



DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
WASHINGTON, DC 20350-2000

OPNAVINST 11010.20H CH-1
N46
24 June 2015

OPNAV INSTRUCTION 11010.20H CHANGE TRANSMITTAL 1

From: Chief of Naval Operations

Subj: NAVY FACILITIES PROJECTS

Encl: (1) Revised Page 1-1
(2) New Pages 1-1a and 1-1b
(3) Revised Pages 1-3, 1-4, and 1-5
(4) Revised Page 2-2
(5) Revised Page 3-2
(6) Revised Pages 3-4, 3-5, 3-6, and 3-7
(7) New Page 3-7a
(8) Revised Page 4-1
(9) Revised Page 5-1
(10) Revised Page 5-5
(11) Revised Page 8-1
(12) New Page 8-1a
(13) Revised Pages B-1, B-2, and B-3

1. Purpose

a. To transmit new pages 1-1, 1-1a and 1-1b which provide guidance for the use of Commander Naval Facilities Engineering Command (COMNAVFACENGCOM) for awarding and administering contracts for architect-engineer, construction, utilities, energy, and facilities-related support.

b. To transmit new pages which make corrections and updates based on regulations and Public Law 113-291 changes to military construction authority.

2. Action

a. Remove page 1-1 of the basic instruction and insert enclosures (1) and (2) of this change transmittal.

b. Remove pages 1-3, 1-4, and 1-5 of the basic instruction and insert enclosure (3) of this change transmittal.

c. Remove page 2-2 of the basic instruction and insert enclosure (4) of this change transmittal.

d. Remove page 3-2 of the basic instruction and insert enclosure (5) of this change transmittal.

e. Remove pages 3-4, 3-5, 3-6, and 3-7 of the basic instruction and insert enclosures (6) and (7) of this change transmittal.

f. Remove page 4-1 of the basic instruction and insert enclosure (8) of this change transmittal.

g. Remove page 5-1 of the basic instruction and insert enclosure (9) of this change transmittal.

h. Remove page 5-5 of the basic instruction and insert enclosure (10) of this change transmittal.

i. Remove page 8-1 of the basic instruction and insert enclosures (11) and (12) of this change transmittal.

j. Remove pages B-1, B-2, and B-3 of the basic instruction and insert enclosure (13) of this change transmittal.

3. Records Management. Records created as a result of this change transmittal, regardless of media or format, must be managed per Secretary of the Navy Manual 5210.1 of January 2012.



P. H. CULLOM
Deputy Chief of Naval Operations
(Fleet Readiness and Logistics)

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OPNAVINST 11010.20H
16 May 2014

NAVY FACILITIES PROJECTS



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Ref: (a) OPNAVINST 5090.1D
(b) SECNAVINST 11011.47B
(c) DoD 7000.14-R, Department of Defense Financial Management Regulations
(d) NAVSO P-1000
(e) DoD Instruction 4165.14 of 31 March 2006
(f) NAVFAC P-72
(g) 10 U.S.C.
(h) NAVFACINST 7820.1J
(i) JP 1-02, Department of Defense Dictionary of Military and Associated Terms, as amended 15 September 2013
(j) DoD Instruction 1015.15 of 31 October 2007
(k) DoD Instruction 7700.18 of 15 December 2004
(l) DoD Instruction 7700.20 of 10 November 2005
(m) DoD Instruction 1330.17 of 8 October 2008
(n) NAVFAC Shore Facilities Planning System Guidebook, 9 Oct 2009
(o) DoD Directive 4275.5 of 15 March 2005
(p) NAVFAC P-73
(q) NAVFAC P-442
(r) OPNAVINST 4100.5E
(s) OPNAVINST 11000.8J
(t) CJCS Instruction 4600.02A
(u) DoD Directive 4510.11 of 12 April 2004
(v) OPNAVINST 11210.2
(w) DLA Instruction 4210 of 22 April 2008
(x) OPNAVINST F3300.53C
(y) NAVFACINST 11010.45
(z) OPNAVINST 11010.33C
(aa) DoD Directive 4105.67 of 2 May 2001
(ab) NAVFAC P-78
(ac) DoD Instruction 7060.03 of 7 December 2005

1. Purpose. To provide policy, guidance, and command responsibilities for the classification, preparation,

submission, review, programming, approval, and reporting of real property facilities work at Navy shore installations and sites. Changes from previous revision:

a. This instruction is considered a complete revision and should be reviewed in its entirety.

b. Major policy changes from OPNAVINST 11010.20G to 11010.20H:

(1) Clarifies the definition of repair and excludes repair by replacement of a whole facility (complete facility replacement is construction). See chapter 3, paragraphs 1a and 1b.

(2) Delegates the authority to determine work classification within the guidelines of the instruction to Naval Facilities Engineering Command (NAVFACENGCOM). Specific examples are maintained on the NAVFACENGCOM portal. See chapter 1, paragraph 2b(7).

(3) Clarifies the definition of real property and personal property. Specific examples are listed in a new appendix (appendix A).

(4) Delegates the authority to determine real property versus personal property within the guidance of this instruction to NAVFACENGCOM.

(5) Adds a chapter on Navy working capital fund (NWCF) projects (chapter 10).

(6) Updates funding authority diagram (appendix B) to include the fiscal year (FY) 2013 National Defense Authorization Act (NDAA).

(7) Clarifies the definition of funded versus unfunded costs for all projects (military construction project (MILCON) and special projects).

(8) No longer requires Assistant Secretary of the Navy (ASN) approval prior to authority to advertise for special projects exceeding \$7.5 million. (Approval and 14-day congressional notification prior to award required.)

(9) Delegates authority for MILCON scope metric redefinitions to NAVFACENGCOM (see chapter 6, paragraph 6a for more information).

2. Cancellation. OPNAVINST 11010.20G.

3. Responsibilities

a. Deputy Chief of Naval Operations (Fleet Readiness and Logistics) (CNO N4). As the resource sponsor, provides policy and direction on matters of programming and budget preparation. CNO N4 also provides vision and goals for Navy infrastructure, aligned within the Navy Strategic Plan and Chief of Naval Operations (CNO) guidance.

b. Commander, U.S. Fleet Forces Command (COMUSFLTFORCOM) and Commander, U.S. Pacific Fleet (COMPACFLT) shall:

(1) Represent fleet requirements, priorities and direction pertaining to MILCON, special projects, demolition projects, and other shore investments in support of operational readiness.

(2) Provide warfighting mission capabilities information to assist in determination of shore requirements for current and future readiness.

(3) Ensure proper and timely environmental review, consultation, and National Environmental Policy Act (NEPA) documentation (including natural, biological, and cultural resource studies; as appropriate) is completed for proposed military construction projects related to at-sea and ashore training ranges and to homebasing or homeporting actions of fleet operational assets.

c. Commander, Navy Installations Command (CNIC). As the shore integrator, CNIC shall:

(1) Work closely with COMUSFLTFORCOM, COMPACFLT, the warfare enterprises and providers, and other users of Navy installations to validate their shore requirements, integrate those requirements across the Navy, and arbitrate differences as necessary.

(2) Be responsible (in coordination with stakeholders) for the validity and accuracy of project requirements prepared for their real property.

(3) Program and prioritize for MILCON, special projects, demolition, and other shore investments as budget submitting office (BSO).

(4) Submit budget for special projects, demolition, and other shore investments.

(5) Ensure proper classification of special interest code for projects.

(6) Ensure proper and early environmental documentation, specifically NEPA and natural and cultural resources consultations, actions, and reviews, are completed for projects where CNIC is the action proponent.

d. Commander, Naval Facilities Engineering Command (COMNAVFACENGCOM). As the systems command that delivers and maintains facilities, NAVFACENGCOM shall ensure projects are planned and executed to include:

(1) Proper classification of government property.

(2) Proper classification of work (e.g., maintenance, repair, construction, or associated personal property equipment installation) and fund type (e.g., operation and maintenance (O&M), MILCON and NWCF).

(3) Adequacy of technical solution.

(4) Completeness of scope and cost estimate.

(5) Adequacy of economic analysis (when required).

(6) Validation of scope per the Shore Facilities Planning System (SFPS).

(7) Preparation of NEPA planning documents (e.g., environmental impact statement, environmental assessment (EA), or categorical exclusion (CATEX)) and all other associated environmental compliance documentation per reference (a).

(8) Proper site approval (as required).

(9) All real estate requirements are validated and proper authorities for execution are in place (as required) per reference (b).

(10) Assisting CNIC and other commands in prioritization of MILCON, special projects, demolition projects, and other shore investments.

(11) Preparation of budget estimate justification data documents (also known as military construction project data documents) (including validation of pricing) for MILCON, special projects, demolition, and other shore investments.

(12) Submission of budget estimate justification data documents (also known as military construction project data documents) for MILCON program.

(13) Execution of projects where NAVFACENGCOM is the designated execution agent.

e. The Providers and Force Commander's Representatives for the Warfare Enterprises, through COMUSFLTFORCOM and COMPACFLT, shall:

(1) Identify and validate their shore requirements, and work with CNIC to integrate those requirements across the Navy.

(2) As a stakeholder, coordinate with CNIC on the validity and accuracy of project requirements prepared to meet their operating needs.

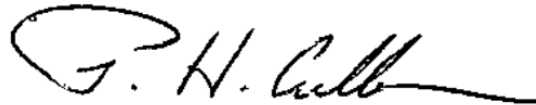
(3) Participate in CNIC governance boards for the purpose of programming, prioritizing, and budgeting for Military Construction, Navy (MCON), special projects, demolition, and other shore investments.

(4) For projects advocated by warfare enterprises and providers, be responsible for the validity and accuracy of project requirements, and prioritize enterprise aligned projects, coordinated through the force commander or provider enterprise prior to COMUSFLTFORCOM and COMPACFLT review.

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16 May 2014

4. Records Management. Records created as a result of this instruction, regardless of media and format, shall be managed per Secretary of the Navy (SECNAV) Manual 5210.1 of January 2012.

5. Forms. DD 1391 Military Construction Project Data documents and DD 1354 Transfer and Acceptance of DoD Real Property are available for download from the Department of Defense (DoD) Forms Web Site,
<http://www.dtic.mil/whs/directives/infomgt/forms/index.htm>.

A handwritten signature in black ink, appearing to read "P. H. Cullom". The signature is fluid and cursive, with a large initial "P" and "H".

P. H. CULLOM
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CHAPTER 1
INTRODUCTION

1. PURPOSE. This instruction provides policy, guidance, and command responsibilities for the classification, preparation, submission, review, programming, approval, and reporting of real property facilities work at Navy shore installations and sites.

2. GENERAL INFORMATION

a. Guidelines. Real property facilities work at Navy shore installations and sites must be:

(1) Consistent with laws, executive orders (EO), congressional guidance, DoD policy, and Department of the Navy (DON) guidance;

(2) in direct support of mission requirements;

(3) designed and accomplished such that environmental, sustainable, and energy related activities are conducted in an integrated, continuously improving, efficient and sustainable manner;

(4) compliant with the NEPA and other environmental compliance and clean-up laws and regulations including those addressing natural and cultural resources;

(5) performed with full consideration for total life cycle and ownership costs (including hidden costs such as investment costs, capital costs, installation costs, energy costs, operating costs, maintenance costs and replacement costs);

(6) accomplished through the most economic and fiscally sound means; and

(7) administered by COMNAVFACECOM. NAVFACECOM is responsible for awarding and administering contracts for all architect-engineer, construction, utilities, energy, and facilities support except where DoD Directive 4270.5 of 12 February 2005 or DoD Instruction 4105.67 of 26 February 2014 designates this to another construction agent.

(a) Per Navy Marine Corps Acquisition Regulations Supplement (NMCARS) 5201.6, NAVFACENGCOM's unique contracting responsibilities relating to this instruction include:

1. Facility engineering and construction, including capital improvements;
2. Utilities, including sales and privatization;
3. Shore energy, including renewable, conservation, energy savings performance contracts and utility energy service contracts, and sales;
4. Environmental remediation, cultural resources (on DoD installations only), historical research, natural resources conservation studies (on and off DoD installations), execution of the Defense Environmental Restoration Program, delegated caretaker functions at military installations to be closed under the Defense Base Closure and Realignment Act of 1990, and any amendments thereto;
5. Public works, including maintenance of buildings, grounds, roads and other infrastructure;
6. Antiterrorism/force protection infrastructure (ashore);
7. Logistics-over-the-shore, near shore, and ocean facilities infrastructure systems;
8. Construction, lease, purchase and/or installation of relocatable buildings, including trailers.

(b) Contracting Requirements

1. Navy Commands must utilize COMNAVFACENGCOM for above stated contracting responsibilities unless delegation of authority is granted per NMCARS 5201.6 or as provided for in DoD Instruction 4105.67 of 26 February 2014 for nonappropriated funds (NAF) procurement.

2. Per DoD Directive 4270.5 of 12 February 2005, DoD Agencies and the DoD field activities on Navy installations must utilize COMNAVFACENGCOM in the maintenance, repair, design, construction, rehabilitation, alteration, addition, and/or expansion of a real property facility for which the Navy has jurisdiction of the real property facility. Use of another construction agent requires requesting Assistant Secretary of Defense for Energy, Installations, and Environment (ASD EI&E) approval with copies sent to COMNAVFACENGCOM and the Assistant Secretary of the Navy for Energy, Installations, and Environment (ASN EI&E), concurrently.

b. Web Sites for References

(1) The DoD Directives System was established to provide a single, uniform system of DoD issuances and directive-type memorandums used to convey DoD policies, responsibilities, and procedures. The DoD Directives System also includes the Office of the Secretary of Defense (OSD) Federal Register System. DoD

issuances and OSD administrative instructions can be searched <http://www.dtic.mil/whs/directives/>. Chairman, Joint Chiefs of Staff (CJCS) directives can be searched at http://www.dtic.mil/cjcs_directives/.

(2) Reference (c) shall be used by all DoD components for accounting, budgeting, finance, and financial management education and training. Information can be found by searching reference (c) at <http://comptroller.defense.gov/fmr/>.

(3) The DON Issuances System is the online source for all unclassified directives issued by SECNAV and the Office of the Chief of Naval Operations (OPNAV). SECNAV and OPNAV documents can be accessed by searching the indexed tables at <http://doni.documentservices.dla.mil/>.

(4) The Office of the Law Revision Counsel prepares and publishes the United States Code (U.S.C.), which is a consolidation and codification by subject matter of the general and permanent laws of the United States. The Web site is <http://uscode.house.gov/>.

(5) DoD current energy policy and goals documents can be found at <http://www.acq.osd.mil/ie/Energy/about.shtml>.

(6) The Unified Facilities Criteria (UFC) system provides planning, design, construction, sustainment, restoration, and modernization criteria, and applies to all DoD components. NAVFACENGCOC Headquarters (HQ), U.S. Army Corps of Engineers HQ, and Air Force Civil Engineer Support Agency are responsible for administering the UFC system. UFC are distributed only from the Whole Building Design Guide Web site at <http://dod.wbdg.org/>.

(7) Examples of classification of work (repair, construction, maintenance, associated with personal property equipment installation), classification of property, and additional information are available on the NAVFACENGCOC portal at <https://portal.navfac.navy.mil/portal/page/portal/AM/>. If necessary, access may be requested upon first visit to this site.

(8) Documents referenced by this instruction are available on the NAVFACENGCOM portal at <https://portal.navfac.navy.mil/portal/page/portal/AM/>.

c. Key Definitions. Interpretation and definition of the following terms are critical to proper implementation of work classification, approval authorities, and use of appropriations.

(1) Real Property. Real property is described as including land, land rights, and facilities together with buildings, fixtures, affixed improvements, and structures (includes linear structures). Real property does not include personal property (such as weapons systems and other military equipment). See reference (b), enclosure (2), and reference (c), volume 4, chapter 6, paragraph 060103, and Glossary.

(2) Real Property Equipment (also known as installed equipment or built-in equipment). Equipment and or fixtures permanently attached to or built into a real property facility, which are essential to or an integral part of the facility. This equipment is typically engineered and built into the facility as an integral part of the final design and as an essential part thereof. Real property equipment is considered part of the building or facility. The removal of this equipment might cause substantial damage to the facility or make the facility incomplete and unusable. This equipment is not intended to be moveable outside the facility envelope. Real property equipment work must adhere to all legislation, regulations, and policy applicable to real property facilities (unless otherwise stated).

(a) The cost of acquiring real property equipment and its installation in a facility must be classified as construction per chapter 3, paragraph 2, and is a funded project cost. See reference (c), volume 2A, chapter 1, paragraph 010201.E.1, and volume 3, chapter 17, paragraphs 170102.L.3 and 170273.B.

(b) Examples of real property equipment include heating, ventilation, and air conditioning (HVAC) systems; walk-in freezers; elevators; and cranes that are permanently contained entirely within the facility envelope and captive to the completed facility (e.g., supported by integral runways or rails entirely within the facility envelope). They cannot be

mobile (i.e., able to escape the envelope of the facility to serve other areas not contained within the facility envelope). See reference (d), paragraph 075382. Additional examples of real property equipment are provided in appendix A.

(3) Fixture. An item of equipment qualifies as a "fixture" (based on decision of the Comptroller General as reflected in GAO-08-978SP Appropriations Law, volume III (3rd edition), chapter 13, pages 13 through 199) if:

(a) it is permanently attached to the real property facility; or

(b) if not permanently attached:

1. it is necessary and indispensable to the completion and operation of the building; or

2. the structure was designed and built for the purpose of housing the equipment.

(4) Personal Property (also known as Collateral Equipment). Accessory equipment and furnishings that are movable in nature and not affixed as an integral part of a real property facility. Personal property also includes specialized equipment (production; processing; medical; technical; training; servicing; and research, development, test, and evaluation (RDT&E) equipment) that, although not readily movable in nature or required for the operation of the real property facility, is necessary for specified functional operation and activities utilizing the facility. Personal property includes industrial plant equipment (IPE) and ancillary equipment in support of end items of personal property. Personal property is defined as those items used, but not consumed, to produce goods or services in support of DON's mission. Personal property includes operational equipment which is detachable without damage to the real property facility or real property equipment. Personal property is not required for the operation of the real property facility, but is required for the functional operation and activities utilizing the real property facility. Personal property procurement and installation must be financed from applicable O&M appropriations; RDT&E appropriations; procurement appropriations; or working capital fund (WCF) resources, as appropriate. See reference (d), paragraph 075361, SECNAVINST

7320.10A, enclosure (1), subparagraph 2a, and reference (c), volume 3, chapter 17, paragraphs 170304 through 170306. Examples of personal property include furniture and telephones. Additional examples of personal property are provided in appendix A.

(5) Facility. A real property building, structure, or linear structure, including all associated components, dedicated solely to supporting the mission and necessary for making it complete and usable. Components include real property equipment associated with the facility. Each facility has its own real property record in Internet Navy Facility Assets Data Store (iNFADS), based on the definitions published by OSD real property classification system (reference (e)).

(6) Linear Structure. A facility whose function requires that it traverse land (such as a road, rail line, pipeline, pavement, or utility distribution system). Includes distribution systems that provide a common service or commodity to more than one building or structure (reference (e)). The individual assets associated with this system are components of that linear structure.

(7) Functional Purpose. The designated use(s) of a facility listed on the real property record by the DoD facility analysis category (FAC) code as identified in references (e) and (f).

(8) Utility Systems and Components. See definitions provided for facility and linear structure.

(9) Network. A combination of related facilities for a common functional purpose.

(10) Project. A single, planned undertaking of construction, repair, or maintenance performed either separately or in combination to satisfy a finite requirement of work funded from a single appropriation. A project may include multiple real property facilities. Note: For justification and visibility purposes, budget estimate justification data documents (also known as military construction project data documents) prepared for the project using DD 1391 Military Construction Project Data documents (also known as budget estimate justification data documents) should list associated personal property (also known as collateral equipment)

considered as unfunded project costs along with planned procuring appropriation (e.g., other procurement, Navy (OPN)), appropriation FY, and cost.

(11) Complete and Usable Facility or Improvement. The real property facility or improvement is suitable (excluding associated personal property, also known as collateral equipment) for its intended functional purpose, meets all applicable building codes, and satisfies all Federal, DoD, and Navy standards (unless appropriately waived).

(12) Complete Replacement. Replacement of an entire facility deteriorated, damaged, or destroyed beyond economical repair is classified as construction. Repair by replacement is only applicable to a component of a facility (see OSD (Comptroller) memorandum dated 02 July 1997 regarding definition for repair and maintenance). See chapter 3, paragraph 1 for additional clarification.

(13) Funded Project Costs. Costs used to determine the facilities project cost for purposes such as approval authority (including need to notify Congress) and appropriate source of funds (see appendix B). The sum of funded project costs is generally identified as the project funding requirement. See reference (c), volume 3, chapter 17, paragraph 1702 for additional information regarding efforts to be financed by MILCON appropriations. Funded project costs include, but are not necessarily limited to:

(a) Construction Equipment. Costs applicable to maintenance and operation of government-owned equipment used in the execution of a project or costs applicable to construction equipment rentals at contractor or government expense.

(b) Real Property Equipment (also known as installed equipment or built-in equipment). The cost of all installed capital equipment (government-furnished or contractor-furnished) except government-owned equipment obtained on a non-reimbursable basis. DoD components are precluded from using materials, supplies, or items of installed capital equipment on their own minor construction projects on a non-reimbursable basis (reference (c), volume 3, chapter 17, paragraph 170102.I.6). For MILCON funded projects, government-furnished equipment (government-owned equipment obtained on a non-reimbursable

basis) obtained specifically for the project is excluded from the project construction funding requirement (reference (c), volume 3, chapter 17, paragraph 170301.C).

(c) Labor Costs. Labor costs include construction units of foreign nationals but, except as noted below respecting military personnel assigned to DoD Working Capital Fund (DWCF) activities, exclude U.S. military labor. Labor costs for in house civilian employees are calculated based upon guidance in reference (c). For non-MILCON funded projects only, when the work is accomplished by contract, include the labor component of all contract costs except labor costs attributable to pre-construction activity planning and design. The cost of military labor shall not be included as a funded project cost except for the cost of military personnel assigned to DWCF activities. DWCF activities shall be reimbursed by their customers for the cost of military labor as prescribed in reference (c), volume 11A, chapter 1, paragraph 010203.B and volume 11B, chapter 13, paragraph 130704.

(d) Land. The cost of land procured for the proposed project.

(e) Material. The cost of direct material (government-furnished and contractor-furnished) used in accomplishing the project except government-owned material obtained on a non-reimbursable basis.

(f) Contractor Overhead and Profit. Estimated or actual contractor overhead and profit.

