

OPNAVINST 11010.20J  
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# **NAVY FACILITIES PROJECTS**



## DEPARTMENT OF THE NAVY

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

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N4

27 Dec 2022

### OPNAV INSTRUCTION 11010.20J

From: Chief of Naval Operations

Subj: NAVY FACILITIES PROJECTS

Ref: (a) OPNAV-M 5090.1  
(b) SECNAVINST 11011.47D  
(c) DoD 7000.14-R, Department of Defense (DOD) Financial Management Regulations of December 2020  
(d) 10 U.S.C  
(e) DoD Instruction 4165.14 of 17 January 2014  
(f) Department of the Navy Financial Management Policy Manual of November 2019  
(g) DoD Instruction 1015.15 of 20 March 2008  
(h) DoD Instruction 7700.18 of 15 December 2004  
(i) CNO N4 memo 11011 Ser N46/20U133348 of 14 May 20  
(j) OPNAVINST 11014.3

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 per references (a) through (j). This instruction is considered a complete revision and should be reviewed in its entirety. Major policy changes are annotated within subparagraphs 1a through 1k.

a. Clarifies the definition of repair. See chapter 4, subparagraphs 1a and 1b.

b. Updates funding authority diagram (Appendix B) to include the fiscal year (FY) 2017 national defense authorization act and adds an additional funding authority diagram specific to non-appropriated fund instrumentalities.

c. Removes 14 day waiting period after congressional notification for special projects exceeding \$7.5 million.

d. Increases threshold from \$750,000 to \$1,500,000 for DD 1391, FY \_\_\_\_ Military Construction (MILCON) Project Data, preparation and requires an economic analysis be performed for all projects greater than \$1.5 million.

e. Removes requirement for economic analysis for projects greater than \$500,000 with a repair cost greater than 50 percent of replacement cost.

f. Includes and aligns Family Housing Navy, Operations and Maintenance (FHN O&M) and Family Housing Navy, Construction (FHCON) projects with Operations and Maintenance, Navy (O&M,N) and MILCON project guidance and approvals.

g. Adds Appendices F and G to include real property classification guidance for pier fenders and cranes procured through MILCON.

h. Reorders chapters to align with project planning and execution work flow.

i. Adds a process flow chart in Appendix A to support determination of Real Property Installed Equipment.

j. Updates MILCON Team Planning Programming Process (MTP3) to include Project Readiness Index (PRI) #0, PRI# 1 and PRI #2 milestones.

2. Cancellation. OPNAVINST 11010.20H.

3. Scope and Applicability. This instruction applies to all activities who occupy, maintain, construct or modify Navy facilities or real property. This instruction also applies to all Navy activities responsible for planning, estimating, designing or construction new facilities or modifying existing facilities and real property.

4. 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) will:

(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) or Executive Order (EO) 12114 equivalent documentation (including natural, biological and cultural resource studies; as appropriate) is completed for proposed MILCON projects related to at sea and ashore training ranges and to home basing or homeporting actions of fleet operational assets.

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

(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.

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

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

(6) Ensure proper and timely environmental review, consultation and NEPA or EO 12114 equivalent documentation (including natural, biological and cultural resource studies; as appropriate) is completed for proposed projects where CNIC is the action proponent.

(7) Serve as the action proponent for all facilities, structures and utilities construction and repair projects on Navy installations and associated special areas. Per reference (a) serve as signature authority for categorical exclusions, finding of no significant impacts and applicable EO 12114 decision documents.

(8) Provide local environmental and facilities planning support to fleet NEPA projects and keep fleet stakeholders informed of the process through execution of required post-consultation and record of decision steps.

(9) Approve site request packages as defined in chapter 3 of this instruction.

(10) Validate all real estate requirements per references (b) and (i).

d. COMNAVFACENGSYSCOM. As the systems command that delivers and maintains facilities, COMNAVFACENGSYSCOM will ensure projects are planned and executed to include:

(1) Proper classification of government property.

(2) Proper classification of work (e.g., repair or construction) and fund type (e.g., operations and maintenance, MILCON, Navy Working Capital Fund (NWCF), Other Procurement Navy (OPN), Aircraft Procurement, Navy, Weapons Procurement, Navy, etc.).

(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.

(7) Support and prepare, as a service provider, NEPA planning documents (e.g., environmental impact statement, environmental assessment or categorical exclusion associated surveys, studies, tribal and resource agency consultation and all other associated environmental compliance documentation per reference (a).

(8) Coordinate specialized site approval requirements and approvals across system commands in support of CNIC approval.

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

(10) Technical advisor to 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 MILCON 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 MILCON project data documents) for MILCON program.

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

(14) Identification and development of Military Construction (MILCON) projects for execution utilizing Standard Design Approaches to include implementation of standard drawings, templates and criteria.

e. Providers and Force Commander's Representatives for the Warfare Enterprises will:

(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 MILCON, special projects, demolition and other shore investments.

(4) For projects advocated by warfare enterprises, 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.

5. Records Management.

a. Records created as a result of this instruction, regardless of format or media, must be maintained and dispositioned per the records disposition schedules located on the Department of the Navy (DON) Assistant for Administration, Directives and Records Management Division portal page at <https://portal.secnav.navy.mil/orgs/DUSNM/DONAA/DRM/Records-and-Information-Management/Approved%20Record%20Schedules/Forms/AllItems.aspx>.

b. For questions concerning the management of records related to this instruction or the records disposition schedules, please contact the local records manager or the OPNAV Records Management Program (DNS-16).

6. Forms. DD 1391 MILCON Project Data documents and DD 1354 Transfer and Acceptance of DoD Real Property are available for download from the DOD Forms website, <https://www.esd.whs.mil/Directives/forms/>.

7. Review and Effective Date. Per OPNAVINST 5215.17A, CNO N4 will review this instruction annually around the anniversary of its issuance date to ensure applicability, currency and consistency with Federal, DoD, Secretary of the Navy and Navy policy and statutory authority using OPNAV 5215/40 Review of Instruction. This instruction will be in effect for 10 years, unless revised or cancelled in the interim and will be reissued by the 10-year anniversary date if it is still required, unless it meets one of the exceptions in OPNAVINST 5215.17A, paragraph 9. Otherwise, if the instruction is no longer required, it will be processed for cancellation as soon as the need for cancellation is known following the guidance in OPNAV Manual 5215.1 of May 2016.



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Releasability and distribution:

This instruction is cleared for public release and is available electronically only via DON Issuances website, <https://www.secnav.navy.mil/doni/default.aspx>.

