. <u>DLA TENANTED ACTIVITIES (Note 2)</u>				
A. DPDOs	0 - \$15,000	DPDR	DPDR Commander	DPDR O&M
	\$15,001 - \$75,000	DPDS	DPDS Commander	DPDS O&M
B. DDMP	0 - \$75,000	DDMP	DDMP Commander	DDMP O&M

C. DFSRs (GOGO and GOCO Terminals)	0 - \$75,000	DFSC	DFSC Commander	DFSC O&M
D. DASC	0 - \$25,000	DASC	DASC Commander	DASC O&M
E. DISC	0 - \$25,000	DISC	DISC Commander	DISC O&M
F. DCASRs/ DCASMA's	0 - \$25,000	DCASR	DCASR Commander	DCASR O&M
G. For all: PLFA Authority - \$200,000		DLA-W	DLA-W	HQ DLA O&M
	\$200,001 - \$500,000 (Note 3)	DLA-W	DLA-D/DD	OSD MILCON
	\$500,001 - \$1,000,000 (Note 3)	DLA-W	DLA-D/DD	OSD MILCON
			Plus Congressional Notification	

III. DLA ACTIVITIES IN GSA SPACE

	0 - \$25,000	PLFA	PLFA Commander	PLFA O&M
	\$25,001 - \$200,000	DLA-W	DLA-W	HQ DLA O&M

Note 1. DDMT has been delegated Real Property Maintenance Activities responsibilities for DIPEC facilities at Atchison, Kansas.

Note 2. DLA activities housed either as tenants on DLA controlled installations or as subtenants in GSA space are not delegated separate approval authority but will rely on the DLA host activity for approval and project accomplishment.

Note 3. These approval levels are for unspecified minor construction (exigent) projects only. Specified minor construction projects costing more than \$200,000 must be approved by Congress in the regular MILCON Program.

Note 4: Heads of PLFAs authorized to operate a Facilities Engineering organization (See para 1204) may delegate all or part of this approval authority to the Facilities Engineer.

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TABLE C-2

MAINTENANCE AND REPAIR APPROVAL AND FUND SOURCE TABLE

DIAM 4.770.1

	<u>COST</u> <u>LIMITS</u> FROM - TO	<u>SUBMIT TO</u>	<u>APPROVAL</u> <u>AUTHORITY</u>	<u>FUND</u> <u>SOURCE</u>	
<u>I. DLA CONTROLLED INSTALLATIONS (DPSC, DGSC, DCSC, DESC, DDMT, DDOU, DDTC)</u>					
A.	Maintenance	No Limit	PLFA	PLFA Commander (Note 3)	PLFA O&M
B.	Repair	0 - \$100,000 (Note 1)	PLFA	PLFA Commander (Note 3)	PLFA O&M
		\$100,001 - \$500,000 (Note 1)	DLA-W	DLA-W	HQ DLA O&M
		\$500,001 - UP (Note 1)	DLA-D/DD	HQ DLA O&M	
		DLA-W	Conformed Copy to DASD(I)		
		Exceeding 50% of the Facility Replacement Cost	DLA-W	DLA-D/DD	HQ DLA O&M
<u>II. DFSC (GOCO Terminals Only)</u>					
A.	Maintenance	No Limit	DFSC	DFSC Commander	Defense Stock Fund (DSF)
B.	Repair	0 - \$400,000 (Note 1)	DFSC	DFSC Commander	Defense Stock Fund (DSF)
		\$400,001 - \$500,000 (Note 1)	DLA-W	DLA-W	Defense Stock Fund (DSF)
		\$500,001 - UP (Note 1)	DLA-W	DLA-D/DD	Defense Stock Fund (DSF)
		Exceeding 50% of the Facility	DLA-W	Conformed Copy to DASD (I) DLA-D/DD	Defense Stock Fund (DSF)

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III. DLA TENANTED ACTIVITIES AND ACTIVITIES IN GSA SPACE (Note 2 for DCASR, ATLANTA)

Tenanted Activities at DLA-controlled installations, other Military Installations, GSA-controlled facilities or Contractor-owned Contractor-operated (COCO) facilities have neither responsibility nor authority for facilities maintenance and repair, but will depend on the host installation or agency for support. If the lack of maintenance and repair support prevents a DLA activity from performing its assigned mission, the DLA activity should attempt local resolution of the matter with the host installation, GSA building manager or COCO contracting officer. If local resolution is not possible, the matter should be referred through DLA channels for assistance.

Note 1. Not exceeding 50% of facility replacement cost.

Note 2. For DCASR, Atlanta: Approval for maintenance and repair projects up to \$5,000 funded from DCASR, Atlanta O&M is authorized.

Note 3. Heads of PLFAs authorized to operate a Facilities Engineering organization (See para 1204) may delegate all or part of this approval authority to the Facilities Engineer.

TABLE C-3

OPERATING EQUIPMENT APPROVAL AND FUND SOURCE TABLE

DLAM 4270.1

	<u>COST</u> <u>LIMITS</u> FROM - TO	<u>SUBMIT TO</u>	<u>APPROVAL</u> <u>AUTHORITY</u>	<u>FUND</u> <u>SOURCE</u>
I.	<u>DLA CONTROLLED INSTALLATIONS (DPSC, DGSC, DCSC, DESC, DDMT, DDOU, DDTC) (NOTE 1,2)</u>			
	\$3,000 - OVER	DLA-W/O	DLA-W/O	HQ DLA PDA
II.	<u>DLA Tenant Activities (Note 2)</u>			
	\$3,000 - OVER			
A.	DPDOs	DPDS	DLA-S	HQ DLA PDA
B.	DDMP	DLA-W/O	DLA-W/O	HQ DLA PDA
C.	DFSRs	DLA-W	DLA-W	HQ DLA PDA and Defense Stock Fund (DSF)
D.	DASC	DLA-W	DLA-W	HQ DLA PDA
E.	DISC	DLA-W	DLA-W	HQ DLA PDA
F.	DCASRs	DLA-W	DLA-W	HQ DLA PDA

Note 1. DDMT has been delegated Real Property Maintenance Activities responsibilities for DIPEC facilities at Atchison, Kansas.

Note 2. DLA activities housed either as tenants on DLA controlled installations or as subtenants in GSA space are not delegated separate approval authority but will rely on the DLA Host activity for approval and project accomplishment.

APPENDIX D

EXHIBITS OF CERTIFICATES, FORMS, AND REPORTS
WITH INSTRUCTIONS

LIST OF EXHIBITS

- D-1 Certificate of Savings
- D-2 Congressional Notification Format
- D-3 Minor Construction Report
- D-4 Preparation Instructions for DLA Form 724, Report of Real Property Maintenance Activities, and Example of Completed Form.

INSTRUCTIONS FOR PREPARING CERTIFICATE OF SAVINGS IN MAINTENANCE AND OPERATION COSTS INSTRUCTIONS

Each certificate of savings will include a determination that the project will, within 3 years following completion of the project, result in savings in maintenance and operation costs in excess of the cost of the project. The certificate will be signed by the installation or base commander of the DoD component initiating the project. An appropriate official at each decision level responsible for review and approval, up to and including the headquarters of the responsible Military Department or comparable DoD component, will indicate their endorsement of the determination of savings by approval of the initiating officer's certificate. The DD Form 1391c will be utilized for presentation of the certificate of savings in maintenance and operation costs.

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EXHIBIT D-1

CERTIFICATE OF SAVINGS

Notification
of the
Intention to Proceed with Unspecified Minor Construction Projects

The (Military Department or Defense Agency) proposes to authorize the obligation of funds for the following unspecified minor construction project or projects:

Inside the United States

<u>State and Installation</u>	<u>(\$000)</u>	<u>Requirement and Description</u>
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Outside of the United States

<u>State and Installation</u>	<u>(\$000)</u>	<u>Requirement and Description</u>
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EXHIBIT D-2

CONGRESSIONAL NOTIFICATION FORMAT

DATE: _____

REPORT ON MINOR CONSTRUCTION PROJECTS
OBLIGATED WITHIN FISCAL YEAR _____

PRIMARY LEVEL FIELD ACTIVITY: _____

Category (1)	Project Number and Title (2)	Funded Cost (3)	Actual Costs of Projects Completed (4)	Current Working Estimate of Projects in Progress (5)	Total (4)+(5)
1. Minor Construction Performed Under Local Authority					
		SUBTOTAL	_____	_____	_____
		CATEGORY TOTAL (4) + (5)			_____
2. Minor Construction Performed Under One- Time Exception to Local Authority					
		SUBTOTAL	_____	_____	_____
		CATEGORY TOTAL (4) + (5)			_____
				GRAND TOTAL	_____ _____
3. PLFA Minor Construction Ceiling (From DLA-C Funding Document)					

EXHIBIT D-3
MINOR CONSTRUCTION REPORT

EXHIBIT D-4
DLA FORM 724, REPORT OF REAL PROPERTY MAINTENANCE ACTIVITIES
(RCS DLA(SA) 753(W))

INSTRUCTIONS FOR PREPARING DLA FORM 724

I. UNIT OF MEASURE PREFIXES. The unit prefixes contained herein are among those adopted by the International Committee on Weights and Measures. The following prefixes are repeated for ready references:

T	tera	10^{12}	(trillion)
G	giga	10^9	(billion)
M	mega	10^6	(million)
k	kilo	10^3	(thousand)
h	hecto	10^2	(hundred)
da	deka	10	(ten)

II. UNIFORM COST ACCOUNTS

1. Operation of Utilities

a. This functional category is to collect expenses for procurement or production and distribution of utilities except communications. Includes expenses for purchased electrical energy; operation of electric generating plants and distribution systems; purchased steam and hot water; operation of heating plants and distribution systems, including fuels; purchased water; operation of water plants and systems, and sewage and waste systems; operation of air conditioning and refrigeration plants; other purchased utilities and operation of the utility systems, such as gas distribution systems, and related administration.

b. Include total purchased utilities and utilities operating costs for all facilities identified in Inventory of Military Real Property and in accordance with Real Property Inventory (RPI) Categories. Unit of measure, none.

Item 1. Electrical

a. Purchased Electric Energy. Cost of electricity purchased and any associated operating costs of exterior distribution systems, RPI Categories 812 and 813. Unit of measure, mega watt hour (Mwh) purchased.

b. Electric Generating Plants. Include operating costs of RPI Categories 811 as well as 812 and 813 (as appropriate), except for installed standby generators. Unit of measure, Mwh generated.

Item 2. Heating

a. Purchased Steam and Hot Water. Cost of steam and hot water purchased. Unit of measure, mega British thermal units (MBTU).

b. Heat Source (Over 3.5 MBTU/Hour). Include operating costs for central or individual plant including exterior distribution piping, fuels and related fuel storage and distribution, generation or supply of hot water, low and high pressure for heat, processing or power (including electrical). Part of RPI Categories 821 and 822. Unit of measure, MBTU.

c. Heat Source (.76 MBTU/Hr to 3.5 MBTU/Hr). Include operating costs for facilities including fuels, related fuel storage and distribution, and operating costs of exterior distribution lines for generation or supply of hot water, low and high pressure steam for heat processing or power, warm air heating systems, and direct fired heaters. Part of RPI Categories 821 and 822. Unit of measure, MBTU.

d. Fuels Issued to Heat Plants (Under .75 MBTU/Hr). Include the cost of gas, fuel oil, and solid fuels consumed for heating, including cooking and hot water, but excluding cost of fuels used by the heating plants in subparagraphs (b) and (c) above. Unit of measure, MBTU.

Item 3a. Water Plants and Systems. Include cost of purchased water and operating costs of potable and nonpotable water supply sources, pumping and purification plant equipment and facilities, exterior water distribution systems, including fire hydrants, tanks and reservoirs. RPI Category 840. Unit of measure, kilo gallons (kGAL) consumed.

Item 4a. Sewage and Waste Systems. Include cost of purchased sewage disposal and operating costs of sewage and liquid waste systems, exterior collection systems, pumping plants and equipment, treatment and purification facilities and the disposal of waste from plane washing and industrial operations. RPI Categories 831 and 832. Unit of measure, KGAL disposed of.

Item 5. Air Conditioning and Refrigeration

a. Air Conditioning Plants (Over 100 Tons). Include operating costs of central and self-contained air conditioning units and systems including exterior transmission and distribution lines. Part of RPI Categories 826 and 827. Unit of measure, Tons (TN) capacity.

b. Air Conditioning Plants (Over 25 up to and Including 100 TN). Include operating costs of central and self-contained air conditioning units and systems. Part of RPI Categories 826 and 827. Unit of measure, TN capacity.

c. Other Refrigeration and Air Conditioning Plants (5 TN up to and including 25 TN). Include operating costs of all air conditioning units, built-in or prefabricated walk-in refrigerators (other than those used for cold storage plants), central refrigerated drinking water systems and other miscellaneous refrigerator and air cooling systems. Part of RPI Category 890. Unit of measure, TN capacity.

Item 6. Other Utilities. Include RPMA operating costs of gas distribution, ice manufacturing and cold storage plants, central and installed air compressors, liquid fueling and dispensing facilities, installed standby generators, and all other utility systems (excluding RPI Category 135) not otherwise reported in Items 1, 2, 3, 4, and 5. Unit of measure, none.

2. Maintenance and Repair of Real Property

a. This functional category is to collect expenses for the maintenance and repair of real property. Includes applicable expenses incurred by building trades shops, construction units, grounds and pavement units machine shops, quarries, construction equipment units, real property management, engineering and administration offices, and equivalent organizations. Excludes costs of minor construction. Also includes real property maintenance and repair costs transferred to other functional categories; i.e., Property Disposal.

b. Include total costs for maintenance and repair of subparagraphs a and b below of facilities identified in Inventory of Military Real Property and in accordance with RPI Categories. Unit of measure, none.

Item 1. Utilities Electrical

a. Electric Generating Plants. Include maintenance repair costs of RPI Category 811, except for installed standby generators. Unit of measure, kilo voltamperes (kVA) capacity.

b. and c. Electric Distribution Systems. Include maintenance and repair costs for substations, overhead and underground transmission and distribution systems, and exterior lighting systems. RPI Categories 812 and 813. Unit of measure, kilo linear feet (kLF) of transmission and distribution systems.