(g) Government Supervision, Inspection, and Overhead (SIOH). Used for supervision, administration, and overhead incident to a real property facilities project or program (see section 2802 of reference (g), reference (h), and reference (c), volume 3, chapter 17, paragraphs 170102 D.1.e., 170203, and 170204). SIOH for MILCON and reimbursable funded projects is funded with each project. Although SIOH for DON operations and maintenance Navy (O&M,N) and operations and maintenance, Navy Reserve (O&M,NR) projects may be transferred from ASN (Financial Management and Comptroller) (ASN(FM&C)) to NAVFACENGCOM in a lump-sum manner, it is a funded cost and must be included in the project estimate for purposes of determining approval thresholds. SIOH can include:

1. Construction contract administration.
2. Military construction program and project management (including post construction evaluation).
3. Technical direction and coordination of projects.
4. Land planning studies or reports, appraisal, and title search after congressional authorization of a land acquisition or exchange.
5. Construction project management and administration not otherwise identified above, such as: constructability review, source selection team participation regarding construction issues, construction quality assurance, claims analysis, forensic work, consultation by experts, litigation, or other costs related to determining architect and engineer (A&E) or construction contractor liability.

(h) Installation Support Costs (non-SIOH bearing). The portion of such costs that can be identified as representing additional costs that would not have been incurred were it not for the project.

(i) Construction Contractor Design and Engineering Costs. For MILCON funded projects only, the design and engineering services costs incurred by the contractor after construction contract award of a design-build or turnkey contract.

(j) Post Construction-Contract Award Services. For MILCON funded projects only, design and engineering services (non-SIOH bearing) incident to construction efforts (but not under the construction contract) generally identified as post construction contract award services (PCAS). See reference (c), volume 3, chapter 17, paragraph 170102.D.1.f. PCAS costs can include design and engineering services related to:

1. Efforts regarding contract technical interpretation or proposed contract changes (such as change orders or value engineering change proposals).

2. Review of construction contractor submittals or work to confirm consistency with design intent. Includes: review of design-build contractor's design; and verification of design intent and optimization of system performance to ensure expected energy savings and required performance are achieved.

3. Preparation of as built drawings.

4. Preparation of operation and maintenance support information (OMSI) manuals.

(k) Reimbursable Costs. Reimbursable cost of materials, supplies, and items of installed equipment obtained from surplus stocks within the Navy or Marine Corps. Cost of the stock must be equal to that charged by the surplus stock manager or at the estimated fair market value. (Note: Acquisition of such materials, supplies, and items from those sources on a non-reimbursable basis is prohibited.)

(l) Transportation Costs. The costs applicable to transportation of materials, supplies, equipment and government-owned material and equipment necessitated by a particular project. Projects accomplished by Naval Construction Force units shall include these costs only when a deployment is intended for the sole purpose of accomplishing that particular project. Transportation costs for materials transferred between supply offices are not included as a funded project cost.

(m) Travel and Per Diem Costs. The costs of travel and per diem related to applicable military or civilian labor (reference (c), volume 11A, chapter 1, paragraph 010203.C).

(n) Construction Contingency Costs. Construction contingency costs for work not yet in place.

(14) Unfunded Project Costs. Unfunded project costs are costs that are capitalized for purposes of real property investment but are excluded from all other approvals or determinations relating to the funded costs of facilities projects. For a MILCON funded facilities project unfunded costs include costs that contribute to the project, are financed from appropriations other than MILCON, and are not reimbursed by MILCON appropriations (reference (c), volume 3, chapter 17, paragraph 170301). Unfunded project costs include:

(a) Military Labor. All costs funded from military personnel appropriations, except for the cost of military personnel assigned to DWCF activities. DWCF activities shall be reimbursed by their customers for the cost of military labor. See reference (c), volume 11A, chapter 1, paragraph 010203.B.1.

(b) Depreciation. Costs applicable to the depreciation of government-owned equipment.

(c) Surplus Stock. Surplus stock from outside the Navy or Marine Corps are cost of materials, supplies, and items of installed equipment obtained for a project on a non-reimbursable basis from sources outside the Navy or Marine Corps which are not included in the project cost (e.g., excess distributions from other government agencies).

(d) Gifts. Gifts from private parties if acceptance is allowable by law.

(e) Personal Property. Personal property (also known as collateral equipment) procurement and installation.

(f) Pre-Construction Contract Award Design Costs. Design costs associated with preparation and review of construction contract solicitation documents, including design plans and specifications (completed through either A&E contracts or in-house) prior to construction contract award (reference (c), volume 3, chapter 17, paragraphs 170102.C, 170102.D.2, 170102.I.4, and 170302). In cases where multiple construction contracts are contemplated for different portions of a MILCON funded project, MILCON design funds may be used prior to award for work related to the non-awarded contracts.

(g) Construction Contractor Design and Engineering Costs. For non-MILCON funded projects only (such as O&M,N special projects), post construction contract award design effort including design effort by the contractor under an awarded turnkey or design build construction contract (reference (c), volume 3, chapter 17, paragraphs 170102.I.4 and 170302). MILCON design funds shall not be used after construction contract award for work directly related to the awarded construction contract (see section 2807(a) of reference (g)).

(h) Post Construction-Contract Award Services. For non-MILCON funded projects only, design and engineering services (non-SIOH bearing) incident to construction efforts (but not under the construction contract) generally identified as PCAS (reference (c), volume 3, chapter 17, paragraphs 170102.I.4 and 170302). MILCON design funds shall not be used after construction contract award for work directly related to the awarded construction contract (see section 2807(a) of reference (g)).

(15) Installation (noun). A base, camp, post, station, yard, center, or other activity, including leased facilities, under the jurisdiction, custody, or control of the Secretary of Defense (SecDef) or the Secretary of a Military Department or (in the case of an installation in a foreign country) under the operational control of the SecDef or the Secretary of a Military Department, without regard to the duration of operational control. An installation may include one or more sites (reference (e)).

(16) Site. Physical (geographic) location that is or was owned by, leased to, or otherwise possessed by a DoD component. Each site is assigned to a single installation. A site may exist in one of three forms: land only; facility or facilities only; land and all the facilities thereon (reference (e)).

(17) Activity (noun). A unit, organization, or installation performing a function or mission, e.g., reception center, redistribution center, naval station, naval shipyard (reference (i)).

(18) Conversion. The work required to adjust interior arrangements or other physical characteristics of an existing real property facility or part thereof so that it may be used for a new purpose. This includes associated real property equipment. A conversion always results in a change in real property facility functional purpose.

(19) Alteration. The work required for interior or exterior rearrangements of an existing real property facility or part thereof to improve the use of the facility for its current purpose. This includes associated real property equipment.

Additions, expansions and extensions are not alterations. An alteration should never result in a change in real property facility functional purpose.

(20) Acronyms. A list of acronyms used throughout this instruction is provided in appendix C.

d. Classification of Work. Classification of real property facilities work is used to apply statutory and regulatory requirements. Work classification definitions and rules apply to all real property facilities work, regardless of who performs it and how it is funded except those excluded by chapter 1, paragraph 3b or chapter 1, paragraph 3c. Classifications of work are discussed in chapter 3. The classifications of work regarding real property are:

- (1) Repair
- (2) Construction
- (3) Maintenance
- (4) Associated Personal Property Equipment Installation

e. Limits of Authority. Approval authority limits for projects are listed in appendix B and chapter 3, paragraph 2b. These limits change frequently; therefore, obtain current guidance from the appropriate project's funding authority prior to project execution. The dollar amounts listed are total funded project costs as discussed in chapter 1, paragraph 2c(13).

f. Funding Sources. Projects are financed from five broad categories of funding sources. Fund source definitions and policy are discussed in chapter 4.

(1) Appropriated Funds (APF). APF are funds provided by Congress through specific legislation. Examples include:

(a) MILCON (see chapter 3, paragraph 2a for definition).

(b) Supplemental appropriations such as American Recovery and Reinvestment Act (ARRA). Supplemental appropriations are subject to this instruction, but may have specific requirements in the legislation.

(c) O&M,N and O&M,NR. See chapter 4, paragraph 1.

(d) RDT&E. See section 2353 of reference (g), and reference (c), volume 2A, chapter 1, paragraph 010213 for additional information. Also see chapter 3, paragraphs 2b(1) and 2b(3), and appendix B.

(e) Procurement, including OPN. See chapter 3, paragraph 4 of this instruction regarding use of funds available for procurement of personal property for modifications of or additions to real property associated with personal property equipment installation.

(2) Nonappropriated Funds (NAF). NAF are public monies and assets from sources other than monies appropriated by the Congress of the United States, commissary surcharge funds, or private financing. NAFs are separate and apart from funds recorded in the books of the Treasurer of the United States. NAF monies are derived primarily from the sale of goods and services to DoD military and civilian personnel and their family members. NAFs shall be administered only through the auspices of a nonappropriated fund instrumentality (NAFI). NAFs are designated for the collective benefit of authorized patrons and the purpose of the NAFI. NAFI groups include military morale, welfare and recreation (MWR); Armed Services exchange programs, such as Navy Exchange Service Command (NEXCOM)); civilian MWR programs; lodging program supplemental mission funds; supplemental mission funds, and special purpose central funds. NAFs are used to support MWR programs and activities; lodging; civilian welfare; post restaurant; certain religious and educational programs; and used for the collective benefit of military personnel, their family members, and authorized civilians. See chapter 9; reference (c), volume 13, chapter 1, paragraph 010213; and references (j), (k), and (l) for additional information.

(3) WCFs. A revolving fund established to finance a cycle of operations to which reimbursements and collections are returned for reuse in such a manner as to maintain the principal

of the fund. It is established to finance inventories of supplies or to provide working capital for industrial type installations. WCF from other agencies (e.g., Defense Logistics Agency (DLA), etc.) used for facilities at Navy installations are subject to this instruction but may have additional specific requirements. See chapter 10 for additional information.

(4) Privately Financed Funds. Funding provided from a non-Federal entity. Funds from sources outside DoD may include public-private ventures, donations, private funds, and commercial borrowing. Gifts from private parties subject to section 2601 or section 6973 of reference (g), with respect to the United States Naval Academy, and deposited in the Navy General Gift Fund account may, with certain exceptions, be used by SECNAV without further specific authorization in law. Privately financed funds are not NAF. See chapter 9 and references (k) and (l) for additional information.

(5) Commissary Surcharge Funds. Funds originating from the adjustment of sales prices of goods and services sold in commissary store facilities. These funds shall be used only to acquire (including acquisition by lease), construct, convert, expand, improve, repair, maintain, and equip the physical infrastructure of commissary stores and central product processing facilities of the defense commissary system; and to cover environmental evaluation and construction costs, including surveys, administration, overhead, planning, and design, related to activities described in this definition. The term "physical infrastructure" includes real property, utilities, and equipment (installed and free standing and including computer equipment), necessary to provide a complete and usable commissary store or central product processing facility. The commissary program is an integral element of the military pay and benefits package for active duty personnel. An income benefit is provided through savings on purchases of food and household items necessary to subsist and maintain the household of the military member for the inclusive period of compensated duty or service. Per section 2481(b) of reference (g), the Defense commissary system enhances the quality of life of members of the uniformed services, retired members, and their dependents and supports military readiness, recruitment, and retention. The Defense Commissary Agency (DeCA) provides a worldwide system of commissaries for the resale of groceries and related household items at reduced prices to members of the uniformed services,

retired members, dependents of such members, and other authorized patrons, to enhance their quality of life and to support military readiness, recruitment, and retention. See chapter 9, section 2685 of reference (g), DoD Directive 5105.55 of 12 March 2008, and references (k), (l), and (m) as amended by Office of the Under Secretary of Defense (Policy) memorandum of 1 December 2008 (regarding funding sources for commissary facilities construction), for additional information.

3. POLICY SCOPE AND EXCLUSIONS

a. Policy Scope. This instruction applies to all modifications of or additions to real property, regardless of cost or method of accomplishment, financed from the funding sources listed in chapter 1, paragraph 2f except those excluded by chapter 1, paragraph 3b or paragraph 3c.

b. Exclusions Associated With Fund Source. This instruction is intended to provide guidance regarding projects associated with the annual Navy MILCON Program, Navy Facility Sustainment, Restoration and Modernization Program, NWCF and NAF facilities projects. Other specialized facility requirements (see below) are not addressed in this instruction.

(1) Military Housing Privatization Initiative (also known as Public Private Venture): For more information, see section 2871 of reference (g), et seq.

(2) Base realignment and closure (BRAC): See DoD 4165.66-M, Base Redevelopment and Realignment Manual, March 2006 and the Navy Base Realignment and Closure Implementation Guidance.

(3) Funds from governments (i.e., Government of Japan) or governmental agencies other than the United States of America (i.e., North Atlantic Treaty Organization): See applicable status of forces agreement and agency agreement documentation.

(4) Environmental Restoration, Navy funds: See Navy Environmental Restoration Manual and reference (a).

(5) Family Housing, Navy: See UFC 4-711-01 Family Housing and DoD 4165.63-M, DoD Housing Management, October 2010.

c. Other Exclusions

(1) Acquisition of land only. For more information, see reference (b).

(2) Projects authorized by section 2913 of reference (g), Energy Savings Contracts (including Utility Energy Savings Contracts) and Activities or section 8287 of title 42, U.S.C., Energy Savings Performance Contracts.

(3) Enhanced Use Lease Program in-kind consideration per sections 2667(b)(4) and 2776(c) of reference (g).

CHAPTER 2
GOVERNING LAWS AND PROHIBITIONS

1. GOVERNING LAWS. Congress established restrictions on the use of APFs in the following laws:

a. Section 1301(a) of title 31, U.S.C., requires that appropriations shall be applied only to the objects for which the appropriations were made, except as otherwise provided by law.

b. Section 1517 of title 31, U.S.C., prohibits authorizing an obligation that exceeds the amount available in an apportionment or permitted by agency regulations.

c. Sections 2801 through 2815 of reference (g), governs execution of military construction projects.

d. Sections 2851 through 2859 of reference (g), governs administration of military construction projects.

e. Section 2783 of reference (g), states that penalties for misuse of NAFs shall be the same as penalties for misuse of APFs.

f. Section 1341 of title 31, U.S.C., prohibits making or authorizing an expenditure or obligation that exceeds the amount available, involving the Government in a contract or obligation of money before the appropriation is made, or obligation of funds required to be sequestered.

g. Section 2353 of reference (g), governs research and development facility construction and modifications.

h. Sections 2663 and 2664 of reference (g), governs the acquisition of real property.

2. PROJECT SCOPE GUIDELINES

a. Principal Considerations for Minor Construction Projects

(1) For minor construction projects funded from appropriations available for O&M (see chapter 3, paragraph

2b(1)(a)), there are three principal considerations when determining and approving project scope:

(a) The prohibition against incrementing or fragmenting construction for the purpose of circumventing approval authority limitations (see chapter 2, subparagraph 3b).

(b) For construction, an assessment of what constitutes a complete and usable facility or a complete and usable improvement to existing facility. Each project must result in the facility being able to perform its designated functional purpose (see chapter 1, subparagraph 2c, for key definitions).

(c) Project scope is consistent with the planning action(s) as noted on the facility planning document (FPD) and, therefore, compliant with the SFPS process (see reference (n)).

(2) The decision-making process in determining and approving what constitutes an individual minor construction project funded from appropriations available for O&M (see chapter 3, subparagraph 2b(1)(a)), must be supported by clear documentation. Project documentation must fully:

(a) Disclose the relation of the project to the master plan or other shore infrastructure plan (reference (c)), volume 3, chapter 17, paragraph 170102.I.5).

(b) Must detail further planned construction to the same or closely related facilities for the same new mission or mission change.

(c) Identify the end result of the project.

(d) Clearly identify the reasons to perform further planned construction as separate projects.

(e) Be consistent with the planning action as noted on correlating FPD that identifies and provides justification for the project scope.

(3) How facilities and their purpose relate to one another must be used to determine what should be considered a single project.

(a) Interdependent facilities are those facilities that are mutually dependent in supporting the function(s) for which they were constructed. A critical factor in assessing interdependence is the evaluation of functional impact if separate projects are programmed for multiple facilities, but all are not executed. If one or more projects are not constructed, the user must be able to perform the function of the facilities delivered in the constructed project(s). Otherwise, the facilities are interdependent and must be planned as a single project. Examples include ordnance production line facilities; runways, taxiways and lighting; and buildings with associated parking and utilities.

(b) Interrelated facilities are those facilities that have a common support purpose but are not mutually dependent. These facilities do not need to be considered as a single project and therefore can be funded separately. Examples include unaccompanied housing (UH) and subsequently built MWR facilities; UH and MWR facilities used by the unaccompanied residents and other occupants of the installation.

b. Construction Applicable to One Existing Real Property Facility. Per reference (c), volume 3, chapter 17, paragraph 170102.L.4:

(1) All construction proposed for a real property facility in which the same functional purpose or related functional purposes are involved shall be treated as one project.

(2) All concurrent construction proposed for contiguous areas of a multi-use facility shall be treated as a single project even though the construction pertains to unrelated functional purposes. For this purpose, contiguous means "in actual contact" or "touching." An example is two users (one administrative and the other warehouse) in contiguous spaces are altering their spaces at the same time; these alterations (although for unrelated functional purposes) must be accomplished as a single project.

(3) All construction proposed for a multi-use facility that is common to the facility as a whole, or common to areas in which the same or related functional purposes are performed, shall be treated as a single project.

(4) Construction proposed for a multi-use facility may be divided into separate projects provided that each project can be clearly defined, is not contiguous (see chapter 2, paragraph 2b(2)), and the result is an overall complete and usable facility. An example is one user in a building requires an interior reconfiguration as a result of a mission change. Concurrently, another user in a non-contiguous space requires a project to meet the special cooling and security requirements for their mission. These two unrelated and non-contiguous construction efforts (each complete and usable on their own) can be treated as two separate projects and packaged into one construction contract for economy of scale purposes.

c. Construction Projects for Existing Missions and Functions. Except as provided in chapter 2, paragraph 3b or paragraph 3c, projects for multiple existing facilities which are co-located, interdependent or interrelated may be accomplished separately if the existing mission and function of the facilities will remain unchanged.

d. Construction Projects for New Missions and Functions, and Changes to Existing Missions and Functions. For projects supporting a mission change or new mission requirement, multiple facilities irrespective of FAC codes must be incorporated into a single project, unless it can be demonstrated that each facility meets all of the following:

(1) is for unrelated and dissimilar functional purposes from the other required facilities;

(2) is not dependent on the other required facilities;
and

(3) will result in each being a complete and usable facility or a complete and usable improvement to a facility.

e. Supporting Facilities. A complete and usable facility may require extensions, modifications, or improvements to other supporting facilities such as exterior electrical, water, sewage distribution systems, parking and roads, fencing, and other infrastructure improvements. Extensions, modifications, or improvements to supporting facilities must be included in the project scope. An exception is modification to central utility system infrastructure in certain limited situations. When any

of the following circumstances exist, a separate project must be programmed to timely execute utility system "rightsizing." (For NAF and DeCA projects, see chapter 9.)

(1) The construction of, upgrades in, or demolition of, several facilities over time where the required central utility system modification requirement cannot be tied directly to an individual project; or

(2) Base mission realignment and or expansion that requires significant modifications to the utility infrastructure of the base.

3. PROHIBITIONS

a. Anti-Deficiency Act (ADA). The ADA and related funding statutes consist of certain provisions of law prescribed in title 31, U.S.C. The ADA, prescribed in sections 1341, 1342, and 1517 of title 31, U.S.C., prohibits obligations and expenditures in excess of or before an appropriation. A military member or DoD employee who is responsible for an ADA violation may be subject to appropriate administrative discipline or criminal prosecution. Below are some of the specific statutes with a brief explanation:

(1) Purpose Violation. The use of an appropriation for purposes other than those for which the appropriation is provided is prohibited under title 31, U.S.C.; specifically section 1301 of title 31, U.S.C.

(2) Time Violation. Except for "no-year" funds (i.e., funds available for obligation indefinitely), appropriations all have a set period of availability, after which the appropriation expires and the funds in that appropriation are no longer available for obligation (see reference (c), volume 2A, chapter 1, paragraph 010107.B.25). Agencies shall not obligate funds outside the period of availability of the appropriation without statutory authority to so obligate the funds.

(3) Amount Violation. Making or authorizing an expenditure or obligation of money in excess of the amount available in an appropriation or fund under section 1341 of title 31 U.S.C., or involving the Government in a contract or

obligation for the payment of money before an appropriation is made, is prohibited unless authorized by law under section 1341 of title 31, U.S.C.

b. Unauthorized Incrementation

(1) Circumventing programming and approval requirements results in incrementation and is prohibited. No project may be subdivided for reasons of circumventing programming and approval requirements. Each project must result in a complete and usable facility, a complete and usable improvement to an existing facility, or a complete and usable component of an existing facility. Each project must result in the user being able to perform the functional purpose of the facility (or facilities). If the performance of the facility's functional purpose requires improvements to other facilities, then the project must include those facility improvements. This does not include the procurement of personal property and collateral equipment or other unfunded project costs (see chapter 1, paragraph 2c for definitions).

(2) Per reference (c), volume 3, chapter 17, paragraphs 170102.I.5 through I.9, project approval requests for minor construction funded from appropriations available for O&M must fully disclose the relation of the project to the master plan (or other shore infrastructure plan) and must detail further planned construction to the same or closely related facilities. Prerequisites for establishing a minor construction project include identification of the end result of the project. See chapter 2, paragraph 3c for prohibited actions. See chapter 2, paragraph 2a for additional information.

(3) Incrementation should not be confused with project phasing. Phasing is allowed under specific circumstances; see chapter 5, paragraph 3c. Each phase shall result in a "complete and usable" facility.

c. Prohibited Actions

(1) Splitting a project scope solely for the purpose of circumventing statutory funding limitations or approval requirements.

(a) Repairs shall not be subdivided into multiple projects for the purpose of avoiding higher authority approval or notification as identified in chapter 5, paragraph 3 and appendix B.

(b) Special projects that are phased shall be reviewed and approved based on the total cost of all phases to ensure higher authority approval is obtained when required by chapter 5, paragraph 3 and appendix B.

(c) Construction work shall not be subdivided into multiple projects for the purpose of remaining within minor construction limits of chapter 3, paragraph 2b(1)(a) or the unspecified minor construction (UMC) funding limits of chapter 3, paragraph 2b(1)(b).

(2) Constructing multiple small buildings for the same mission, each under the limits of section 2805 of reference (g), for minor military construction projects funded from appropriations available for O&M (see chapter 3, paragraph 2b(1)(a)), instead of a single, more economical building.

(3) Split funding concurrent work on an active military construction project to avoid MILCON reprogramming approval or cost variation notification requirements (e.g., using O&M,N funds to augment a project to prevent MILCON expenditures from exceeding the reprogramming thresholds identified in chapter 6, paragraph 6b(1)).

(4) The planned (foreseeable) acquisition of, or improvement to, a facility through a series of minor construction projects. For example:

(a) Using one O&M,N project to convert a building and another O&M,N project to provide an addition to the same building for the same requirement to avoid the MILCON threshold would be considered unauthorized incrementation.

(b) A minor construction project for an existing and unchanged mission or function would be considered unauthorized incrementation when the full functional requirement was previously identified and partially satisfied with a previous

minor construction project. In this situation, the total cost of the previous project and the proposed project must be used to determine project approval limits.

(c) Eliminating project scope required by UFC standards prior to project approval and later programming a minor construction project to meet applicable UFC standards would be considered unauthorized incrementation.