TABLE OF CONTENTS

CHAPTER 1 - INTRODUCTION

1. Purpose	1-1
2. General Information	1-1
3. Policy Scope and Exclusions	1-14

CHAPTER 2 - GOVERNING LAWS AND PROHIBITIONS

1. Governing Laws	2-1
2. Project Scope Guidelines	2-1
3. Prohibitions	2-4
4. Funding and Scope Of Construction	2-6
5. Combining Appropriated Funds (APF) and Non-Appropriated Funds (NAF)	2-7

CHAPTER 3 – PLANNING REQUIREMENTS AND CONSIDERATIONS

1. Site Approval	3-1
2. Environmental, Natural and Cultural Resources	3-2
3. Places of Historic Significance	3-3
4. Antiterrorism and Force Protection (FP)	3-3
5. Communication and Information Technology (IT) Infrastructure	3-5
6. Cybersecurity of Facility-Related Control Systems	3-6
7. Procurement, Lease and Use of Relocatable Facilities	3-7

CHAPTER 4 - CLASSIFICATION OF WORK

1. Repair	4-1
2. Construction	4-4
3. Associated Personal Property Equipment Installation	4-10

CHAPTER 5 - TYPES OF FUNDING

1. O&M, N and Operations and Maintenance, Navy Reserve	5-1
2. MILCON, Navy (MCON) and Military Construction, Navy Reserve (MCNR)	5-6
3. Family Housing Navy, Operations and Maintenance (FHN, O&M)	5-6
4. Family Housing, Construction (FHCON)	5-8
5. Navy Working Capital Fund (NWCF)	5-9
6. Research, Development, Test and Evaluation (RDT&E)	5-10
7. NAF, Commissary Surcharge, Privately Funded Projects	5-11
8. Procurement Funds	5-11

CHAPTER 6 – FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION  
(FSRM) SPECIAL PROJECTS

1. General Information	6-1
2. Special Project Program Objective Memorandum (POM)	6-1
3. Additional Special Project Guidance	6-3

4. Special Project Execution	6-5
<u>CHAPTER 7 - MILCON PROJECTS</u>	
1. General Information	7-1
2. DON Budget MILCON Planning and Programming	7-1
3. Other MILCON Authorities	7-4
4. Other MILCON Programs	7-10
5. MILCON Construction Execution	7-11
6. Enacted MILCON Project Changes	7-12
<u>CHAPTER 8 – NONAPPROPRIATED FUND (NAF), COMMISSARY SURCHARGE, AND PRIVATELY-FUNDED PROJECTS</u>	
1. Provision of Facilities	8-1
2. Appropriated Funding Support	8-2
3. Project Submission and Programming Timeline	8-4
4. Procedures, Format and Approval Authority	8-5
<u>CHAPTER 9 - NWCF PROJECTS</u>	
1. Provision of Facilities	9-1
2. Budget Formulation for NWCF Activity FSRM and Construction Projects	9-1
3. Procedures, Format and Approval Authority	9-1
<u>CHAPTER 10 - PROJECT COMPLETION</u>	
1. Transfer and Acceptance of Real Property	10-1
2. Facility Data Integration and Updates	10-2
<u>APPENDICES</u>	
Appendix A Property Classification Table	A-1
Appendix B Authority Levels and Funding Appropriations	B-1
Appendix C Acronyms	C-1
Appendix D Communication and Information Technology (IT) Funding Considerations	E-1
Appendix E Funding Policy for Pier Fenders	F-1
Appendix F Funding Policy for Cranes Associated with MILCON Projects	G-1



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, EO, congressional guidance, DoD policy and DON guidance;
    - (2) In direct support of mission requirements;
    - (3) Designed and accomplished such that environmental, energy and resiliency related activities are conducted in an integrated, effective and sustainable manner;
    - (4) Compliant with the NEPA and other environmental 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, capital, installation, energy, operating, maintenance and replacement costs);
    - (6) Accomplished through the most economic and fiscally sound means; and
    - (7) Awarded and administered by Commander, Naval Facilities Engineering Systems Command (COMNAVFACENGYSYSCOM). Per Navy Marine Corps Acquisition Regulations Supplement 5201.601-90(c)(6), COMNAVFACENGYSYSCOM is assigned as the DON head of the contracting activity (HCA) responsible for awarding and administering contracts for all architect-engineer, construction, utilities, energy and facilities support.
    - (8) Exceptions.
      - (a) Per Navy Marine Corps Acquisition Regulations Supplement 5201.601-90(c)(6)(ii), HCAs other than COMNAVFACENGYSYSCOM may be used only if delegated by COMNAVFACENGYSYSCOM. If an HCA other than COMNAVFACENGYSYSCOM intends to award a contract that contains any elements of construction work, the HCA will consult with COMNAVFACENGYSYSCOM as early as practicable in the acquisition planning.
      - (b) Outside the continental United States (OCONUS) geographic areas are designated to specific construction agents per Enclosure 1 of DoD Directive 4270.5 Change 1 of 31 August

2018. This exception applies to MILCON projects that are authorized and funded in MILCON authorization and appropriation acts or authorized pursuant to other laws. The specified construction agent will accomplish the design and construction execution of military facilities, including military family housing. Unspecified minor MILCON in these areas may be executed by the military department having jurisdiction over the real property facility.

(c) Per Assistant Secretary of the Navy (Research, Development and Acquisition) (ASN (RD&A)) memorandum titled “Approved Initiatives Under FY2017 National Defense Authorization Act (NDAA) Section 233 Pilot Program for the Enhancement of the Research, Development, Test and Evaluation Centers, Phase 2, Sprint 1” of 5 March 2019, delegation of contracting authority is granted to Science and Technology Reinvention Laboratories to use contracting functions of Army Corps of Engineers (USACE) and General Services Administration or both, for facilities work to include FSRM, facilities services and energy conservation projects. Per the NDAA of FY 2017, Section 233, this pilot program terminates on 30 September 2022.

b. Websites for References.

(1) The DoD issuance program processes the documents that establish and implement DoD policy. Issuance types include instructions, directives and manuals and can be searched at <https://www.esd.whs.mil/DD/>. Chairman of the Joint Chiefs of Staff (CJCS) directives can be searched at <http://www.jcs.mil/Library/>.

(2) Reference (c) will 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 the Secretary of the Navy (SECNAV) and the Office of the Chief of Naval Operations (OPNAV). SECNAV and OPNAV documents can be accessed by searching the indexed tables at <https://portal.secnav.navy.mil/orgs/OPNAV/DNS/DNS1/DNS15/FOUO%20Directives/Forms/AllItems.aspx>.

(4) The Office of the Law Revision Counsel (OLRC) 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 U.S. The website is <http://uscode.house.gov/>.

(5) DoD current energy policy goals and facility related control system cybersecurity documents can be found at [https://www.acq.osd.mil/eie/IE/FEP\\_Policy\\_Program\\_Guidance.html](https://www.acq.osd.mil/eie/IE/FEP_Policy_Program_Guidance.html).

(6) The Unified Facilities Criteria (UFC) system provides planning, design, construction, sustainment, restoration and modernization criteria and applies to all DoD components. COMNAVFACENGYSYSCOM headquarters, USACE headquarters and Air Force Civil Engineer

Center are responsible for administering the UFC system. UFCs are distributed only from the Whole Building Design Guide website at <https://www.wbdg.org/ffc/dod>.

(7) Examples of classification of work, classification of property and additional information are available on the COMNAVFACENGYSYSCOM portal at [https://hub.navfac.navy.mil/webcenter/portal/am/Programs+\[I-Z\]/Project+Development](https://hub.navfac.navy.mil/webcenter/portal/am/Programs+[I-Z]/Project+Development). If necessary, access may be requested upon first visit to this site.

