ENGINEERING AND CONSTRUCTION BULLETIN

US Army Corps of Engineers®

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Subject: Additional RMS Construction Modification Reason Code for Incremental Definitization of Work

Applicability: Guidance

1. Purpose. The purpose of this Engineering and Construction Bulletin (ECB) is to provide an additional RMS construction mod reason code that is appropriate for incrementally definitized modifications issued under Indefinite Delivery Contracts (IDCs) and other contracts that use a process of incrementally defining an initial task order or modification after its award.

2. Reference.

a. RMS User's Guide Software Version 2.37, 14 April 2008 (Chapter 9, Contract Change Requests) http://www.rmssupport.com/guides.aspx
b. ECB 2002-27, Subject: Construction Mod Reason Codes in RMS.
c. FY10 Consolidated Command Guidance (CCG), Chapter 3, Military Programs Command Management Review (CMR) Metrics.
d. Military Programs P-2 Data Dictionary at
https://pmbp.usace.army.mil/portal/page/portal/DocLib/Mission_Specific/fldr_Military/

3. RMS Modification Reason Codes. RMS requires use of a Mod Reason Code to indicate the cause, justification, explanation, and necessity for issuance of a design or construction contract change request and subsequent contract modification. Contract modifications may include numerous change requests and sub-items for these change requests. Within the Basic Change Document (BCD) in RMS each individual change request in the BCD must use the same reason code. When change requests are combined in a final modification to the contract, the various change requests may contain different reason codes. Reason codes apply to Design-Build (D-B) contracts in the same manner that they apply to other types of construction contracts.

4. Need for Appropriate Mod Reason Code. An appropriate code is needed for proper classification of construction contract change requests and modifications used to incrementally definitize work issued under indefinite delivery contracts (IDCs) and other contracts that use a process of incrementally defining work after its award. Use of this new mod reason code will facilitate meaningful one-time entry of accurate and appropriate data into RMS that eventually feeds other USACE standardized information systems such as P-2. This will lead to more accurate, more meaningful data and information available to USACE program managers.

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5. Types of IDCs. An indefinite delivery contract (IDC) is a type of contract that has been established for a specific value and time duration to a specific contractor when the exact times and exact quantities of future deliveries are not known at the time of contract award. Indefinite delivery contracts provide for the issuance of orders for the performance of tasks during the period of the contract. Principal types and variations of indefinite delivery (delivery order/task) contracts are: (1) indefinite delivery contract, (2) definite-quantity contract, (3) requirements contract, (4) indefinite-quantity contract, (5) preplaced remedial action contract (PRAC), (6) multiple-award task order contract (MATOC), (7) performance-oriented construction activities (POCA) contract, and (8) job order contract (JOC). One specialized type of IDC is a performance-oriented construction activity (POCA) contract that is awarded to include terms that include a not-to- exceed dollar value or a not-to-exceed duration of years. Some of these specialized IDCs use fixed pricing while others use cost-reimbursable types of pricing.

6. Problems With Existing Modification Reason Codes. Some of the IDCs such as POCA contracts or cost-reimbursable types of contract task orders are typically awarded via an initial task (sometimes called a "work plan" task) that obligates a smaller value of funds but the overall contract terms establish a much higher not-to-exceed dollar value and performance time for the work. This initial scope of work with the not-to-exceed amount and time is incrementally modified later for the necessary definitization of each additional element of work to oftentimes create an eventual fixed-price task order. This allows modification of an awarded task to add incrementally more work in accord with the initial "work plan" task order.

This incremental definitization of the work established initially under the performance work plan task order may increase the original dollar amount by 600% or more (e.g., from $200,000 to $1.2 million), dependent upon the contract's not-to-exceed amount and other terms and conditions of the basic contract or task order. This incremental rise in value and duration of the specialized IDC or similar contracts happens because these modifications are awarded with a dollar value upper limit that allows for growth from the original award amount (i.e., dollar value for the "Work-Plan") to that of the "not-to-exceed" value. An appropriate RMS Change/Modification Reason Code that reflects the special nature of POCA contracts and similar IDCs is needed to avoid creation of a distorted and false appearance of artificially high cost and time growth for the construction contract.

7. New Modification Reason Code I – Indefinite Delivery Contracts/Task Orders/Modifications Requiring Incremental Definitization After Issuance. This new "Modification Reason Code I - Incremental Definitization of Work" is used for contract change modifications for POCA contracts and any similar IDC task order/contract used for purposes of definitization of the scope and/or cost of a previous contract action or modification.

This new modification reason code will allow time/cost growth for these types of IDC task orders to be reported correctly for incremental definitization of work under these contracts. Additionally, this code may be used in the future to sort through RMS databases for information relating to these types of IDCs/task orders. Appropriate identification of these incremental definitization modifications will allow better analysis of all contract performance associated with contracts using similar incremental definitization of the full scope of work.

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8. Recommended Approach to Analyze Reports That Include Construction Contracts with "Modification Reason Code I – Incremental Definitization of Work." All modifications and contracts citing mod reason "Code I – Incremental Definitization of Work" should be analyzed in a manner similar to modifications/contracts with modification reason "Code 5 – Contract Options." Modifications citing "Reason Code 5 – Contract Options" are automatically excluded from cost and time growth since they are combined with the original contract award amount to form the contract baseline as a denominator for all cost and time growth calculations. Modifications citing reason "Code I – Incremental Definitization of Work" should similarly be automatically excluded from cost and time growth calculations.

9. New Table of RMS Modification Reason Codes. Creation of Modification "Reason Code I – Incremental Definitization of Work" produces a new overall slate of construction modification reason codes as shown below:

1 - Engineering Changes	A - Adverse Security Conditions
4 - User Changes, Discretionary	E - Excusable Delay for No Fault – Weather or Act of Nature
5 - Contract Options	G – Deficient Government Furnished Property Corrections
6 - Miscellaneous Changes	Q - Variations in Estimated Quantities
7- Differing Site Conditions	R - Revaluation - Foreign Currency
8 - Value Engineering Changes	S - Suspensions of Work
9 - Administrative Changes	T - Termination of Work
	V - Construction Changes Necessary to Complete Contract
	I – Incremental Definitization of Work

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