Item 2. Heating

a. Heat Source (Over 3.5 MBTU/Hr). Include maintenance and repair costs for central or individual plant, including related fuel storage yards or tanks, for generation or supply of hot water, low and high pressure steam for heat, processing of power (except maintenance and repair costs for steam and hot water distribution systems which are covered in item 2c Part of RPI Category 821. Unit of measure, MBTU/Hr.

b. Heat Source (.75 MBTU/Hr to 3.5 MBTU/Hr). Include maintenance and repair costs for facilities for generation or supply of hot water, low and high pressure steam for heat, processing of power, warm air heating systems and direct fired heaters (except maintenance and repair costs for steam and hot water distribution systems which are covered in item 2c Part of RPI Category 821. Unit of measure, MBTU/Hr.

c. Steam and Hot Water Distribution Systems. Include maintenance and repair costs of exterior transmission and distribution lines and mains, high and low pressure central and individual steam and hot water heating systems. RPI Category 822. Unit of measure, kLF.

d. Other Heating Support. Not included in item 2, a, b, and c above. Unit of measure, none.

Item 3 a and b. Water Plants and Systems. Include costs for maintenance and repair of potable and nonpotable water supply sources, pumping and purification plant equipment and facilities, exterior water distribution systems, including fire hydrants, tanks and reservoirs. (Exclude cost of maintenance and repair of plumbing in buildings covered under item 6 b.) RPI Category 840. Unit of measure, kGAL consumed.

Item 4 a and b. Sewage and Waste Systems. Include costs for maintenance and repair of systems for disposal of sewage and liquid waste, exterior collection systems, pumping plants and equipment, treatment and purification facilities and the disposal of wastes, including waste from plane washing and industrial operations. (Exclude cost of maintenance and repair of plumbing in buildings covered under item 6b.) RPI Categories 831 and 832. Unit of measure, kGAL disposed of.

Item 5. Air Conditioning and Refrigeration

a. Air Conditioning Plants (Over 100 TN). Include maintenance and repair costs for central and self-contained air conditioning units and systems, including exterior transmission and distribution lines. Part of RPI Categories 826 and 827. Unit of measure, TN capacity.

b. Air Conditioning Plants (Over 25 up to and Including 100 TN). Include maintenance and repair costs for central and self-contained air conditioning units and systems. Part of RPI Categories 826 and 827. Unit of measure, TN capacity.

c. Other Refrigeration and Air Conditioning Plants (5 TN up to and Including 25 TN). Include maintenance and repair costs for all air conditioning units, built-in or prefabricated walk-in refrigerators (other than those used for cold storage plants), central refrigerated drinking water systems and other miscellaneous refrigerator and air cooling systems. Part of RPI Category 890. Unit of measure, TN capacity.

Item 6. Other Utilities. Include maintenance and repair costs for gas distribution, ice manufacturing and cold storage plants, central and installed air compressors, liquid fueling and dispensing facilities, installed standby generators, incinerators and other utility systems (excluding RPI Category 135) not otherwise covered in items 1 through 5 above. Unit of measure, none.

B. Other Real Property

Item 1. Building, Total. Include the summary total square footage and maintenance and repair costs of all buildings reported in subparagraphs (a) through (i) below. Facility classes and construction categories are defined in DLAR 4165.3. Include maintenance and repair costs of all interior plumbing fixtures and fittings, heating equipment (less than 750,000 BTU/Hr) and air conditioning equipment (less than 5 TN), and all appurtenances thereto, including electrical equipment, elevators, kitchen equipment, and other equipment affixed as part of the building (not otherwise covered in items 1 through 6 above. Unit of measure, kilo square feet (kSF) floor area. Record costs in the same manner for the following:

a. Training Buildings RPI Category 171.

b. Maintenance and Production Buildings. RPI Categories 211, 212, 214-219, 221, 222, and 224-228.

c. Research, Development and Test Buildings. PRI Category 310.

d. Storage Buildings. RPI Categories 410, 420, 430, 440 and 450.

e. Hospital and Medical Buildings. RPI Categories 510, 530, 540, and 550.

f. Administration Buildings. RPI Category 610.

g. Bachelor Housing Buildings. RPI Categories 721, 722, 723, and 724.

h. Community Buildings. RPI Categories 730 and 740.

i. Other Buildings. Include RPI Categories 131, 133, 141, 421, 422, 430, 620, and 726.

Item 2. Other Facilities, Total. Include the summary total maintenance and repair costs of facilities reported in subparagraphs a and b below. Unit of measure, none. Record costs in the same manner for the following:

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- a. Waterfront. Include RPI Categories 150, 160, 213, 223, and costs for maintenance dredging.
- b. Other. Include RPI Categories 132, 134, 142, 149, 179, 229, 300, 410, 423, 424, 425, 690, 750, and 872.

Item 3. Pavements

a. Roads. Include maintenance and repair costs of roads, streets, service drives and alleys, and features such as shoulders, culverts, bridges and guardrails. RPI Category 851. Unit of measure, kilo square yards (kSY).

b. Air Fields. Include maintenance and repair costs of paved, surfaced, or stabilized airfield runways, taxiways, aprons, hardstands and features such as shoulders, subgrade drains and numbering and marking. RPI Category 110. Unit of measure, kSY.

c. Other. Include maintenance and repair costs of areas used for pedestrian traffic, parking, motor parks, open storage areas, and features such as gutters, guardrails and curbs. RPI Categories 450 and 852. Unit of measure, kSY.

Item 4. a and b. Land (Grounds). Include cost of maintaining lands (grounds). RPI Categories 871, 910, and 920 (excludes acreage associated with RPI Category 750). Terms "Improved Grounds" and "Other (Semi-improved and Unimproved)". Exclude all land areas occupied by buildings, structures, pavements, and railroads. Unit of measure, acres (AC).

Item 5. Railroad Trackage. Include maintenance and repair costs of all railroad trackage. RPI Category 860. Unit of measure, kLF of trackage.

3. Minor Construction

a. This functional category is to collect expenses for the erection and installation of assembly or new real property facility; the addition expansion, extension, alteration, conversion, or replacement of an existing real property facility; or the relocation of a real property facility from one installation to another. Excludes the cost of minor construction projects financed by military construction funds.

b. Include the total costs of all minor construction projects which are financed through appropriations available for operation and maintenance of facilities identified in Inventory of Military Real Property and in accordance with RPI Categories. Unit of measure, percent of maintenance, and repair of real property.

4. Other Engineering Support

a. This functional category is to collect expenses for provision of miscellaneous real property services, including fire protection, custodial services, entomology services, refuse collection and disposal, and snow removal and ice alleviation. Includes rental of real property when not otherwise identifiable; and post engineer, civil engineer, or public works management and engineering not otherwise identifiable.

b. Include total costs for other engineering support services covered in Items A,B, and C, below, for facilities identified in Inventory of Military Real Property, and in accordance with RPI Categories. Unit of measure, none.

Item A. Services

(1) Fire Protection. Include costs of structural and aircraft fire fighting, rescue and fire prevention personnel, equipment, appliances, and supplies used in fire fighting and fire prevention activities. Unit of measure, number of full-time civilian and military fire fighters (number of persons).

(2) Custodial Services. Include costs of janitorial and custodial services and elevator operation. Include, under "Remarks", the number of in-house personnel and coverage per person in kSF. Unit measure, kSF floor area serviced.

(3) Entomology and Pest Control Services. Include costs of all control measures directed against fungi, insects, and rodents in and under buildings, on grounds and in stored products. Unit of measure, total kSF of floor area recorded in Item A (1), above.

(4) Refuse Collection and Disposal. Include costs of collection of garbage, trash, ashes, and debris; disposal by incinerator, sanitary fill, and dumps; and operation of container and car washing facilities (excludes maintenance and repair of incinerators). Unit of of measure, uncompacted kilo cubic yards (kCY) collected.

(5) Total Requirements, Active Installations. Include operating costs of removing, hauling, and disposing of snow.

(6) Other. Include ice alleviation; erection, maintenance, repair, and removal and storage of snow fences; removal of sand resulting from sandstorms; and costs for miscellaneous services not otherwise included in Item A (1) through (4) above, or Items B and C below. Unit of measure, none.

Item B. Administration and Other Overhead. Include facilities engineer, civil engineer, or public works management, and engineering not otherwise identifiable. Unit of measure, none.

Item C. Rentals. Rentals, leases, and easements for real property not otherwise identifiable. Include rental equivalents effective 1 Jul 74 for DoD space use and reimbursements for special services not a part of the Standard Level User Charge, payable to the General Services Administration under provisions of the Public Buildings Amendment Act, Public Law 92-313. Unit of measure, none.

5. Total Requirements, Active Installations. Total costs of the four functional categories for installation identified as "Active" in Inventory of Military Real Property, Unit of measure, none.

6. Total Requirements, Inactive Installations. Total costs of the four functional categories for installations identified as "Inactive", "Standby", or "Excess" in Inventory of Military Real Property. Unit of measure, kSF.

7. Grand Total Requirements. Include the total operation, maintenance, and repair costs of the four functional categories for both active and inactive installations. Unit of measure, none.

III. REPORTING

A. General

1. RPMA reporting will be compatible with and reconciled to summary level information in other resource management and information systems. The reporting formats shall be used for annual submission of reports to OASD(I) concerning the total unconstrained requirements, allocation of resources, and performance reporting on accomplishment of the program. They are designed for maximum alignment with current budget exhibits in this area.

2. The reports covering "Operation and Maintenance/Associated Military Personnel Appropriations" separately identify the RPMA requirements data included in the Operations Budget submissions of DLA and which are normally financed from the Operations and Maintenance/Associated Military Personnel Appropriations.

3. The reports covering "All Appropriations" include requirements data for all RPMA at applicable installations (see paragraph 1 of the basic) regardless of the source of appropriated funds used to initially finance the work, or whether the work is reimbursed by another appropriated fund or outside source.

B. Reporting Form

1. Items I through V of DLA Form 724, Report on Real Property Maintenance Activities, are to be used for the Operation and Maintenance/Associated Military Personnel Appropriation semiannual reporting requirements to HQ DLA, ATTN: DLA-W. Items VI through X will be used for cumulative reporting at the end of each fiscal year. All dollar amounts will be reported to the nearest thousand on DLA Form 724.

2. Requirements Financed in financial dollar amounts (columns(d) (e), (f), (g), and (h) will be reported on the basis of costs incurred and recorded in the detailed cost accounts. Changes in selected resources (columns (j) and (k)) will be reported on the basis of changes in deferred charge accounts, deferred credit accounts, and changes in undelivered orders outstanding, at the lowest level available.

3. Dollar amounts of Total Requirements remaining unfinanced (column (1)) will be reported for the individual work functions to reflect definitive backlogs for the active installations.

4. Preparation of DLA Form 724

a. In-House Labor (columns (d) and (e)). Reflect total staffing requirements for work accomplished by the in-house work force. Include military, U.S. civilians, other civilians (direct and contract hire), and Government contributions for employee benefits.

b. Contract (column (f)). Enter the requirements for purchased utilities and contractual personnel services that are not included in subparagraph a above; also, all materials and support costs that are included as part of the contract. Exclude fuel, mobile equipment rental, contractor-operated supply stores, and all other materials that are procured without related personnel services.

c. Other (column (g)). Enter all consumable and nonconsumable supplies and equipment; fuel including coal, oil, and liquefied petroleum gas. Included are travel, cash awards, mobile equipment rental, and all other requirements which are not included in subparagraphs a and b above.

d. Unit cost (column (i)). Compute the unit cost by dividing the "Requirements Financed" by "Number of Units" (column (h) divided by column (c) - column (i)).

e. Change in Selected Resources (columns (j) and (k)). Enter significant changes, plus or minus, in deferred charges or credits, and changes in undelivered orders at the lowest level available.

f. Requirements Unfinanced (column (l)). Show that portion of the annual work plan requirements remaining due to the lack of resources. Those "Requirements Unfinanced" of the Maintenance and Repair of Real Property category represents BMAR for the fiscal year.

g. Total Requirements (column (m)). Sum of the Requirements Financed (column (h)), Change in Selected Resources (columns (j) and (k)), Financed (column (h)), Change in Selected Resources (columns (j) and (k)), and the Unfinanced (column (l)) annual work plan requirements.

h. Reimbursables (Column (n)). Enter the dollar amounts for work initially performed under RPMA Operation and Maintenance accounts, but reimbursed subsequently from another fund source.

i. Data required at the end of each fiscal year will include:

(1) Data for Inactive installations reported on a single line entry for Item IV and included as applicable for Item VII.

(2) A "memo entry" under Item VIII to distribute Unconstrained Total Requirements (column (m)) to columns (d), (e), (f), and (g) for the functional category totals for Items I through IV.

(3) Data completed for All Appropriations reporting only to identify each appropriation or fund source contained therein as well as the BMAR applicable to each under Item IX.

(4) Summary data of actual prior fiscal year (P.Y.) and estimated current fiscal year (C.Y.) for Total Requirements, Financed, and Unfinanced; estimated Total Requirements for the budget fiscal year (B.Y.) are to be reported under Item X. P.Y. actual data as reported; C.Y. data reflecting ongoing current year plans; and B.Y. data derived from program plans. The recognized personnel requirements are considered unconstrained for purpose of this report. Under "Current Projects", the actual or estimated cost for maintenance and repair and minor

construction project work by contract. For "Contract-Other", actual or estimated cost of contract purchased utility and services for operation of utilities and other engineering support. Under "Other: Fuels Only", the actual or estimated cost of purchased fuels including coal, oil, and liquefied petroleum gas. For "Other: Supplies and Materials", all consumable and nonconsumable supplies and equipment. Remaining requirements (travel, awards, mobile equipment rentals) reported as "Other: Other".

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Example of completed DLA Form 724 will be provided under separate cover.

APPENDIX E

PROJECT SUBMISSION STANDARDS AND DOCUMENTATION

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PREPARATION OF SUPPORTING DOCUMENTS

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SECTION II - REPAIR

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SECTION I - CONSTRUCTION

PART 1 - General

1. PURPOSE. To provide instructions for the preparation of documentation in support of projects proposed for inclusion in the DLA Military Construction (MILCON) Program and other construction programs.