(8) COMNAVFACENGYSYSCOM Instructions and Publications referenced by this instruction are available on the COMNAVFACENGYSYSCOM portal at [https://hub.navfac.navy.mil/webcenter/portal/document\\_library/Library](https://hub.navfac.navy.mil/webcenter/portal/document_library/Library).

c. Key Definitions.

(1) Activity. A unit, organization or installation performing a function or mission.

(2) 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.

(3) Complete and Usable Facility or Improvement. A real property facility or improvement that 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 or exempted).

(4) Complete Replacement. Replacement of an entire facility that is deteriorated, damaged or destroyed beyond economical repair is classified as construction. Repair by replacement is allowable for any system(s) or component(s) within the external dimensions of an existing facility (see Assistant Secretary of Defense (Energy, Installations and Environment) (ASN (EI&E)) memorandum "Guidance for Exercising MILCON Authorities in reference (d) sections 2811 and 2853 of title 10, U.S.C." of 16 June 2017). See Chapter 4, subparagraph 1b for additional clarification.

(5) Contingency Location. A non-enduring location outside of the U.S. that supports and sustains operations during contingencies or other operations and is categorized by mission life cycle requirements as initial, temporary or semi-permanent. Contingency locations are identified on the DoD Contingency Location Master List.

(6) 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 and all associated supporting facilities

to make the conversion complete and usable. A conversion always results in a change in real property facility functional purpose.

(7) Direct 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). For projects funded by operations and maintenance appropriations (such as O&M,N), research, development, test and evaluation and working capital resources), the direct project costs include all funded costs identified in reference (c), volume 3, chapter 17, paragraph 170401 of June 2019 except for any design costs obligated either before or after construction contract award. For projects funded by MILCON appropriations, the direct project costs include all funded costs identified in reference (c), volume 3, Chapter 17, paragraph 170401 of June 2019 except for design costs funded by MILCON Design appropriations obligated prior to construction contract award. The sum of direct project costs is generally identified as the project funding requirement. Direct project costs used to determine the facilities project costs for purposes such as approval authority and appropriate source of funds 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 installed 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 170302.F.2 of June 2019). For MILCON funded projects, government-furnished real property installed 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 170501.B.6 of June 2019). For Family Housing Navy, Construction (FHCON) funded projects, equipment obtained specifically for family housing new construction projects is included in the project construction funding requirement (see section 2821(c) of reference (d)).

(c) Labor Costs. Labor costs include construction units of foreign nationals. 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. For example, labor costs from an Architectural and Engineering contract that conducts pre-construction design is not included as a direct project cost. The cost of military labor will not be included as a direct project cost except for the cost of military personnel assigned to Defense Working Capital Fund (DWCF) activities. DWCF activities will be reimbursed by their customers for the cost of military labor as prescribed in reference (c), volume 11A, Chapter 1, paragraph 010203.B of November 2014 and volume 11B, Chapter 13, paragraph 130804 of August 2017.

(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) and project oversight. used for supervision, administration and overhead incidental to a real property facilities project or program (see section 2802 of reference (d); NAVFACINST 7820.1L; and reference (c) volume 3 Chapter 17 paragraphs 170301.B.5, 170401.F and 170402 of February 2016). SIOH for MILCON and reimbursable funded projects is funded with each project appropriation. Although Project Oversight for DON O&M,N and Operations and Maintenance, Navy Reserve projects may be transferred from ASN (Financial Management and Comptroller) (ASN(FM&C)) to COMNAVFACENGSYSCOM in a lump-sum manner, it is a funded cost and must be included in the project estimate for purposes of determining approval thresholds. Family Housing funded projects (both FHCON and FHN O&M) are entirely appropriated via the MILCON Appropriations Act, making Family Housing SIOH-bearing and not subject to Project Oversight. SIOH and project oversight can include:

1. Construction contract administration.
2. MILCON 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 in Chapter 1, subparagraph 2c(7), 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. Installation support costs excludes costs to procure, install or move personal property.

(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 (PCAS) and Post Award Design Services (PADS). For MILCON funded projects only, design and engineering services (non-SIOH bearing) incidental to construction efforts (but not under the construction contract). See reference (c), volume 3, Chapter 17, paragraph 170301.B.6 of June 2019 and NAVFACINST 7820.1L for guidance. PCAS and PADS costs can include design, engineering services, cybersecurity commissioning and design support 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 PADS and verification that system performance is optimized to ensure required performance and energy savings 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 will 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 funded project costs.

(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 of November 2014 and volume 3, Chapter 17, paragraph 170401 of June 2019).

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

(o) Mitigation Cost. Cost related, but not limited to environmental, historical preservation and cultural and natural or both, resource mitigation efforts agreed to during consultation with tribal, state and other federal agencies.

(8) Enduring Location. A main operating base, forward operating site or cooperative security location designated by the DoD on the Enduring Location Master List for strategic access and use to support U.S. security interests for the foreseeable future.

(9) 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 the Office of the Assistant Secretary of Defense, Sustainment (OASD) real property classification system and found in reference (e).

(10) Fixture. A “fixture” qualifies as real property equipment (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.

(11) 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 (d) and (e).

(12) Indirect Project Costs. Indirect project costs are costs that are capitalized as part of the value of the real property but are excluded from all other approvals or determinations relating to the direct costs of facilities projects. For projects funded by operations and maintenance appropriations (such as O&M,N , RDT&E and working capital resources), the indirect project costs include all unfunded costs identified in reference (c), volume 3, Chapter 17, paragraph 170501 of June 2019 plus any design costs obligated either before or after construction contract award. For projects funded by MILCON appropriations, the indirect project costs include all unfunded costs identified in reference (c), volume 3, Chapter 17, paragraph 170501 of June 2019 plus design costs funded by MILCON Design (P&D) appropriations obligated prior to construction contract award. Indirect costs contribute to the project, are financed from appropriations other than MILCON and are not reimbursed by MILCON appropriations. Indirect project costs excluded

from determination of the facilities project cost for purposes such as approval authority and appropriate source of funds include:

(a) Military Labor. All costs funded from military personnel appropriations, except for the cost of military personnel assigned to DWCF activities. DWCF activities will be reimbursed by their customers for the cost of military labor. See reference (c), volume 11A, Chapter 1, paragraph 010203.B.1 of November 2014.

(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. Work funded from gifts from private parties if acceptance is allowable by law.

(e) In-Kind Considerations. Work funded by in-kind considerations.

(f) Personal Property. Accessory equipment and furnishings that are movable in nature and not affixed as an integral part of a real property facility. Real Property Class 3 (Equipment other than Industrial Plant Equipment) and 4 (Industrial Plant Equipment other than minor Industrial Plant Equipment). Class 3 Facility Type "5" (Relocatable) will be properly regarded as personal property; however, they will be entered into iNFADS as a Class 3 record for reporting and funding purposes. Personal property (also known as collateral equipment) procurement and installation.