(5) Changing the FAC code as listed on the property record prior to project approval and execution to avoid proper classification of work (e.g., changing FAC code in advance to classify the project as repair).

4. FUNDING AND SCOPE OF CONSTRUCTION

a. Minor construction projects with MILCON funded construction. Per House Report 97-612 concerning Public Law 97-214, Military Construction Codification Act of 1982, clarification of section 2805(a) of reference (g), a minor construction project as defined by chapter 3, paragraph 2b(1) may:

(1) Precede a military construction project for a new mission requirement when such minor construction would provide a complete and usable facility to meet a specific need during a specific timeframe.

(2) Follow a military construction project when new mission requirements develop after the military construction project has been completed (interpreted as after placed in-service date, see chapter 7).

(3) The UMC MILCON approval process (see chapter 6, paragraph 3a) is required if within the limits identified in chapter 3, paragraph 2b(1)(b) or paragraph 2b(1)(c).

b. Only work described in the project budget estimate justification data document (also known as military construction project data document) DD 1391 marked "as enacted" by COMNAVFACENGCOM echelon 2 Capital Improvements (CI) MILCON, may be executed under a MILCON funded project. Furthermore, a

MILCON funded project must provide a complete and usable real property facility. See chapter 6, paragraph 6a for further clarification.

c. Work removed from the originally approved (as-enacted) MILCON funded project scope that is not required for the real property facility to be complete and usable and is deferred for later accomplishment with a non-MILCON funded minor construction project (as defined in chapter 3, paragraph 2b(1)(a)) may only proceed after placed in-service date of the original project and expiration of the original MILCON appropriation (see chapter 6, paragraph 5c) unless otherwise authorized by Congress. See chapter 2, paragraph 3b for more information on unauthorized incrementation.

d. In the event a mixed construction and repair project is composed of work that is so integrated as to preclude separation of construction and repair costs, and the total funded cost of construction and repair exceeds limits of section 2805 of reference (g), for minor military construction projects that shall be funded from appropriations available for O&M (see chapter 3, paragraph 2b(1)(a)), the combined construction and repair project shall be accomplished as a MILCON funded project.

5. COMBINING APFs AND NAFs

a. APFs, normally not allowed for construction of revenue generating facilities, should be used only in those instances authorized by the funding policy outlined in reference (c), volume 13, chapter 3, and reference (j) (summarized in chapter 9, paragraph 2).

b. Private funds or NAFs should be used to purchase and install furnishings, equipment, and interior finishes for private and NAF facilities. Gift acceptances must follow section 2601 of reference (g).

c. NAF facilities, or portions thereof, may be eligible for appropriated funding when the project requirement or site is driven primarily by a shore infrastructure plan or other facilities issues that are otherwise not related to the NAF facilities. Eligibility for APF support for such circumstances

associated with NAF undertakings is outlined in reference (c), volume 13, chapter 3, and reference (j) (summarized in chapter 9, paragraph 2).

d. Mixing of APF with private or NAF for repair or maintenance projects is allowed but must be fully disclosed in project documentation. See chapter 9.

e. Additional information on NAF projects, commissary surcharge and private funds is provided in chapter 9.

CHAPTER 3
CLASSIFICATION OF WORK

1. REPAIR

a. Definition

(1) Per section 2811 of reference (g), repair is defined as restoring "a real property facility, system, or component to such a condition that it may effectively be used for its designated functional purpose."

(2) Per section 2811 of reference (g), any work on a project can be classified as repair if it can be shown that:

(a) the repair project is more cost effective than total replacement (see section 2811(b) of reference (g)); and

(b) if the cost estimate of the proposed repair project exceeds 50 percent of the estimated cost to replace the facility, an explanation shall be provided "of the reasons why replacement of the facility is not in the best interest of the Government". (Note: section 2811(d)(2) of reference (g), has a 75 percent threshold; however, this instruction requires explanation above 50 percent.)

(3) Repair may include demolition. See chapter 3, paragraph 1b(3) for additional information.

(4) Establishing that a facility or component is in need of repair must be determined by a technical analysis to justify the requirement consistent with reference (c), volume 4, chapter 6, section 060204.C.

b. General Policy for Repair Projects

(1) Incident to a facility repair, the following work may also be classified as repair (See OSD (Compt) memo of 2 July 1997 regarding definition for repair and maintenance):

(a) Relocation of, and minor additions to, components in an existing facility to return it to its customary

state of operating efficiency (e.g., additional non-load bearing walls installed during repair of deteriorated interior non-load bearing walls).

(b) Interior rearrangements (except for load bearing walls) of an existing facility to allow for effective use of existing space for its current functional purpose.

(c) Replacement of facility components (including deteriorated load-bearing walls), built-in equipment, or systems with items of higher quality or more durable materials to conform to current standards (including energy efficiency standards) or codes. The replacement items should not substantially increase the capacity or change the function of the components, equipment, or systems unless there is no alternative to such replacements. However, complete replacement of the entire facility is classified as construction (see chapter 1, subparagraph 2c, for definition).

(d) Extensions and additions to systems or facilities to correct life, safety, and health code deficiencies.

(2) In support of energy performance goals and master plan for the DoD, repair projects must include energy conservation measures to the greatest extent practical within the limits defined in chapter 3, subparagraph 1b(1) (also see chapter 5, subparagraph 3d).

(3) Demolition

(a) The demolition of the facility or portion of the facility is undertaken as a project when the extent of deterioration to a facility, or portion of a facility, is such that it can no longer be economically maintained or because the facility is a hazard to the health and safety of personnel.

(b) The demolition of excess facilities is highly encouraged by policy when the extent of deterioration to a facility, or portion of a facility, is such that it can no longer be economically maintained or because the facility is a hazard to the health and safety of personnel.

(c) Demolition of a real property facility may be combined with a construction project when necessary to clear the footprint for the new facility (unless previously identified and documented in the SFPS for demolition as a special or demolition project). When demolition is combined with a construction project, the demolition to clear the footprint for the new facility should be classified as construction and paid for from the same fund source as the construction project. NAF projects are funded differently as discussed in chapter 9.

(d) Costs to close openings and cut off utilities are part of the funded project cost and should be included within the project scope.

(e) Historic properties under consideration for demolition should receive careful consideration for continued use or adaptive use by all installation functions, not solely the project proponent. The National Historic Preservation Act (NHPA) (section 470 et seq. of title 16, U.S.C.) requires agencies to consider the effects on historic properties of projects they carry out, assist, permit, license, or approve. Proposed activities invoking the NHPA must comply with reference (a).

(f) Facilities to be demolished must be screened per the requirements of the McKinney-Vento Act, Housing and Urban Development title V, per section 11411 of title 42, U.S.C. This is not required for facilities identified for demolition in an enacted DD 1391 for a MILCON funded project.

(g) See "Demolition, DE" in chapter 4, paragraph 1f for further demolition project information.

(4) Utility systems and components are often treated as one facility composed of many components per definition in chapter 1, paragraph 2c. Each component of the utility system or network is potentially eligible for repair by replacement. However, complete replacement of the utility system or network is construction (see chapter 1, paragraph 2c for definition).

c. Repair Programming

(1) Funding of Repair. Repair projects shall be funded from appropriations available for O&M, such as O&M,N, O&M,NR,

RDT&E, or from operating expense of NAF or NWCF activities. Responsibility for funding repair is based on the maintenance fund source code in iNFADS (reference (j), enclosure (4), provides guidance regarding golf course facilities). See chapter 6, subparagraph 3b, regarding major restoration or replacement of damaged or destroyed facilities. Projects for outgranted facilities should be funded by the agency to whom the outgrant is issued.

(2) Scope of Repair Projects. A project is a single undertaking necessary to satisfy a finite requirement. A "finite requirement" of repair is considered to be all the work necessary to restore serviceability of a facility or a component of the facility. Normally, major repairs for a single requirement will be included in a single project. Multiple projects may be undertaken for independent repair requirements. A repair project may be phased over more than 1 FY when phasing is determined to be the most efficient use of available resources and appropriate phasing procedures are followed (see chapter 5, subparagraph 3c). Each phase must result in a complete and usable facility.

(3) Surplus or Excess Facilities. Generally, facilities that are surplus, excess or no longer needed should not be repaired unless another use is identified; they should be identified for disposal (to include demolition).

2. CONSTRUCTION

a. Definitions

(1) Military Construction. Per section 2801 of reference (g), the term "military construction" includes any construction, development, conversion, or extension of any kind carried out with respect to a military installation, whether to satisfy temporary or permanent requirements, or any acquisition of land or construction of a defense access road (as described in section 210 of title 23, U.S.C.). A MILCON project includes all MILCON work necessary to produce a complete and usable facility or a complete and usable improvement to an existing facility (or to produce such portion of a complete and usable facility or improvement as is specifically authorized by law). Within limits of section 2805 of reference (g), MILCON projects can be funded from either appropriations for Congressionally

approved MILCON or from appropriations available for operations and maintenance (such as O&M,N, RDT&E, and NWCF). See chapter 9 for construction funded from NAF. Construction includes:

(a) Conversion: See chapter 1, subparagraph 2c, for definition.

(b) Alteration: see chapter 1, subparagraph 2c, for definition. Alterations solely to improve the use of a facility for its current functional purpose must be classified as construction. See chapter 3, subparagraph 1b, regarding interior rearrangements incidental to restoration of an existing real property facility that may be classified as repair.

(c) Addition, Expansion, and Extension: addition, expansion, and extension each constitute a physical increase to a facility. As a general rule, if the usable space or dimensions used to record the facility in the real property inventory are increased, then an addition, expansion, or extension has occurred.

(d) Complete Replacement: see chapter 1, subparagraph 2c, for definition.

(2) MILCON. The term "MILCON" as used in this instruction refers to funds from appropriations provided by a Military Construction and Veterans Affairs and Related Agencies Appropriations Act (or comparable legislation) for military construction as authorized by an NDAA or other statutes.

(a) MILCON funds all major construction projects. See chapter 3, subparagraph 2b(2).

(b) MILCON funds UMC defined by chapter 3, subparagraph 2b(1)(b).

(c) MILCON funds design associated with major construction projects and MILCON funded UMC projects prior to construction contract award. Although MILCON funds appropriated for design of projects are generally identified as planning and design funds in each MILCON appropriations act, no planning effort can be performed using MILCON planning and design funds (see House Report 97-612 concerning Public Law 97-214, Military Construction Codification Act of 1982 that clarifies section

2807 of reference (g)). Further clarification is provided by reference (c), volume 3, chapter 17, paragraph 170308. The proper use of MILCON design (planning and design) funds is provided by reference (c), volume 3, chapter 17, paragraph 170102.C.

(3) MCON and Military Construction, Navy Reserve (MCNR). "MCON" is DON MILCON for active force requirements. "MCNR" is DON MILCON for reserve force requirements. MCON and MCNR include both United States Navy "Blue" and United States Marine Corps (USMC) "Green" MILCON requirements. With regards to MILCON issues, this instruction will focus on only U.S. Navy "Blue" MCON and U.S. Navy "Blue" MCNR.

b. Types of Construction

(1) Minor Construction Projects

(a) Minor Construction Projects Non-MILCON Funded: Per section 2805 of reference (g), and reference (c), volume 3, chapter 17, paragraph 170303, appropriations available for O&M must be spent to carry out an unspecified minor military construction project costing not more than \$1 million. For revitalization and recapitalization of laboratories owned by the United States and under jurisdiction of the Service Secretary concerned, appropriations available for operations and maintenance may (until 30 September 2018 unless extended) be spent to carry out an unspecified minor military construction project costing not more than \$4 million. Also see the "Funding Authority Diagram" in appendix B.

1. The above limitations must not apply to an unspecified minor military construction project if the project is to be carried out using funds made available to enhance the deployment and mobility of military forces and supplies (see section 2805(c)(2) of reference (g) prior to enactment of FY 2012 NDAA Public Law 112-81). However, per section 2805(b)(1) of reference (g), an unspecified minor military construction project costing more than \$1 million may not be carried out without approval in advance from the Secretary concerned and notification to the appropriate committees of Congress (House Armed Services Committee (HASC), Senate Armed Services Committee (SASC), Senate Appropriations Committee (SAC), and House Appropriations Committee (HAC)) even though the project is to be

carried out using funds made available to enhance the deployment of military forces and supplies. The project may then be carried out only after the end of the 14-day period beginning on the date on which a copy of the notification is provided in an electronic medium to the appropriate committees of Congress.

2. For determining whether a project fits within the above limits, include all funded non-MILCON project costs and exclude all unfunded non-MILCON project costs as defined in chapter 1, subparagraph 2c.

3. See chapter 5 for additional information regarding minor construction projects considered special projects.

(b) UMC Projects MILCON Funded: Per section 2805 of reference (g), a MILCON funded UMC project is a military construction project not otherwise authorized by law having an approved total funded project cost in excess of the non-MILCON minor construction project limit (see chapter 3, subparagraph 2b(1)(a)) but no more than \$3 million; \$4 million if intended solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening; or (until 30 September 2018 unless extended) \$4 million for the revitalization and recapitalization of laboratories owned by the United States and under jurisdiction of the Service Secretary concerned. Also see the "Funding Authority Diagram" in appendix B. For determining whether a project fits within the above limits, include all funded MILCON project costs and exclude all unfunded MILCON project costs as defined in chapter 1, subparagraph 2c. See chapter 6, subparagraph 3a, for additional UMC project information.

(c) UMC Projects Section 219(a) Funded: For revitalization and recapitalization of laboratories owned by the United States and under jurisdiction of the Service Secretary concerned, until 30 September 2018 (unless extended), funds may be available under section 219(a) of the Duncan Hunter NDAA for FY 2009 per section 2805(d) of reference (g) (see section 2358 of reference (g) note regarding "Mechanisms to Provide Funds For Defense Laboratories For Research and Development of Technologies for Military Missions" provided by section 219, Public Law 110-417 as amended by section 2801(c), Public Law

111-84 and section 253, Public Law 112-81). Per section 2805 of reference (g) (until 30 September 2018 unless extended), a section 219(a) funded UMC project is a military construction project not otherwise authorized by law having a total funded project cost in excess of the non-MILCON minor construction project limit (see chapter 3, subparagraph 2b(1)(a)) but no more than \$4 million. Also see the "Funding Authority Diagram" in appendix B. These projects should be handled in a manner similar to MILCON funded UMC projects (see chapter 3, subparagraph 2b(1)(b), and chapter 6, subparagraph 3a).

(2) MILCON Major Construction Projects. A MILCON funded major construction project is a military construction project

authorized by law typically having a total project cost in excess of the amounts authorized for MILCON funded UMC projects (see chapter 3, paragraph 2b(1)). Also see the "Funding Authority Diagram" in appendix B. See chapter 6 for additional MILCON project information.

(3) RDT&E Facilities Construction and Modification. See section 2353 of reference (g), and reference (c), volume 2A, chapter 1, paragraph 010213.C.2.

(a) Government-Owned, Government-Operated (GOGO) Facility on Government Land: When GOGO facilities and real property equipment are to be constructed on government-owned land, such construction shall be financed per chapter 3, paragraph 2b(1) or paragraph 2b(2).

(b) Government-Owned, Contractor-Operated (GOCO) Facility on a Military Installation: When GOCO facilities and real property equipment are to be constructed on a military installation, such construction is generally financed per chapter 3, paragraph 2b(1) or paragraph 2b(2). However, if the facilities are contractor-operated, and the contractor is solely responsible for the complete and total O&M of the facility complex, construction may be financed in procurement or RDT&E per reference (o) and section 2353 of reference (g), criteria. New construction or improvements having general utility are not authorized under section 2353 of reference (g).

(c) GOCO Facility on Government Property other than a Military Installation: When GOCO facilities and real property equipment are to be constructed on government property other than a military installation, such construction will be financed by the procurement or RDT&E appropriation following reference (o) criteria.

(d) Contractor-Owned, Contractor-Operated Facility: Under section 2353 of reference (g), a research or development contract may provide for the acquisition, construction, or furnishing of facilities and equipment that are necessary for the performance of the contract to the contractor. New construction or improvements having general utility are not authorized under section 2353 of reference (g). Facilities that

would not be readily removable or separable without unreasonable expense may not be installed or constructed on property not owned by the government, unless the contract contains:

1. a provision for reimbursing the United States for the fair value of the facilities at the completion or termination of the contract or within a reasonable time thereafter;

2. an option for the United States to acquire the underlying land; or

3. an alternative provision that the Service Secretary concerned considers adequate to protect the interests of the United States in the facilities.

(4) Limited Outside United States Construction Authority (sometimes identified as Contingency Construction Authority)

(a) General: If specified in the authorizing NDAA, the SecDef may obligate APFs available for O&M to carry out a construction project inside a designated combatant commander or combined joint task force area of responsibility (AOR) that has a total project cost in excess of the amounts authorized for MILCON funded UMC projects (see chapter 3, paragraph 2b(1)) and that the SecDef determines certain criteria has been met.

(b) Notification Requirement: When a decision is made to carry out a military construction project under limited outside United States construction authority, SecDef shall notify the appropriate committees of Congress (House Armed Services Committee (HASC), Senate Armed Services Committee (SASC), Senate Appropriations Committee (SAC), and House Appropriations Committee (HAC)) on the decision and include with the notification:

1. Certification that the Limited Outside United States Construction Authority conditions specified in chapter 3, paragraph 2b(4)(a) are satisfied with regard to the construction project.

2. A description of the purpose for which APFs available for O&M are being obligated.

3. All relevant documentation detailing the construction project.

4. An estimate of the total amount obligated for the construction.

(c) Process: Requests for approval to use Limited Outside United States Construction Authority shall be submitted to the SecDef via the region, servicing NAVFACENCOM entity, COMNAVFACENCOM echelon 2 CI MILCON; CNIC; OPNAV Director, Shore Readiness (OPNAV N46); Assistant Secretary of the Navy Energy, Installations, & Environment (ASN(EI&E)); and Under Secretary of Defense (Acquisition, Technology and Logistics) (USD(AT&L)). Requests should include a DD 1391 for the proposed project with estimated design completion and construction award dates in addition to the above notification requirements. The project may be carried out only after the end of the 7-day period beginning on the date on which a copy of the notification is provided (interpreted as received) in an electronic medium to the appropriate committees by SecDef.

(5) Construction in General Services Administration (GSA) Facilities: Under the general provisions in the annual appropriations for the GSA, Navy appropriations available for O&M should be used for reimbursement to GSA for the expenses of renovation and alteration of buildings and facilities. Therefore, projects involving alterations to Navy-occupied, GSA-owned, managed, or controlled facilities shall be authorized and funded by the CNIC region or the Navy installation requiring the work.

(a) GSA is responsible for work that a tenant can normally expect from a landlord.

(b) The Navy is responsible for work that cannot be normally expected from a landlord and strictly peculiar to the needs of the Navy. When Navy appropriations are used to fund construction (including alterations) or repair of GSA-owned, managed, or controlled facilities, the provisions of this instruction apply, including the provision that the cost of construction shall not exceed the minor construction limit. O&M funds shall not be used for work in GSA-owned, managed, or controlled facilities that would otherwise require MILCON funding. For the purposes of these provisions, industrial funds

are considered similar to appropriations available for O&M. The above policy is also applicable to non-GSA administered facilities leased by the Navy that are subject to the provisions of reference (b) and reference (p)

3. MAINTENANCE

a. Definitions. Maintenance is the recurring, day-to-day, periodic, or scheduled work required to sustain a facility to such a condition that it may be used for its designated purpose. The term includes work undertaken to prevent damage to a facility that otherwise would be more costly to repair.

b. Maintenance Programming

(1) Maintenance shall be funded from appropriations available for O&M (e.g., O&M,N, O&M,NR, NWCF, Research, Development, Test, and Evaluation, Navy (RDT&E,N)) as derived by the facilities sustainment model (FSM).

(2) Energy and water efficiency best practices shall be implemented for all recurring and specific maintenance regardless of funding type or delivery vehicle.

4. ASSOCIATED PERSONAL PROPERTY EQUIPMENT INSTALLATION

a. Definitions. Personal Property: See chapter 1, paragraph 2c for definition.

b. Personal Property Equipment Installation - Existing Facilities

(1) Real property non-structural work (including provision of ancillary real property equipment) required to support the installation of personal property equipment in an existing facility (such as the installation of raised floors or secondary utility work necessary to connect the equipment) shall be considered an integral part of the personal property equipment costs and financed from funds available for personal property procurement. However, if the modifications to the real property include structural changes, they shall be considered investment costs and are classified and budgeted as real property construction (see chapter 3, paragraph 2). The personal property equipment and ancillary real property

equipment procurement and installation costs shall be itemized in the personal property equipment installation project cost estimate. See reference (c), volume 2A, chapter 1, paragraph 010201.E.2; reference (c), volume 3, chapter 17, paragraph 170304-170307; and reference (d), paragraph 075361 for additional clarification. For installation into an existing facility, personal property equipment procurement and installation costs (financed from funds available for personal property procurement) include:

(a) Personal property equipment transportation, unpacking, assembly, attachment (including connection), testing, and commissioning.

(b) Incidental non-structural modifications and alterations to the real property facility (including provision of ancillary real property equipment) such as: temporary removal and reinstallation of portions of existing walls, roofs, utility systems, and appurtenances to permit installation of equipment, or secondary utility work necessary to connect equipment to existing utilities services within a facility such as between the primary entry (or source of utilities into a facility) and the personal property equipment to be served. Reference (c), volume 3, chapter 17, paragraph 170307 and volume 2A, chapter 1, paragraph 010201 E (2).

(2) Relocating and making the final connections of relocated personal property equipment from one location to another is the responsibility of the command that directs the relocation. In most cases, this is the command that has custody of the personal property equipment being relocated.

c. Personal Property Equipment Installation - New Facilities. The construction of new real property facilities shall be complete and the facility ready to receive the associated personal property. All known real property requirements incidental to the installation of personal property equipment (such as utilities, raised floors, foundations, building air conditioning, and building ventilation) shall be included as a real property facility funded project cost. See reference (c), volume 2A, chapter 1, paragraph 010201.E.1 and volume 3, chapter 17, paragraph 170102.L.3.

CHAPTER 4
TYPES OF FUNDING

1. FUNDS AVAILABLE FOR OPERATION AND MAINTENANCE. Funds available include O&M,N, O&M,NR, RDT&E,N, NWCF, NAF or commissary surcharge funds.

a. Special Interest Codes. Special interest code identification is a managerial and budgetary tool for O&M,N and O&M,NR appropriations. Special interest codes are included under the facility investment in the Installation Management Accounting Project core business model (available per chapter 1, subparagraph 2b(8)). The special interest code structure aligns the process of Planning, Programming, Budgeting, and Execution. The special interest codes under Facility Investment are:

- (1) Sustainment, ST
- (2) Restoration and Modernization, RM
- (3) New Footprint, NF
- (4) Demolition, DE

b. Work Classification and Special Interest Codes. Identifying types of funding for appropriation and budgetary purposes is separate from the classification of work required to adhere to governing laws. Special interest code funds may be used for funded and or unfunded costs as specified in the following paragraphs of this chapter. Funded and unfunded costs determinations are used to determine the appropriate source of funds (i.e., MILCON or funds available for O&M) and the approval authority. Figure 4.1 depicts the relationship between work classification types of construction and repair to APF types (special interest code) by individual project scope requirement or element.