2. SUPPORTING DOCUMENTS. The documents to be prepared in support of projects are as follows:

a. Facility Study - Although considered to be a supplemental document containing expanded backup information and data in support of data contained in the DD Forms 1390, 1391, 1391c, the facility study is the foremost source of information for project justification. Data and information contained in a thoughtfully prepared and well presented facility study may be readily extracted and, with care, used to adequately prepare all other documentation forms prescribed and explained herein. The preparation of a complete and thorough facility study, prior to the preparation of the DD forms, is recommended and should be given priority with regard to planning, tasks, and personnel assignments. Economic analyses, environmental impact assessments and, where applicable, detailed energy conservation evaluations, and violations of the Occupational Safety and Health Act (OSHA) are vital parts of the facility study. Failure to provide an adequately prepared facility study could jeopardize the inclusion of that project in a Military Construction Program.

b. DD Form 1390, FY 19__ Military Construction Program. Provides installation and location, Command (Defense Logistics Agency) area construction cost index, personnel strength, inventory data, projects listing, the installation mission, and outstanding pollution and safety deficiencies (in \$000).

c. DD Form 1391, FY 19__ Military Construction Project Data. Provides title, cost estimates, scope, description of proposed construction, and requirement of a project.

d. DD Form 1391c, Continuation Sheet. This document is used for the facility study, and for continuation of data presented on the DD Forms 1390 and 1391.

3. ACTION. Based upon the installation Master Plan and specific guidance from HQ DLA as to which projects will be supported in an upcoming program, PLFAs will prepare facilities studies, DD Forms 1390, 1391, and 1391c, in accordance with this Appendix. Original documents with three copies are to be submitted to HQ DLA, ATTN: DLA-WI, as directed.

4. Report Control Symbol (RCS-DLA(A)924(W)) has been assigned for submission of these components.

PART 2 - FACILITY STUDY
(RCS DLA(A)924(W))

A. PURPOSE. The primary purpose of a facility study is to provide complete and expanded supporting data and information concerning a specific project. Data and information contained in the facility study will enable complete and accurate preparation of all required DD forms, and serve as the basic source of documentation to defend the project through all levels of review and evaluation. It is designed in such a way that it will provide answers to the questions usually raised during these reviews. Complete amplification and clarification of statements, information and quantitative data for which there is no space available on the DD Form 1391, are documented in the facility study. The DD Form 1391c will be utilized for presentation of the facility study.

B. FORMAT. The itemized format of the facility study shall follow the paragraph outlines as indicated below. Negative reporting is required by indicating N/A opposite each subject when it does not apply to the project being developed. In the project title block, precede the title with the term "FACILITY STUDY." (See Exhibit E-I.)

1. Project. State briefly what the project will provide. This should be obvious from the project title, but a more detailed description is required so that it may be utilized in Block 11 of the DD Form 1391. The statement should be limited to perhaps one sentence. Typical examples are:

a. For Hazardous Materials/Hazardous Waste Disposal Facilities.

"Provides storage for disposal of hazardous materials and processing of hazardous waste in compliance with environmental standards under Subtitle C of the Resource Conservation and Recovery Act."

b. For Covered Storage Facilities:

"Provides a shed and a storage building to satisfy the existing and projected workload."

2. Current and Planned Future Workload with Regard to This Project. Present in detail the current and planned future workload (indicating the phasing of increases and timing thereof) with regard to this project. A detailed presentation is required here. The workload is a very important factor in judging the degree of urgency in the need for a project. Also, the workload which is obvious to personnel at a field activity is sometimes investigated carefully by reviewers at higher levels. For example, DLA may request a Depot Modernization project. In the review process, the following questions could be expected:

a. What percentage of time is the facility in use?

b. What will be stored here?

c. How many receipts and issues are handled annually while operating on a 40-hour per week basis?

d. What is the estimated duration of need for the facility being requested?

The information included must be detailed enough to answer questions such as those above. The inclusive dates for which past workload is being presented must be stated. They should be recent and cover a year or more.

3. Description of Proposed Construction. This paragraph is used to explain more fully the entries to be made in Block 10 of the DD Form 1391, as follows:

a. Type of Construction. If the type of construction is to be other than permanent, provide a statement explaining how this was determined. If the decision was based on an economic analysis of permanent vs temporary or semipermanent construction, provide details here. For activities in foreign countries, and without long term tenure (5 years or less), explain why permanent type construction is proposed.

b. Replacement. If existing facilities are to be replaced by new construction, indicate the disposition of these facilities. If facilities are to be demolished, provide details as noted in subparagraph c (4) below. However, if facilities are to be retained for other functions and purposes this fact must be addressed at the time of project submission and economic and operational justification must be provided.

c. Description of Work to be Done

(1) Primary Facility. Explain fully any unusual or high cost features which are included in the primary facility such as: raised flooring in computer areas, electronic interference shielding, air conditioning, special security construction, fire protection systems, high-bay areas, etc.

(2) Energy Conservation. Describe steps that will be taken to the limit or reduce energy consumption. List and fully explain any unusual and high initial cost features, systems or items of equipment which are included primarily for the purpose of reducing operating energy requirements and costs. The foregoing applies to all proposed MILCON projects. For those projects which are to be justified solely on the basis of energy conservation and which will become part of the Energy Conservation Investment Program, the facility study will include an economic analysis showing amortization period, annual dollar savings, annual energy savings in Millions of British Thermal Units (MBTU) and in joules (J). Also indicate the annual MBTU saved per thousand dollars spent. Reference should be made to subparagraph 8 below, Effect on Other Resources, for additional energy conservation considerations.

(3) Collateral Equipment. List the equipment, with estimated cost, that will be built into, or that will normally be installed as an integral part of the building and chargeable to MILCON funds. In addition, provide a separate list for other equipment which is chargeable to MILCON but not considered built-in. Most collateral equipment is not MILCON funded. However, all major equipment not chargeable to MILCON shall be listed, providing estimated cost, procurement schedule and appropriation chargeable. See subparagraph 6, Equipment Provided From Other Appropriations.

(4) Supporting Facilities. Those supporting facilities which are unusual or of high cost shall be described. This may include: special foundations, excessive utility runs, high site improvement costs, etc. For supporting utilities, tabulate the additional loads that will be placed on the existing utility systems to handle the increased load. Where demolition is involved, provide building numbers, date constructed, type of construction, size of building, current use and present condition.

4. Cost Estimates. Indicate the area cost factor for the location where the project is to be built, if used. Agency preparing estimate should be indicated. Estimates should be presented on DA Form ENG- 150.

5. Justification for Project and for Scope of Project

a. Justification for Project. This paragraph should contain all the necessary supporting details describing the project, the requirement, current situation at the installation, and impact if not provided. It is from this data that the condensed statements appearing in Block 11 of the DD Form 1391 are derived.

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(1) If a particular beneficial occupancy date is required for satisfaction of the requirement, the data shall be given and the factors which led to the establishment of the date shall be described.

(2) If a project is justified in part by the possibility of a breakdown, describe the possibility clearly, state instances of past breakdowns, and describe potential effects of the breakdown.

(3) If a new facility is to be justified in part by general deterioration of the existing facility; describe the deterioration and the effects thereof; describe the major repairs which would soon be necessary and give the estimated cost thereof; and give the reasons why the construction of the new facility is more advantageous than making major repairs to the existing facility.

(4) If the project is to be justified partly by inadequate size or capacity in the existing facilities, this should be stated briefly, with details presented in subparagraph b below.

(5) Projects are sometimes justified primarily on the basis of expected savings over an existing mode of operation and a primary economic analysis is made for them. See subparagraph 11 below, Economic Analysis, for required documentation.

(6) For each pollution abatement project, the most stringent control standards of the state, federal, regional or local control agencies, whichever is applicable, are to be quoted and described both here and in the DD Form 1931c, mandatory statements section (see Part IV(B)a). Where detailed quotation is impracticable, copies of the applicable control standards are to be attached to the facility study. In addition, this section shall contain a narrative as to what pollution violations will be corrected by the project and an indication of the required time frame by which the violation must be corrected.

(7) State whether the project is for correction of Occupational Safety and Health Act (OSHA) violations and provide all pertinent details including the time frame by which the violation must be corrected.

b. Justification of Scope of Project

(1) Explain how the scope of the facility being requested has been computed.

(2) When entries are made on the DD Form 1390, lines 7c thru 7f, identify the projects involved.

(3) In those cases where a primary facility consists of a multiple use building or structure or when two or more primary facilities are involved, each performing different functions, include a table describing the various category codes involved, units of measure, and quantities for deriving accurate deficiencies. Refer to paragraph 13 below, Quantitative Data, Part II, Facility Study, for quantitative data table and explanations.

(4) If only a portion of the total requirement for a certain category code is to be satisfied, provide reasons for not providing the whole. Normally, a deficiency will not be satisfied in increments or phases. In most cases, prior approval of OSD, and in certain cases Congress, is required before phased or incremented projects may be programmed.

6. Equipment Provided From Other Appropriations. Detailed information regarding major equipment costs to be provided from other appropriations shall also be entered on the DD Form 1391. These items are limited to those for which the acquisition cost of the individual item either exceeds 25 percent of the estimated project cost, or if less than 25 percent, exceeds a cost of \$1.0 million. Specific information provided should include, but not be limited to, the following:

- a. A breakdown of individual items
- b. Cost per item
- c. Budget year and appropriation (PDA, O&M; etc.) in which included
- d. Schedule delivery date to site of project

Also refer to Part II of this instruction, paragraph B3c (3) above, Collateral Equipment.

7. Common Support Facilities. It is DLA policy that field activities located within DLA complexes or at other service installations shall make maximum use of common support facilities to minimize requirements for military construction projects. An analysis shall be made to determine whether the required support services and/or facilities can be made available from other DLA activities, another service through a host-tenant agreement, interservice support agreement or by mutual agreement to share common use facilities such as personnel support facilities. State whether an analysis has or has not been made, and the results thereof.

8. Effect on Other Resources

a. An analytical estimate of the effect that the proposed construction will have on other field activity resources (funding, equipment, manpower, etc.) will be presented. The statements will clearly show the best quantitative estimates of these effects, whether increased or decreased demands on other resources are expected. Concise qualitative descriptions should be used when quantitative estimates are infeasible. Examples of required estimates are as follows:

(1) The project will require approximately \$12,650 a year in increased O&M funds for increased utility services and operations.

(2) Approximately 5 additional personnel will be required to operate this facility.

(3) This project will enhance and improve the health, welfare, and morale of personnel.

b. Proposed construction should be responsive to the challenges presented by the energy situation, and comply with the requirements of Executive Order 12003 of 20 July 1977. Care must be taken to assure that new facilities consume as little energy as possible (within economic bounds) and still perform the intended function. Another key requirement is to ensure that utility and energy requirements are critically examined in the first stages of the development of the project and a determination made whether the required energy sources and utilities are available. Projects should include a discussion of the energy sources and utilities available. A discussion of the energy considerations shall be presented and the following information completed for each project:

Utility Requirements

(1) Electricity

Consumption _____ KWHR/yr
Peak Demand _____ KW

(3) *Steam

Consumption _____ KWHR/yr
Peak Demand _____ KW

(2) Natural Gas

Consumption _____ therms/yr
Demand _____ cf/min

(4) Heating Oil Type: _____
Consumption _____ gal/yr

(7) Other (describe)

(5) Coal _____ tons/yr

(8) Enter the metric unit (international system) in parenthesis by each of the units entered above

(6) Adequate utility requirements are will be available (describe)

*Projects supported by central steam or high temperature water systems should include estimated increase in fuel requirements of the central system in addition to listing the steam or water requirements.

9. Siting of the Project

a. Submit a sketch or appropriate portion of the activity map on 8 «" x 11" paper, drawn so as to indicate with heavy lines and cross hatching the planned location of the project. If more than one site is being investigated, indicate this fact on the sketch and the date the final determination can be made. This sketch need not necessarily show all of the activity but should be in agreement with the latest activity map. Only enough detail should be included to show the location of the proposed construction in relation to other significant facilities. The title of the project shall appear on the sketch, with an arrow pointing to the location and an arrow point North. Include a statement to the effect that the siting is in accordance with the latest or current master plan and indicate date, and that the project has been approved by the appropriate level within HQ DLA or by host Military Department.

b. Consideration of energy conservation features should be included in the site selection process. The physical orientation of the facility, where possible, should be such that optimum benefits from the natural energy sources of the elements are realized.

10. Other Graphic Presentations, including Photographs. Provide any graphic presentations, including photographs, which will aid substantially in justifying the facility or in illustrating the plan for the facility. Floor plans of the proposed facility are desirable. Charts and graphs should be 8«"

x 11". Photographs should be 8" x 11". Such presentations are sometimes helpful for use in convincing reviewers of the need for a project and for clearing up questions in the minds of reviewers with regard to the details of complicated facilities plans. Whenever a proposed new facility is justified partly by the deteriorated condition of the existing facility, 35 mm color slides which clearly show the deteriorated condition are of great value in presenting the requirement and should be included for all major MILCON projects.

11. Economic Analysis

a. Economic analysis procedures have been developed to provide a consistent approach to problems of economic choice. DLAM 7041.1 prescribes procedures and formats for preparation of economic analyses. When these procedures are applied, all military construction projects can be classified, for economic review purposes, into two types: I - economically advantageous projects which show a payback by improving current operations, and II - military operational projects which must support an operational mission.

b. An overview of these two types follows:

(1) Type I, or Primary Economic Analysis - Projects of this type are justified primarily on the basis of their economics, since the operational requirement is already being met. The proposed project would permit the requirement to be met at lower total cost, and is recommended primarily on the basis of payback period or savings to investment ratio. Except for industrial activities, projects justified primarily on the basis of economics are in the minority.

(2) Type II, or Secondary Economic Analysis - Projects of this type are required to fulfill military operational requirements, and economics are a secondary consideration. Economic arguments do not seek to demonstrate that the function needs to be done; the secondary analysis instead seeks to demonstrate that the proposed project is the least cost way to accomplish the given function. The majority of projects in the Military Construction Program are supported by secondary, rather than primary, economic analyses.

c. In considering an economic analysis for MILCON alternatives the following applies:

(1) Discount Rate - A standard 10 percent discount rate shall be utilized in computing future financial benefits and costs. Savings to Investment Ratios (SIR) greater than 1.0 are to be converted to payback periods in numbers of years. An appropriate statement concerning the economic benefits to be derived is to be entered in Block 11 of DD Form 1391 in accordance with Part 4(B) of this manual.