(g) 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 architectural and engineering contracts or in-house) prior to construction contract award (reference (c), volume 3, Chapter 17, paragraphs 170206 of June 2019). 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.

(h) Construction Contractor Design and Engineering Costs. For non-MILCON funded projects only (such as O&M,N special projects, RDT&E and working capital resources), 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 170501.C of June 2019). MILCON design funds will not be used after construction



contract award for work directly related to the awarded construction contract (see section 2807(a) of reference (d)).

(i) PCAS and PADS. For non-MILCON funded projects only, design and engineering services (non-SIOH bearing) incident to construction efforts (but not under the construction contract). See reference (c), volume 3, Chapter 17, paragraphs 170501.C of June 2019 and NAVFACINST 7820.1L for guidance. MILCON design funds will not be used after construction contract award for work directly related to the awarded construction contract (see section 2807(a) of reference (d)). PCAS and PADS costs can include design, engineering services, cybersecurity commissioning and design support 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 PADS and verification that system performance is optimized to ensure required performance and energy savings are achieved.
3. Preparation of as-built drawings.
4. Preparation of OMSI manuals.

(13) Installation. A base, camp, post, station, yard, center, homeport facility for any ship or other activity under the jurisdiction of the DoD, including any leased facility which is located within any of the States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands or Guam. Such term does not include any facility used primarily for civil works, rivers and harbor projects or flood control projects. In the case of an installation in a foreign country, an installation is any property under the operational control of the Secretary of Defense (SecDef) or the secretary of a military department, without regard to the duration of operational control. For real property accountability, an installation must include one or more sites (reference (e)).

(14) Linear Structure. Each linear structure is a real property asset and has a separate property record card. The components have various units of measurement. For example, "NFA200000345039" contains the conduit for Circuits "CAMJPP-EL-CKT-V61" and "CAMJPP-EL-CKT-V62 (both Units of Measure = LF) while "NFA200000748924" contains all the transformers on these same Circuits (Unit of Measure = KVA). The components of a utility system may be on separate property record cards. For example, separate property record cards exist for the components of the electrical distribution system at an installation, per Real Property Requirements. For more information, refer to the DoD Guide for Segmenting Linear Structures by the Office of the Deputy Under Secretary of Defense (Installation & Environment) Business Enterprise Integration Directorate of March 2014, Version 2.0.

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

(16) New Mission. A new warfare platform, new weapon or system (e.g., Major Defense Acquisition Program (MDAP)) for the purpose of meeting readiness for training, initial operational capability, full operational capability or other Program directed dates. A change in basing of an existing system or platform and a mission or capability not associated with a MDAP is not a new mission requirement. Responsibilities and funding requirements for new mission facilities investments are outlined in DON OPNAV Major Defense Acquisition Program Facility Investment Programming Rules and Responsibilities Memorandum of Understanding of 6 May 2019.

(17) 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 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 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 that 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, family housing appropriation, procurement appropriations, OPN or DWCF resources, as appropriate. See reference (f), paragraph 03230 and Appendix A of October 2017; and reference (c), volume 3, Chapter 17, paragraphs 170505 of June 2019 and volume 2B, Chapter 6, paragraphs 060202B.1(c) of June 2013. Examples of personal property include furniture and telephones. Additional examples of personal property are provided in Appendix A.

(18) 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 prepared for any project using a DD 1391 should list associated personal property considered as indirect project costs along with planned procuring appropriation (e.g., OPN, Aircraft Procurement, Navy, Weapons Procurement, Navy, etc.), appropriation fiscal year and cost.

(19) 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) and reference (c), volume 4, Chapter 24, paragraph 240201 of June 2019 and Glossary of April 2015.

(20) Real Property Installed Equipment (also known as installed equipment or built-in equipment). Equipment or fixtures permanently attached to or built into a real property facility, which are essential to or an integral part of the facility and therefore typically engineered into the final design and construction of the facility. Real property equipment is considered part of the facility and not intended to be moved outside the facility envelope. The removal of this equipment might substantially damage the facility or render the facility unusable. 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 properly classified as construction or repair. See Chapter 4 of this instruction for work classification guidance.

(b) Examples of real property equipment include heating, ventilation and air conditioning (HVAC) systems; walk-in freezers; elevators; and cranes permanently and entirely contained and only operated within a facility envelope, dependent upon components integral to and within the facility (e.g., rail or runways). 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 (f), paragraph 03251. Additional examples of real property equipment are provided in Appendix A.

(c) For property accountability and management purposes, RPIE will be treated as either a repair or an improvement to the applicable real property facility per SECNAVINST 5200.42 and SECNAVINST 11011.47D.

(21) Site. Physical (geographic) location that is or was owned by, leased to or otherwise possessed by a DoD component on behalf of the U.S. Each site (except for leased) 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 per (reference (e)).

(22) Utility Systems and Components. A system (or components thereof) which generates or distributes or both, (via pipelines, wires, cables or electromagnetic waves) a commodity or service and makes that commodity or service available to more than one facility in the general area where the utility exists.

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 execution agent and fund source except those excluded by Chapter 1, subparagraphs 3b or 3c. Classifications of work are discussed in Chapter 4. The classifications of work regarding real property are:

(1) Repair,

(2) Construction and

(3) Associated Personal Property Equipment Installation

e. Limits of Authority. Approval authority limits for projects are listed in Appendix B and Chapter 4, subparagraph 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 project costs as discussed in Chapter 1, subparagraph 2c(12).

f. Funding Sources. Projects are financed from five broad categories of funding sources. Fund source definitions and policy are discussed in Chapter 5.

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

(a) MILCON (see Chapter 4, subparagraph 2a for definition)

(b) Family Housing Construction

(c) Family Housing Navy, Operations and Maintenance

(d) Supplemental appropriations. Supplemental appropriations are subject to this instruction, but may have specific requirements in the legislation.

(e) O&M,N and O&M,NR. See Chapter 5, paragraph 1.

(f) RDT&E. See section 2353 of reference (d) and reference (c), volume 2A, Chapter 1, paragraph 010213 of October 2008 for additional information. Also see Chapter 4, paragraphs 2b(1) and 2b(3) and Appendix B.

(g) Procurement, including OPN. See Chapter 4, 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) NAF. NAF are public monies and assets from sources other than monies appropriated by Congress, 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 will 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); Military Services exchange programs, such as Navy Exchange Service Command (COMNEXCOM)); 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 8; reference (c), volume 13, Chapter 1, paragraph 010213; DoD Instruction 7700.20 of 10 November 2005; and references (g), (h) and DoD Instruction 1330.09 of 7 December 2005 for additional information.

(3) DWCF. 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. DWCF 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 9 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 8473 of reference (d), with respect to the U.S. Naval Academy (USNA) 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 8 and references (h) and DoD Instruction 7700.20 of 10 November 2005 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 will 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. See Chapter 8 of this instruction, section 2685 of reference (d), DoD Directive 5105.55 of 12 March 2008, DoD Instruction 7700.20 of 10 November 2005, DoD Instruction 1330.17 Change 2 of 14 September 2014 and references (h) 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 Navy MILCON; Navy Facility Sustainment, Restoration and Modernization; NWCF; Family Housing Navy; and NAF facilities projects. Other specialized

facility requirements ( see Chapter 1, paragraph 3b(1) through 3b(5)) 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 (d).