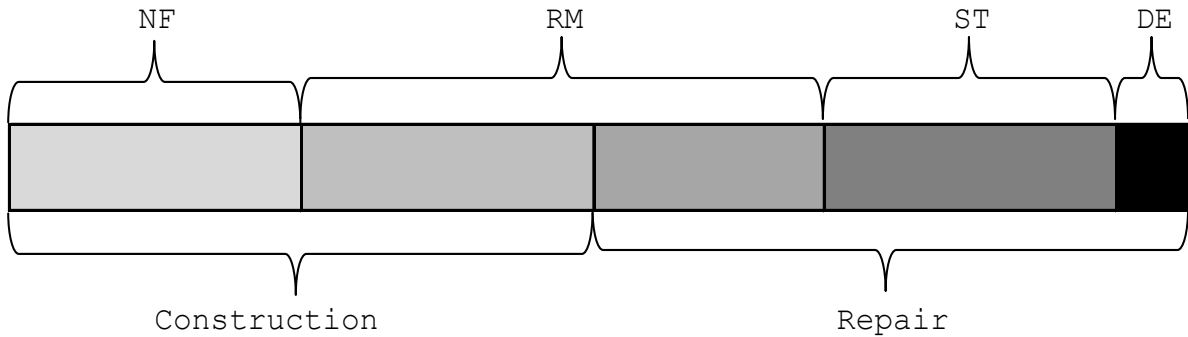


Figure 4.1 Relationship Between Work Classification and Special Interest Codes

c. Sustainment, ST

(1) Definition. ST is defined as the maintenance and repair activities necessary to keep a typical inventory of facilities in good working order. ST includes regularly scheduled maintenance as well as cyclical repairs or replacement of components that occur periodically over the expected service life of the facilities (e.g., roof or HVAC replacement). Due to obsolescence, sustainment alone does not keep facilities "like new" indefinitely, nor does it extend their service lives (see UFC 3-701-01). A lack of full ST results in a reduction in service life that is not recoverable in the absence of recapitalization funding. Repair or replacement required earlier than expected due to a lack of sustainment is restoration. ST can be classified as RM.

(2) Determining Sustainment Requirements. Annual facility sustainment requirements are generated using the FSM, which is published annually by OSD. FSM tables cover the budget year (BY) and each year of the Future Years Defense Plan (FYDP). All facilities listed in iNFADS are categorized into 4-digit DoD FAC. Note that a single facility may contain multiple FACs. FSM applies sustainment unit costs by FAC (published in UFC 3-701-01, DoD Facilities Pricing Guide), area cost factors, and inflation against the facilities listed in iNFADS (see figure 4.2) to determine the total sustainment requirement by service and by maintenance source fund type (O&M,N, O&M,NR, RDT&E,N, NWCF, etc). For unique Navy facilities and sustainment costs not modeled by OSD (for example maintenance dredging), Navy provides those sustainment requirements separately for inclusion in the annual FSM tables.

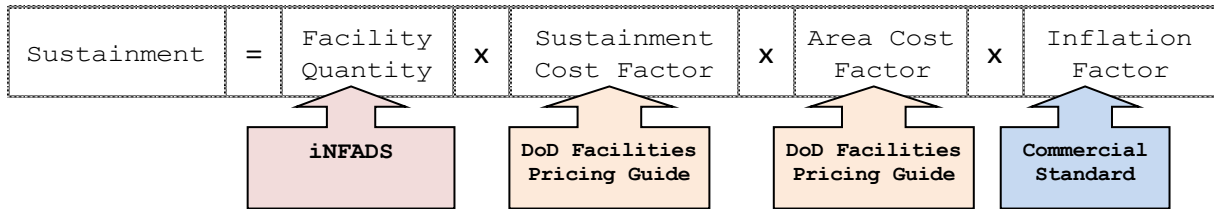


Figure 4.2 Determining Facility Sustainment Requirements

d. Restoration and Modernization, RM

(1) Definition. RM is defined as renovation or reconstruction activities (including facility replacements) needed to keep existing facilities modern and relevant in an environment of changing standards and missions. RM extends the service life of facilities, restores lost service life, or updates and or alters a facility for adaptive reuse. RM includes restoration and modernization or replacement of facilities but not the acquisition of new facilities. RM may also include the demolition of deteriorated facilities if demolition is part of the renovation process.

(2) Work Classification. RM can be classified as repair or construction.

(a) Restoration. Restoration (classified as repair) includes repair and replacement work to restore facilities damaged as a result of inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes to such a condition that it may be used for its designated purpose reference (c), volume 2A, chapter 1, paragraph 010224. However, complete replacement is classified as construction.

(b) Modernization. Modernization (classified as construction) includes alteration or replacement of non-degraded facility components solely to implement new or higher standards (see chapter 3, paragraph 1b(1) for certain exceptions), to accommodate new functions (e.g., conversion that changes functional purpose from warehouse to admin), or to replace building functions that typically last more than 50 years (e.g., modify structural members to support new equipment or reuse) reference (c), volume 2A, chapter 1, paragraph 010224.

(3) Consolidation Resulting From Demolition.

Consolidation may include the cost of relocating personnel and functions necessary to vacate a building. These costs are not a facilities project cost but may be funded with RM as a program cost.

(4) Determining RM Requirements. Annual RM requirements are determined using the Shore Facilities Investment Model taking into account the planned sustainment rate (as a percentage of FSM), annual new footprint, MILCON recapitalization, and demolition projections. The Shore Facilities Investment Model generates the annual requirement to recapitalize facilities to an average Navywide installation figure of merit goal determined by the CNO across the FYDP.

e. New Footprint, NF

(1) Definition. NF is defined as construction addressing facility requirement deficiencies within all applicable statutory construction thresholds (see chapter 3, paragraph 2b(1)(a) limits for minor construction projects that are non-MILCON funded). This includes both construction of new facilities and expansion of existing facilities.

(2) Determining NF Requirements. NF requirements are usually the result of individual installation or tenant command mission changes. NF requirements can also arise as a result of quantity deficiencies identified in the FPD. The feasibility of renovating or modernizing existing assets as well as other viable alternatives analysis (consolidation or reconfiguration etc.) to avoid NF should be thoroughly explored before determining there is a new facility requirement. In some cases alternative analysis to meet the requirement should include multiple installations or regions.

f. Demolition, DE

(1) Definition. DE is defined as the dismantling, disposal, and removal of a real property facility (either partially or in its entirety) and associated costs to close openings and secure utilities. The work classification for the DE special interest code is repair; however certain demolition activities may also be classified as construction. See chapter 3, paragraph 1b(3) for clarification. As a budgetary and

managerial tool, DE may include funded and unfunded costs. As such, DE may also include the consolidation cost of relocating personnel and functions necessary to vacate a building which is an unfunded cost.

(2) Determining DE Requirements. DE requirements are generated at the installation or regional level with top down data-driven guidance from senior leadership. The intent is to reduce unnecessary infrastructure and optimize limited maintenance funding.

(3) DE Funding

(a) Where applicable, DE required to clear sites for a MILCON funded project shall be included in the MILCON funded project scope. DE needed to support NAF projects shall be shown in project documentation but may be funded from appropriations available for O&M.

(b) DE associated with clearing site and excessing existing NAF facilities shall be funded by O&M,N per reference (j), enclosure 4, footnote 13.

2. MILCON. The term "MILCON" as used in this instruction refers to funds from appropriations provided by a Military Construction and Veterans Affairs and Related Agencies Appropriations Act (or comparable legislation) for military construction as authorized by an NDAA or other statutes. See chapter 3, paragraph 2 for key definitions. See chapter 6 for additional information regarding the programming and execution of MILCON funded projects.

3. PROCUREMENT FUNDS. See chapter 3, paragraph 4 regarding use of procurement funds for real property facility modifications or additions associated with personal property equipment installation.

4. NAF, Commissary Surcharge, Privately Funded Projects and NWCF. See chapters 9 and 10.

CHAPTER 5
SPECIAL PROJECTS

1. GENERAL INFORMATION. All BSOs must use a centrally managed approval process for repair or maintenance projects over the special project funding limit. A special project is a project whose funded cost exceeds \$750,000, and for the portion of work classified as construction, is below the MILCON threshold (see chapter 3, subparagraph 2b(1)(a)). For determining if a project is within the above limits as specified in appendix B, use total funded project cost including all funded costs as defined in chapter 1, subparagraph 2c(13), and excluding all unfunded costs as defined in chapter 1, subparagraph 2c(14). Project scope must be per classification of work policy as defined in chapter 3. A special project ideally evolves from validated requirements.

2. SPECIAL PROJECT PROGRAM OBJECTIVE MEMORANDUM (POM). The special project program is a subset of the BSO budget submission and is consistent with the DoD Planning, Programming, Budgeting, and Execution System (PPBES).

a. Project Documentation and Integrated Priority List (IPL) Module of iNFADS. Electronic Project Generator (EPG) must be used for DD 1391 preparation, review, and approval by Navy installations, regions, CNIC, COMNAVFACENGCOM, and OPNAV and must be linked to the IPL module in iNFADS from EPG as directed by CNIC.

b. Project Development. Key aspects include:

(1) Installations must develop DD 1391s to address Navy requirements following the most recent strategic guidance. They are required to contain information that adequately explains and justifies projects to budget and decision makers at all levels.

(2) DD 1391s must include supporting documentation to the extent necessary to communicate the location, scope, complexity, cost, justification, and urgency of the project. The amount of detail for each element should be appropriate to the complexity, scale, and cost of the related work. The justifications and cost estimates are critical factors in selecting and prioritizing projects.

(3) DD 1391s are required for all projects over \$750,000 (see "Funding Authority Diagram" in appendix B). CNIC or

regions, or warfare enterprises and providers may set lower cost thresholds to correspond to approval authority delegated to installations and subordinate commands.

(4) DD 1391 project documentation must include, but is not limited to:

(a) Clear and specific communication of project requirements, intent and justification for the project.

(b) Description of project's operational impact on missions and personnel, and impact if not funded.

(c) Description of how and under what conditions the requirement is presently being met.

(d) Classification of work.

(e) Identification of facility investment special interest codes.

(f) Identification of appropriation(s) or funding source.

(g) Detailed cost estimates that are accurate for the project requirements, including all funded and unfunded project costs.

(h) When a special project includes energy efficiency improvements, but is not classified as an energy project, an energy return on investment (eROI) calculation shall be completed.

(i) Phased costs (see chapter 5, paragraph 3c).

(j) The attachment of all supporting documentation (i.e., site approval, NEPA, site plans, economic analysis, and cultural resource documents) as required for the project.

(k) A formal net present value life-cycle economic analysis per reference (q) is required for:

1. Any special project with an estimated cost that is greater than 50 percent of the facility plant replacement value.

2. Special projects whose costs exceed \$2 million. Maintenance dredging does not require an economic analysis. DE projects do not require an economic analysis unless project includes repair for consolidation.

c. Programming Cycle. FYDP outlining the resources proposed for the next 5 years (including the current program year) shall be developed for the POM.

d. Programming Guidance. As the shore integrator, CNIC shall provide a systematic, deliberate, and consistent approach to identify investment requirements following specific programming guidance (currently accomplished via the CNIC special projects development and assessment warning order (WARNORD) for shore POM). OPNAV N46 shall assess special project requirements and program accordingly within fiscal constraints.

e. NWCF Project and Programming Guidance. NWCF sustainment, restoration, and modernization (S/RM) projects are prioritized and programmed by the BSO responsible per their respective guidance. Completed DD 1391 routing requirements are shown in appendix B. See chapter 10 for additional information.

3. ADDITIONAL SPECIAL PROJECT GUIDANCE

a. Higher Authority Approval for Special Projects

(1) In addition to BSO project validation, projects exceeding \$7,500,000 must be submitted by CNIC via OPNAV N46 to ASN(EI&E) for approval and congressional notification. The section 2811 of reference (g), congressional notification requirements must be met before issuing a contract award or change order that results in the total funded project cost exceeding \$7,500,000. OPNAV N46 shall forward projects that require congressional notification to ASN(EI&E) for approval. Upon ASN(EI&E) approval, the DON congressional liaisons shall forward notifications to the appropriate committees of Congress (HAC, SAC, HASC, and SASC). The project may then be awarded

only after the end of the 14-day period beginning on the date on which a copy of the notification is provided in an electronic medium to the appropriate committees of Congress.

(a) Installations and regions must verify with CNIC that the ASN(EI&E) approval has been granted and the congressional notification phase is completed. No project shall be awarded until ASN(EI&E) approval and congressional notification process is complete. See section 2811 of reference (g).

(b) Phased special projects shall consider the sum of all phases for congressional notification threshold.

(2) Regions requesting ASN(EI&E) project approval may submit completed documentation to CNIC (for ASN(EI&E) approval via OPNAV N46) in the FY prior to the year of execution to ensure sufficient review and approval time to meet award.

(3) Once approved by ASN(EI&E) at a specific cost level, if that amount is exceeded by more than 25 percent during execution, ASN(EI&E) must approve the change in cost. ASN(EI&E) may require congressional notification as deemed appropriate. The following supporting information is required to notify ASN(EI&E):

(a) Summary of project costs to date.

(b) Submit an updated DD 1391 showing the original costs as well the new costs. A clear distinction between new and old work must be shown on the updated DD 1391.

(c) Regions in coordination with the contracting agent handling the contract must advise OPNAV N46 via CNIC of pending changes that will result in exceeding the original award amount of the contract.

(4) Any special project(s) that includes minor construction and combines APF and NAF funds in a single undertaking must also be approved by ASN(EI&E). These projects shall be submitted by CNIC via OPNAV N46. See chapter 9 for more information on where APFs can be used to support NAF construction.

b. Combination Special Projects. Combination projects consist of more than one classification of work or more than one special interest code. Special projects containing construction generally require special handling during execution because of funding threshold concerns. Construction cost accounting will be finalized at award.

c. Special Project Phasing. Projects may be phased to ensure efficient use of available resources. Each phase must be complete and usable in and of itself such that the facility is left operational between phases or in the event phases are delayed or never completed. Projects must not be phased for purposes of incrementation. See chapter 2, subparagraph 3b, for information regarding unauthorized incrementation.

(1) Phased Special Project Documentation: The project documentation must include the scope and cost of each phase. In addition, phased projects that include minor construction must show the construction cost in each phase and sum of construction costs to ensure that the minor construction threshold (see chapter 3, subparagraph 2b, and appendix B) is not exceeded.

(2) Special Project Scope and Validation: The entire project scope (all phases) must be submitted for approval and validation prior to funding of any individual phases.

d. Energy Projects

(1) Energy projects are projects for facility or utility system upgrades; either construction, sustainment, restoration or modernization; conceived and developed for the purpose of increasing energy efficiency, security or sustainability, in which the majority of the scope of work is directed at energy efficiency, enabling energy smart infrastructure, or renewable energy. Typical projects are those where the core investment reduces utility costs through energy savings, water savings, and or reduced emissions, such that the energy and non-energy (maintenance savings) are considered life cycle cost effective when the savings investment ratio is greater than 1.0.

(2) O&M,N energy projects must normally be funded with RM (energy coded).

(3) In order to be considered for RM (energy coded) funding, energy project submittal shall be submitted per reference (r).

(4) Measurement and verification (M&V) on energy projects shall be conducted to obtain performance metrics for the energy program, achieve better management of energy projects, and ensure the energy savings continue to be achieved for the duration of the payback period.

(a) The U.S. Department of Energy Federal, Energy Management Program M&V Guidelines for Federal Energy Projects should be used as a technical guide for application of M&V options, including: combination direct and estimated parameters over time; direct measurements of all key parameters used for savings calculation; whole-building utility meter data analysis; modeling and simulation validated with real data.

(b) Document non-energy savings, such as: savings from elimination of a maintenance contract; savings from reduction in government O&M staff; and savings from decreased need for replacement equipment and material.

e. Self-Help Projects. DoD policy requires that real property projects must be accomplished through the most economic means available, consistent with military and statutory requirements. When military labor is available, a self-help program can make such improvements using military personnel for maintenance, repair, and construction. All self-help projects shall be in compliance with reference (s).

4. SPECIAL PROJECT EXECUTION

a. O&M Appropriation Expiration and Availability of Funds

(1) O&M funds are generally only appropriated for 1 year for new contract obligations (specifically, before the end of the fourth quarter of the FY the funds were appropriated). At the end of 1 year, the O&M appropriations expire and shall only be used for within scope contract adjustments.

(2) Funds from expired appropriations are only available for payment of expenses properly incurred during the availability period or to complete contracts properly made

within that availability period (see sections 1502 and 1533 of title 31, U.S.C.). When the contracting officer has determined that additional O&M funds are required to complete the contract for within scope cost adjustment and prior year funds are available (expired but not canceled) within the O&M expiration period, prior year funds may be accessed only through the CNIC upward obligation process. If prior year funds are not available or approved through the CNIC upward obligation process, current year funding may be required. All O&M funding must be expensed within the FY plus 5-year period. Prior year funds are not available at the installation or region level. Out-of-scope contract modifications must be funded using current year appropriation and are generally funded at the installation or region level. Additional approvals for the projects must be obtained in advance of additional obligations if limits of authority are expected to be exceeded. NF projects must remain below minor construction threshold for total project cost including all in-scope and out-of-scope contract modifications.

(3) At the end of the 5-year expiration period (5 years after availability period or when funds expire; 6 years after appropriation of O&M funds used to initially award the project), the O&M appropriation is closed (canceled) and is no longer available for the payment of un-liquidated obligations and no additional disbursements can be made. To correct errors or if it becomes necessary to adjust an obligation that otherwise would have been properly chargeable (both as to purpose and amount) to an O&M appropriation following closure or cancellation, the obligation must be charged to an appropriation currently available for the same purpose subject to certain limitations discussed in reference (c), volume 3, chapter 10, paragraph 100201.F.

b. Upward Obligation. A contract change upward obligation is a change to a contract, citing the prior year funds, under which the contractor is required to perform additional work, within the scope of the original contract and FY of the funds cited. DON guidance concerning upward obligations is contained in ASN(FM&C) memorandum "Guidance for Administration of Appropriations After the Period of Availability." The memorandum is available on the Program Budget Information System Web site (<https://pbisdb.nmci.navy.mil/pbis/Pbis.ctrl>) under "Guidance/ Execution Guidance/General."

CHAPTER 6
MILCON PROJECTS

1. GENERAL INFORMATION. MILCON projects are all major construction projects and UMC projects exceeding the limits of section 2805 of reference (g), for non-MILCON funded minor military construction projects. See chapter 3, paragraph 2 for key definitions and limits. MILCON projects may include work classified as repair in addition to work classified as construction. A MILCON project ideally evolves from a facilities requirement determination during planning to the project being programmed following strategic guidance. Preliminary design to support programming project development begins with preliminary design authority issuance by COMNAVFACENGCOM echelon 2 CI MILCON. Enactment (congressional authorization and appropriation signed into law) of major construction projects typically represents the culmination of planning, programming, and budgeting efforts. Final design execution begins with final solicitation document design authority issuance by COMNAVFACENGCOM echelon 2 CI MILCON. Construction execution begins with construction contract award and culminates with transfer and acceptance by the real property accountable officer (RPAO) (see chapter 7).

2. DON BUDGET MILCON PLANNING AND PROGRAMMING. The DON budget (MCON and MCNR) is a subset of the DoD's budget, the President's budget, and the United States Government (enacted) budget. The DON budget process as defined in the DON Budget Guidance Manual is consistent with the Federal budget process and the DoD PPBES. See DON Budget Guidance Manual for additional information.

a. Project Documentation. The EPG application maintained by NAVFACENGCOM shall be used for DD 1391 preparation, review, and approval by Navy installations, regions, CNIC, NAVFACENGCOM, and OPNAV.

b. Project Development. The project development process for the typical annual MCON and MCNR programs is the MILCON Team planning and programming process (MTP3) based on MTP3 Process Improvement Report of 18 March 2008 (endorsed by OPNAV N46 on 2 June 2008). The current MTP3 process is summarized in appendix D. COMNAVFACENGCOM echelon 2 CI MILCON shall maintain and

update the MTP3 process as needed. Contact COMNAVFACENGCOM echelon 2 CI MILCON for the latest version of the MTP3 process. Key aspects of the current MTP3 process include:

(1) Installation-Public Works Department (PWD) Final DD 1391 (Mar BY minus 3): Installations shall develop DD 1391s to address Navy requirements following the most recent strategic guidance.

(2) Region Validated Final DD 1391 with Project Readiness Index (PRI) #1 (Mar BY minus 3): Regions shall evaluate and endorse installation-PWD final DD 1391s prior to submission for programming consideration.

(3) Region-Facilities Engineering Command (FEC) Team Final DD 1391 (Nov BY minus 2): COMNAVFACENGCOM echelon 2 shall initiate by issuing preliminary design authority for projects recommended by CNIC and approved by OPNAV N46. NAVFACENGCOM echelon 4 FEC should lead the project development team. This effort represents completion of a substantial portion of the project development effort and should be used as the basis for the budget level scope, cost, and schedule.

(4) Consistency Review Board (Dec BY minus 2): COMNAVFACENGCOM echelon 2 should convene a consistency review board each December to provide a centralized review of project documentation prior to budget lock. COMNAVFACENGCOM echelon 2 shall issue consistency review board results to facilitate completion of FEC cost update and program final DD 1391 documentation.

(5) Program Final DD 1391 (Jan BY minus 2): NAVFACENGCOM echelon 4 FEC should submit program final DD 1391 documentation.

(6) Budget Final DD 1391 with PRI #2 (Jun BY minus 2): COMNAVFACENGCOM echelon 2 should review program final DD 1391 documentation and incorporate any required adjustments. Documentation shall be coordinated with OPNAV to ensure it matches MILCON program and utilized for the budget books containing the DD 1391 budget estimate justification data documents (also known as military construction project data documents) submitted to ASN(FM&C).

(7) Financial Management Budget (FMB) Final DD 1391 (Sep BY minus 2): COMNAVFACENGCOM echelon 2 shall incorporate changes to address ASN(FM&C) comments for the budget books containing the DD 1391 budget estimate justification data documents (also known as military construction project data documents) submitted to OSD.

(8) OSD Final DD 1391 (Feb BY minus 1): COMNAVFACENGCOM echelon 2 shall incorporate changes to address OSD comments for the budget books containing the DD 1391 budget estimate justification data documents (also known as military construction project data documents) submitted to Congress.

(9) As Enacted DD 1391 (Nov BY minus 0): COMNAVFACENGCOM echelon 2 shall incorporate changes to match project as enacted by law (both authorization and appropriation).

c. Programming Cycle. FYDP outlining resources proposed for the next 5 years (including the current BY) shall be developed for the POM.

d. Programming Guidance

(1) CNIC shall publish annual project development guidance comprising of project submission process, timetable, scoring factors, and references in the form of a WARNORD. CNIC shall facilitate evaluation of all U.S. Navy "Blue" MILCON following approved analytical hierarchy model to develop globally prioritized MILCON requirements. CNIC shall submit U.S. Navy "Blue" MILCON requirements to OPNAV N46 per specific programming guidance.