(2) Economic Life - In preparing an economic analysis for MILCON, an appropriate economic life of 20 to 25 years as dictated by the anticipated mission life or technological life of the proposed facility shall be used for all new permanent construction. Care should be exercised to allow for completion of construction before benefits begin, viz., for 1-year construction time and 25-year economic life, use discount factor for years 2-26, not 1-25.

d. In developing and justifying resource requirements:

(1) An economic analysis is required for proposals which involve a choice or tradeoff between two or more options even when one of the options is to maintain the status quo.

(2) All projects justified primarily on the basis of economics (Type I) must have an accompanying primary Economic Analysis completed in accordance with DLAM 7041.1.

(3) Type II projects justified first on the basis of military necessity are not exempt from economic analysis. Activities submitting these type projects must provide a Secondary Economic Analysis when the MILCON alternative has a construction cost estimate in excess of \$1,000,000.

(4) Since all Type II projects submitted within the MILCON program undergo detailed program evaluation, a carefully prepared economic analysis enhances the chances of project approval.

(5) For those few situations in which only one method of satisfying a facility deficiency exists, the submitting activity is required to document the thought processes that led to this conclusion. In essence, a list of the possible alternatives and proof of their infeasibility, economic or otherwise, should be submitted as part of the facility in lieu of an economic analysis. Only then can the premise that only one method exists for satisfying a facilities deficiency be fully supported.

e. All economic analyses, regardless of type, are to be prepared by the activity. The Chief, Operations Research and Economic Analysis Office (DLA-LO) will provide technical assistance as required and requested. Each facility study must include an economic analysis, or compliance with subparagraph d (5) above.

12. Environmental Impact

a. A DLA Form 1664, Record of Determination - Environmental Evaluation, shall be prepared for every project in accordance with the guidelines contained in DLAR 1000.22, Environmental Considerations in DLA Actions in the United States, and shall be incorporated as part of the facility study. The DLA Form 1664 may indicate that, under categorical exclusions identified in DLAR 1000.22, no further action is required; or, it may indicate that an Environmental Assessment or an Environmental Impact Statement (EIS) should be prepared.

b. After review of the DLA Form 1664 by DLA-WS, the preparation of the appropriate environmental document will be accomplished by the field activity preparing the project or by the design agency. This will be completed as part of the preliminary design phase. The preparation and funding of environmental documents are normally responsibilities of the proponent field activities. PLFAs should ensure that budget requests include adequate resources for preparation of environmental documents and should coordinate with DLA-WS as appropriate.

c. If an EIS is necessary a minimum of a 9 months leadtime should be anticipated to accomplish the necessary public review and comment periods, and publications of the draft and final EIS. All required environmental documents must be received by DLA-WS no later than 1 December for projects being included in the upcoming budget year program.

d. Where applicable, the environmental document shall contain a narrative delineating those energy conservation measures or features of the project that are considered to enhance the design and economies of the facility. Controversial aspects of the project with regard to energy savings should be explained.

13. Quantitative Data. Documentation, in quantitative terms, of the total requirement for a certain type of facility at an activity is required. The total adequate assets of the activity are subtracted from the total requirement to arrive at a deficiency of facilities remaining to be satisfied. This deficiency provides the basis upon which the scope and requirements for a project are justified. This data should be presented in tabular form as shown below and explained in the following paragraphs.

QUANTITATIVE DATA TABLE

- a. UNIT OF MEASURE
- b. TOTAL REQUIREMENT
- c. EXISTING SUB STANDARD
- d. EXISTING INADEQUATE
- e. EXISTING ADEQUATE
- f. OTHER ASSETS, NOT IN INVENTORY
- g. FUNDED, NOT IN INVENTORY
- h. ADEQUATE ASSETS (e + f +g)
- i. DEFICIENCY (b - h)

a. UNIT OF MEASURE

(1) The unit of measure entered must be the primary unit of measure as indicated in DLAR 4165.3 for the category code shown in and should correspond with the primary facility or its major component in Block 9. Spell out in capital letters; e.g., "SQUARE FEET", "PERSONS", or "LINEAR FEET". DO not show this unit of measure or abbreviations thereof after the numerical data entries in the subsequent lines b through g.

(2) When the proposed project is for a multiple use facility, the entry in this space is as though the entire facility was for the predominant use. A breakout table of individual uses should be presented in the format above.

(3) When "NOT APPLICABLE" is entered on line a, enter a dash in each space on lines b through g.

b. TOTAL REQUIREMENT Self-explanatory.

c. EXISTING SUBSTANDARD

(1) Enter the quantity of the existing facilities which serve the same function and which is considered as substandard. Data entered must be compatible with data shown on the Facility Planning Document.

(2) If there are no like substandard facilities existing at the activity, enter a zero.

d. EXISTING INADEQUATE

(1) Enter the quantity of the existing facilities which serve the same function and is considered as inadequate. Data entered must be compatible with data shown on the Facility Planning Document.

(2) If there are no like inadequate facilities existing at the activity, enter a zero.

e. EXISTING ADEQUATE

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(1) Enter the quantity of the existing facilities which serves the same functions and which is considered as adequate. Data entered must be compatible with data shown on the Facility Planning Document.

(2) If there are no like assets existing at the activity, enter a zero.

f. OTHER ASSETS, NOT IN INVENTORY

(1) Enter the quantity of other assets that is being used but not recorded in the other existing assets above.

(2) If there are no like assets existing at the facility, enter a zero.

g. FUNDED, NOT IN INVENTORY. Enter the quantity of like facilities which, under previously authorized and funded programs, is scheduled for, or is under construction or acquisition but is not yet included in the current inventory. Enter in parentheses, next to the word "inventory," the fiscal year in which authorization and funding was granted; e.g., (FY 1983).

h. ADEQUATE ASSETS. Enter the sum of lines e, f, and g. Do not include existing substandard in this quantity.

i. DEFICIENCY

(1) Enter the difference between lines b and h.

(2) It should be noted that the deficiency to be corrected by the proposed project has been included in the total requirement entry on line b, and shall not therefore be subtracted from the deficiency amount shown on line i.

(3) It is absolutely essential that the scope of the proposed project not exceed the deficiency indicated on line i.

14. Morale, Welfare and Recreation Facilities. Space allowances, sizes and quantities will not exceed the criteria contained in DoD 4270.1-M which are to be considered as maximum allowances for these facilities, unless a waiver has been approved by DoD. Projects will be justified solely on the basis of the specific need at each installation and will be limited to the minimum scope actually required. Computations and backup data to support and justify these types of facilities should be included in the Facility Study.

15. Storage Facilities. Methods of meeting storage requirements shall be in accordance with DoD Directive 4145.19, Storage and Warehousing Facilities and Services, Section V.

16. Hazards Identification, Assessment, and Analysis

a. DLA-W Letter No. 84-3, System Safety, 27 Aug 84, provides interim guidance to establish policy and assign responsibilities for the application of System Safety to the design, construction/manufacturing, operation, support, modification, and disposal of DLA mission systems as required by DLAM 1000.1, DLA Safety and Health Manual, paragraphs 3-3c(2) and 10-2a.

b. This letter describes System Safety Program applications and techniques in general rather than specific terms in order to allow for different degrees and methods of application based on the needs of the mission system. It also cites those segments of the references which are to be used in the development of a System Safety application.

c. References:

(1) DoD Directive 1000.3, Safety and Occupational Health Policy for the Department of Defense.

(2) DoD Instruction 5000.36, System Safety Engineering and Management.

(3) Military Standard 882A, System Safety Program Requirements.

(4) Military Standard 1472C, Human Engineering Design Criteria for Military Systems, Equipment and Facilities.

(5) DoD 5000.19-L, Volume II, Department of Defense Acquisition Management Systems and Data Requirements Control List.

PART 3 - DD FORM 1390 - FY 19 MILITARY CONSTRUCTION PROGRAM
(RCS DLA(A)924(W))

A. PURPOSE

1. Each activity proposing a project in an annual Defense Military Construction Program must prepare a DD Form 1390 which contains a list of the projects in the program, including requests for new authorization, funding of new authorization, and funding of prior year's authorization.

2. At certain levels of review, the DD Form 1390 (see Exhibit E-2) Form 1391. Entries on the form must therefore be as complete and factual as possible for quick comprehension. An entry will be made in each space, using a dash when not applicable. Detailed instructions for preparation of DD Form 1390 are provided below.

B. FORMAT

1. BLOCK 1 - COMPONENT: Enter Defense (DLA) HEADING - FY 19__ MILITARY CONSTRUCTION PROGRAM: Enter the applicable fiscal year for which authorization and funding is requested. Example: FY 1986 MILITARY CONSTRUCTION PROGRAM.

2. BLOCK 2 - DATE: Enter the preparation date and standard abbreviations for the month. Example: 1 Feb 1983. Subsequent revisions should reflect new dates of preparation.

3. BLOCK 3 - INSTALLATION AND LOCATION: Enter the official name of the installation. Typical entries are Defense Depot Tracy or Defense Construction Supply Center. For activities within the United States, enter the city and state to indicate the location. For activities located outside the United States, enter the city, island, island chain, political area or other identifying feature together with the name of the country. Code names or designations may be used only when necessary to preclude security classification or when an official name is not available.

4. BLOCK 4 - COMMAND: Defense Logistics Agency.

5. BLOCK 5 - AREA CONSTRUCTION COST INDEX: Enter the number applicable to the particular area in which construction will take place. Refer to DoD 4270.1-M or can be obtained from DLA-WIE.

6. BLOCK 6 - PERSONNEL STRENGTH:

a. The latest available personnel strength figures, updated as appropriate, to reflect conditions existing at the time of DD Form 1390 submission, shall be used as the basis for personnel strength entries.

b. The dates to be entered on lines 6(a) and (b) shall be determined as follows:

(1) Line (a) - "AS OF" date: Enter 30 September for the calendar year which is 2 years preceding the fiscal year for which the program is submitted (i.e., for the Fiscal Year 1986 Program, enter the date 30 SEP 1984).

(2) Line (b) - "END FY 19__" date: Enter "END 19__" for the fourth fiscal year following that fiscal year for which the program is being submitted (i.e., for the Fiscal Year 1986 Program, enter "END FY 1990).

(3) If there is a significant (greater than 5 percent) difference in the personnel strength reported in lines (a) and (b), or if the personnel strength projected beyond the end of the fiscal year on line (b) is expected to be significantly different, an explanation shall be provided.

7. BLOCK 7 - INVENTORY DATA (\$000): No entry required by the activity as information will be provided by HQ DLA.

8. BLOCK 8 - PROJECTS REQUESTED IN THIS PROGRAM: Activity projects for the budget year are to be listed individually with attendant information provided in the appropriate columns. Entries will be made in sequence by assigned category code. Those projects authorized new authorizations, but shall be footnoted and shown in parenthesis (indicating nonadd).

a. CATEGORY CODE - Enter the 3 digit category code shown in block 6 of the project DD Form 1391.

b. PROJECT TITLE - Enter the project title shown in block 4 of the project DD Form 1391.

c. SCOPE - Enter the same quantity shown in block 9, line 1, Quantity, DD Form 1391, and include the appropriate unit of measure. In those instances where a specified quantity cannot be satisfactorily identified, enter "LS" for lump sum.

d. COST (\$000) - Enter the cost shown in block 8 of the project DD Form 1391. If two or more projects are listed, following the last project, enter the sum of the estimated costs for projects requiring new authorization, and this total will provide the data required for block 7, line d.

e. DESIGN STATUS - Enter the most accurate possible dates for "START" and "COMPLETE" of design using numeral (e.g., 6/83, 11/84, etc).

9. BLOCK 9 - FUTURE PROJECTS: A line, border to border, across the sheet should separate block 8 from block 9. Future projects will normally be limited to a total of five. However, if there are more than five projects in a. Included in following program (FY): all of the projects will be shown, and the entry b. Major planned next 3 years: will not be included. If there are three projects in category (a), then only two projects should be shown in category (b), if any exist. Columnar data provided in block 8 above will also be provided for those projects listed in block 9, except that DESIGN STATUS will be left blank. The total cost for those projects listed in category (a) will be shown, and this total provides the data required for block 7, line e. No sum is shown for category (b) in block 9, nor does the amount of these entries necessarily need to correspond with the entry in block 7, line f.

10. BLOCK 10 - MISSION OR MAJOR FUNCTIONS: A line, border to border, across the sheet should separate block 9 from block 10. Briefly provide a summary of the project mission. The projects required and requested must be for the support of this projected mission. Start the paragraph with "PROVIDE...." or "MAINTAIN....", etc. This mission should be a concise statement of what the activity will do, expressed in simple terms that both the professional and layman can comprehend. Following this opening statement, list the major functions performed.

11. BLOCK 11 - OUTSTANDING POLLUTION AND SAFETY DEFICIENCIES: (\$000) This information will be developed by HQ DLA.

PART 4 - DD FORM 1391

FY 19 MILITARY CONSTRUCTION PROJECT DATA
(RCS DLA (A)924(W))

A. PURPOSE

1. The DD Form 1391 sample is shown as Exhibit E-3 and will be used to support each project proposed for inclusion in the DLA Military Construction Program and for construction requirements submitted for out of cycle approval as well as those funded from other sources. This includes both new authorization requests and prior years' unfunded authorization projects. As it relates to military construction, the term "project" is a statement of construction requirement, for a facility in terms of title, category code, unit of measure, quantity, estimated cost, description of construction, and requirement. A project will consist of only those elements necessary to produce a functional entity. It usually has a clearly dominant feature (principal construction feature), such as building or structure, along with supporting features such as utilities, roads, site improvement, etc.

2. Except for descriptive notations in block 10 and narrative statements in block 11, all pertinent spaces shall either contain an entry, in capital letters, or a dash when an entry is not applicable. Detailed instructions for preparation of the DD Form 1391 are provided in DoDI 7040.4, Military Construction Authorization and Appropriation, and amplified somewhat below in Part 4B.