(2) Base realignment and closure: 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 U.S. (i.e., North Atlantic Treaty Organization (NATO)): See applicable status of forces agreement and agency agreement documentation.

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

(5) Foreign Military Sales funds.

c. Other Exclusions.

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

(2) Projects authorized by section 2913 of reference (d), 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 reference (d), sections 2667(b)(4) and 2776(c).

## CHAPTER 2 GOVERNING LAWS AND PROHIBITIONS

1. Governing Laws. Congress established restrictions on the use of APFs in the laws listed in subparagraphs 1a through 1k of this chapter:

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

b. Section 1341(a)(1)(A) of title 31, U.S.C., prohibits making or authorizing an expenditure from or creating or authorizing an obligation under, any appropriation or fund in excess of the amount available in the appropriation or fund unless authorized by law.

c. Section 1341(a)(1)(B) of title 31, U.S.C., prohibits involving the government in any obligation to pay money before funds have been appropriated for that purpose, unless otherwise allowed by law.

d. Section 1342 of title 31, U.S.C., prohibits accepting voluntary services for the U.S. or employing personal services not authorized by law, except in cases of emergency involving the safety of human life or the protection of property.

e. 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.

f. Reference (d), sections 2801 through 2815, governs execution of MILCON projects.

g. Reference (d), sections 2821 through 2838, governs Family Housing projects.

h. Reference (d), sections 2851 through 2859, governs administration of MILCON projects.

i. Reference (d), section 2783, states that penalties for misuse of NAFs will be the same as penalties for misuse of APFs.

j. Reference (d), sections 2353, governs research and development facility construction and modifications.

k. Reference (d), sections 2663 and 2664, 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 4, subparagraph 2b(1)(a)). There are three principal considerations when determining and approving project scope:

(a) The prohibition against incrementing or fragmenting the full project scope 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 an 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 and, therefore, compliant with the Shore Facilities Planning System process as outlined in the COMNAVFACENGYSYSCOM Shore Facilities Planning System Guidebook of 9 October 2009.

(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 4, 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 170302.C.3 of June 2019).

(b) Detail and justify further planned construction to the same or closely related facilities for the same new mission or mission change, if applicable.

(c) Identify the end result of the project.

(d) Be consistent with the planning action(s) as noted on correlating facility planning document that identifies and provides justification for the project scope.

(e) For OCONUS projects, identify the location of the project and verify whether the project will occur at a location on a combatant commander's (CCDR) Global Defense Posture Enduring Location Master List. For projects at Contingency Locations (CL) or other non-enduring sites, refer to funding guidance in Chapter 5.

(3) The relationship between facilities and their purpose determines 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 not all are 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.

(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 can therefore be funded separately. Examples include unaccompanied housing 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 170207.D of June 2019:

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

(2) All concurrent construction proposed for contiguous areas of a multi-use facility must 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.” This is not applicable to repairs in spaces physically separated by walls, ceilings or floors. An example is alterations occurring at the same time by two users (one administrative and the other warehouse) in contiguous spaces not separated by a wall or floor; 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, will be treated as a single project.

(4) Construction proposed for a multi-use facility may be divided into separate projects if each project can be clearly defined and the result is a complete and usable facility. An example is one user in a building requires an interior reconfiguration because 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 New Missions and Functions and Changes to Existing Missions and Functions. For projects supporting a mission change or new mission requirement (such as MDAP), multiple facilities must be incorporated into a single project, unless it can be demonstrated that each facility meets all of the criteria in subparagraphs 2b(1) through 2b(3) of this chapter:

- (1) Is for unrelated and dissimilar 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.

d. 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, to include central utility systems, if deemed necessary to provide a complete and usable facility. This work should follow work classification requirements outlined in Chapter 4. An exception is modification to central utility system infrastructure in certain limited situations. When any of the circumstances in subparagraphs 2d(1) through 2d(2) of this chapter exist, a separate project must be programmed to timely execute utility system "rightsizing." (For NAF and DeCA projects, see Chapter 8.)

(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 or expansion that requires significant modifications to the utility infrastructure of the base.

### 3. Prohibitions.

a. 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. Subparagraphs 3a(1) through 3a(3) 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 of October 2008). Agencies will not obligate funds

outside the period of availability of the appropriation without statutory authority to 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 Incrimination.

(1) Circumventing programming and approval requirements result in incrimination 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, subparagraph 2c for definitions).

(2) Per reference (c), volume 3, Chapter 17, paragraph 170302.C.3 of June 2019, 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 any 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, subparagraph 2a for additional information.

(3) Incrimination should not be confused with project phasing. Phasing is allowed under specific circumstances; see Chapter 6, subparagraph 3c. Each phase will result in a "complete and usable" facility.

c. Prohibited Actions.

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

(a) Repairs will not be subdivided into multiple projects for avoiding higher authority approval or notification as identified in Chapter 6, paragraph 3 and Appendix B.

(b) Special projects that are phased will be reviewed and approved based on the total cost of all phases to ensure higher authority approval is obtained when required by Chapter 6, paragraph 3 and Appendix B.

(c) Construction work will not be subdivided into multiple projects for the purpose of remaining within minor construction limits of Chapter 4, paragraph 2b(1)(a) or the UMC funding limits of Chapter 4, subparagraph 2b(1)(b).

(2) Constructing multiple small buildings for the same mission, each under the limits of section 2805 of reference (d), for minor MILCON projects funded from appropriations available for O&M (see Chapter 4, paragraph 2b(1)(a)), instead of a single, more economical building.

(3) Split funding concurrent work on an active MILCON project to avoid MILCON reprogramming approval or cost variation notification requirements (e.g., using O&M funds to augment a project to prevent MILCON expenditures from exceeding the reprogramming thresholds identified in Chapter 7, paragraph 6b(1)).

(4) The planned (foreseeable) acquisition of or improvement to, a facility through a series of minor construction projects. For example: a minor construction project for an existing and unchanged mission or function would be considered unauthorized incrimination 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.

#### 4. Funding and Scope of Construction.

##### a. Minor construction projects with MILCON funded construction.

(1) Per House Report 97-612 concerning Public Law 97-214, MILCON Codification Act of 1982, clarification of section 2805(a) of reference (d), a minor construction project as defined by Chapter 4, subparagraph 2b(1) may:

(a) Precede a MILCON 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.

(b) Follow a MILCON project when new mission requirements develop after the MILCON project has been completed (interpreted as after placed in-service date, see Chapter 10).