(2) MILCON requirements shall be submitted via iNFADS IPL module following annual CNIC WARNORD guidance. An economic analysis per reference (q) is required for each MILCON project to ensure it is the most cost effective solution. All projects shall be submitted at full cost (see Office of Management and Budget Circular A-11 and reference (c), volume 2A, chapter 1, paragraph 010107.B.28 and volume 2B, chapter 6, paragraph 060301.B.1.e).

(3) OPNAV N46 shall assess U.S. Navy "Blue" MILCON requirement and program accordingly within fiscal constraints. U.S. Navy "Blue" MILCON program shall be submitted to Director, Programming (OPNAV N80), FMB, and OSD per programming guidance.

3. EXCEPTIONAL MILCON AUTHORITIES

a. MILCON Funded UMC. See section 2805 of reference (g).

(1) Chapter 3, paragraph 2b(1)(b) contains definition and limits for MILCON funded UMC. Annual legislation provides lump sum MILCON appropriations for UMC projects which are resourced by OPNAV N46, managed by CNIC, and executed by COMNAVFACENGCOM. Use of this authority requires approval by SECNAV (delegated to ASN(EI&E) and written notification to the appropriate committees of Congress (HASC, SASC, SAC, and HAC). The project may then be carried out only after the end of the 14-day period beginning on the date on which a copy of the notification is provided in an electronic medium to the appropriate committees of Congress. Requests shall be prepared by CNIC in coordination with COMNAVFACENGCOM and submitted via OPNAV N46 to ASN(EI&E).

(2) Exercise related construction (ERC) is MILCON funded unspecified minor military construction outside the United States managed by the Joint Staff in support of the Joint Chiefs of Staff Exercise Program. The SecDef has delegated to the Director, Joint Staff approval and congressional notification authority for ERC as governed by sections 2801 and 2805 of reference (g). ERC funds are appropriated as part of the annual MILCON budget request under the Defense-wide, unspecified worldwide locations, UMC heading and allocated to the "Joint Chiefs of Staff." The geographic combatant commanders (GCC) share this appropriation based on program requirements within their areas of responsibility. The GCCs have overall responsibility for project coordination with host nations, planning, programming, design, construction execution, quality control, and by-project cost accounting. See reference (t) for additional information.

(3) Projects solely for the acquisition of land do not qualify under UMC authority (reference (c), volume 3, chapter 17, paragraph 170102.I.1.).

b. Major Restoration or Replacement of Damaged or Destroyed Facilities. See section 2854 of reference (g), SECNAV (delegated to ASN(EI&E)) may repair, restore, or replace facilities that have been damaged or destroyed (not by neglect) using amounts appropriated for military construction (MILCON appropriations) that have not been obligated for other purposes when the total project cost is greater than the maximum amount for a UMC project (see chapter 3, paragraph 2b(1)(b)). It is expected that any replacement facility would use current design and material criteria and may be increased in size to meet current mission and functional requirements (see HR 97-612 concerning Public Law 97-214, Military Construction Codification Act of 1982). Requests shall be prepared by NAVFACENGCOM and submitted to ASN(EI&E) via OPNAV N46 for approval. Upon approval, ASN(EI&E) will submit notification including a report in writing to the appropriate committees of Congress (HASC, SASC, SAC, and HAC). The project may then be carried out only after the end of the 7-day period beginning on the date on which a copy of the notification is provided in an electronic medium to the appropriate committees of Congress. Funding requires separate reprogramming approval by the appropriate committees of Congress (HAC and SAC). See reference (c), volume 3, chapter 7.

c. Emergency Construction. See section 2803 of reference (g), SECNAV (delegated to ASN(EI&E)) may carry out a military construction project not otherwise authorized by law if it is determined that:

(1) the project is vital to the national security or to the protection of health, safety, or the quality of the environment; and

(2) 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 or the protection of health, safety, or environmental quality, as the case may be. The maximum amount that the Secretary may obligate in any FY under "emergency construction" authority is \$50 million. There is no provision for emergency construction for the Reserve components (reference (c), volume 3, chapter 17, paragraph 170102.E.6). Requests shall be prepared by NAVFACENGCOM and submitted to ASN(EI&E) via OPNAV N46 for approval. Upon approval, ASN(EI&E) should submit notification including a report in writing to the appropriate

committees of Congress (HASC, SASC, SAC, and HAC). The project may then be carried out only after the end of the 7-day period beginning on the date on which a copy of the notification is provided in an electronic medium to the appropriate committees of Congress. Funding requires a separate reprogramming approval by the appropriate committees of Congress (HAC and SAC). See reference (c), volume 3, chapter 7.

d. Contingency Construction. See section 2804 of reference (g).

(1) Within the amount appropriated for such purpose, the SecDef may carry out a military construction project not otherwise authorized by law, or may authorize the Secretary of a Military Department to carry out such a project, if the SecDef determines that the deferral of the project for inclusion in the next NDAA would be inconsistent with national security or national interest.

(2) Use of this authority requires SecDef approval and written notification to the appropriate committees of Congress. This authority permits the transfer of funds from the Military Construction, Defense-wide appropriation to other DoD appropriations available for military construction. When a decision is made to use this authority, the SecDef shall notify the appropriate committees of Congress (HASC, SASC, SAC, and HAC). The project may then be carried out only after the end of the 7-day period beginning on the date on which a copy of the notification is provided in an electronic medium to the appropriate committees of Congress.

(3) This authority is generally reserved for projects that support multi-service requirements. Urgent projects that support only one service should generally be authorized by the respective Service Secretary as emergency projects under section 2803 of reference (g). Requests for use of section 2804 of reference (g) authority is generally submitted by the unified commands. The section 2804 of reference (g) authority is similar to the section 2803 of reference (g) authority except Congress provides an annual appropriation for section 2804 of reference (g) projects. Per DoD Directive 4270.5 of 12 February 2005, paragraph 4.2 and reference (c), volume 3, chapter 7; use of available funds does not require a separate reprogramming approval by Congress.

e. War or National Emergency Construction. See section 2808 of reference (g).

(1) In the event of a declaration of war or the declaration by the President of a national emergency under the National Emergencies Act (see section 1601 of title 50, U.S.C.), the SecDef, without regard to any other provision of the law, may undertake military construction projects, and may authorize the Service Secretary to undertake military construction projects, not otherwise authorized by law that are necessary to support such use of the armed forces.

(2) When a decision is made to undertake military construction projects under section 2808 of reference (g), the SecDef shall notify the appropriate committees of Congress (HASC, SASC, SAC, and HAC) of the decision and of the estimated cost of the construction projects, including the cost of any real estate action pertaining to those construction projects. See DoD Directive 4270.5 of 12 February 2005.

(3) Such projects shall be undertaken only within the total amount of funds that have been appropriated for military construction (MILCON appropriations), including funds appropriated for family housing, that have not been obligated. Per DoD Directive 4270.5 of 12 February 2005, paragraph 4.2 and reference (c), volume 3, chapter 7; use of available funds does not require a separate reprogramming approval by Congress.

(4) Use of section 2808 of reference (g), authority shall terminate at the end of the war or national emergency.

f. Urgent Land Acquisition. See section 2663 of reference (g).

(1) SECNAV (delegated to ASN(EI&E)) may acquire any interest in land in any case in which the Secretary determines that:

(a) the acquisition is needed in the interest of national defense;

(b) the acquisition is required to maintain the operational integrity of a military installation; and

(c) considerations of urgency do not permit the delay necessary to include the required acquisition in an annual Military Construction Authorization Act.

(2) Requests shall be prepared by NAVFACENGCOM and submitted to ASN(EI&E) via OPNAV N46 for approval. Not later than 10 days after the date on which SECNAV determines to acquire an interest in land under section 2663 of reference (g), NAVFACENGCOM (following reference (b)) shall submit notification containing a description of the property, description of the interest to be acquired, and the reasons for the acquisition to the appropriate committees of Congress (HASC, SASC, SAC, and HAC). Funding requires a separate reprogramming approval by the appropriate committees of Congress (HAC and SAC). See reference (c), volume 3, chapter 7.

g. Industrial Facility Investment. See section 2861 of reference (g).

(1) The SecDef may carry out a military construction project not previously authorized, for the purpose of carrying out activities under section 2474(a)(2) of reference (g), using funds appropriated or otherwise made available for that purpose in military construction accounts. Funds appropriated or otherwise made available in an FY for the purpose of carrying out a military construction project with respect to a covered depot (as defined in section 2476(e) of reference (g)) may be credited to the amount required to be invested in the capital budgets of the covered depots in that FY.

(2) When a decision is made to use this authority, the SecDef shall notify the appropriate committees of Congress (HASC, SASC, SAC, and HAC) of that decision and the savings to be realized from the project. The project may then be carried out only after the end of the 14-day period beginning on the date on which a copy of the notification is provided in an electronic medium to the appropriate committees of Congress.

h. Acquisition Of Existing Facilities. See section 2813 of reference (g).

(1) Acquisition authority: Using funds appropriated for a military construction project authorized by law for a military installation, SECNAV (delegated to ASN(EI&E)) may acquire an

existing facility (including the real property on which the facility is located) at or near the military installation instead of carrying out the authorized military construction project if the Secretary determines that:

(a) the acquisition of the facility satisfies the requirements of the military department concerned for the authorized military construction project; and

(b) it is in the best interests of the United States to acquire the facility instead of carrying out the authorized military construction project.

(2) Modification or conversion of acquired facility:

(a) As part of the acquisition of an existing facility under chapter 6, paragraph 3h(1), SECNAV (delegated to ASN(EI&E)) may carry out such modifications, repairs, or conversions of the facility as the Secretary considers to be necessary so that the facility satisfies the requirements for which the military construction project was authorized.

(b) The costs of anticipated modifications, repairs, or conversions under chapter 6, paragraph 3h(1)(a) are required to remain within the authorized amount of the military construction project. SECNAV (delegated to ASN(EI&E)) shall consider such costs in determining whether the acquisition of an existing facility is more cost effective than carrying out the authorized military construction project and in the best interests of the United States.

(3) A contract shall not be entered into for the acquisition of a facility under this authority until SECNAV (delegated to ASN(EI&E)) transmits to the appropriate committees of Congress (HASC, SASC, SAC, and HAC) a written notification of the determination to acquire an existing facility instead of carrying out the authorized military construction project. The notification shall include the reasons for acquiring the facility. After the notification is transmitted, the Secretary may then enter into the contract only after the end of the 14-day period beginning on the date on which a copy of the report is provided in an electronic medium to the appropriate committees of Congress.

i. Energy Conservation Construction. See section 2914 of reference (g).

(1) The SecDef may carry out a military construction project for energy conservation, not previously authorized, using funds appropriated or otherwise made available for that purpose.

(2) When a decision is made to carry out a project under this section, the SecDef shall notify in writing the appropriate committees of Congress of that decision. The project may then be carried out only after the end of the 14-day period beginning on the date on which a copy of the notification is provided in an electronic medium to the appropriate committees of Congress.

j. Sale of Electricity Construction. See section 2916 of reference (g).

(1) SECNAV may sell, contract to sell, or authorize the sale by a contractor to a public or private utility company of electrical energy generated from alternate energy or cogeneration type production facilities which are under the jurisdiction (or produced on land which is under the jurisdiction) of SECNAV. The sale of such energy shall be made under such regulations, for such periods, and at such prices as SECNAV prescribes consistent with the Public Utility Regulatory Policies Act of 1978 (section 2601 of title 16, U.S.C.).

(2) Proceeds from sales under chapter 6, paragraph 3j(1) shall be credited to the appropriation account currently available to the military department concerned for the supply of electrical energy. Subject to the availability of appropriations for this purpose, proceeds credited may be used to carry out military construction projects under the energy performance plan developed by the SecDef under section 2911(b) of reference (g), including minor military construction projects authorized under section 2805 of reference (g) that are designed to increase energy conservation.

(3) When a decision is made to carry out a project under this chapter, SECNAV shall notify in writing the appropriate committees of Congress of that decision. The project may then be carried out only after the end of the 14-day period beginning

on the date on which a copy of the notification is provided in an electronic medium to the appropriate committees of Congress.

4. OTHER MILCON PROGRAMS

a. Defense Access Road Program. See section 210 of title 23, U.S.C. The Defense Access Road Program provides DoD a means to pay, through a MILCON funded project, its fair share for public highway improvements resulting from sudden or unusual defense-generated impacts. Installations shall request jurisdiction authority to fund and accomplish required improvements (or project concurrence from jurisdiction authority if jurisdiction authority is unable to fund improvements) prior to requesting approval through Defense Access Road Program. References (u) and (v) provide additional guidance.

b. Energy Conservation Investment Program (ECIP). ECIP is an OSD centrally managed program intended to provide projects that reduce energy consumption and utility costs. The project development process for an ECIP project aligns with the MTP3. The current MTP3 process is summarized in appendix D. Contact COMNAVFACENGCOM echelon 2 CI MILCON for the latest version of the MTP3 process. Submit proposed ECIP projects via CNIC Facilities and Environmental Division (CNIC N4) to OSD following OSD submission process for approval. Upon approval, funds are provided to the Military Departments for project execution.

c. Defense Medical MILCON Program. Defense Medical MILCON program is managed by the Office of the Assistant Secretary of Defense for Health Affairs TRICARE Management Activity and is funded by the DoD's Defense Health Program. This chapter applies to all active Navy medical and medical-related facilities.

d. DLA MILCON Program. MILCON projects for facilities at Navy installations that primarily support the DLA mission are programmed and sponsored by the DLA MILCON program office. Reference (w) establishes the policy, processes, and procedures for managing the DLA MILCON program and projects. For fuel terminals and stations, regions should coordinate MILCON requirements with the respective regional fuel office located at the Naval Supply Systems Command (NAVSUPSYSCOM) fleet logistics centers and assist with the planning and project documentation efforts. Proposed fuel facility MILCON funded projects shall be

submitted to DLA via the NAVSUPSYSCOM Energy Office, the naval fuels service control point. Informational copies of the DD 1391 should be submitted to the region. The NAVSUPSYSCOM Energy Office and the NAVFACENGCOCOM Engineering and Expeditionary Warfare Center are the technical subject matter experts for petroleum, oils, and lubricants (POL) facilities and can be consulted for adherence to POL-specific technical requirements.

5. MILCON CONSTRUCTION EXECUTION. Only MILCON projects which are authorized in the annual NDAA, similar legislation, or by exceptional authorities and for which APFs are available from a Military Construction and Veterans Affairs and Related Agencies Appropriations Act (MILCON Appropriations Act), similar legislation, or reprogramming approved by Congress, shall be executed for construction.

a. Limitation on Expediting. Funds appropriated for military construction (including military family housing) shall not be expended for additional costs involved in expediting a construction project unless the Service Secretary concerned certifies that expenditures for such costs are necessary to protect the national interest, and establishes a reasonable completion date for the project. In establishing such a completion date, the Secretary shall take into consideration the urgency of the requirement for completion of the project, the type and location of the project, the climatic and seasonal conditions affecting the construction involved, and the application of economical construction practices (see section 2858 of reference (g)).

b. Authorization Extension. Unless extended by legislation, initial project authorization will expire if no obligation is made for that project prior to the later of 1 October of the third FY after initial project enactment or the date of enactment of an act authorizing funds for military construction for third FY after initial project enactment (for example, for a project initially enacted in FY 2013, the later of 1 October 2015 or the date of FY 2016 NDAA enactment per Public Law 112-239, section 2002, 126 statute 2118.) Unless further extended by legislation, already extended project authorization will expire if no obligation is made for that project prior to the later of 1 October of the next FY after the latest extension was enacted or the date of enactment of an act authorizing funds for military construction for next FY after

latest extension was enacted. Requests for authorization extension shall be submitted to COMNAVFACENGCOM echelon 2 CI MILCON by the end of December of the FY prior to the current authorization expiration date (for a project initially enacted in FY 2013 and not previously extended, 31 December 2014). Requests submitted beyond this point in time will be considered but are at increased risk of not being satisfied. NAVFACENGCOM shall submit requests for extensions to ASN(EI&E) with a copy to ASN(FM&C), OPNAV N46, and CNIC. ASN(EI&E) forwards to OSD. OSD prepares the proposed extension language and coordinates with Congress to insert in the appropriate NDAA.

c. Appropriation Expiration and Availability. MILCON funds are generally available for new contract obligations for 5 years from appropriation (specifically, before the end of the fourth FY after the FY for which funds for such project were made available per applicable MILCON Appropriations Act). At the end of 5 years, the MILCON appropriations expire and shall only be used for contract adjustments (with few exceptions). For example, for a project initially enacted in FY 2013, MILCON appropriations remain available until (expire) 30 September 2017 (Public Law 113-6, Division E-Military Construction and Veterans Affairs, and related Agencies Appropriations Act, 2013; 127 statute 385). Funds from expired appropriations are only available for payment of expenses properly incurred during the availability period or to complete contracts properly made within that availability period (see sections 1502 and 1553 of title 31, U.S.C.). At the end of the 5-year expiration period (5 years after availability period or when funds expire; 10 years after project appropriation), the MILCON appropriation is closed (canceled), no longer available for the payment of unliquidated obligations, and no further payments can be made even if previously obligated except to correct errors (reference (c), volume 2A, chapter 1, paragraph 010107.B.25). For a project initially enacted in FY 2013, MILCON appropriations will be closed (canceled) 30 September 2022. General reductions and rescissions may reduce available funds prior to expiration or closure.

6. ENACTED MILCON PROJECT CHANGES

a. MILCON Project Scope

(1) MILCON project funds shall only be obligated for work required to provide a complete and usable primary facility (with required supporting facilities work and mitigation) satisfying the intent of Congress.

(a) The intent of Congress is defined in the DD 1391 marked "as enacted" by COMNAVFACENGCOM echelon 2 CI MILCON (best understanding of the project authorized by Congress and signed into public law). Additional clarification is provided by legislation, congressional committee report comments, testimony to congressional committees, congressional hearings witness data, and project development documentation.

(b) Per section 2853 of reference (g), "scope of work" refers to the function, size, or quantity of a facility or item of complete and useable infrastructure contained in the justification data provided to Congress as part of the request for authorization of the project, construction, improvement, or acquisition. The term "distinct facility" as used in this instruction is equivalent to "facility or item of complete and useable infrastructure".

(c) Each distinct facility should be included on the DD 1391 in the primary facilities portion of block 9 with the unit-of-measure ("UM") and associated quantity.

(d) Section 2853 of reference (g) requirements regarding scope shall be applied to each distinct facility independently (no tradeoffs of scope quantity allowed between distinct facilities).

(e) Unless specifically identified in the DD 1391 marked "as enacted" by COMNAVFACENGCOM echelon 2 CI MILCON, supporting facilities work and mitigation provided shall be limited to those required for a complete and usable primary facility meeting the intent of the as enacted project.

(f) Accomplishment of any supporting facilities work not included in the list of associated work and categories

stated in block 9 of the DD 1391 marked "as enacted" by COMNAVFACENGCOM echelon 2 CI MILCON requires approval by COMNAVFACENGCOM echelon 2 CI MILCON.

(2) MILCON Project Scope Redefinition. In situations where the scope as defined by the unit of measure and quantity of a distinct facility identified in block 9 of the DD 1391 marked "as enacted" by COMNAVFACENGCOM echelon 2 CI MILCON may not best reflect the intent of Congress, scope redefinition using an alternate metric may be requested. All requests for scope redefinition shall be submitted to COMNAVFACENGCOM echelon 2 CI MILCON for approval. Redefinition of scope will be considered under the following circumstances:

(a) Planning, design, or construction deficiencies uncovered after the project was budgeted that require corrective action in order to provide a complete and usable facility.

(b) Changes necessary to conform to a revised external requirement (e.g., laws, environmental permit requirements, building codes, or criteria revisions related to safety and adequacy).

(c) Changes in methods or technology disclose a superior means of accomplishment that logic or economics indicate should be adopted.

(3) MILCON Project Scope Increase (see section 2853 of reference (g)). The MILCON project scope shall not be increased above the quantity specified for any distinct facility in the justification data provided to Congress as part of the request for authorization (represented by the DD 1391 marked "as enacted" by COMNAVFACENGCOM echelon 2 CI MILCON). If the project scope as defined by the unit of measure and quantity of any distinct facility identified in block 9 of the as enacted DD 1391 is not considered to best reflect the intent of Congress, a COMNAVFACENGCOM echelon 2 CI MILCON approved scope redefinition is required.

(4) MILCON Project Scope Decrease (see section 2853 of reference (g) (MCON) or section 18233a of reference (g) (MCNR)). A reduction in the as enacted MILCON project scope of a distinct facility may be required due to funding limitations, a change in requirements, or a change in mission. MILCON project scope

decreases for projects where the distinct facility scope is defined as "lump sum" or otherwise difficult to quantify shall be submitted to COMNAVFACENGCOM echelon 2 CI MILCON for approval. If the project scope as defined by the unit of measure and quantity of any distinct facility identified in block 9 of the as enacted DD 1391 is not considered to best reflect the intent of Congress, a COMNAVFACENGCOM echelon 2 CI MILCON approved scope redefinition is required.

(a) MILCON project construction funds shall not be obligated or expended without the determination that upon project completion, a complete and usable primary facility meeting the intent of Congress will be provided (except to bring a terminated incomplete project to a safe and sustainable condition).

(b) MILCON project scope decreases for any distinct facility exceeding 25 percent require a scope variation notification to Congress and expiration of wait period prior to proceeding with obligation or expensing of construction funds (even if the need for scope decrease is identified after construction award). Congressional notification requests shall be prepared by NAVFACENGCOM and submitted to ASN(EI&E) via OPNAV N46. MILCON project construction funds may only be obligated or expended when a period of 14 days has elapsed after the date on which a copy of the notification is provided in an electronic medium to the appropriate committees of Congress (HAC, SAC, SASC, and HASC) except to maintain an ongoing incomplete project at a safe and sustainable condition.

b. MILCON Project Cost

(1) MILCON Project Reprogramming (reference (c), volume 3, chapter 7): Congressional approval (HAC and SAC) is required prior to proceeding with any actions that will result in the project funding requirement (see "Funded Project Costs" definition in chapter 1, paragraph 2c(13)) exceeding the appropriation limit threshold defined as the project reprogramming base (generally the appropriated amount) plus the lesser of 25 percent of the reprogramming base or \$2 million. Approval of below appropriation limit threshold increases (that is increases to a funding requirement above the reprogramming base but below the appropriation limit threshold) is delegated to NAVFACENGCOM. Approval of above appropriation limit

threshold increases is obtained through a reprogramming request to the HAC and SAC. Requests shall be prepared by NAVFACENGCOM and submitted to ASN(FM&C) via OPNAV N46. Special cases may not require reprogramming approval so NAVFACENGCOM shall consider all current regulations prior to submitting an above threshold reprogramming request.