3. Upon completion of the DD Form 1391 and prior to submission, it is important that the reviewers in the chain of command be assured that the proposed project is adequate to support the mission and that the deficiency to be corrected has been validated through the installation master planning, programming and reporting system. Also, it is essential that the cost estimate as developed on the DD Form 1391 be based on the estimated contract cost for the anticipated contract award date.

B. FORMAT FOR DD FORM 1391 - ITEM JUSTIFICATION DATA SHEET (DLA-A 924(W))

1. BLOCK 1 - COMPONENT: Enter Defense (DLA) HEADING - FY 19__ MILITARY CONSTRUCTION PROGRAM: Enter two digits of the applicable fiscal year for the program.

2. BLOCK 2 - DATE: Enter the preparation date and standard abbreviations for the month (e.g., 15 SEP 1983). Subsequent revision should reflect new dates.

3. BLOCK 3 - INSTALLATION AND LOCATION: Enter the official name of the installation and location. Do not use abbreviations. For activities within the United States enter the city and state. For activities outside the United States enter the city, island, island chain, or other identifying feature, with the name of the country. Code names or designations may be used only when necessary to preclude security classification or when an official name is not available.

4. BLOCK 4 - PROJECT TITLE:

a. Enter the DLAR 4165.3 title or description that corresponds to the category code in block 6 and the title used in block 8, column 2, of the DD Form 1390.

b. Except for new construction, the type of work such as: "addition," "conversion," "alteration," or "modernization," shall be used in the project title; e.g., "Warehouse Conversion" or "Steelyard Modernization."

DLAM 4270.1

c. Where a single proposed structure is to serve more than one purpose, the title should reflect the predominant use. See block 6, paragraph b, for assignment of category code in this instance.

d. As mentioned in block 6, paragraph c, the inclusion of more than one primary facility in a project is to be discouraged; however, in those cases where it does occur and when approved for programming in this manner, an appropriate suffix shall be applied to connote multiplicity of primary facilities.

e. The scope of a project or number of buildings involved will not be shown as a part of the title.

f. Abbreviations and acronyms are not to be used.

5. BLOCK 5 - PROGRAM ELEMENT: Leave blank. Entry will be completed by HQ DLA before the documents are submitted to higher reviewing level

6. BLOCK 6 - CATEGORY CODE:

a. Enter the 3-digit category code number, extracted from DLAR 4165.3, to identify the primary facility to be constructed under this project. The primary facility is shown in block 9 and is usually the same as the project title. The category code number entered here should be consistent with block 8, column 1, of the DD Form 1390.

b. In the majority of cases, specific identification is a simple matter of comparison with facility titles contained in DLAR 4165.3. In those cases where a multi-use facility is proposed, enter the category code of the predominant function to be performed in that facility.

c. For those projects with more than one primary facility, the predominant facility shall dictate the category to be assigned to the project. The programming of more than one type of primary facility within a single project shall be discouraged, however, unless each facility is dependent upon the other for satisfactory accomplishment of the project purpose.

d. A structure being related to serve a different purpose should be coded to reflect the new use.

e. For further discussion of primary facilities, see block 9.

7. BLOCK 7 - PROJECT NUMBER: Not required for MILCON Program projects, but may be included on all other construction projects.

8. BLOCK 8 - PROJECT COST (\$000):

a. Enter the estimated cost in thousands of dollars for the project, including: primary and supporting facilities; contingency; supervision, inspection and overhead. This will be the "TOTAL REQUEST" entry in block 9., and will not include the figure entered for "EQUIPMENT PROVIDED FROM OTHER APPROPRIATIONS." The project cost/"total request rounded" should be identical to that shown in block 8, column 4, of the DD Form 1390.

b. The "rounding-off" of project costs will provide a more realistic approach to the presentation of MILCON programs. Therefore, the following guidance is provided for "rounding-off" of a project's total request:

Project (P) Estimate	Rounding Guidance
0 to 1,000K	Nearest \$ 10K
1,000K to 5,000K	Nearest \$ 50K
5,000K to 10,000K	Nearest \$ 100K
10,000K to 15,000K	Nearest \$ 200K
15,000K to 20,000K	Nearest \$ 500K
20,000K to OVER	Nearest \$1,000K

9. Block 9 – COST ESTIMATES:

a. Initial cost is developed by the facilities engineer using the best available information. The "total request" cost appearing on a DD Form 1391 must, of necessity, be more complete and accurate than the initial cost estimate since it is developed from a detailed description and breakdown of scopes and unit costs for all primary facilities, as well as all supporting facilities required to satisfy the function to be performed. Factors such as built-in collateral equipment type of construction, site location, demolition, utility requirements, alternate solutions, International Balance of Payments (IBOP) implications, etc., (previously considered during facility study preparation) may significantly affect the project cost and improve accuracy in arriving at the best possible cost estimate. The importance of this best cost estimate cannot be overemphasized, as it could be the determining factor as to whether or not the project is included in the budget year program. It will also provide the basis of negotiations with Architect and Engineer (A&E) contractors for further design effort. Any prior engineering effort expended on the project shall, of course, be utilized to the fullest extent; however, in those cases all cost data shall be reviewed in detail, revised, and updated as appropriate.

b. This portion of the DD Form 1391 is comprised of several elements which collectively comprise the "Total Request." Each element will be identified, quantified, and costed in a series of five column entries as discussed below:

c. ITEM:

(1) Primary Facility:

(a) Care and consideration should be given to the information provided regarding the primary facility. It is important since it established the scope of the project which, once authorized by the Congress, cannot be changed without additional Congressional authorization.

(b) The first entry (line) in block 9 should be the primary facility to be constructed. This entry is normally, but not always, the project title. When the primary facility consists of two or more components, the cost of the primary facility will be the sum of the costs of the individual components. In addition, subordinate components will be entered under the primary facility after indenting two spaces. Normally, the cost of fixed equipment provided as part of the construction

contract (e.g., cooling, heating, electrical systems, etc.) will be included in the cost of the primary facility. However, when the primary facility includes unusual features of significant cost such features, (e.g., built-in equipment, raised floor systems, etc.) should be identified under the primary facility.

(c) When a facility will house two or more functional areas and their construction unit costs are significantly different, each functional area shall be listed.

(2) Supporting Facilities:

(a) List those items of construction directly related to and required for the support of the primary facility. Such items should include:

SPECIAL CONSTRUCTION FEATURES (LS)
ELECTRICAL UTILITIES (LS)
MECHANICAL UTILITIES (LS)
ROADS, PARKING, SIDEWALKS (LS or SY)
SITE IMPROVEMENT (LS)
DEMOLITION (LS)

(b) Where special foundations are required (e.g. engineered fill, spread footings, piling, seismic, etc.), this will be entered as "SPECIAL CONSTRUCTION FEATURES."

(c) Normally, all utilities requirements beyond the 5-foot line (e.g. gas, oil, steam, electric, water supply lines, sanitary and storm sewers, etc.) will be combined into either the electrical or mechanical categories.

(d) Special site improvements (excluding normal excavation) (e.g. seeding, sodding, landscaping, fencing, etc.) will be included under one entry, "SITE IMPROVEMENT."

(e) Demolition, if applicable, shall be the last entry in this block.

(3) Subtotal: This entry will be the sum of those costs entered for all primary and supporting facilities.

(4) Contingency: While the normal contingency rate is 5 percent, contingency rates may vary when unusual conditions and circumstances dictate. Percentage rates for contingencies above 5 percent will be adequately justified and those rates above 10 percent will require special approval.

(5) Total Contract Cost: Enter the sum of the "Subtotal" and the "Contingency" costs.

(6) Supervision, Inspection, and Overhead (SIOH): A specific SIOH rate of 5.5 percent, based on the "Total Contract Cost," has been established for both COE and NAVFAC managed projects.

(7) Total Request: Enter the sum of the "Total Contract Cost" and the SIOH.

(8) Total Request: Enter this figure in accordance with "rounding guidance" noted in Part IV(A) block 8b, above. This figure should be identical to that entry made in block 8.

(9) Equipment Provided From Other Appropriations: Enter the total cost of equipment which is essential to the mission of the facility and which will be procured from appropriations other than Military Construction Funds. If no such major equipment is associated with the project, enter a "zero" in the appropriate space. Note that this figure is not included in the "Total request" above, or in block 8.

d. UNIT OF MEASURE (U/M):

(1) The unit of measure shall be those designated as primary units of measure shown in DLAR 4165.3.

(2) Each entry in the "Item" column of block 9 will be followed in the "U/M" column by the accepted two-character abbreviation for the unit of measure associated with the quantity of the item concerned (e.g., SF, SY, LF, KV, etc.). Where it is not feasible to show a specific unit of measure because of the peculiarity or nature of the particular item being provided, use LS (Lump Sum). Never leave this column blank; however, only a dash should be entered for such items as "Supporting Facilities," "Subtotal," "Contingency," etc.

e. QUANTITY: Enter the required number of units of measure comprising the entry in the "Item" column. Where "LS" is the unit of measure, enter a dash (-).

f. UNIT COST: A unit cost is to be entered opposite each entry in the "Item" column where a unit of measure is indicated in the "U/M" column. Where "LS" is entered in the "U/M" column, enter a dash in the unit cost column.

g. COST (\$000):

(1) Enter the cost, in thousands of dollars, represented by the product of the "Quantity" and "Unit Cost" entries opposite each entry in the "Item" column. When "LS" appears in the "U/M" column, enter the lump sum estimated cost.

(2) When a single primary facility is listed, enter the cost of the facility without parentheses. If unusual features or functional areas of the primary facility are listed, the cost of each shall be enclosed by parenthesis, and the sum total cost of these features shall equal the figure entered for the facility without parentheses.

(3) When more than one primary facility is listed, the cost of each facility will be entered in the cost column without parenthesis.

(4) The cost entry for the item "Supporting Facilities" shall be the sum total of those supporting facilities listed. Each supporting facilities item is to be enclosed by parentheses, but the total for "Supporting Facilities" will be entered without parentheses.

(5) The cost entered for items "Subtotal," "Contingency," "Total Contract Cost," "SIOH," "Total Request" and "Total Request (Rounded)" shall be entered without parentheses; however, the cost entry for "Equipment Provided From Other Appropriations" shall be enclosed with parentheses, to indicate a nonadd entry, even though this item is not included in the totals appearing in blocks 8 or 9.

10. BLOCK 10 - DESCRIPTION OF PROPOSED CONSTRUCTION:

a. The data in this block is to be presented in a manner to clearly indicate the correlation between the work to be done with the various data entered in block 9.

b. Provide a complete outline of all principal features of the work using terse, concise statements in narrative form for rapid review.

c. Start with a brief but accurate description of the primary facility to be constructed. For buildings, indicate the construction materials to be utilized for the frame, walls, roof, and foundations.

d. Provide a breakdown of the major functions for which space is being provided in the building.

e. For structures other than buildings, describe each major element which is required to provide a complete and useable facility.

f. Provide only such additional descriptive details as are necessary for clarity. Avoid the use of generalities such as "most economical means" or "modern methods and materials."

g. State the number of buildings or structures to be demolished in connection with the proposed construction, if applicable. Details on building numbers and types of structures to be demolished will be presented in the facility study.

h. For projects involving additions, alterations, or conversions, describe the changes to be made.

i. The entry in block 10 of data such as cost, building dimensions and requirements or justification information, which should more properly be presented elsewhere on this document, is to be avoided.

j. As the last entry in block 10, indicate the amount of air conditioning required (e.g., Air Conditioning - 15 tons).

11. BLOCK 11 - REQUIREMENT:

a. A line, border to border, across the sheet should separate block 10, from block 11.
block 10, from block 11.

b. Immediately after the title "REQUIREMENT" indicate in appropriate units of measure, the total facility requirement (.e.g, 66,666 SF.), followed by two additional entries giving the status of the existing facility (e.g., ADEQUATE: 14,444 SF.; SUBSTANDARD: 0 SF.).

c. It has been demonstrated that the survival of a project through the various review levels depends more on the information contained in this block than on any other section of the DD Form 1391. It is the only written justification data that reaches many of the higher review levels. During review by higher authority, oral presentations and supporting point papers may help to convince the reviewers of the need for the project; however, the initial impression as to its desirability is gained through the written material originally provided. Thus, the material must be carefully chosen and should receive command attention. It is vital that the data be presented in clear, concise, convincing language, intelligible to a layman reviewing the document, and should be a condensation of the basic information and facts to permit an immediate understanding of the problem. To this end, a specific format has been devised for use in this block and shall be utilized for all submissions of the DD Form 1391. The format contains five elements as follows:

(1) PROJECT: Provide a one sentence statement that indicates what this project provides.

(2) REQUIREMENT: Answer the question: "Why does DLA need this project?" The facts presented here must clearly show that the military requirement for the project is essential to effectively support current and future operations set forth in the latest mission. Use positive statements to support the requirements and avoid use of such words as "inadequate," "uneconomical," and "necessary" unless they are fully explained. Similarly, when identifying contributing factors, assure the presentation leaves no pertinent questions unanswered, e.g., excessive maintenance (show cost comparison); self-liquidation (show amortization); or advanced deterioration (describe effects). The requirement must establish maximum utilization of existing facilities and identify alternatives considered, along with reasons for their rejection.

(3) CURRENT SITUATION: Describe how the requirement is presently being met, and under what conditions. Statements should support the stated requirement. Building numbers should not be used, but a quantitative, concrete statement of the current assets and why they are not suitable for continued use should be included.

(4) IMPACT IF NOT PROVIDED: Describe the manner and extent to which mission accomplishment would be affected if the project was not approved.

(5) ADDITIONAL:

(a) If the project is justified on an economic basis (primary economic analysis), so state and indicate the projected payback period. For all other projects, state precisely why a primary economic analysis cannot be applied to the project.

(b) The length of the writeup should be confined to the space provided on the form when it is possible to include all pertinent facts and information to be transmitted to higher authorities. In cases where this is not feasible, it may be continued on a second sheet using the DD Form 1391c. The facility study, to be submitted with each DD Form 1391, will provide additional documentation and backup material to assist in review at intermediate command levels and will also provide material from which witness data can be developed for presentation of the program to OSD and the Congress. Where the complete writeup does not require all the space on the form, additional material that makes no contribution to the justification should not be added merely to fill the space.

d. Points to remember during preparation of block 11 are:

(1) Use only simple, clear, concise statements of fact that establish a positive argument for the requirement. Do not use negative statements.