(2) The Unspecified Minor Construction MILCON approval process (see Chapter 7, paragraph 3a) is required if within the time limits identified in Chapter 4, paragraph 2b(1)(b) or paragraph 2b(1)(c).

b. Scope of Execution. Only work described in the enacted legislation budget book DD 1391 may be executed under a MILCON funded project. Furthermore, a MILCON funded project must provide a complete and usable real property facility. See Chapter 7, paragraph 6a for further clarification.

c. Execution of Deferred Work. 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 4, paragraph 2b(1)(a)) may only proceed after the placed in-service date of the original project and expiration of the original MILCON appropriation (see Chapter 7, paragraph 5c) unless otherwise authorized by Congress. See Chapter 2, paragraph 3b for more information on unauthorized incrementation.

d. Mixed Construction and Repair. In the event a mixed construction and repair project is composed of work that is so integrated to preclude separation of construction and repair costs and the total funded cost of construction and repair exceeds the limits of O&M authority in section 2805 of reference (d), the combined construction and repair project will be accomplished as a MILCON funded project. See Chapter 4, paragraph 2b(1)(a) for O&M authority limits for minor construction projects.

e. MDAP facilities projects. MDAP resource sponsors will fund MDAP-related facility investments in the form of MILCON, UMC and facility conversion restoration and modernization (RM) projects until full operational capability or inventory objective for that system is achieved, whichever comes later. Funding responsibilities include initial and advanced planning for facilities requirements, facility gap analysis, alternative and project development and project planning and design costs. The DON Major Defense Acquisition Program Facility Investment Programming Rules and Responsibilities Memorandum of Understanding of 6 May 2019 provides further details.

## 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 (g) (summarized in Chapter 8, 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 SECNAVINST 4001.2K "Acceptance of Gifts" of 7 May 2018 and OPNAVINST 4001.1G "Acceptance of Gifts" of 7 Aug 2018.

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 (g) (summarized in Chapter 8, 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 8.

## CHAPTER 3 PLANNING REQUIREMENTS AND CONSIDERATIONS

### 1. Overview.

a. This chapter discusses the additional documentation and components associated with project documentation and long term planning. When developing a project, it is important to identify elements of the site and special features of design that may impact the project scope and, potentially, cost.

b. There are many factors to investigate early in the project development stage. Installation Development Plans will identify zoning requirements, various operational and environmental constraints and other long-term development considerations. The Navy's Shore Infrastructure Planning System within the Internet Navy Facilities Asset Data Store (INFADS) Planning module integrates information from the Activity Module, Facility Module and Category Code Module to create a facility planning document. All installation development plans must be reviewed to ensure projects align with warfare enterprise long term vision and development priorities.

c. Other items to process and review early in project planning include, but are not limited to: site approvals, integrated cultural resources management plans, integrated natural resources management plans, programmatic agreements with the State historic preservation officers, Office of DUSD (I&E) flood plain management requirements, UFC and other code requirements, antiterrorism FP requirements, supporting IT infrastructure, utility requirements and cybersecurity. See paragraphs 1 through 6 of this chapter for more information.

d. Additionally, Navy investment and prioritization guidelines must also be considered when planning the scope of a project. Guidelines include, but are not limited to the targeted facilities investment strategy; naval component commander, combatant or unified commander priorities; and shore mission integration group special project and MILCON scoring matrixes. See CNO N4 memorandum Targeted Facilities Investment Strategy dated 16 July 2017 and CNIC annual Special Project and MILCON POM guidance memorandums.

### 2. Site Approval.

a. Site approval is required for active and reserve Navy projects (including family housing), regardless of general type of construction (i.e., permanent, semi-permanent, demolition, temporary or relocatables), work classification and funding source. Per NAVFACINST 11010.45A and OPNAVINST 5100.23H, site approvals will 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 FP. Site approval prior to design start is required 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 (command, control, communication and intelligence and IT) systems; a different type of site approval for security purposes will be required per DoD Instruction 8510.01 Change 2 of 28 July 2017.

c. Restricted facilities projects (i.e. facilities with heightened physical security requirements, controlled access requirements or classified communications systems) require review and endorsement by COMNAVFACENGYSYSCOM and CNIC prior to funding. When a project scope involves such work, it will be per applicable regulations and the project will be clearly identified so that designated approval authorities may take appropriate action.

3. Environmental, Natural and Cultural Resources. All projects must be developed and reviewed to ensure compliance to laws, regulations, EOs, DoD policies, commitments pursuant to tribal treaties and Navy guidance regarding cultural and natural resources and environmental compliance. A myriad of environmental, tribal, 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, structures 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 found in prior NEPA or EO 12144 analyses (i.e., environmental impact statement, environmental assessment, CATEX);

(3) Federally listed threatened or endangered species, federally designated critical habitat, migratory birds, fish and wildlife, bald and golden eagles, 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, historic and expected future 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 or policy requirements of multiple environmental readiness areas. Environmental staff and reference (a) must be engaged early in the project development process.

4. 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. Refer to reference (a) for the applicable prescribed guidelines and procedures. Key requirements regarding historic properties in reference (a), Chapter 13, include:

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

b. Alternatives 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 State Historic Preservation Officers consultation regarding compatibility with the historic district.

f. Projects in areas with Tribal interests may require early consultation with Native American tribes, including Alaska Natives and Native Hawaiian organizations.

5. Anti-Terrorism and Force Protection.

a. UFC 4-010-01 requires DoD components to adopt and adhere to common criteria and identifies the minimum construction standards required for all inhabited DoD facilities to mitigate antiterrorism vulnerabilities and terrorist threats. OPNAVINST F3300.53C provides guidance concerning the Navy Anti-Terrorism (AT) program and directs Navy component commanders of geographic combatant commanders (GCC) to execute tactical control of shore Force Protection (FP) facility planning requirements within their area of responsibility through the regional commanders. Part of the guidance in OPNAVINST F3300.53C is a requirement to notify or seek approval for projects or leased facilities that may not meet any one or more of the standards prescribed in UFC 4-010-01. Facility planning requirements prescribed in UFC 4-010-01 will 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 (CMC) of 17 July 2008, Exemptions to UFC 4-010-01, DoD Minimum Antiterrorism Standards for Buildings.

(1) Requests for exemptions will 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 COMNAVFACENGYSYSCOM, 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. MILCON project funds can pay for the supporting real property infrastructure for an electronic security system (ESS). In addition, MILCON design (planning and design) funds pay for MILCON related real property. However, personal property equipment should be funded with procurement funds from the sponsoring budget submitting office (BSO) for general fund activities, NWCF for NWCF activities or NAF construction for NAF construction projects. For clarification see Appendix A, Property Classification Table. Facility sustainment funds cannot be used.

d. CNIC manages the programming, validation and funding of ESS in support of MILCON. COMNAVFACENGYSYSCOM procures and installs the ESS for the MILCON projects. COMNAVFACENGYSYSCOM will provide a project submission for the ESS to CNIC for review and validation to ensure the ESS equipment is limited to that minimum baseline defined by DoD or OPNAV policy and required for accreditation of the space. The end user requiring ESS personal property equipment must coordinate with CNIC to ensure this equipment is budgeted and funded.

e. CNIC also manages the intrusion detection system sustainment requirements generated by an ESS. Similarly, CNIC manages intrusion detection system, closed-circuit television, access control system and mass notification system equipment not integrated with fire alarm systems.

f. CNIC may provide funding for ESS personal property equipment and incidental installation related to Navy "Blue" MILCON when required for the protection of specific assets. Types of projects typically funded under this program will include assets such as: arms, ammunitions and explosives; sensitive compartmented information; special access program information classified materials (secret and above); and classified communication systems. Types of facility projects or programs that may require ESS, but are not funded by the FP ashore program include: Marine Corps and Marine Corps Reserve facilities; Army facilities; Air Force facilities; Strategic Systems Program (SSP) strategic weapons facilities; U.S. Special Operations Command (USSOCOM); base realignment and closure projects; housing; UH; medical facilities; MWR and retail facilities; fleet funded projects; and host nation funded projects. ESS related to these projects

will be funded by the sponsoring BSO, CNIC community support or CNIC family housing as applicable. See OPNAVINST 5530.14 series for further guidance.

