



DEPARTMENT OF THE NAVY

NAVAL FACILITIES ENGINEERING COMMAND
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SIOH POLICY SERIAL 016-0001

BLUF: The reimbursement rate for NAVFAC acquisition execution for collateral equipment and non-real property furniture, fixtures and equipment (FF&E) procurement and installation will have two categories that determine the Project Oversight (Proj O/S) rate:

1. When awarded as part of the MILCON construction contract, a Proj O/S rate of 5.7% - CONUS or 6.2% - OCONUS will be charged. This is when the effort expended on the collateral equipment is additive, but done in conjunction with the already awarded and under construction MILCON and would benefit from the economies of scale of the MILCON.
2. When awarded as part of a Special Project or USMC M2R2 repair contract, a Proj O/S rate of 8% will be charged.

Background:

NAVFAC Instruction 7820.1L Section 5(e), paragraph (3) states that for DoD contracts "... collateral equipment or Furniture, Fixtures and Equipment (FF&E) contract actions (including claims) SIOH rate is 8% of the contract value." Previous sections of the instruction detail the funding of acquisition execution support for Facilities Related Service (FRS) contracts as defined in enclosure 1ⁱ and should not be interpreted as pertaining to entire fund sources.

As 7820.1L describes, NAVFAC is not mission funded to support the acquisition execution of FF&E. However, we have traditionally facilitated the acquisition and installation of both collateral equipment and FF&E as part of construction contracts in order to support the customer and to improve construction management and the efficiency of placement in service. In order to continue providing this service the Proj O/S rate must be charged. Using the MILCON rate on MILCON projects is appropriate for our level of effort on these large contracts and lessens the impact on the collateral equipment budget. The full 8% rate is necessary for non-MILCON projects in order to reimburse the NAVFAC costs.

SIOH serial 015-0001 amended the instruction and included a statement:

"For all other types of O&M work that might require SIOH or SIOH-like efforts not described above, we will continue to fund from within for FY16 and FMB1 will review any associated shortfalls at midyear."

This statement pertains only to FRS contracts; FF&E is not a facilities related service.

The above has been reviewed and approved by the NAVFAC Comptroller.

ⁱ Detail from Enclosure 1 DEFINITION AND EXAMPLES OF FACILITIES RELATED SERVICES CONTRACTS:

"Facilities Related Services. Services portfolio groups encompassing 9 portfolios: Architect/Engineering Services; Operation of Government Owned Facilities; Machinery & Equipment Maintenance; Building & Plant Maintenance; Natural Resource Management; Utilities; Housekeeping & Social Services; Purchases & Leases; and Railroad Equipment Modification (Facilities Related Services, DoD Acquisition of Services Taxonomy, DPAP, 2010)"