(2) Do not use such general phrases as "Urgently required for operational requirements:" State why it is required and for what purpose and, if submitted as an urgent requirement, why it cannot be delayed.

(3) Avoid general reference to "high maintenance cost of existing facilities" unless such statements make a significant contribution. Then state what the maintenance costs are. High maintenance costs in themselves do not constitute a basis for urgency nor does it justify a project.

(4) Avoid use of general statements such as existing facilities are "inadequate" are "unsatisfactory" or "uneconomical," and "frequent power outages" unless it can be stated precisely what the deficiencies are and why existing facilities cannot fill the need, or how many outages occur during a given period of time as documented by a log or diary.

(5) Quantify the requirement in this block to stress importance, however, do not repeat the scope of the facility as indicated elsewhere on the DD Form 1391. (For example: The existing electrical distribution system can satisfy only 50 percent of the total demand.) Avoid monotonous, detailed statistics that become confusing and require close study to determine final result.

(6) Do not include project descriptive material which should be confined to block 10.

(7) Do not use uncommon terms or abbreviations or make reference to documents unfamiliar to reviewers. Pertinent information from such documents considered useful should be included to eliminate need of the referenced document by the reviewer. Most reviewers do not have ready access to these documents.

(8) Do not refer to buildings or shops only by number. This means nothing to reviewers unfamiliar with the activity. Refer to them by functional use.

(9) Where applicable, explain interrelation or dependence of the project upon other operations, programs, or assignments.

(10) In cases of incremented or phased construction projects, explain relation and status of other past or planned increments or phases. Full justification must be provided for incremented or phased projects in order that OSD and Congressional approval may be obtained as required.

(11) Projects submitted to correct long-standing deficiencies are particularly difficult to justify as urgent. Where urgency is an element, the justification must show some unforeseen or impending changed condition that has made, or will make, a formerly difficult or less than satisfactory situation an intolerable one.

(12) Those statements that would require lengthy explanations, and for which space is not available in block 11, should be provided in the appropriate sections of the facility study. Included in this category might be: explanations of unusual features that result in higher than average cost; availability of similar facilities at the same or some other adjacent activities that were considered for possible use and reasons for rejection; status of procurement of collateral equipment required to be installed, etc.

(13) Do not identify prior year's or future year's projects even though they may be related to that which is being proposed except as noted in subparagraph (10) above.

PART 4.C - DD FORM 1391c
(RCS DLA(A)924(W))

1. As mentioned previously, the DD Form 1391c shall be used to complete the prescribed entries for block 11, DD Form 1391, when adequate space is not available thereon. However, every effort should be made to present only the essential data within the spaces provided on the DD Form 1391, with all detailed or supporting data, as required, to be provided in the facility study, Part 2.

2. The heading data on the DD Form 1391c shall be exactly as it appears on the DD Form 1391.

3. In addition to the above use of the DD Form 1391c, it will also be utilized to provide certain mandatory statements (Special Considerations), as required by higher authority, and shall be attached to the DD Form 1391 for the project. These statements pertain to the following:

a. Pollution Prevention, Abatement and Control

(1) Pursuant to Executive Order 11752, each proposed project in any of the 50 United States, U.S. Trust Territories, and Possessions must be examined to identify, evaluate and provide for the abatement of pollution in conformance with Federal, State, and local standards of all conditions affecting environmental quality, including, but not limited to, air and water pollution, solid waste management and disposal practices, noise, sources of thermal energy, ionizing and nonionizing radiation, chemical agents, and biological research materials. Additional factors which adversely affect the environment are to be eliminated, such as oil spills and hazardous substances in inland, coastal, and contiguous zone waters.

(2) The project shall be examined on the basis of pollution prevention, abatement and control, and an appropriate statement provided. Typical statements would read as follows:

(a) "This project will not cause additional air or water pollution."

(b) "The (air) (water) (enter only applicable words) pollution caused by this project will be abated in compliance with applicable standards, "by. . .

(3) For those projects which are being submitted specifically for the purpose of pollution abatement, a statement similar to the following shall be provided: "The existing condition is a violation of (air/water) pollution (ordinance/laws/enforcement action/orders) of the (city/district/county/state and Federal Government). This project will provide the necessary corrective measures to meet the established control standards quoted below (or attached herewith)."

b. Floodplain Management and Protection of Wetlands: Pursuant to Executive Order 11988 (Floodplain Management) and Executive Order 11990 (Protection of Wetlands) an evaluation of environmental hazards shall be made when planning locations of new facilities in the continental United States and this planning shall preclude the uneconomic, hazardous, or unnecessary use of floodplain or wetlands in connection with such facilities. The servicing Construction Agent can assist in this determination. Refer to subparagraph d below for intergovernmental coordination requirements. An appropriate statement must be provided on DD Form 1391c as follows:

(1) "Requirements of Executive Order No. 11988 (Floodplain Management) and Executive Order 11990 (Protection of Wetlands) have been thoroughly investigated and appropriate corrective measures have been taken and included in this project." or

(2) "Requirements of Executive Order No. 11988 (Floodplain Management) and Executive Order 11990 (Protection of Wetlands) are not applicable.

c. Environmental Impact. Detailed guidance concerning the requirements for assessing the impact on the environment resulting from proposed construction at any activity is provided in paragraph B 12, Part I, Facility Study. The DD Form 1391c shall contain one of the following statements, as appropriate:

(1) "Under categorical exclusions identified in DLAR 1000.22, Environmental Consideration in DLA Actions in the United States, no further action is required."

(2) "An Environmental Assessment or an Environmental Impact Statement should be prepared."

d. Intergovernmental Coordination. In compliance with Office of Management and Budget Circular A-95, and DoD Directive 4165.61, Intergovernmental Coordination of DoD Federal Development Programs and Activities, requires the intergovernmental coordination for projects which could affect community employment opportunities, utility services or systems, road networks, floodplains, or wetlands in the surrounding area or region. PLFAs have the responsibility of providing the necessary supportive data to allow intergovernmental coordination of applicable able projects, but HQ DLA should make the final determination as to this requirement. Accordingly, the DD Form 1391c shall contain one of the following statements as appropriate:

(1) "This project has been reviewed with respect to OMB Circular A-95 requirements. It has been determined that the project will have no impact on community plans and programs that would require intergovernmental coordination. Therefore, submittal of the project to state and area wide clearing houses for review is not required."

(2) "This project has been reviewed with respect to OMB Circular A-95 requirements. It has been determined that the project could impact community plans or programs, and, therefore, intergovernmental coordination is required."

e. "New Start" Criteria for Commercial or Industrial Activities Program. Pursuant to Office of Management and Budget Circular A-76, as implemented by DoDI 4100.33, Operation of Commercial and Industrial-Type Activities, all projects must be reviewed with respect to "new start" criteria for commercial or industrial activities. Accordingly, an appropriate statement must be provided as follows:

DLAM 4270.1

(1) "The requirements of Office of Management and Budget Circular A-76 have been thoroughly reviewed and this project is not a new start."

(2) "The requirements of Office of Management and Budget Circular A-76 have been thoroughly reviewed and this project is a new start and has been approved by the Director, DLA."

(3) "The requirements of Office of Management and Budget Circular A-76 are not applicable."

1. COMPONENT DEFENSE (DLA)	FY 19 ⁸⁶ MILITARY CONSTRUCTION PROJECT DATA	2. DATE 15 SEP 84
3. INSTALLATION AND LOCATION DEFENSE DEPOT MEMPHIS, MEMPHIS, TENNESSEE		
4. PROJECT TITLE FACILITY STUDY HAZARDOUS MATERIAL WAREHOUSE	5. PROJECT NUMBER N/A	
<p>(For description or content of each paragraph listed below, see Appendix E, Part 2).</p> <ol style="list-style-type: none"> 1. Project. 2. Current and planned future workload with regard to this project. 3. Description of proposed construction. 4. Cost estimates. 5. Justification for project and for scope of project. 6. Equipment provided from other appropriations. 7. Common support facilities. 8. Effect on other resources. 9. Siting of the project. 10. Other graphic presentations, including photographs. 11. Economic analyses. 12. Environmental impact. 13. Quantitative data. 14. Morale, welfare, and recreation facilities. 15. Storage facilities. 16. Hazards Identification, Assessment and Analysis. 		

1 COMPONENT DEFENSE (DLA)		FY 19 <u>86</u> MILITARY CONSTRUCTION PROGRAM					2 DATE 15 SEP 84				
3 INSTALLATION AND LOCATION DEFENSE DEPOT MEMPHIS MEMPHIS, TENNESSEE				4 COMMAND DEFENSE LOGISTICS AGENCY			5 AREA CONSTR COST INDEX 1.00				
6 PERSONNEL STRENGTH		PERMANENT			STUDENTS			SUPPORTED			TOTAL
		CREATED	ENLISTED	EXPIRES	CREATED	ENLISTED	EXPIRES	CREATED	ENLISTED	EXPIRES	
AS OF 30 SEP 84		11	5	2264	0	0	0	5	8	576	2869
BY ENDS IN 90		12	5	2250	0	0	0	6	8	519	2800
7 INVENTORY DATA (\$000)											
a TOTAL ACREAGE		642									
b INVENTORY TOTAL AS OF 30 SEP 84		39,251									
c AUTHORIZATION NOT YET IN INVENTORY		0									
d AUTHORIZATION REQUESTED IN THIS PROGRAM		8,085									
e AUTHORIZATION INCLUDED IN FOLLOWING PROGRAM		18,700									
f PLANNED IN NEXT THREE PROGRAM YEARS		1,800									
g REMAINING DEFICIENCY		0									
h GRAND TOTAL		67,836									
8. PROJECTS REQUESTED IN THIS PROGRAM.											
CATEGORY		PROJECT TITLE			SCOPE		COST (\$000)		DESIGN STATUS		
CODE									START		COMPLETE
441		Hazardous Material Warehouse			145,880 SF		7,345		9-84		7-85
843		Water Distribution System			LS		740		10-82		1-85
		(See projects \$1M and less)									
9. FUTURE PROJECTS:											
a. Included in following program (FY 87):											
441		Integrated Material Handling Complex			160,000 SF		17,500				
740		Cafeteria			13,000 SF		,200				
b. Planned next three years:											
610		ADP and Telecom Facility			LS		1,800				
10. MISSION OR MAJOR FUNCTIONS: Defense Depot Memphis is one of seven principal distribution depots in the DLA integrated wholesale distribution system. Its major function is the receipt, storage, maintenance, inventory and issue of clothing, textile, fuel, general supplies, subsistence, and medical commodities. Its major function is the distribution of these commodities to all military activities in the South Central Region consisting of the states of Texas, Oklahoma, Arkansas, Louisiana, and Tennessee, plus the overseas support for all military activities in the Caribbean area including South America.											
11. OUTSTANDING POLLUTION AND SAFETY DEFICIENCIES: (\$000)											
a. Air Pollution		0									
b. Water Pollution		0									
c. Occupational Safety and Health (OSH)		0									

1 COMPONENT DEFENSE (DLA)		FY 19 ⁸⁶ MILITARY CONSTRUCTION PROJECT DATA		2 DATE 15 SEP 84	
3. INSTALLATION AND LOCATION DEFENSE DEPOT MEMPHIS (DDMT) MEMPHIS, TENNESSEE			4 PROJECT TITLE HAZARDOUS MATERIAL WAREHOUSE		
5 PROGRAM ELEMENT 71111S	6 CATEGORY CODE 441	7 PROJECT NUMBER NA	PROJECT COST (\$000) 7,345		
ITEM		U/M	QUANTITY	UNIT COST	COST (\$000)
HAZARDOUS MATERIALS WAREHOUSE FACILITY . . .		-	-		6,215
WAREHOUSE BUILDING		SF	142,630	42	(6,000)
ADMINISTRATIVE AREA		SF	3,250	66	215
SUPPORTING FACILITIES		-	-	-	415
MODIFY RAIL SPUR		LS	-	-	(100)
PAVED AREA		SY	11,000	15	(165)
UTILITIES		LS	-	-	(100)
DEMOLITION		LS	-	-	(50)
SUBTOTAL		-	-	-	6,630
CONTINGENCY (5%)		-	-	-	332
ESTIMATED CONTRACT COST		-	-	-	6,962
SUPERVISION, INSPECTION & OVERHEAD (5.5%)		-	-	-	383
TOTAL ESTIMATE		-	-	-	7,345
TOTAL ESTIMATE (ROUNDED)		-	-	-	7,345
EQUIPMENT PROVIDED FROM OTHER APPROPRIATIONS (NON-ADD)					(500)
10. DESCRIPTION OF PROPOSED CONSTRUCTION					
Construct a 142,630 SF hazardous materials storage facility to include a 15 foot wide open railroad dock, an enclosed 15 foot wide truck dock, lighting, heating, ventilation and battery charging area. This work includes an additional 3,250 SF attached administrative facility to include light, heat, break area, ADPE space, restroom and the mechanical room, utility services, vehicle parking and connecting roads.					
11. REQUIREMENT: 145,880 SF ADEQUATE: 0 SF SUBSTANDARD: 0 SF					
<u>PROJECT:</u> Provides hazardous material storage facilities in compliance with Occupational Safety and Health (OSH), Environmental Protection Agency (EPA), and National Fire Protection Association (NFPA) standards and regulations.					
<u>REQUIREMENT:</u> DDMT is responsible for the hazardous material and package petroleum storage and distribution mission for the South Central United States. This project is required to eliminate deficiencies on noncompliance with health, safety and pollution standards and to provide additional storage space.					
<u>CURRENT SITUATION:</u> Hazardous material such as flammable/combustible liquids, compressed gases, are stored mingled with general storage commodities; existing facilities lack adequate space, proper ventilation, lighting, and spill containment systems.					
<u>IMPACT IF NOT PROVIDED:</u> Mission performance would be seriously impaired. Continued use of existing substandard facilities will result in exposure to health and safety hazards for personnel and property.					