6. Communication and IT Infrastructure.

a. Definitions.

(1) Communications and IT infrastructure require special consideration because they are 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. See Appendix D for funding considerations.

(b) Systems in direct support of a facility, such as utility management and monitoring systems infrastructure, permanently installed racks and cabinets used to contain mission equipment and older phone systems are usually real property and sometimes referred to as IT infrastructure. For FP systems, see Chapter 3, paragraph 3.

(c) Command, Control, Communications, Computers Systems, Intelligence, Surveillance and Reconnaissance including IT systems and equipment end items (e.g., cameras, servers, computers, control consoles, telephones, etc.) are usually personal property or collateral equipment and are usually paid for and installed into a facility by Naval Information Warfare Systems Command (COMNAVWARSSYSCOM), Naval Sea Systems Command (NAVSEASSYSCOM), Naval Air Systems Command (COMNAVAISSYSCOM) or Defense Health Agency (DHA) once turned over to a facility sponsor. However, because they require 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 command, control, communications and intelligence and IT components to any major project, it is imperative that close and proactive planning is conducted with COMNAVWARSSYSCOM or appropriate systems command (SYSCOM). As a general rule, funding for MILCON related real property is designed within the COMNAVFACENGSYSCOM environment using MILCON design (planning and design) funds.

(2) Funding for command, control, communications and intelligence and IT mission systems and some IT systems must be planned separately by the mission's resource sponsor for the facility. Funding may come from CCDRs, 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 that are 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 COMNAVFACENGSYSCOM and respective mission SYSCOMS must work together, early and often, to ensure appropriate funding is in place early enough to affect an integrated and interoperable facility.

(3) COMNAVFACSSYSCOM maintains an outline of the MILCON MTP3 process. Appendix D is an outline of the COMNAVWARSSYSCOM MILCON Base Electronic Systems Engineering Plan (BESEP) process. The BESEP is a technical planning and management document that supports DD 1391 development and facility design and quantifies command, control, communications and intelligence and IT system-of-systems requirements that must be designed into the facility. These two SYSCOM-coordinated processes (MILCON MTP3 and COMNAVWARSSYSCOM BESEP) 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) COMNAVWARSSYSCOM's process develops a Resource Loaded Work Breakdown Structure, an accepted methodology for calculating the command, control, communications and intelligence and 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 COMNAVWARSSYSCOM process and methodology can support any SYSCOM's mission (personal property) requirements.

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

## 7. Cybersecurity of Facility-Related Control Systems.

a. Definition. A control system typically consists of networked digital controllers and a user interface which are used to monitor and generally control equipment. Facility-related control systems are a subset of control systems used to monitor and control equipment systems related to

real property facilities (e.g., building control systems, utility control systems, electronic security systems and fire and life safety systems).

b. Planning requirements and considerations. Facility-related control systems must adhere to design requirements in UFC 4-010-06 Cybersecurity of Facility-Related Control Systems and apply security controls found through the Risk Management Framework process. The Risk Management Framework is a DoD process for applying cybersecurity to IT, including control systems. Chapter 2 and Appendix C of UFC 4-010-06 outline the requirements for this process.

8. Procurement, Lease and Use of Relocatable Facilities. OPNAVINST 11010.33C 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 OPNAVINST 11010.33C.

a. Definition and Methods for Acquisition of a Relocatable Facility. See OPNAVINST 11010.33C 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 NAF construction 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 OPNAVINST 11010.33C.

## CHAPTER 4 CLASSIFICATION OF WORK

### 1. Overview.

a. Once the project scope is completed and the elements of work and costs are identified, the work must be classified. This classification is necessary to ensure that the correct fund source and the appropriate authority for that fund source are provided. The project documentation should also identify the classification of property, which is discussed later in this chapter and is supported by the Property Classification Table in Appendix A.

b. There are three primary classifications of work: repair, construction and associated personal property equipment installation. This chapter provides definition and clarification for the application of work classification. Appendix B is a table of Authority Levels and Funding Appropriations.

c. To aid in appropriate work classification, the project scope should contain all work necessary to produce a complete and usable facility or facilities. This includes at a minimum: all proposed construction and repair work (existing and new facilities including repair by replacement of facility components) built-in equipment, site work, excavation and utilities. The scope should include all construction proposed for a real property facility in which the same functional purpose or related functional purposes involved will be treated as one project.

### 2. Repair.

#### a. Definition.

(1) Per section 2811 of reference (d), repair project is defined as:

(a) To restore a real property facility, system or component to such a condition that it may effectively be used for its designated functional purpose

(b) To convert a real property facility system or component to a new functional purpose without increasing its external dimensions

(2) Repair includes maintenance. Maintenance is defined as 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 if performed under a repair project.

(3) Repair may include demolition. However, when demolition is combined with a construction project it must be classified as construction and paid for from the same fund source. See Chapter 4, subparagraph 1b(3) for additional information.

(4) Conversion: See Chapter 4, subparagraph 1b(1)(b) for additional information. See Chapter 1, subparagraph 2c, for definition.

(5) Alteration: see Chapter 1, subparagraph 2c, for definition.

b. General Policy for Repair Projects.

(1) These parameters apply to all repair projects undertaken pursuant to Section 2811 of reference (d). ASD(EI&E) memorandum “Guidance for Exercising MILCON Authorities in Sections 2811 and 2853 of Title 10, U.S.C.” of 16 June 2017 states:

(a) A repair project may add, alter or replace any systems or components within the external dimensions of an existing facility to meet applicable standards, codes and functional requirements.

(b) A repair project may change the facility category code but may not change the facility category code unit of measure (i.e. both current use and converted use must possess the same primary unit of measure).

(c) A repair project may increase the gross square footage of a building by adding floors to interior space within the existing building envelope where overhead clearance allows it. A project may also add exterior appurtenances (such as fire escapes, elevators and handicap ramps) where such work is required to meet applicable building codes and standards.

(d) A repair project may increase the durability and load bearing capacity of an existing facility used to support vehicular or aircraft traffic (such as road, runway, taxiway, aircraft parking apron or vehicle parking area) to include improving its wearing surface, but may not expand the wearing surface unless the additional surface is required only to meet applicable safety codes or standards.

