



**US Army Corps
of Engineers®**

ENGINEERING AND CONSTRUCTION BULLETIN

No. 2016-28

Issuing Office: CECW-CE

Issued: 08 Dec 16

Expires: 08 Dec 18

SUBJECT: Benchmarking of Design during Construction (DDC)

CATEGORY: Directive and Policy, applies to all Military Construction awarded after 1 October 2016

1. **References:**

a. ER 37-1-30, Financial Administration – Accounting and Reporting; Chapter 22, Accounting for Military and Civil Construction Supervision and Administration (S&A) dated 28 Sep 2012

b. Memorandum, USACE Policy for Planning and Design (P&D), Construction Supervision and Administration (S&A) and Post Award Engineering and Design (DDC) Services dated 26 March 2003 (attachment A)

2. **Engineering and Design Services.** Engineering and design services during construction (DDC) are an essential part of the delivery of quality facilities for our stakeholders. Prior guidance issued regarding the funding and cost of this critical function is not consistently applied and or is misunderstood by both Corps personnel and our stakeholders. In addition, stakeholders have not been adequately informed of the requirement, purpose and extent of these post-award engineering costs. In some cases this lack of communication has served to undermine the Corp's credibility and stakeholder relationship.

3. **Definition.** Engineering and Design services during Construction, DDC, are those activities/services that represent a continuation of the design process/effort subsequent to award of the construction phase contract. Often, such activities involve the action of a registered professional to review, approve and/or prepare documents required in support of contract execution. A typical example of DDC is shop drawing review/approval which represent extensions of design such as for building sprinkler systems. Additionally, DDC is used to fund activities that are well beyond what could be considered a normal and routine S&A cost. Chapter 22 of ER 37-1-30 and the 26 March 2003 memorandum both contain detailed discussions of how to properly allocate a DDC cost versus an S&A cost.

4. **Current DDC Rates Experienced.** USACE, NAVFAC and the Air Force are collaborating on a review of DDC costs. A review of USACE data has shown the DDC rates range widely between projects and districts. The data also revealed the actual DDC costs varied indirectly with project size, meaning the larger the project, the smaller the DDC cost as a percentage. Surprisingly, there was no correlation seen between DDC and the acquisition method (design build versus design bid build).

5. **Revised Benchmark.** The 26 March 2003 memo indicates a standard DDC of 0.3% and 0.5% for design-build and design-bid-build projects, respectively, that should be reflected on the

ECB No. 2016-28

Subject Benchmarking of Design during Construction (DDC)

current working estimate (CWE) spreadsheet provided to Headquarters USACE when requesting funds for award of a construction contract. A review of the historical data has shown the 0.3% and 0.5% DDC rates no longer reflect the true costs for the post award design services provided on our wide range of projects. In order to provide predictability and consistency across the command and with our stakeholders, the benchmark for DDC rates is being revised in accordance with the below table. These rates are applicable for both Design-build and Design-bid-build projects. Detailed supporting data must be submitted to and approved by the HQUSACE Military National Program Manager if a higher DDC rate is requested.

Contract Size	Benchmark DDC Rate
Up to \$5 million	1%
\$5 million up to \$20 million	$(0.50\% \times \text{CCE}^*) + \$40,000$
\$20 million up to \$50 million	$(0.25\% \times \text{CCE}) + \$110,000$
\$50 million up to \$100 million	$(0.10\% \times \text{CCE}) + \$190,000$
\$100 million and greater	Detailed budget required

*CCE – Current Construction Estimate

6. **Update.** The current incurred DDC costs will be reviewed and an ECB will be issued to revise the benchmark DDC rates as appropriate.

7. **Points of Contact.** HQUSACE point of contact for this ECB is Rick Calloway, CECW-CE, (202) 761-7500 and Jane Smith, CEMP-ID, (202) 761-5771.

//S//

David J. Leach, P.E.
Chief, Military Programs Integration Division
Directorate of Military Programs

//S//

Thomas A. Holden, P.E.
Acting Chief, Engineering and Construction
Directorate of Civil Works

Attachment A – Memorandum, USACE Policy for Planning and Design (P&D), Construction Supervision and Administration (S&A) and Post Award Engineering and Design (DDC) Services dated 26 March 2003