1 COMPONENT DEFENSE (DLA)	FY 19_86 MILITARY CONSTRUCTION PROJECT DATA	2 DATE 15 SEP 84																														
3 INSTALLATION AND LOCATION DEFENSE DEPOT MEMPHIS, MEMPHIS, TENNESSEE																																
4 PROJECT TITLE HAZARDOUS MATERIAL WAREHOUSE	5. PROJECT NUMBER N/A																															
<p>12. SUPPLEMENTAL DATA:</p> <p style="margin-left: 20px;">a. Design Status:</p> <table style="margin-left: 40px; width: 80%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Date of Design Initiation</td> <td style="text-align: center; border-top: 1px solid black;">9/84</td> </tr> <tr> <td></td> <td style="text-align: center; border-bottom: 1px solid black;">(mo/yr)</td> </tr> <tr> <td>Date of Design Completion</td> <td style="text-align: center;">N/A</td> </tr> <tr> <td></td> <td style="text-align: center; border-bottom: 1px solid black;">(mo/yr)</td> </tr> <tr> <td>% Complete 15 Sep 84</td> <td style="text-align: center; border-top: 1px solid black;">15</td> </tr> <tr> <td></td> <td style="text-align: center; border-bottom: 1px solid black;"></td> </tr> <tr> <td>Projected Date of Design Completion</td> <td style="text-align: center;">7/85</td> </tr> <tr> <td></td> <td style="text-align: center; border-bottom: 1px solid black;">(mo/yr)</td> </tr> <tr> <td>% Design Utilizing Standard Design Drawings</td> <td style="text-align: center;">N/A</td> </tr> <tr> <td></td> <td style="text-align: center; border-bottom: 1px solid black;"></td> </tr> <tr> <td>Estimated Design Cost (\$000)</td> <td style="text-align: center; border-top: 1px solid black;">440</td> </tr> </table> <p style="margin-left: 20px;">*b. Equipment associated with this project which will be provided from other appropriations:</p> <table style="margin-left: 40px; width: 80%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;"><u>Equipment Nomenclature</u></th> <th style="text-align: left; border-bottom: 1px solid black;"><u>Procuring Appropriation</u></th> <th style="text-align: left; border-bottom: 1px solid black;"><u>Fiscal Year Appropriated As Requested</u></th> <th style="text-align: left; border-bottom: 1px solid black;"><u>Cost (\$000)</u></th> </tr> </thead> <tbody> <tr> <td>Material Handling Equipment</td> <td>PDA</td> <td>FY 86</td> <td>500</td> </tr> </tbody> </table> <p style="margin-left: 20px;">Note: If there is no associated equipment, the word "None" will appear after the colon and the headings will be deleted.</p>			Date of Design Initiation	9/84		(mo/yr)	Date of Design Completion	N/A		(mo/yr)	% Complete 15 Sep 84	15			Projected Date of Design Completion	7/85		(mo/yr)	% Design Utilizing Standard Design Drawings	N/A			Estimated Design Cost (\$000)	440	<u>Equipment Nomenclature</u>	<u>Procuring Appropriation</u>	<u>Fiscal Year Appropriated As Requested</u>	<u>Cost (\$000)</u>	Material Handling Equipment	PDA	FY 86	500
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Material Handling Equipment	PDA	FY 86	500																													

SECTION II - REPAIR

PART 1 - GENERAL

1. DD Forms 1391 and 1391c will be utilized to justify proposed repair projects for correcting major facility deficiencies. It is required for every repair project costing more than \$100,000 that is identified in the Annual Work Plan of the installation (see Chapter VI for a more detailed discussion of the Annual Work Plan and required dates for its submission).
2. Projects identified for in-house design and execution (within local authority) will be documented with detailed specifications, drawings, cost estimates and updated cost estimates and will include date and name of person validating costs.
3. All major repair projects (\$10,000 and above) will be accomplished by contract unless it can be demonstrated in the project submission that contracting for the work is not feasible.
4. Although construction and repair may be planned for accomplishment simultaneously as an integrated undertaking, the two types of work may be treated as individual projects for purposes of programming and approval. Engineering estimates may be used to determine the costs applicable to each portion.
5. Project files will represent a complete historical record of each project from inception to completion. Correspondence and other documentation will be incorporated in the project files at all appropriate levels. This will include memoranda for the record pertaining to decisions resulting from discussions, meetings, and telephone conversations.
6. If any work involving family housing is included in any project for any reason, such work will be clearly and distinctly shown and estimated separately on all project papers.

PART 2 - FORMS PREPARATION

General guidance on how to complete the DD Form 1391 is contained in Part 4 of this Appendix. Specific usage for repair projects, however, requires some amplification as follows:

1. Terminology used throughout Part 4, is directed towards justifying construction projects for submittal to Congress. Strict compliance with these instructions when using the form for repair projects is therefore not required.
2. A summary cost estimate will be included in block 9 for major portions of the repair work being proposed. A more complete and thorough cost estimate should be included as backup when necessary to explain unusual costs summarized in block 9. In addition, a summary of funded and unfunded costs will also be included (see Paragraph 2205 for discussion of funded and unfunded costs).
3. The project justification, block 12, should include the following:
 - (a) Description of the facility to be repaired
 - (b) Replacement cost
 - (c) Mission of the facility
 - (d) Nature of the problem
 - (e) Current situation, i.e., impact on mission

DLAM 4270.1

(f) Proposed solution and analysis that support that solution

(g) Past and estimated future maintenance costs to justify any proposed replacement of component parts in lieu of continued maintenance

4. Additional backup data should include photographs of the existing situation, sketches or drawings of the proposed solution, and economic energy conservation or safety analyses as appropriate.

5. If available detailed drawings and specifications should be provided with the project submitted.

APPENDIX F

FACILITY ENGINEERING REVISED FACILITY

COMPONENT INSPECTION POLICY

Office of the Chief
of Engineers
DAEN-MPO-M

Facilities Engineering
Revised Facility Component
Inspection Policy

1. Applicability: The revised facility component inspection policy applies to all Army RPMA organizations and operations covered by AR 420-10.
2. Effective Date: The revised policy is effective 1 October 1982.
3. General Policies:
 - a. Establishment of Inspection Program. All Major Command (MACOM) and installation DEH/DFE organizations shall establish and maintain a systematic, comprehensive and reliable program to inspect facilities in order to identify needed maintenance and repair (M&R) work.
 - b. Recording of Inspection Results. All facilities component inspection programs shall result in M&R requirements being recorded and entered into the Facilities Engineer (FE) work management system via a work request (DA Form 4283-FE Work Request or DA Form 4287-Service Order).
 - c. Scope of Facility Component Inspection. All active facilities shall be inspected on a recurring basis to identify M&R requirements. Valid sampling techniques may be used. (See subparagraph f.)
 - d. Frequency of Inspections. The frequency of inspections shall be established by individual MACOM or installation policy. The standard meantime between inspections for any facility component shall not be less than 6 months or more than 3 years. Condition of facilities, available resources and cost effectiveness shall be considered by MACOMs and installations when establishing the frequency for inspections. Individual frequencies shall be established for different components. For example, the frequency for roofs may be yearly while the frequency for drainage structures may be once every 3 years. Operating O&M managers from Buildings and Grounds (B&G) and Utilities should be relied on to play a key role in determining the component inspection frequencies for specific installations or facilities. The inspection frequencies contained in the Integrated Facilities System (IFS) Uniques Manual may be considered as a point of departure for MACOMs or installations when establishing their specific frequencies.
 - e. Component Structures. The degree to which facilities or structures are subdivided into components may be determined by Office of Chief of Engineers (OCE), MACOM or installation policy. Condition of facilities, available resources and cost-effectiveness shall be considered when establishing the component structure. No minimum or maximum number of facility components are initially prescribed by OCE. Only if there is an imperative functional management need for specific information will recording of M&R requirements at the component level be prescribed. In general it is permissible to inspect facilities at the individual facility level without maintaining records of M&R requirements at a component level. This approach may be appropriate for installations without access to automated support for FE work management. The current 20 component structures incorporated in the IFS (see DA Pam 420-6, para. 4-7 e (10)) may be adopted or revised by Director of Engineering and Housing/Facilities Engineer DEH/FE activities that choose to manage at the component level. A more generalized system such as "interior work, exterior work, utility systems work," or a more detailed system may also be developed and used, depending on MACOM and installation policies and needs. Operating

managers from B&G and Utilities (O&M) should be relied on to play a key role in selection of facility components.

f. Sampling of Facilities and Components. Statistically valid sampling of facilities and components is allowed and recommended when cost-effective. However, this technique shall be used only when it is appropriate. A sufficiently homogeneous group of facilities or components must exist. Standard statistical methods and analysis shall be used to determine the appropriateness of sampling, the group size and content, as well as the sample size required to produce valid (i.e., statistically reliable) results. Sampling plans shall consider factors such as age, type of construction, use, frequency of repair, overall condition, etc., of facilities. Appropriate checks and balances shall be maintained to ensure inspection of facilities or components on a sample basis produces reliable results. The basis for selection of any sample group, sample size, etc. shall be documented.

g. Principal Purpose of Inspections. The principal purpose of facility component inspections shall be to identify valid M&R requirements and ensure these requirements are entered into the FE work management system for planning, programming and accomplishment. Ancillary activities associated with the inspection program should not result in a shift from this primary objective.

h. Standard Work Management System. MACOMs and installations should make maximum appropriate use of standard FE work management policies, procedures, forms, and terminology when they establish their specific facility inspection program. It is important that the inspection program be an integral part of the FE work management system rather than being separate from it.

i. Organization and Staffing. It is recommended that a separate unit be established within the DEH/FE organization to accomplish facility component inspections and coordinate all facility related inspections. Alternatives such as combining the inspection function with the detailed job planning and estimating function or with the constructions contract inspection function are allowable. The decision on organization of the inspection function is a command decision. It is recommended that the facilities component inspection function be staffed with GS technicians, Wage Grade (WG) facilities maintenance inspectors, or Wage Production Control (WD) planner-estimators. (The latter if the inspectors are rotated to the detailed job planning-estimating unit.) Specific policies, procedures and work requirements will determine the specific staffing at individual installations. It is recommended that the facility component inspection function be a part of the Engineer Resources Management (ERM) Division.

j. Contract Support. If required and cost effective, the facilities component inspection program at an installation may be supplemented intermittently by A-E type contract support. Prudent management control shall be used to specify contractual support requirements and monitor services provided to ensure the desired results are actually received. Generalized "deficiency tabulation surveys" should be avoided if they fail to include input of a valid FE work request into the FE work management system.

k. Commercial-Activities (CA) Program. The facilities component inspection program directly supports governmental planning and programming activities. For this reason, the function should normally be considered as an inherently governmental function and retained in a residual DEH/FE work force should a general conversion to contract occur. This would not preclude intermittent supplementing of the government effort by A-E contracts (see subparagraph j above.)

l. Redundant Inspection. DEH/DFE inspection policies shall be designed and managed so that redundancies among different inspections are minimized or eliminated; for example, roof inspections by B&G personnel and by facility component inspections. Facility real property inventories by similar facility intergrated. The MACOM and installation DEH/DFE management policies should ensure adequate coordination and integration of all facilities related inspections to prevent redundancies or inefficiencies. The unit responsible for facility component inspections should be responsible for coordination (not accomplishment) of all facility related inspections. Coordination should include maintaining a listing of all facility-related inspections, obtaining a schedule from other inspecting activities (safety, housing, fire, etc.) reviewing schedules and taking actions to efficiently integrate inspections.

m. Backlog of Maintenance and Repair. Establishing an accurate statement of the backlog of maintenance and repair (BMAR) is an important part of effective RPMA management. Establishing and maintaining a comprehensive, systematic facilities inspection program will contribute to an accurate, reliable statement of BMAR for installations, MACOMs, and the Army.

n. Cost Estimate. The facility component inspection program shall include development of a cost estimate. This estimate shall represent a preliminary estimate of the costs to perform the needed M&R work. No detailed job phase planning and estimating are initially required. Accordingly, engineered performance standards (EPS) are not appropriate for preliminary estimates. Other available historical data or appropriate estimating standards should be used for these preliminary estimates. Unit cost estimates are preferred. The accuracy and detail of the estimates shall be sufficient to enable approval action and use in DEH/DFE planning and programming activities.

o. Scheduling of Inspections. Schedules for facility component inspections shall be established and maintained. The schedule shall, as a minimum, list the individual facilities to be inspected, date of last inspection, and date of next inspection of each facility. The schedule should be updated at least every month. The facility component inspection shall be coordinated with other facility related inspections. The weekly schedule shall be coordinated with facility users to minimize disruption, conflict and inefficiencies. Schedules shall be established so that all components within a single facility requiring inspections are scheduled at one time. This is necessary to prevent a situation where a roof is inspected one week and the next week a separate inspection is made to inspect another component of the same facility.

p. Condition Coding. Establishment of a condition code for a facility or facility component is optional and shall be determined by MACOM or installation management requirements. MACOMs or installations that establish a policy to assign condition codes may use the system described in the IFS-I User Manual (C-1/red; C-2/amber; C-3/green) or alternate schemes such as: Code 1 = No M&R requirement can be corrected by a service order; Code 2 = M&R requirement can be corrected within the normal scope of a work order for an FE shop; Code 3 = M&R requirement will be consolidated with other requirements into a project for accomplishment as a contact project.

q. Baseline. No formal facility condition baseline is mandatory. Establishing and maintaining a comprehensive, systematic inspection program is mandatory and this should produce a comprehensive inventory of M&R requirements and a preliminary cost estimate of corrective actions. The dollar values or M&R requirements identified will, in effect, replace the previous mandatory condition baseline.

r. Costing by Component. Comprehensive job costing by component is not mandatory. If MACOM or installation management needs and resources justify component costing, this should be reflected in individual MACOM or installation policies and systems. The current and redesignated IFS will support costing by component if MACOMs or installations desire this cost information.

s. Job Completion Reinspections. Job completion reinspection should not be part of the facility component inspection process, since the focus of the inspection policy is to identify valid M&R requirements. However, job completion inspections should be considered as integral of in-house work supervision and contract inspection/qualify control.

t. Involvement of DEH/DFE Operating Personnel. Operating managers such as the Chiefs of B&G, Utilities or O&M Division are key maintenance and repair managers. MACOM and installation component inspection programs shall be designed to directly involve and benefit operating managers. Draft Job Order Requests JORs (DA Form 4283) prepared by inspectors shall be reviewed by appropriate operating managers and they should sign as the JOR requesters. The review and signature should signify that based on their knowledge of installation facilities and systems, and their professional judgment, the draft JOR represents a valid M&R requirement and a reasonable preliminary cost estimate.

u. Integrated Facilities System (IFS). The current design of the IFS makes several aspects of the component inspection program inflexible. IFS is currently being redesigned and this action will eliminate ADP system constraints on the inspection program. Until the redesigned IFS becomes available, FE managers should attempt to minimize any IFS uniquely imposed constraints on their revised component inspection program.

v. Flow Process for Facility Component Inspections. The major actions required to establish a revised facility component inspection program are shown in enclosure 1a. The generalized flow process for the performance of facility component inspections is indicated in enclosure 1b.

w. Alternate Use of Inspection Data. Depending upon MACOM or installation policies, facility component inspection data could be directly inserted into an existing requirement - type contract. For example, if an installation has a requirements contract for floor, window, or door repair, a component inspector could fill out the appropriate quantities on the delivery order schedule, and after approval and funding, the requirements could be quickly accomplished. This procedure could be used for many components to ensure that the many small jobs which make up part of the FE's annual recurring requirements don't become backlogged and are promptly accomplished without undue management overhead. Enclosure 1c depicts this process.