(2) MILCON Project Cost Variation (see section 2853 of reference (g) (MCON), or section 18233a of reference (g) (MCNR)): Notification to the appropriate committees of Congress (HASC, SASC, HAC, and SAC) is required when the MILCON project funding requirement is above or below the authorized amount by more than the lesser of 25 percent of the amount appropriated or 200 percent of the MILCON funded UMC general case limit (see chapter 3, paragraph 2b(1)(b)). In addition, the Service Secretary needs to determine that such revised cost is required for the sole purpose of meeting unusual variations in cost and that such variations in cost could not have reasonably been anticipated at the time the project was approved by Congress.

(a) For required cost variation notification decreases, notification to the appropriate committees of Congress in writing should be made not later than 14 days after the date funds are obligated in connection with the MILCON project.

(b) For required cost variation notification increases, a description of the funds proposed to be used to finance any increased costs shall be included. Congressional notification requests shall be prepared by NAVFACENGCOM and submitted to ASN(EI&E) via OPNAV N46. MILCON project construction funds above the authorization limit may only be obligated or expended when a period of 14 days has elapsed after the date on which a copy of the notification is provided in an electronic medium to the appropriate committees of Congress (HAC, SAC, SASC, and HASC).

(c) The limits requiring a cost variation notification do not apply to the settlement of a contractor claim or to the costs associated with the required remediation of an environmental hazard in connection with a military construction project or military family housing project if the required remediation could not have reasonably been anticipated at the time the project was approved originally by Congress.

CHAPTER 7
PROJECT COMPLETION

1. TRANSFER AND ACCEPTANCE OF REAL PROPERTY. Reference (c), volume 4, chapter 6 and the Whole Building Design Guide (UFC 1-300-08) provide criteria for transfer and acceptance of DoD real property, including guidance for preparation of DD 1354 Transfer and Acceptance of DoD Real Property and supporting documents. A DD 1354 must be prepared and submitted by the construction agent and accepted by the RPAO prior to acceptance and occupancy (sometimes identified as placed in service date or beneficial occupancy date) of any new construction or capital improvement project and prior to the transfer of real property between Services, unless host nation agreements have other requirements. The DD 1354 and supporting documentation must be complete and accurate as they constitute evidence of the acceptance of assets. A DD 1354 must be prepared and accepted for:

- a. Acquisition by construction.
- b. Capital improvements to existing facilities in excess of \$100,000.
- c. Transfer between Services.
- d. Leasehold improvement.
- e. Inventory adjustment (found on site).

2. FACILITY DATA INTEGRATION AND UPDATES

a. Prior to project completion, comprehensive facility and equipment information must be incorporated into asset management systems to assist in the life-cycle management of the facility and to reflect the status of the facility. Systems currently include, but are not limited to, Maximo®, iNFADS and Georeadiness Explorer. Required updates include, but are not limited to:

- (1) Q-rating and underlying Q-rating factors
- (2) Mission Dependency Index ("MDI")

(3) SFPS

(4) Geospatial Information System

(5) Floor plans and as-built drawings, and O&M manuals
(electronic OMSI)

b. This requirement applies to all facilities projects.

CHAPTER 8
SPECIAL CONSIDERATIONS

1. ENVIRONMENTAL, NATURAL, AND CULTURAL RESOURCES. All projects must be developed and reviewed to ensure compliance to laws, EOs, DoD policies, and Navy guidance regarding cultural and natural resources and environmental compliance. A myriad of environmental, natural, and cultural resource considerations must be incorporated into a project's development to ensure these requirements are included in the project's scope, scheduling, and costs as appropriate. Reference (a) provides guidance on compliance procedures, which must be utilized in the development of projects.

a. Relevant considerations include:

(1) Historical sites, districts, landmarks, buildings, structure or other objects included or eligible for inclusion in the National Register, archeological, paleontological, or Native American resources and artifacts, sunken military crafts, cultural resources, and installation integrated cultural resources management plans;

(2) Actions that significantly affect or harm the human environment, prior NEPA analyses (i.e., environmental impact statement, EA, CATEX);

(3) Endangered species, migratory birds, fish and wildlife, bald and golden eagles, critical habitats and essential fish habitats, marine species, marine resources and protected areas, and installation integrated natural resources management plans;

(4) Impacts to water, soils, coastal zones, wetlands, discharges into waters, special aquatic resources, pesticide use;

(5) Clean up, storage, transport, disposal, or release of hazardous substances or waste; and

(6) Current and historic environmental permitting, licensing, consultation, and other environmental compliance program factors.

b. Project development teams should be cognizant that a project frequently triggers specific legal procedural and or policy requirements of multiple environmental readiness areas. Environmental staff and reference (a) must be engaged in the project development process.

2. PLACES OF HISTORIC SIGNIFICANCE. Commanding officers of all Navy shore installations are responsible for determining, at a project's earliest planning stages, if there will be any effect on properties eligible for the National Register of Historic Places. Consultation with the applicable SHPO and the Federal Advisory Council on Historic Preservation may be required. Refer to reference (a) for the applicable prescribed guidelines and procedures. Key requirements regarding historic properties in reference (a), chapter 27, include:

a. Early project planning with the installation cultural resources manager.

b. Alternative analysis discussion in project economic analysis should include preference for meeting facilities requirements by reuse or continued use of historic properties vice new construction, use or reuse of non-historic property, or lease.

c. Demolition project documentation should include consideration to reuse or continuation of use of historic properties, vice demolition.

d. Preservation activities and maintenance projects should preserve character-defining features of historic properties.

e. Projects planned in or adjacent to historic districts may be subject to SHPO consultation regarding compatibility with the historic district.

3. ANTITERRORISM/FORCE PROTECTION (AT/FP)

a. UFC 4-010-01 requires DoD components to adopt and adhere to common criteria and identifies the minimum construction standards required for all DoD facilities to mitigate antiterrorism vulnerabilities and terrorist threats. Reference (x) provides guidance concerning the Navy AT program and directs Navy component commanders of GCCs to execute tactical control of shore AT requirements within their AOR through the regional commanders. Part of the guidance in reference (x) is a requirement to notify or seek approval for any projects or leased facilities that may not meet any one or more of the

standards prescribed in UFC 4-010-01. FP requirements prescribed in UFC 4-010-01 shall not conflict with airfield safety criteria, UFC 3-260-01.

b. ASN(EI&E) has authorized an exemption process per ASN(EI&E) memorandum to CNO and the Commandant of the Marine Corps of 17 July 2008, Exemptions to UFC 4-010-01, DoD Minimum Antiterrorism Standards for Buildings.

(1) Requests for exemptions shall be integrated in the project approval process.

(2) Project packages must contain an operational and physical risk mitigation assessment with detailed rationale for the exemption request to include a technical review by NAVFACENGCOM, a current local threat assessment memorandum, the ability to employ mitigation measures other than UFC requirements, consultation as appropriate for historical structures, and all other pertinent information.

(3) GCCs may establish additional guidance to ensure uniform and consistent application of these standards within their areas of operations.

c. Project funds can pay for the supporting real property infrastructure for electronic security systems (ESS) but not the personal property equipment, for clarification see appendix A, Property Classification Table, and chapter 3, paragraph 4. The personal property equipment should be funded with OPN funds for general fund activities or NWCF for NWCF activities or non-appropriated fund construction (NAFCON) for NAFCON projects. Facility sustainment funds shall not be used. The end user requiring ESS personal property equipment must coordinate with NAVFACENGCOM AT/FP Ashore Program and the BSO sponsoring the project to ensure this equipment is budgeted and funded. UFC 4-010-01 and UFC 4-010-02 establish standards that provide minimum levels of protection against terrorist attacks for the occupants of all inhabited DoD buildings. CNIC Operations (CNIC N3) will manage the intrusion detection system (IDS) sustainment requirements generated by ESS, IDS, closed-circuit television (CCTV), access control system, and mass notification system (MNS) equipment via the NAVFACENGCOM AT/FP program.

d. NAVFACENGCOM AT/FP Ashore Program may provide funding for ESS personal property equipment and incidental installation related to U.S. Navy "Blue" MCON when required for the protection of critical assets. Types of projects typically funded under this program will include assets such as: arms, ammunitions, and explosives (AA&E); sensitive compartmented information (SCI); special access program information classified materials (secret and above); critical waterfront A and B assets; critical bulk petroleum products; classified communication systems. Types of facility projects or programs that may require ESS, but are not funded by the AT/FP ashore program include: Marine Corps and Marine Corps Reserve facilities; Army facilities; Air Force facilities; Strategic Systems Program (SSP); strategic weapons facilities; BRAC projects; housing; UH; medical facilities; MWR and retail facilities; fleet funded projects; and host nation funded projects. ESS related to these projects shall be funded by the sponsoring BSO, CNIC community support, or CNIC family housing as applicable.

4. SITE APPROVAL

a. Site approval is required for active and reserve Navy projects, regardless of general type of construction (i.e., permanent, semi-permanent, demolition, temporary or relocatables), work classification, and funding source. Per reference (y), site approvals shall comply with shore installation plans, and should include review and appropriate approvals from or in relation to the fire marshal, safety, airfield safety, explosive safety, electromagnetic radiation, environmental, and AT/FP. Site approval is required prior to contract award with approval prior to design start highly recommended under most situations.

b. When a facility serves as a host to classified communications or command, control, communications, computers, intelligence, surveillance, and reconnaissance and information technology (C4ISR/IT) systems; an additional type of site approval will be required per DoD Instruction 8510.01 of 28 November 2007.

c. Restricted facilities projects require endorsement by NAVFACENGCOM and CNIC prior to funding. When a project scope

involves such work, it shall be per applicable regulations, and the projects shall be clearly identified so that designated approval authorities may take appropriate action.

5. COMMUNICATION/INFORMATION TECHNOLOGY INFRASTRUCTURE

a. Definitions

(1) Communications and IT infrastructure requires special consideration because it is a multi-faceted network of rapidly evolving technologies and systems. Some parts of these networks and systems are considered real property and are integral to the project planning process. Other parts are considered personal property and are planned and funded separately, outside the scope of this instruction. See chapter 1, paragraph 2c for definitions of real property, real property equipment and personal property or collateral equipment.

(2) The Navy's facilities are absorbing mission and non-mission networks and systems rapidly. The shore facilities are evolving into "smart platforms," similar to ships, submarines and aircraft. Unlike weapon system and aircraft funding that include all platform communications and IT systems and infrastructure, MILCON funding includes only some systems as part of the real property infrastructure. For example:

(a) Buried and overhead cable outside of a facility and the cabling inside a facility (within conduit, above ceilings, under raised floors, etc.) are usually classified as real property.

(b) Systems in direct support of a facility, such as utility management and monitoring systems infrastructure, and older phone systems are usually real property and sometimes referred to as IT infrastructure. For AT/FP systems, see chapter 8, paragraph 3.

(c) Facility mission systems which are often called C4ISR/IT, are usually personal property or collateral equipment, and are usually installed into a facility by Space and Naval Warfare Systems Command (SPAWARSSYSCOM), Naval Sea Systems Command (NAVSEASYSYSCOM), Naval Air Systems Command (NAVAIRSYSYSCOM) or Bureau of Medicine and Surgery once turned over to a facility sponsor. However, because they absorb considerable space,

power, HVAC, and cable infrastructure, MILCON or special project planning must integrate designs and documentation to accommodate these systems from project inception.

(d) Specific examples of real and personal property are provided in appendix A.

b. Funding for Communications Infrastructure

(1) Given the complex nature of C4ISR/IT components to any major project, it is imperative that close and proactive planning is conducted with SPAWARSSYSCOM, or appropriate systems command (SYSCOM). As a general rule, funding for MILCON related real property is designed within the NAVFACENGCOM environment using MILCON design (planning and design) funds.

(2) Funding for C4ISR/IT mission systems and some IT systems must be planned separately by the mission's resource sponsor for the facility. Funding may come from combatant commanders, OPNAV weapons or sensor system mission sponsors, or other government source using OPN or O&M,N resources, as appropriate. Because the facility must host networks and systems funded, planned, specified and designed separately, only the highest levels of coordination and cooperation at the requirements definition and design phases will result in a facility that meets end user objectives. Planners from NAVFACENGCOM and respective mission SYSCOMS must work together, early and often, to insure appropriate funding is in place early enough to affect an integrated and interoperable facility.

(3) Appendix D provides an outline of the MILCON MTP3 process. Also in appendix D is an outline of the SPAWARSSYSCOM MILCON command, control, communications, computers, and intelligence (C4I) integration process. These two SYSCOM-coordinated processes facilitate early, integrated planning between regional facility planners and enterprise mission sponsors. They also aid in early identification of programming and funding breakouts between facility and mission resource sponsors, accurate reflection of total costs on DD 1391s, and early DD 1391 approvals by stakeholders.

(4) SPAWARSSYSCOM's process has an accepted methodology for calculating the C4ISR/IT (personal property) costs specific to MILCONs. These costs should be captured and entered under

block 9 of the DD 1391 as "Equipment From Other Appropriations". The SPAWARSSYSCOM process and methodology can support any SYSCOM's mission (personal property) requirements.

(5) For a more detailed description of funding considerations see appendix E communications and IT funding considerations.

6. PROCUREMENT, LEASE, AND USE OF RELOCATABLE FACILITIES. Reference (z) explains that the use of relocatable facilities is not an acceptable means of providing facilities for long-term needs. Definitions concerning relocatable structures and project cost information are found in reference (z).

a. Definition and Methods for Acquisition of a Relocatable Facility. See reference (z) for definition and acquisition process for relocatable facilities and structures.

b. Prevention of Incrementation. Relocatable facilities may be included in special projects, minor construction projects, MILCON projects, and NAFCON projects. A minor construction project to install relocatable buildings as interim facilities pending construction of permanent facilities is not incrementation, provided that the relocatable facilities installed as a minor construction project are not intended to be used in addition to the permanent facilities constructed through MILCON and that the relocatable facilities are not used upon completion of the permanent facilities. Utilization of a relocatable must follow reference (z).

CHAPTER 9
NONAPPROPRIATED FUND (NAF), COMMISSARY SURCHARGE, AND PRIVATELY-
FUNDED PROJECTS

1. PROVISION OF FACILITIES

a. Fleet and Family Readiness (F&FR) Program Support. It is DON policy to provide, maintain, and operate adequate facilities to accommodate a well-rounded F&FR program to ensure the mental and physical well-being of Navy and Marine Corps military and civilian personnel. In consonance with this policy, adequate spaces, facilities, and structures should be provided through APF and or NAF. It is a basic responsibility of installation commanding officers, regional commanders, CNIC and other support agencies to ensure proper recognition is given to F&FR facilities in the development of facility investment projects, regional shore planning programs, regional integration plans and military construction programs. For additional guidance see references (c), volume 13, and references (j), (m), (k), (l), and (z).

b. NAF, Commissary Surcharge, and Privately-funded Project Review. Projects funded from NAF, commissary surcharge funds or private funds shall comply with the requirements of the governing policies outlined herein for review and execution approval. Guidance contained in this instruction is followed in most instances but without several of the process review and funding requirements associated with MILCON initiatives. The reporting and approval process for NAF projects is outlined in reference (k). NAF contracting clauses shall be applied in the execution of NAF projects per reference (aa). Commissary surcharge fund projects must be executed using Federal Acquisition Regulation procedures.

c. NAF, Commissary Surcharge, and Privately-funded Project Planning. Projects funded from NAF, commissary surcharge or private funds shall be coordinated with public work officers and CNIC regions to ensure they are integrated with base master planning, site approvals, other related projects, and that supporting facility requirements are identified. In particular, modifications to existing base utility systems and or required new utilities are identified and included in the NAF project submission.

d. NAF and Commissary Surcharge Project Execution.

NAVFACENGCOC has right of first refusal for contracting officer's representative services for NAF projects executed by CNIC Fleet and Family Readiness Service Center (CNIC N94) or outside agencies such as U.S. Army Installation Management Command, Family and MWR Programs (IMCOM G-9).

2. APPROPRIATED FUNDING SUPPORT

a. Use of APFs to construct or modify NAF-constructed or commissary surcharge-funded facilities, as outlined below and in references (j) and (m), as amended by memorandum on 08 December 2008, is restricted to S/RM of these facilities and for all facility construction related to the establishment, activation, realignment or expansion of a military installation or relocation of facilities for the convenience of the Government; replacement of facilities denied by country-to-country agreements; restoration of facilities and improvements destroyed by acts of God, fire, or terrorism; AT/FP measures required under UFC 4-010-01; and to correct life safety and Americans with Disabilities Act (per chapter 1, part 36 of title 28, Code of Federal Regulations), and force protection deficiencies.

b. In the case of installation expansion, a major increase in authorized and assigned personnel strength over a short period of time is necessary before APF construction can be programmed. Such expansion must be the result of a mission change or influx of new units or systems that results in a 25 percent increase in authorized and assigned personnel within a 2-year time span. In contrast, personnel increases resulting from an evolutionary expansion occurring over several years do not satisfy these criteria, and therefore NAFs are required.

c. APFs may also be used for the construction of exchange facilities for: logistical, administrative, storage and maintenance outside the United States; facilities required in areas of military conflict, wartime deployments, and in support of contingency, humanitarian, and peacekeeping operations; facilities required as integral parts of air terminal, hospital, housing, or other MILCON projects; exchange operated laundry and dry cleaning plants, bakeries, dairies, or similar facilities in support of a military mission, wartime deployments, and in support of contingency, humanitarian, and peacekeeping operations.

d. Compliance with the NEPA and other environmental compliance and clean-up issues, laws and regulations must be locally funded from APFs.

e. Construction, restoration, and modernization required by BRAC decisions are also funded from APFs.

f. In addition, APFs shall be used for site development, archeological and ammunition clearances, EA and remediation, water purification, demolition, excessive utility connections, and road services costs; see reference (j). Project documentation must include confirmation that required APFs are available for such purpose.

g. Per section 2485(e) of reference (g), SECNAV shall pay the DeCA for any use of a commissary facility by DON for a purpose other than commissary sales or operations in support of commissary sales, when the facility was constructed or sustained using surcharge funds. The amount payable shall be equal to the attributable share of depreciation. The funds should be credited to the Commissary Trust Revolving Fund.

h. Deviations to the policy regarding the use of APFs for the construction or modernization of NAF facilities require OSD approval. Requests for deviation must satisfy all of the following criteria.

(1) The project was included in a budget submission to OSD;

(2) The project was not included in the President's budget submission to Congress or was not approved by the Congress;

(3) Failure to build the facility will seriously impact the quality of life of military personnel and their families;

(4) The project is certified as being of higher priority than all other non-funded NAF construction and modernization requirements; and

(5) The Military Department endorses the use of NAF.

3. PROJECT SUBMISSION AND PROGRAMMING TIMELINE

a. CNIC F&FR NAF Projects

(1) Nomination Cut-off Date: 1 December of the year 3 years prior to the proposed program FY.

(2) Project Validation Assessment Completion Deadline: 1 May of the year 2 years prior to the proposed program year.

(3) APF Companion Project Review: NAF projects requiring APF companion projects must obtain approval for those projects by 1 July of the calendar year 2 years prior to the proposed program FY. Without approval for APF companion projects, NAF projects shall not be forwarded to the MWR/Navy Exchange (NEX) board of directors (MWR/NEX-BOD) for approval.

(4) Regional Prioritization Conference Call: MWR/NEX-BOD working group, MWR/NEX-BOD facilities committee, MWR/NEX-BOD approval in the fall of the year 2 years prior to the proposed program year.

(5) Completion of Site Approval and NEPA Documentation: 1 April of the year prior to the proposed program FY.

(6) Submission of Program to ASN(EI&E) and Program Submittals due to Office of Undersecretary of Defense for Personnel and Readiness: 15 April of the year prior to the proposed program FY.

(7) Program Approval: Second quarter of the proposed program FY.

b. NEX Projects. NEXCOM collects nominations for major repair and construction projects (project cost exceeds \$750,000) in response to an annual call for work released each spring. NEX projects shall align to CNIC and region installation future shore footprint planning to ensure NEX facilities are in support of future operational requirements. Nominated projects are reviewed by a cross functional team that evaluates the cost, economics and feasibility of each initiative. NEXCOM's Facility Planning Board reviews this analysis to prioritize its repair and construction backlog using an IPL. Results of this evaluation (proposed upcoming program year major projects and

updated 5-year plan) are released for region and fleet review and staffed for MWR/NEX-BOD review and approval and submission for Office of the Under Secretary of Defense or congressional approval. This process parallels the above F&FR (MWR and Navy Gateway Inns and Suites (NGIS)) timeline steps a through g.

4. PROCEDURES, FORMAT, AND APPROVAL AUTHORITY

a. F&FR (MWR and NGIS) and NEXCOM NAF. Submission procedures, format, and approval of CNIC F&FR NAF and NEXCOM construction projects shall follow this instruction and other applicable policies issued by OSD, OPNAV, CNIC, and NEXCOM, as appropriate, and the specific NAFCON reporting and approval guidance outlined through reference (k).

(1) Reference (k) provides procedures for combining APFs with private funds or NAF.

(2) NAF funded project approval authorities are shown in appendix B.

(3) CNIC F&FR NGIS NAF projects may be programmed for "whole room concepts" which include furniture, fixtures and equipment plus carpet; or as repair, renovation and construction which may also include painting, repair, renovations or minor construction; or as new construction. When MILCON or appropriated funding is not available, SECNAV, by reference (j), may waive APFs as the fund source in order to use NAF, recognizing the impact on travel and per diem funds a higher NGIS room rate will have. The waiver requires a certification that APFs are unavailable and must be obtained prior to submitting the project to the NGIS Directors Panel. Both minor and major construction project waivers must be reported through the NGIS Directors Panel, OPNAV N46, OSD and Congress through the annual NAF, commissary surcharge and privately-funded report required by reference (k).

(4) Project submissions consist of an initial submission of a pre-internal needs validation study (pre-INVS). Following a comment and feedback period, invitations for submission of a full INVS may be issued by CNIC. Forms and instructions necessary to submit MWR and NGIS NAF projects may be obtained

through the "Facilities and Acquisitions" page of the Navy MWR Web site at <http://www.navymwr.org> or on the CNIC Gateway ("G2").

(5) All construction projects shall be endorsed by the regional engineer prior to nomination to CNIC and NEXCOM.

(6) F&FR (MWR and NGIS) projects are reviewed and approved for execution by CNIC; NEXCOM projects are reviewed and approved by NEXCOM.

(7) All NAF projects over \$750,000 (funded project cost), are reviewed and approved by the MWR/NEX-BOD. NAF projects with a construction component exceeding \$750,000 approved by the MWR/NEX-BOD are forwarded to OSD via OPNAV N46 and ASN(EI&E) copy to Assistant Secretary of the Navy (Manpower and Reserve Affairs) and submitted to Under Secretary of Defense for Personnel and Readiness and Congress for review and approval per reference (k).

(8) NAF repair projects over \$750,000 and all MWR and NGIS NAF projects over \$200,000 proposed for central funding are also submitted to the MWR/NEX-BOD for execution approval. Regionally funded FF&R MWR and NGIS repair projects between \$500,000 and \$750,000 are approved by CNIC. All NEXCOM projects below \$750,000 are approved by NEXCOM HQ.