ESTABLISHMENT OF REVISED
FACILITY COMPONENT INSPECTION PROGRAM
-FLOW PROCESS-

IDENTIFY FACILITIES TO BE INCLUDED IN INSPECTION PROGRAM Step 1	DETERMINE COMPONENT STRUCTURE FOR FACILITIES Step 2	DETERMINE COMPONENT INSPECTION FREQUENCIES Step 3	ESTABLISH COMPREHENSIVE SCHEDULE OF FACILITIES & INSP. TIMES Step 4	ORGANIZE, STAFF, & TRAIN INSP, UNIT FOR EFFICIENT, EFFECTIVE OPERATION Step 5
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NOTES:

1. All active facilities and structures shall be included. Valid sampling is allowable.
2. Standard 20 component structure or a variation thereof may be used.
3. Frequencies shall be established for each component. Minimum interval between inspections is 6 months and maximum is 3 years.
4. Schedule shall be established and maintained for all facilities and structures included in the inspection program.
5. A separate inspection unit within ERM is preferable because this highlights the inspection functions and protects against competition from other activities. Alternately, the inspection function may be combined with other compatible functions to achieve the most effective, efficient organizational structure. Inspection unit staffing should consider use of GS-engineering technicians or wage grade facilities maintenance inspectors. Special pay plan (WD/WN) planner-estimators should only be used if their principal job is detailed planning-estimating and component inspections are performed by them on a rotational basis only.

REVISED FACILITY COMPONENT INSPECTIONS
-FLOW PROCESS-

		PRODUCE INSPECTION SCHEDULE FOR A FACILITY (BY COMPONENT) -ERM-	COORDINATE FAC. INSP W/ OTHER INSPECTIONS (Safety, Fire, HSG. Facility Utilization, etc) -PRELIMINARY- -ERM-	COORDINATE FAC. INSP. WITH FACILITY USER(s) -PRELIMINARY- -ERM-
REVIEW JORs IJOs and SOs FOR FACILITY CURRENTLY IN WORK -ERM-	FINALIZE FAC. INSP. SCHEDULE AND COORDINATE -ERM-	OBTAIN SINGLE-LINE SKETCHES OF FACILITY *OPTIONAL* -ERM-	CONDUCT INSPECTION OF FACILITY BY COMPONENT -ERM-	PREPARE AND SUBMIT SERVICE ORDERS OR -ERM-
DEVELOP DRAFT JOR (4283) W/SKETCHES AND PRELIM. COST ESTIMATE -ERM-	REVIEW VALIDATE DRAFT JOR & SIGN AS REQUESTOR -B&G/UTIL-	SUBMIT JOR INTO THE WORK MGT SYSTEM -B&G/UTIL-	PROCESS JOR PER STD. DA PAM 420-6 WORK MGT PROCEDURES -ALL-	DELETE REQUIREMENT WHEN COMPLETED, MERGED, CANCELED, ETC. -ERM-

FLOW PROCESS FOR
DIRECT INPUT OF COMPONENT INSPECTION DATA
INTO REQUIREMENTS - TYPE CONTRACT

INSPECT* FACILITY COMPONENT(S) 1		NOTES: 1. The Flow process depicts one way inspection data can be input directly into an existing requirements-type M&R contract.
IDENTIFY M&R* REQUIREMENTS 2		2. The facility component inspector would be aware of the specific M&R items included in requirements-type contract and their unit cost.
SO* Or JOR ?		3. An advantage of this procedure is that the M&R requirement is inspected only once-the next "visit" is by the contractor to do the work.
JOR	SO	4. Work control would be responsible REVIEW OF CONTRACTOR VIA for normal function such as:
DEVELOP* DRAFT JOR 3A	ENTER QUANTITY, TIME, LOCATION OF WORK ON* DELIVERY ORDER 3B	-checking for duplicate requests -coordinating with other jobs, -notifying occupants, etc.
UTILITY/B&G JOR 4A	ISSUE WORK TO CONTRACTOR VIA ORDERING OFFICER 4B	5. DEH management would have to establish a policy regarding the M&R items, facilities and time period covered by this procedure.
INPUT REQUIREMENT INTO WORK MGT SYS. 5A	CONTRACTOR- PERFORM WORK 5B	
PRODUCE APPROVED- WORK AUTHORIZING DOCUMENT 6A	GOV'T INSPECT & ACCEPT WORK 6B	
CLOSE OUT JOB IN WORK MGT SYS. 7		* facility component inspector tasks

APPENDIX G

THIRD PARTY FUNDING OF FACILITIES ENERGY SYSTEM

Reprint of Defense Energy Program Memorandum (DEPPM) 84-7 dtd 23 May 1984,
Subject: Third Party Funding of Facilities Energy Systems.



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

DLAM 4270.1

WASHINGTON, D.C. 20301

MANPOWER,
INSTALLATIONS
AND LOGISTICS

23 MAY 1984

Defense Energy Program Policy Memorandum (DEPPM) 84-7

MEMORANDUM FOR DESIGNATED ENERGY OFFICIALS OF THE OFFICE OF THE SECRETARY OF DEFENSE, ORGANIZATION OF THE JOINT CHIEFS OF STAFF, MILITARY SERVICES, AND DEFENSE AGENCIES

SUBJECT: Third Party Funding of Facilities Energy Systems

PURPOSE: This memorandum advises the Military Services and Defense Agencies to pursue the use of third party funding of major facilities energy systems and sets forth parameters for this use.

BACKGROUND: The use of third party financing for the construction of major energy generation systems for Defense facilities has been seen as a potential alternative to military construction funding for many years. The Congress in Public Law 97-214, the "Military Construction Codification Act," granted authority for the military departments to enter into long-term (up to 30 years) contracts for the purchase of energy products from non-Federal facilities. In the FY 1984 Armed Services Committee report on the Military Construction Authorization, the Conferees stated that they did not believe that the Services were making full use of this long-term contracting authority. They specifically withheld authorization of two heating plant projects in the FY 1984 program until a reasonable effort was made to obtain a third party contract for provision of the needed service. They further stated that the military departments are expected to demonstrate to the Committees aggressive exploration and pursuit of third party financing before they will consider authorizing any energy plant project to be built with appropriated funds.

DISCUSSION: Contracting for the construction, operation and maintenance of a major energy plant located on a Defense installation can be a least life cycle cost alternative to Defense funding and operation of a similar plant. Current legislation allows Defense managers the ability to take advantage of commercial expertise, efficiency, and prudent risk in innovative energy systems. Careful evaluation of commercial alternatives must be made to insure that the basic mission of the installation is not compromised in any way and that the purchase of needed utility energy is at the lowest available life cycle cost when compared with a Defense financed plant and other commercial alternatives.

Each major energy plant is unique and the necessary evaluation of commercial capitalization will require significant technical, contractual, and administrative resources. General policy is necessary to insure consistency of review and fair competition between private proposers, and as a framework to prioritize this effort to achieve maximum benefits from available resources.

POLICY: The use of third party funding of major new energy plants shall be carefully investigated and evaluated prior to the request for military construction authorization for Defense-owned and operated plants to provide the same service. Investigation may include publicly soliciting indication of contractor interest. However, requests for military construction shall be made only if mission support reliability would be clearly degraded by a contractor-operated plant or the military construction-funded and Service-operated plant is clearly the least life cycle cost option, or there is no contractor response from a public solicitation. The attached guidance shall be used to evaluate third party funding applicability prior to requesting Congressional authorization.

RESPONSIBILITIES: The individual military departments and agencies are responsible for insuring that thorough evaluation of the option of third party financing is made for all appropriate facilities energy system projects. Within 60 days of the issuance of this DEPPM, DoD Components are requested to submit to me their formal implementation of this guidance.

Robert W. Daniel, Jr.

Robert W. Daniel, Jr.
Deputy Assistant Secretary of Defense
(Logistics and Materiel Management)

Enclosure

Third Party Funding Guidance

Project Applicability

The military departments are authorized and encouraged to enter into contracts with third parties to construct, own, and operate energy systems on Defense property. All proposed new plants, or plant rehabilitations affecting 50 percent or more of the plant capacity, with a thermal energy input of 100 MBTU per hour or greater, within the continental United States, Alaska, and Hawaii, must be evaluated for third party funding prior to requesting Congressional authorization.

Projects meeting the following criteria may, but need not, be subjected to the use of third party financing:

- projects with a total plant thermal input of under 100 MBTU per hour,
- projects outside the continental United States, Alaska, and Hawaii,
- projects constructed solely to provide emergency or standby capacity, and
- modifications to less than 50 percent of the heating and power plant capacity where the extent of contractor ownership and output could not be readily segregated from that of the Government.

Military departments must be aware that the Congress' intent is that this alternative to military construction is to be vigorously pursued. Any individual project for power plants which has not been given comprehensive evaluations will come under scrutiny. Project sponsors should provide, with the authorization requests, clear explanation of the reason for not utilizing or formally considering alternative financing.

Economic Analysis

Decisions on the desirability of third party financing for each specific major energy system is the responsibility of the individual military department based on a comprehensive analysis of all potential advantages and disadvantages. Least life cycle cost is one of the primary considerations. In order to allow equitable comparisons of possibly widely varying, competitive proposals with the preferred Defense-constructed plant design, life cycle cost analysis shall be made using the standard DoD constant dollar procedures directed by DODI 7041.3, and shall specifically incorporate the following constraints:

- present worth discounting will be done using a 10 percent discount factor;
- the latest official regional average energy cost escalation rates (industrial sector) provided by the Department of Energy (DOE) will be used for projecting

future energy costs and developing appropriate present worth values for future energy costs.

- Traditional experience-based construction and maintenance estimates shall be incorporated into the cost analysis.

The actual contractor cost proposal will be used for final project determination and negotiation. All basic economic assumptions should be clearly and separately identified for possible future renegotiation.

Federal Tax Considerations

The Congress is encouraging investment in capital equipment and has enacted legislation that provides substantial tax incentives in support of capital purchases. On the other hand, Congress is currently reviewing the applicability of the tax incentives to contracts with non-profit entities such as the Federal Government. Currently, DoD considers these incentives may be applicable to its suppliers, but recognizes the responsibility to make informed decisions when considering third party funding which may result in tax credits which could materially impact on the total cost to the Government.

In support of this responsibility, the military departments shall require in their solicitations that bidders/proposers provide for evaluation a complete breakdown of estimated anticipated Federal tax credits and liabilities relating to the project, including pertinent factors such as useful lives of proposed equipment and expected depreciation schedules, for the duration of the contract period. Knowledge of the estimated tax implications allows their consideration in comparing competitive bids or proposals and as a factor in determining the ultimate suitability of the third party contract. It is recognized that guidance in this matter is not definitive and that each case will be unique and must be evaluated by the contracting agency on the basis of all specific merits.

The Deputy Under Secretary for Acquisition Management, testifying on Federal Leasing Practices before the House Ways and Means Committee, Subcommittee on Oversight, on February 28, 1983, stated that the Department of Defense considers the tax impact as a cost to the Government in all economic analyses of lease or rental versus buy decisions. While it is not clear that a third party contract would be considered a lease, it is clear that some consideration of the total cost to the Government as the result of such contracts should be addressed during the decision making process.

The Federal tax implications, as well as all other pertinent factors of proposed third party contracts for the provision and operation of energy production facilities, will be reviewed for approval by the Assistant Secretary of Defense (Manpower, Installations and Logistics) in conformance with the authority vested in the Secretary of Defense by section 2394 of Title 10, United States Code.

Energy Sources

Section 2690 of Title 10, United States Code, states that except in "rare and unusual cases" new heating plants with an input heat rate of 50 MBTU per hour or more that use oil or natural gas may not be constructed on lands under the jurisdiction of the military departments. Obviously, any third party plant constructed on a Defense facility would be subject to this direction. The law allows the Secretaries of the military departments the discretion of waiving this fuel restriction by notifying the appropriate Committees in writing. The intent of Congress should be followed and prospective proposers should be informed of this constraint. This should be considered a rigid restriction. However, the military departments are encouraged to pursue the appropriate waiver and so notify Congress where economics overwhelmingly dictate the use of other fuels.

User Coordination -

The Department of Housing and Urban Development (HUD) has been studying the feasibility of third party financing of district heating systems to help revitalize economically depressed interurban areas. HUD has funded feasibility studies in many cities and has a program of matching block grants to assist municipalities in attracting private capital. In those urban areas near Defense facilities, HUD would like to have the facility energy requirement be considered as a possible "base load" of such district heating or cogeneration plants. It is the policy of the Department of Defense that cooperation with, and support of, such beneficial programs of other Federal and local agencies should be given within the bounds of the installation's legal authority and with primary consideration given to continued, reliable mission support.