(9) FF&FR (MWR and NGIS) projects approved by the MWR/NEX-BOD may not be canceled without endorsement by the MWR/NEX-BOD and approval by CNO N4.

(10) NAF construction project requests, involving a deviation from OSD policy regarding the use of APFs, must address the satisfaction of criteria identified by chapter 9, paragraph 2h above.

b. Commissary Projects. Commissary projects are programmed using commissary surcharge funds by the DeCA. The proceeds from surcharge funds shall fund recapitalization or replacement of an existing commissary that is near or at the end of its useful life and may be used to acquire, construct, convert, expand, install equipment in, or otherwise improve commissary facilities at defense installations as provided in paragraph 2484(h) of

reference (ab) and for related environmental evaluation and construction costs, including surveys, administration, overhead, planning, and design.

c. International Balance of Payment (IBOP) Areas. IBOP evaluations shall be included in the cost estimate and economic analysis for any projects in an IBOP area prior to contract award. All NAF projects are subject to the IBOP requirements as set forth in reference (ac).

(1) NAF construction projects in IBOP areas shall be considered justified for approval only in cases where:

(a) A serious deficiency exists in morale and welfare facilities at isolated locations, or

(b) Such projects would clearly contribute to improvement in United States balance of payments by diverting expenditures from the local economy.

(2) NAF construction, repair, and maintenance projects outside the United States will be, to the maximum extent possible, accomplished under procedures which use:

(a) U.S. contractors, U.S. materials, and end products from domestic suppliers.

(b) U.S. government furnished material and equipment.

(c) U.S. flag carriers.

(d) Prefabricated installations and structures manufactured in the United States.

(e) Competent, available military labor.

CHAPTER 10
NWCF PROJECTS

1. PROVISION OF FACILITIES. It is DON policy to provide, maintain, and operate specific Navy SYSCOM infrastructure via use of the NWCF except for major MILCON projects which are funded by the MILCON, Navy appropriation. In consonance with this policy, adequate spaces, facilities, and structures should be provided through revenue generated by NWCF budgeted, burdened rates. Navy BSOs are resourced to buy NWCF products and services. NWCF BSOs include: NAVSEASYSKOM, NAVAIRSYSKOM, COMNAVFACENGCOM, SPAWARSYSKOM, Office of Naval Research, and Military Sealift Command. It is a basic responsibility of CNIC, COMNAVFACENGCOM, regional commanders, BSOs and installation commanding officers and other support agencies to ensure proper recognition is given to NWCF facilities in the development of facility investment projects, regional shore planning programs, regional integration plans, military construction programs and utility strategic investment plans. Installation major claimants are responsible for ensuring the readiness of NWCF maintained facilities is achieved, and direct the appropriate maintenance unit identification code (UIC) to this end.

2. BUDGET FORMULATION FOR NWCF ACTIVITY S/RM AND CONSTRUCTION PROJECTS. Each year, NWCF activities participate in Navy S/RM requirements definition, and in the MILCON process cycles. Based on the approved budget, budget authority is apportioned (distributed) to OSD, DON, and eventually to NWCF customers, typically via BSO O&M,N budgets. The customer procurement of NWCF products and services generate revenue and funds NWCF facility and infrastructure projects. MILCON funding should be utilized to invest in NWCF facilities when the project includes construction requirements that exceed the limits of section 2805 of reference (g). See chapter 6, paragraph 1.

3. PROCEDURES, FORMAT, AND APPROVAL AUTHORITY

a. Procedures, Format and Approval Authority. NWCF projects, in general, follow all of the project and equipment definitions and rules described in this instruction regarding project scope guidelines, prohibitions, funding and scope of construction, classifications of work, energy projects, equipment, etc. NWCF BSOs must develop and submit facility S/RM

projects and construction projects following this instruction and other applicable policies issued by OSD, OPNAV, CNIC and NAVFACENGCOM. See appendix B for NWCF approval authorities.

b. Responsibilities. For NWCF infrastructure, the relevant NWCF BSO is responsible for S/RM programming and budgeting and construction project preparation and submission via the defined MILCON process.

(1) NWCF BSO: Responsible for development and submission of programming requests as well as the NWCF budget submission. Also responsible for accurate facility data to enable S/RM requirements models.

(2) CNIC: As the predominate installation major claimant for NWCF (including utility) infrastructure, work closely with the NWCF BSOs to ensure proper readiness of NWCF-maintained facilities by understanding requirements, integrating NWCF projects with shore installation plans and other related projects, and arbitrating differences as necessary.

(3) OPNAV N46: Resource sponsor for shore installations and assessment sponsor for all NWCF S/RM, including the utility system sustainment, recapitalization, and construction investments.

(4) FMB: The Navy's Budget Office ensures all Navy requirements are identified, justified, and defensible, and included in NWCF rates.

c. NWCF S/RM and MILCON Investing in NWCF Facilities. S/RM for NWCF facilities maintains infrastructure such that NWCF products and services are safe, reliable, and efficient and meet mission requirements. The funding requirement is defined by the FSM and the Shore Facilities Investment models. MILCON appropriations fund other applicable requirements and are planned and programmed per chapter 6 of this instruction as well as chapter 2, paragraph 2e.

d. Planning for NWCF Utility Systems. Planning for utility systems must be taken into consideration and appropriate scope and funding included in Navy installation projects. It is a basic responsibility of installation commanders, regional commanders, BSOs, CNIC and other support agencies to ensure

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proper recognition is given to NWCF utility systems in the development of facility investment projects, regional shore planning programs, regional integration plans, MILCON programs and utility strategic investment plans.

APPENDIX A
PROPERTY CLASSIFICATION TABLE

Item (Note 3)	Real Property/ Installed/ Built In Equipment	Personal Property/ Collateral Equipment
Building/Components (specialized) related:		
Above ground storage tanks, pedestal, gravity fed system	X	
Adjustable loading dock levelers	X	
Aircraft shelters	X	
Aircraft shelters (portable, "Aircraft Protection Equipment")		X
Auditorium/stage equipment (built-in)	X	
Built-in: Chapel seating, baptisteries, altars, pulpits, communion rails and tables, and raised platforms	X	
Clean room	X	
Elevators	X	
Equipment inside clean rooms (e.g., optics)		X
Escalators	X	
Laboratory sinks, tables and benches (built-in)	X	
Maintenance workstations (portable)		X
Signage: street, traffic, directional, etc. (non-portable)	X	
Vault	X	
Building/Components (standard) related:		
Bedside headwall units (built-in)	X	
Bleachers (built-in)	X	
Bookcases (built-in)	X	

Item (Note 3)	Real Property/ Installed/ Built In Equipment	Personal Property/ Collateral Equipment
Cabinets, casework, kitchenette (built-in)	X	
Canopies (walkway/entrance, may be fabric)	X	
Carpet (wall to wall)	X	
Closets	X	
Desks and tables (built-in)	X	
Door lock hardware	X	
Fixed seating	X	
Hardware and fixtures for handicapped access	X	
Kitchenettes (not the appliances)	X	
Ladder (affixed)	X	
Lockers (built-in)	X	
Raised floors	X	
Screens	X	
Shelving (custom, built-in)	X	
Standing seam metal roof	X	
Storage racks, shelving (not built-in)		X
Storm windows and doors	X	
Systems furniture workstations		X
Venetian blinds and window shades	X	
Wardrobes		X
Window sound masking	X	
Telecommunication Related:		
Duct banks, conduit, manholes	X	
Cable support hardware	X	
Utility poles	X	
Raceways, risers	X	
Telephone closets, switch rooms	X	

Item (Note 3)	Real Property/ Installed/ Built In Equipment	Personal Property/ Collateral Equipment
Telecommunication equipment inside closets and switch rooms		X
Outlets, jacks, cable trays, patch panels	X	
Conduit wiring terminating at patch panels and wall jacks	X	
Routers, switches and hubs		X
Monitors/flat screens for television purposes		X
Monitors/flat screens, projectors, smart boards for use with computer systems		X
Computers, servers		X
Printers, copy machines		X
Video teleconferencing systems		X
Uninterruptible power supply (UPS)		X
Secure technical equipment phone systems Secret Internet Protocol Router Network (SIPRNET) infrastructure including conduit (in protected distribution system (PDS) when necessary), junction boxes, telecommunications cabling, and power connections for the equipment, but not the SIPRNET devices	X	

Item (Note 3)	Real Property/ Installed/ Built In Equipment	Personal Property/ Collateral Equipment
Cable television infrastructure including conduit, junction boxes, cabling, distribution amplifiers, and power connections for the equipment, but not the head end equipment	X	
Cable television headend equipment, monitors and cable boxes.		X
Electrical Related:		
400 Hertz power (built-in)	X	
Cable tray grid system - power	X	
Dedicated power distribution	X	
Electrical components (built-in electric lighting fixtures and power utilization, and distribution equipment)	X	
Fiber optics and telecom installed systems	X	
Grounding systems (for real property)	X	
Isolation transformers	X	
Lightning protection systems	X	
Panel boards	X	
Power boom	X	
Power cables (portable)		X
Major skid mounted transformers for piers or wharves	X	
Portable transformers (except for major skid mounted transformers for piers or wharves)		X
Power Related:		

Item (Note 3)	Real Property/ Installed/ Built In Equipment	Personal Property/ Collateral Equipment
Direct current (DC) power supplies, switches (not built-in)		X
Generator (non-portable)	X	
Power plant equipment (generators, switchgear)	X	
Primary generators (non-portable)	X	
UPS systems (for real property, non-portable)	X	
Fire Protection/Safety Related:		
Cabinets for fire extinguisher and hose reel (built-in or wall mounted)	X	
Dry pipe systems	X	
Fire extinguishers and hose reels (portable)		X
Fire pump (non-portable)	X	
Hard wired fire alarm systems	X	
Hard wired smoke detectors	X	
Defibrillators		X
Security/Antiterrorism Related		
Waterfront boat barriers (including anchors)		X
Electronic Harbor Security System		X
Access control islands for gate entry	X	
Gates/turnstiles (built in)	X	
Active vehicle barriers (built-in)	X	
Passive vehicle barriers (built-in)	X	
Traffic control drop arms (built-in)	X	
Guard booths, overwatch and firing positions (built in)	X	

Item (Note 3)	Real Property/ Installed/ Built In Equipment	Personal Property/ Collateral Equipment
Under-vehicle (in-ground) integrated inspection equipment		X
Fencing	X	
Outdoor camera poles and towers	X	
Explosive and contraband detection systems		X
ESS infrastructure to include conduit, junction boxes, and power connections	X	
ESS equipment for the following: IDS, access control systems, and video assessment/surveillance systems sometimes referred to as CCTV		X
CCTV system for child development center, SAC or youth center child abuse prevention	X	
Door locks (cipher/combo combination locks)	X	
Sound masking equipment for sensitive compartmented information facilities (SCIF)		X
PDS	X	
Warning globes for SCIFs		X
Interior MNS	X	
Systems:		
Compressed air units (non-portable)	X	
Industrial control system (ICS) infrastructure	X	
ICS maintenance equipment		X
Exhaust systems	X	
Gas fittings	X	

Item (Note 3)	Real Property/ Installed/ Built In Equipment	Personal Property/ Collateral Equipment
HVAC equipment and control systems	X	
Plumbing	X	
Water filtration system (hard plumbed)	X	
Other:		
Air conditioning (specialized) for standalone equipment		X
Air conditioning (central or built-in systems, not including window units)	X	
Air conditioning window units		X
Anechoic chambers	X	
Antennas for point-to-point communication		X
Automated data processing systems		X
Bollards, double bits, fittings	X	
Camels	See Note 1	
Ceiling fan	X	
Civil engineer support equipment (CESE)		X
Computers (funded by Navy Marine Corps Intranet (NMCI))		X
Cranes	See Note 2	
Cranes; overhead bridge cranes contained entirely within the building envelope and captive to the completed facility (supported by integral runways or rails entirely within the facility envelope). For maintenance responsibility, see chapter 1, paragraph 2c(2)(b).	X	

Item (Note 3)	Real Property/ Installed/ Built In Equipment	Personal Property/ Collateral Equipment
Dental chairs and pedestal units		X
Filing cabinets and portable safes		X
Fitness center extractors/dryers (built-in)	X	
Fixed facilities for radio and meteorological stations (not including equipment)	X	
Fixed navigational aids	X	
Fleet mooring (fixed with ball and chain)		X
Floating fenders	See Note 1	
Floating piers (fixed with piles)	X	
Floating piers and/or barges used as piers (fixed with chain)		X
Food service equipment (portable)		X
Furnishings, including rugs (integral to building operation)		X
Furniture (such as chairs, tables, desks, beds and partitions)		X
Galley equipment (built in, hard plumbed, example: steam kettle, scullery, grease traps, overhead vent, walk-in room refrigerators and reefers)	X	
Galley equipment (portable, oven, refrigerator, mixer, stove, pulper system)		X
Hose reel for pure water		X
Hoses, assemblies		X
Hyperbaric chambers		X

Item (Note 3)	Real Property/ Installed/ Built In Equipment	Personal Property/ Collateral Equipment
IPE		X
Integrated navigation and landing system equipment		X
Improved Navy lighterage system (INLS) equipment		X
Lift system/platform assembly (built-in)	X	
Magnetic silencing (anchors, structure, pier, etc.)	X	
Magnetic silencing equipment cabling, sensor, console, controls		X
Material handling equipment		X
Medical automated box conveyors (built-in)	X	
Medical equipment	See MILHANDBK 1691	
Medical gas systems (not including removable bottles)	X	
Medical material handling systems (built-in)	X	
Mission equipment (e.g., simulators, trainers)		X
MWR fitness equipment		X
Office machines		X
Offshore mooring facility (mooring dolphin)	X	
Paging systems	X	
Paint sprayers and sprayer systems (built-in, integral part of facility)	X	
Perma-boom (oil spill built into pier during construction)	X	
Personal property (integral to building operation)		X
Photographic equipment (not built-in)		X

Item (Note 3)	Real Property/ Installed/ Built In Equipment	Personal Property/ Collateral Equipment
Pneumatic tube systems (built-in)	X	
Portable backup power systems		X
Provision storage units (portable)		X
Public announcement system (portable)		X
Radar and other electronic equipment		X
Radio frequency filter	X	
Radio frequency/electromagnetic interference shielding	X	
Refrigeration equipment (built-in)	X	
Refrigerators (not walk-in)		X
Ship support equipment (e.g., brows)		X
Shop equipment		X
Telephones		X
Testing equipment		X
Tools		X
Trainers, training aids and equipment (including simulators)		X
Treatment electronics		X
Vehicle support equipment		X
Voice, video, and data equipment		X
Wall clocks		X
Waterfront support equipment		X
Wharf fenders	See Note 1	

Notes:

1. See fender guidance on NAVFACENGCOM portal under "Asset Management." See chapter 1, paragraph 2b(7).

2. See crane guidance on NAVFACENGCOM portal under "Asset Management." See chapter 1, paragraph 2b(7).
3. See NAVFACENGCOM portal under "Asset Management" for latest additions and updates to this property classification table. See chapter 1, paragraph 2b(7).

APPENDIX B
AUTHORITY LEVELS AND FUNDING APPROPRIATIONS

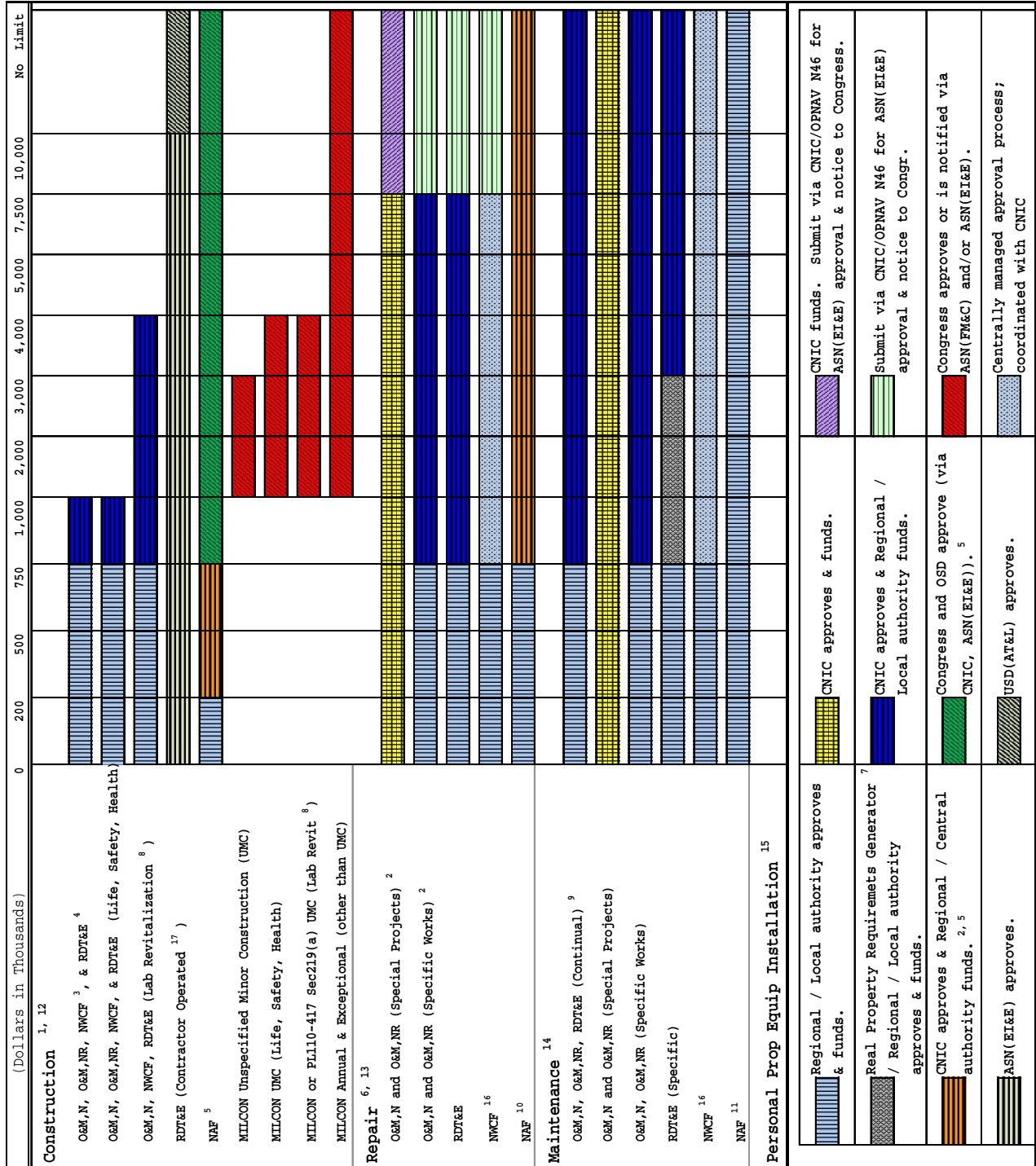


Figure B-1. Funding Authority Diagram

FUNDING AUTHORITY DIAGRAM NOTES

1. Limits based on section 2805 of reference (g), as revised by FY 2015 NDAA Public Law 113-291 enacted 19 December 2014 and prior laws. See chapter 3, subparagraph 2b, for additional information.
2. For O&M,N funded repair projects over \$500,000 and in excess of 50 percent of replacement value of the facility or repair or maintenance projects over \$2 million need to be supported by economic analysis to receive CNIC approval. Repair projects over \$7,500,000 require ASN(EI&E) approval and 14 days electronic congressional notification prior to contract award.
3. NWCF minor construction projects over \$250,000 are budgeted and financed under the capital improvement plan as investments.
4. RDT&E minor construction projects over \$250,000 are funded as investments.
5. All MWR, NAF and construction projects between \$200,000 and \$750,000 require CNIC approval and, if central funds are proposed, MWR/NEX-BOD approval and are included in the annual report to OSD and Congress. New MWR, NGIS, or NEX construction projects above \$750,000 require MWR/NEX-BOD approval prior to submission to OSD and Congress for final execution approval. Actual funding for MWR NAF projects over \$200,000 can be local, regional, central or a combination thereof. All NAF construction projects supporting NGIS require approval of the NGIS Directors Panel as well as ASN(EI&E) waiver approval to use NAF in place of APF and MILCON, submission of the waiver to OSD and, for those over \$750,000 OSD and congressional approval for execution. NGIS NAFCON can be funded from NGIS central or regional funds.
6. Project amount approved by ASN(EI&E) must not exceed that amount by more than 25 percent. CNIC may approve increases up to 125 percent of the original approved amount. Increases higher than 125 percent must be resubmitted to ASN(EI&E) for approval.
7. Real property requirements generator was formerly known as enterprise claimants.

8. Laboratory revitalization authority under section 2805 of reference (g), expires 30 September 2018 (unless extended). See chapter 3, subparagraph 2b(1), for additional information. Construction between \$1 million and \$4 million may be funded by appropriations available for operations and maintenance or MILCON UMC.

9. Continual maintenance includes emergency service calls, service calls, minor works, and recurring maintenance.

10. All NGIS, MWR category A, child development center, and school-age care repair projects as well as repairs to other MWR facilities that should normally be funded from APF (structural, mechanical, electrical, plumbing, building envelope, etc., or solely to correct accessibility, life, safety, or health deficiencies) must have documented non-availability of APFs prior to commitment of NAF. See reference (j), enclosure 4 - item E4.T1.9.10 and notes 8 and 12.

11. For expenditure of NAF on maintenance of facilities other than golf courses and non-golf clubhouse golf course structures non-availability of APFs is required prior to commitment of NAF. See reference (j), enclosure 4 - item E4.T1.9.10 and note 8.

12. Refer to chapter 3, paragraph 2, for additional policy regarding work classified as Construction.

13. Refer to chapter 3, paragraph 1, for additional policy regarding work classified as Repair.

14. Refer to chapter 3, paragraph 3, for additional policy regarding work classified as Maintenance.

15. Refer to chapter 3, paragraph 4, for policy regarding work classified as Associated Personal Property Equipment Installation.

16. NWCF BSOs must use a centrally managed approval process for repair or maintenance projects over the special project funding limit. BSOs must notify CNIC annually of these projects by first quarter, budget year minus 2.

17. See chapter 3, subparagraph 2b(3), for special rules regarding RDT&E contractor operated facilities (based on section 2353 of reference (g)). See reference (o) for approval limits.

TABLE OF APPROPRIATIONS

Appropriation
Symbol

Title and Purpose

ANNUAL APPROPRIATIONS

17*1105	Military Personnel, Marine Corps (MPMC)
17*1106	Operation and Maintenance, Marine Corps (O&MMC)
17*1107	Operation and Maintenance Marine Corps Reserve
17*1108	Reserve Personnel, MC (RPMC)
17*1405	Reserve Personnel, Navy (RPN)
17*1453	Military Personnel, Navy (MPN)
17*1804	Operation and Maintenance, Navy (O&M,N)
17*1806	Operation and Maintenance, Navy Reserve (O&M,NR)
17*7035	Family Housing, Navy
97*0100	Operation and Maintenance, Defense Agencies

REVOLVING AND CONTINUING

97x 4930	NWCF Navy Stock Fund
	Navy Industrial Fund
	Marine Corps Stock Fund
	Marine Corps Industrial Fund
	Suspense, Navy Working Fund and Security Deposits (SNWFSD)

MULTIPLE-YEAR APPROPRIATIONS

		years available for obligation
17*1109	Procurement, Marine Corps	3
17*1205	MCON	5
17*1235	MCNR	5
17*1319	RDT&E	2
17*1506	Aircraft Procurement, Navy	3
17*1507	Weapons Procurement, Navy	3
17*1611	Shipbuilding and Conversion, Navy	5
17*1810	OPN	3
17-97*0790	Family Housing Mgt Account Defense	5
17*7030	Family Housing, Navy	5
57*3300	Military Construction, Air Force	5
57*3830	Military Construction, Air Nat'l Guard	5
97*0300	Procurement, Defense Agencies	3
97*0500	Military Construction Defense Agencies	5
97*0800	Special Foreign Currency Prog, Defense	2

APPENDIX C
ACRONYMS

AA&E	arms, ammunitions, and explosives
ADA	Anti-Deficiency Act (1982)
A&E	architect and engineer
AOR	area of responsibility
APF	appropriated funds
ASN(EI&E)	Assistant Secretary of the Navy (Energy, Installations and Environment)
ASN(FM&C)	Assistant Secretary of the Navy (Financial Management and Comptroller)
AT/FP	antiterrorism/force protection
BESEP	Base Electronics Systems Engineering Plan
BRAC	base realignment and closure
BSO	budget submitting office
BY	budget year
C4ISR/IT	command, control, communications, computers, intelligence, surveillance, and reconnaissance/information technology
CATEX	categorical exclusion
CCTV	closed-circuit television
CI	Capital Improvements (NAVFACENGCOM business line)
CJCS	Chairman, Joint Chiefs of Staff
CNIC	Commander, Navy Installations Command
CNIC N3	CNIC Operations Division
CNIC N4	CNIC Facilities and Environmental Division
CNIC N94	CNIC Fleet and Family Readiness Service Center
CNO	Chief of Naval Operations
CNO N2/N6	Deputy CNO for Information Dominance
CNO N4	Deputy CNO for Fleet Readiness and Logistics
COMNAVCYBERFOR	Commander, Navy Cyber Forces
COMNAVFACENGCOM	Commander, Naval Facilities Engineering Command
COMPACFLT	Commander, U.S. Pacific Fleet
COMUSFLTFORCOM	Commander, U.S. Fleet Forces Command
DD 1354	Transfer and Acceptance of DoD Real Property
DD 1391	Military Construction Project Data
DE	Demolition (Special Interest Code)
DeCA	Defense Commissary Agency
DLA	Defense Logistics Agency
DoD	Department of Defense
DON	Department of the Navy (includes USN and USMC)
EA	environmental assessment

ECIP	Energy Conservation Investment Program
EO	executive order
EPG	electronic project generator
ERC	exercise related construction
ESS	electronic security systems
F&FR	fleet and family readiness
FAC	facility analysis category
FEC	facilities engineering command
FLTCYBERCOM	Fleet Cyber Command
FMB	financial management and budget
FOC	final operational capability
FPD	facility planning document
FSM	facility sustainment model
FY	fiscal year
FYDP	Future Years Defense Plan
GAO	Government Accountability Office
GCC	geographic combatant commander
GOCO	government-owned, contractor-operated
GOGO	government-owned, government-operated
GSA	General Services Administration
HAC	House Appropriations Committee (appropriation)
HASC	House Armed Services Committee (authorization)
HQ	headquarters
HR	House of Representatives
HVAC	heating, ventilation, and air conditioning
IBOP	International Balance of Payments
ICS	industrial control system
IDS	intrusion detection system
iNFADS	Internet Naval Facilities Assets Data Store
INVS	Internal Needs Validation Study
IOC	initial operational capability
IPE	industrial plant equipment
IPL	integrated priority list
ISP	inside plant
IT	information technology
MCNR	Military Construction, Navy Reserve (appropriations for DON reserve force (U.S. Navy and USMC))
MCON	Military Construction, Navy appropriations for DON active force (U.S. Navy and USMC)
MILCON	military construction appropriations
MNS	mass notification system
MTP3	MILCON team planning and programming process
M&V	measurement and verification

MWR	morale, welfare, and recreation
MWR/NEX-BOD	Navy morale, welfare and recreation/Navy Exchange board of directors
NAF	nonappropriated funds
NAFI	nonappropriated fund instrumentality
NAFCON	nonappropriated funds construction
NAVAIRSYSCOM	Naval Air Systems Command
NAVFACENCOM	Naval Facilities Engineering Command
NAVSEASYSYSCOM	Naval Sea Systems Command
NAVSUPSYSCOM	Naval Supply Systems Command
NDAA	National Defense Authorization Act
NEPA	National Environmental Policy Act (1969)
NEXCOM	Navy Exchange Service Command
NF	New Footprint (Special Interest Code)
NGIS	Navy Gateway Inns and Suites
NWCF	Navy working capital fund
O&M	operation and maintenance
O&M,N	operations and maintenance, Navy
O&M,NR	operations and maintenance, Navy Reserve
OMSI	Operation and Maintenance Support Information
OPN	other procurement, Navy
OPNAV	Office of the Chief of Naval Operations
OPNAV N46	Director, Shore Readiness Division
OSD	Office of the Secretary of Defense
OSP	outside plant
PCAS	post construction contract award services
PDS	protected distribution system
POL	petroleum, oils, and lubricants
POM	program objective memorandum
PPBES	Planning, Programming, Budgeting, and Execution System
PRI	project readiness index
PWD	public works department
RFP	request for proposal
RDT&E	research, development, test, and evaluation
RDT&E,N	Research, Development, Test, and Evaluation, Navy
RM	Restoration and Modernization (Special Interest Code)
RPAO	real property accountable officer
SAC	Senate Appropriations Committee (appropriation)
SASC	Senate Armed Services Committee (authorization)
SCIF	sensitive compartmented information facility
SecDef	Secretary of Defense

SECNAV	Secretary of the Navy
SFPS	Shore Facilities Planning System
SHPO	state historic preservation officer
SIOH	supervision, inspection, and overhead
SIPRNET	Secret Internet Protocol Router Network
SPAWARSSYSCOM	Space and Naval Warfare Systems Command
S/RM	sustainment, restoration, and modernization
ST	sustainment (Special Interest Code)
UFC	Unified Facilities Criteria
UH	unaccompanied housing
UIC	unit identification code
UMC	unspecified minor construction (MILCON funded)
UPS	uninterruptible power supply
U.S.C.	United States Code
USD(AT&L)	Under Secretary of Defense (Acquisition, Technology and Logistics)
USMC	United States Marine Corps ("Green")
WARNORD	warning order
WCF	working capital fund

USN "Blue" MILCON Team Planning & Programming Process (MTP3)

30 March 2012 (1120)

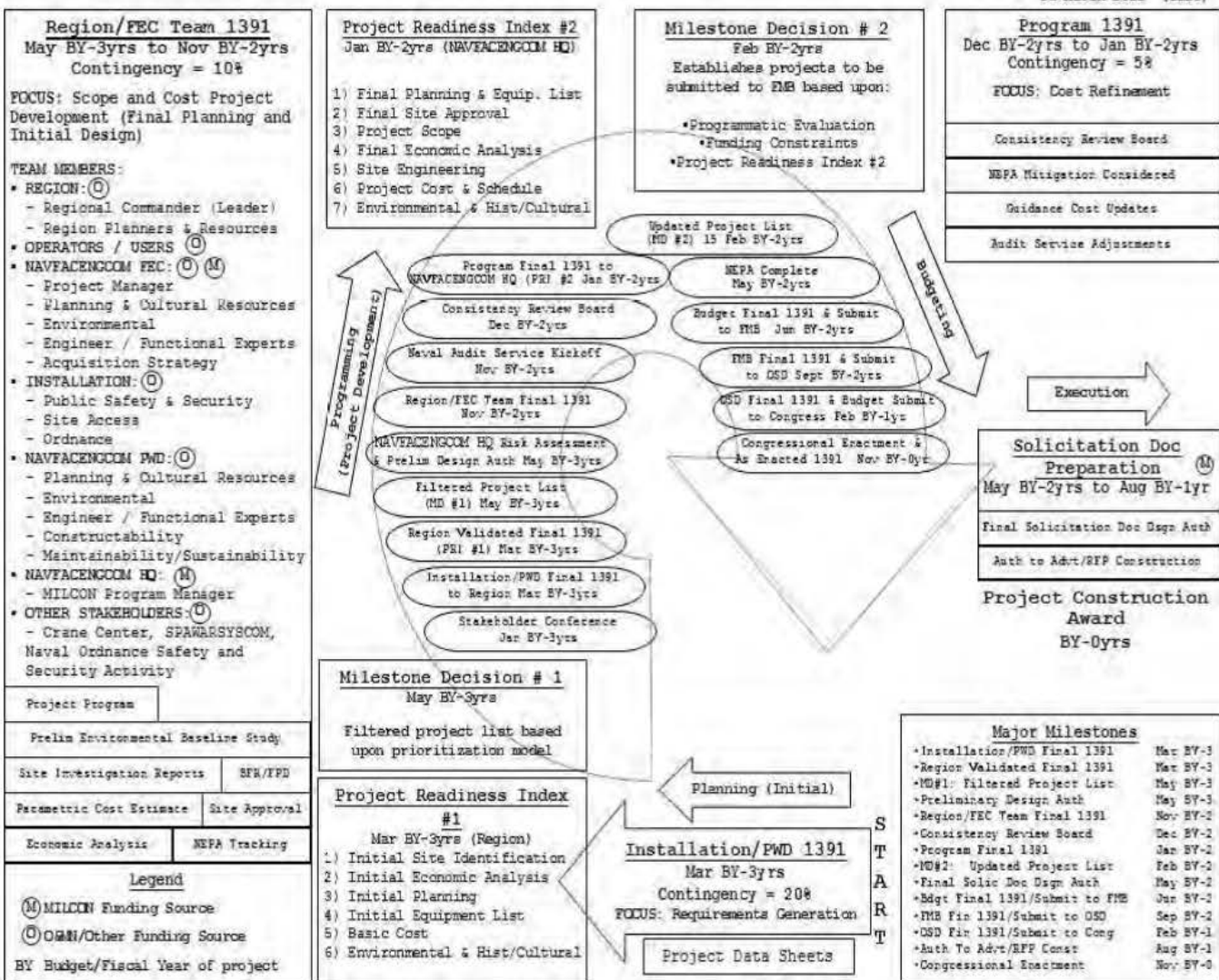


Figure D-1. MTP3 Process

D-1

APPENDIX D
MILCON TEAM PLANNING PROGRAMMING PROCESS (MTP3)

OPNAVINST 11010.20H
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Month	(Budget Year - 3)	(Budget Year - 2)	(Budget Year - 1)
Jan	Stakeholders' Conference	Program Final 1391 to NAVFACENGCOM & PRI#2	
Feb		Updated Project List (MD#2)	OSD Final 1391 & President's Budget Submit to Congress
Mar	Installation/PWD Final 1391 to Region, Region PRI#1 & Region Validated Final 1391		
Apr			
May	Filtered Project List (MD#1), Risk Assessment by NAVFACENGCOM, & Preliminary Design Authorization Issued	NEPA Complete & Final Solicitation Doc Design Authorization Issued	
Jun	<i>FINAL</i>	Budget Final 1391 & Submit to FMB	
Jul-Aug	<i>PROJECT</i>		Auth To Advt / RFP Const
Sep	<i>DEVELOPMENT</i>	FMB Final 1391 & Submit to OSD	
Month	(Budget Year - 2)	(Budget Year - 1)	(Budget Year - 0)
Nov	Region/FEC Team Final 1391		Congressional Enactment & As-Enacted 1391
Dec	Consistency Review Board		Project Award

Figure D-2. MTP3 Timeline

ROLE OF SPAWARSSYSCOM IN MTP3 PROCESS

1. Another MILCON planning and programming process, sponsored by SPAWARSSYSCOM, supplements the MTP3 process specifically to address coordination and integration requirements for communications and IT infrastructure in facilities that host C4ISR/IT systems. Sponsors of these types of systems are the "stakeholders" identified in figures D-1 and D-2. SPAWARSSYSCOM's MILCON C4I integration process is depicted in figure D-3 as it aligns with the MTP3 process.

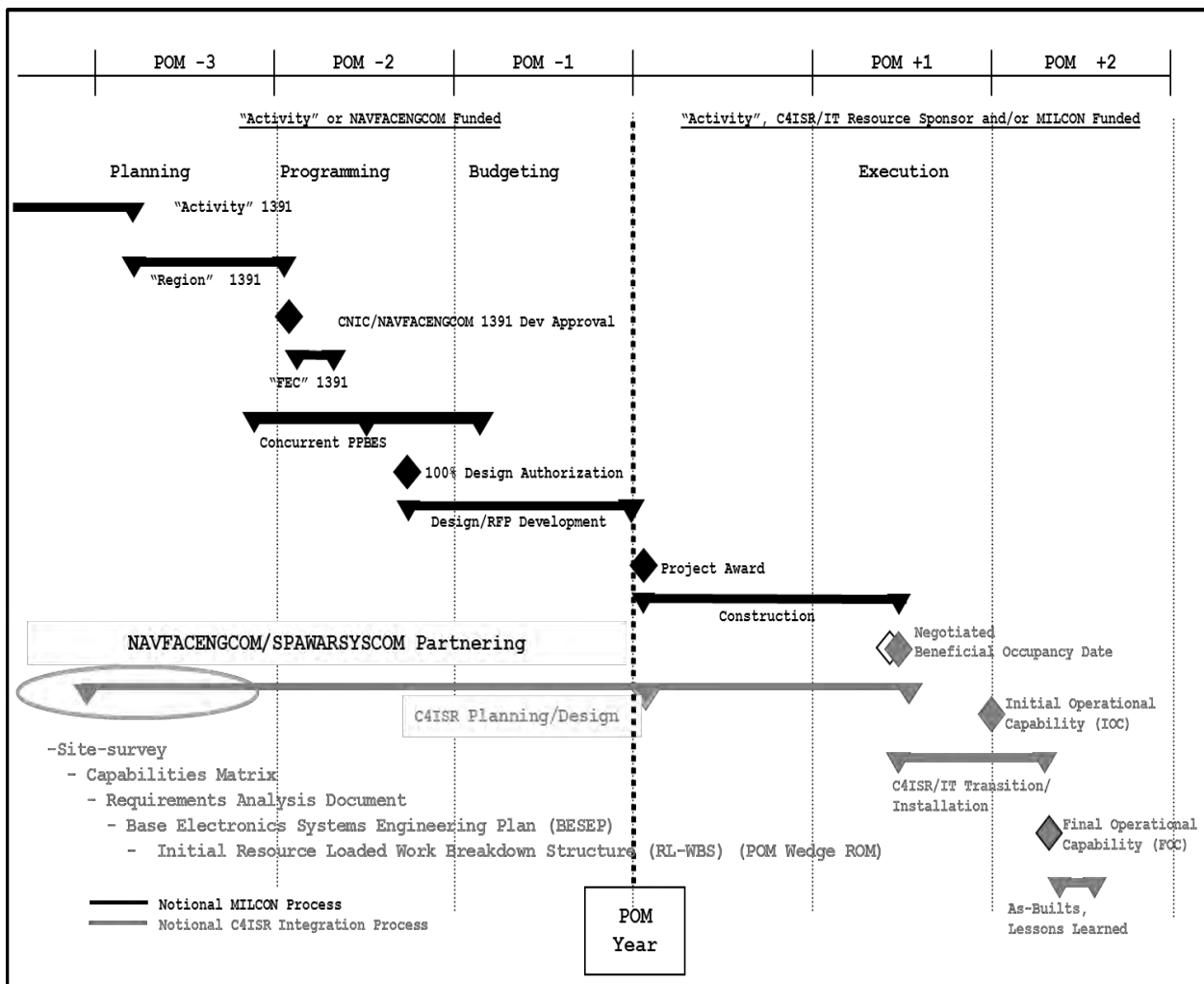


Figure D-3. C4ISR/IT Systems Integration Diagram

2. The MILCON C4I integration process technical aspects are outlined as follows:

a. Guided by three objectives:

(1) Provide methodology and engineering discipline to address all C4ISR/IT requirements, including operational, technical, programmatic, financial, legal, environmental and social.

(2) Provide vehicle for obtaining approvals, certifications and funding.

(3) Provide record of actions taken to address particular C4ISR/IT requirements and how those actions were funded.

b. Facilitates stakeholder approval of requirements and designs early enough in MTP3 and special project timelines to affect smooth transfer of requirements and systems specifications to facility requirements and design agents.

c. Offers flexibility for stakeholders from any SYSCOMs project: communications centers, command centers, medical facilities, laboratories, training facilities, data centers, "Smart Hangars," etc., essentially any facility requiring integration of multiple C4ISR/IT systems or networks.

d. Provides each CNIC region a SPAWARSYSCOM regional shore installation manager as a technical point of contact. The regional shore installation manager should be contacted by stakeholder conference planner as soon as the MILCON has been identified to determine C4ISR/IT impact on planning, requirements definition and facility design. See figure D-2.

e. Helps planning and design agents assess following critical facility requirements:

(1) primary and backup electrical power;

(2) HVAC;

(3) raised floors, dropped ceilings;

(4) sufficient floor and rack footprint;

(5) cableways, communications closets;

(6) special security considerations (SCIF, PDS, special access program facility); and

(7) other requirements for C4ISR/IT systems to properly operate.

f. Defined in Commander, SPAWARSSYSCOM M-4720.1, required by Naval Network Warfare Command Instructions 4130.1 and 12271.1, and COMFLTFORCOM/COMPACFLTINST 4720.3B. Also see SECNAVINST 5400.15C and NAVSEASYSYSCOM SL720-AA-MAN-030.

APPENDIX E
COMMUNICATIONS/INFORMATION TECHNOLOGY FUNDING CONSIDERATIONS

1. Outside Plant (OSP) Communications Infrastructure

a. As a general rule for new construction, OSP equipment, consisting of conduit, cabling, fiber optic amplifiers and in some instances wireless fidelity (WiFi) components, are classified as real property and are the resource responsibility of the host provider of the installation (predominantly CNIC, resourced by CNO N4).

b. Highly specialized, mission-specific cabling, switches and amplifiers required to meet unique mission requirements are considered personal property, and resource responsibility for the installation of OSP unique mission infrastructure equipment is the owner (predominantly Fleet Cyber Command (FLTCYBERCOM) or Commander, Navy Cyber Forces (COMNAVVCYBERFOR)), resourced by CNO N2/N6, or Deputy CNO for Integration of Capabilities and Resources (CNO N8) for new mission initiatives). In those cases, appropriate "funds from other non-MILCON appropriations" must be budgeted accordingly and should be specifically noted on the project documentation (DD 1391).

c. For all Navy-owned systems, FLTCYBERCOM or COMNAVVCYBERFOR resources, provides policy and guidance, and provides backbone connectivity for telephone. Maintenance and repair or replacement of existing telephone cable and equipment is funded using operational accounts per reference (c), volume 2A, chapter 3.

d. Installation of new OSP real property facilities is classified as construction. New OSP facilities must be properly accepted as real property and recorded in iNFADS.

e. Resource responsibility for the life cycle maintenance of OSP facilities is the host provider of the installation. OSP facilities properly recorded in iNFADS will generate CNO N4 sustainment resources within the Navy's budgeting framework.

2. Inside Plant (ISP) Communications Infrastructure

a. ISP communications infrastructure real property, per DoD Instruction 4165.03 of 24 August 2012, should be inventoried following UFC 1-300-08.

b. Standard network and telephone conduit, cable ways and cabling are normally considered real property up to communications closets and within bulkheads.

c. Resource responsibility for life cycle maintenance of existing ISP communications infrastructure is the mission sponsor of the individual activity (the end user) generating the requirement.

d. As a general rule, standard network and telephone communications "active equipment" or "active gear" in communications closets are considered personal property. This includes any associated special, non-standard cabling dedicated to the communications equipment. These costs shall be included with collateral equipment costs on the DD 1391. In those cases, appropriate "funds from other appropriations" must be budgeted accordingly and should be specifically noted on the project documentation (DD 1391).

e. Procurement and installation of telephone central office (exchange) personal property equipment shall be funded from procurement appropriations according to the investment and expense criteria.

f. General policy and responsibility for installing computers, telephone instruments, and other electronics equipment is outlined in UFC 3-580-10. Minor telephone equipment rearrangements and installations within the purview of the commanding officer of an installation which do not require approval of higher authority are normally funded from local O&M accounts. The cost of relocating telephone equipment from an existing central office to a new or enlarged facility is funded by the requesting office with operational accounts by the installation or the region.

3. Communications Infrastructure Planning of MILCON and Special Projects. It is important that real property and personal property, and their supporting communications and IT

infrastructure, be defined as early in the MTP3 and special projects processes as possible. Infrastructure and equipment must be defined to engineering specifications, and analyzed for performance and cost, before the facility design process starts. Real property and personal property equipment responsibilities also must be determined, agreed to, and budgeted by resource sponsors before the facility design process starts.

4. Access and Service

a. Due to the sensitive nature of ensuring continuity of service for communications, access to OSP facilities is controlled by the respective OSP equipment owner for that particular installation (generally FLTCYBERCOM, COMNAVCYBERFOR, or a subordinate thereof).

b. Funding for personal property voice, audio and visual systems, telephone, and data systems, including IT service connection (wall plug activation), recurring IT seat cost or IT seat relocation cost, regardless of the requirement, are not real property facilities program costs. Thus they should not be included on project documentation as a funded project cost, but should be reflected in the unfunded project costs to reflect total cost of project and budgetary purposes. Recurring IT seat costs are resourced Navywide by CNO N2/N6, FLTCYBERCOM, and COMNAVCYBERFOR. However, all other service provider requirements are to be resourced by the mission sponsor of the individual activity generating the requirement (O&M,N or NWCF). This includes telephone services, customer specific desktop equipment for telephone, access costs, long-distance costs, etc.

5. Maintenance of Communication Antennas

a. Communication antennas and systems classified as personal property: maintenance is the responsibility of the owner (predominantly FLTCYBERCOM, COMNAVCYBERFOR, or a subordinate command). This work is not funded from real property maintenance funds, but rather another installation operations account (not facility investment). See reference (c), volume 4, chapter 6.

b. Communication antennas and systems classified as real property: maintenance is funded from real property maintenance

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funds. Funding responsibility is documented in iNFADS by the maintenance UIC for the antenna. Antenna special projects shall be submitted to CNIC N4/OPNAV N46 for review and assessment.

c. The following items are considered part of an antenna system: antenna tower structure, guy wires, ground planes, and other support facilities, and dedicated access roads, fencing and grounds.