(e) A repair project may replace an existing linear structure (i.e., measured in lineal feet) such as an electrical or water distribution line, but may not increase its carrying capacity unless:

1. The linear structure serves only as a service (branch) line between the distribution line and an existing building.

2. The linear structure is in an unserviceable or failing condition.

(2) Utility systems are often treated as one real property asset composed of many components per definition in Chapter 1, subparagraph 2c(14). However, each component of the utility system or network, including a linear structure, is potentially eligible for repair by

replacement, especially when required to make conversion of a space complete and usable (see Chapter 4, subparagraph 1b(1)(e) for guidance for linear structure utilities).

(3) Demolition.

(a) The demolition of a facility or portion of a 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) 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 Shore Facilities Planning System for demolition as a special or demolition project) or to demolish facilities not suitable for adaptive reuse vacated by the user relocating to facilities constructed by the 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 8.

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

(d) Historic properties under consideration for demolition should receive careful consideration for continued use or adaptive reuse by all installation functions, not solely the project proponent. The National Historic Preservation Act (section 300101 et seq. of title 54, 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 National Historic Preservation Act must comply with reference (a). The Advisory Council on Historic Preservation publication "Sustainability and Historic Buildings" provides guidance on reusing historic buildings. It explains how to integrate National Historic Preservation Act Section 110 requirements with the Office of Management and Budget 2008 Guiding Principles for New Construction and Major Renovation and Guiding Principles for Sustainable Existing Buildings.

(e) 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 or for facilities located in non-U.S. territory OCONUS sites. Facilities being demolished at non-U.S. territory OCONUS sites are subject to Host Nation agreements and are specifically excluded by DoD Instruction 4165.72 of 21 December 2007 and DoD Instruction 4165.69 of 6 April 2005.

(f) See "Demolition, DE" in Chapter 5, subparagraph 1f for further demolition project information.

(4) Surplus or Excess Facilities. Generally, facilities that are surplus, excess or no longer needed should be identified for disposal (to include demolition) and no repairs should be made. If a use for the facility is found in the future, remove the facility from disposal status.

(5) Per reference (a), for historic buildings, structures or districts that are eligible for or listed on the National Register of Historic Places or designated as protected cultural properties on overseas installations, installations should develop maintenance and treatment plans for long-term care of these resources. An maintenance and treatment plans typically identifies historic properties character-defining features, contributing elements, materials and condition and promotes the preservation of these resources through planning, design, cyclic maintenance and appropriate treatments for repair, rehabilitation and restoration. A maintenance and treatment plans should be integrated with other installation management plans.

c. Repair Programming.

(1) Funding of Repair. Repair projects will be funded from appropriations available for operations and maintenance, such as O&M,N; O&M,NR; FHN O&M; RDT&E; or from operating expense of NAF or NWCF activities. Responsibility for funding repair is based on the maintenance unit identification code and Maintenance Fund Source Code in INFADS (reference (g), enclosure (4), provides guidance regarding golf course facilities). See Chapter 7, 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 to such a condition that it may effectively be used for its designated functional purpose; or (2) to convert a real property facility, system or component to a new functional purpose without increasing its external dimensions. Scope can be limited to individual building components (roof, exterior, HVAC, etc.) without triggering UFC code compliance repairs on other facility components as long as the repairs do not exceed 50 percent of the estimated cost to replace 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 one FY when phasing is determined to be the most efficient use of available resources and appropriate phasing procedures are followed (see Chapter 6, subparagraph 3c). Each phase must stand alone, resulting in a complete and usable facility.

3. Construction.

a. Definitions.

(1) MILCON. Per section 2801 of reference (d), the term "MILCON" includes any construction, development 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.). However, per section 2811(e)(2) of reference (d), conversion is now classified as repair. 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 as modified by section 2853 of reference (d), MILCON projects can be funded from either appropriations for Congressionally approved MILCON (typically identified as MILCON) or from appropriations available for operations and maintenance (such as O&M,N, RDT&E and NWCF). See Chapter 8 for construction funded from NAF. Construction includes:

(a) 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. Any physical increase to a facility's exterior dimensions caused by addition of appurtenances (e.g., fire escapes, elevators, handicap ramps, etc.) where such work is required to meet prevailing building codes and federal standards is classified as repair, not construction. See Chapter 4, subparagraph 1b(1) in its entirety for work that may classify as repair instead of construction.

(b) Complete Replacement: see Chapter 1, subparagraph 2c, for definition.

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

(a) MILCON funds all major construction projects. See Chapter 4, subparagraph 5b(2).

(b) MILCON funds UMC defined by Chapter 4, subparagraph 5b(1)(b) and 5b(1)(c).

(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 typically identified as planning and design funds in each MILCON appropriations act, no facilities planning effort can be performed using MILCON planning and design funds (see House Report 97-612 concerning Public Law 97-214, MILCON Codification Act of 1982 that clarifies section 2807 of reference (d)). Further clarification is provided by reference (c), volume 3, Chapter 17, paragraphs 170401, 170501 and 170502 of June 2019. The proper use of MILCON design (planning and design) funds is provided by reference (c), volume 3, Chapter 17, subparagraph 170206.C of June 2019.

(3) MCON, MILCON, Navy Reserve (MCNR) and FHCON. "MCON" is DON MILCON for active force requirements. "MCNR" is DON MILCON for reserve force requirements.

“FHCON” is DON Family Housing MILCON for active requirements. MCON, MCNR and FHCON include both U.S. Navy "Blue" and U.S. Marine Corps (USMC) "Green" MILCON requirements. With regards to MILCON issues, this instruction will focus on only U.S. Navy "Blue" MCON, MCNR and FHCON.

b. Types of Construction.

(1) Minor Construction Projects.

(a) Minor Construction Projects Non-MILCON Funded: Per section 2805 of reference (d) and reference (c), volume 3, Chapter 17, subparagraph 170302.C.4 of June 2019, appropriations available for operations and maintenance (such as O&M,N, FHN O&M, RDT&E and NWCF) may be spent to carry out an unspecified minor construction project costing not more than \$2 million with adjustment based on the area cost factor inside the U.S. (until 30 September 2022 unless extended per reference (d), section 2805). For revitalization and recapitalization of laboratories owned by the U.S. and under jurisdiction of the Service Secretary concerned, appropriations available for operations and maintenance may (until 30 September 2025 unless extended per reference (d), section 2805) be spent to carry out an unspecified minor construction project costing not more than \$6 million with adjustment based on the area cost factor inside the U.S. (until 30 September 2022 unless extended per reference (d), section 2805). Reference (d), section 2805(f), allows adjustment of the dollar limitations for locations inside the U.S. to reflect the DoD area construction cost index, however no limitation may exceed \$10 million. See ASN (EI&E) memorandum “DON Guidance for Exercising Unspecified Minor Construction Authorities in Section 2805 of title 10 U.S.C.” of 16 March 2018 for guidance on adjustment based on the area cost factor. Also see the “Funding Authority Diagram” in Appendix B.

1. These limitations do not apply to an unspecified minor MILCON 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 (d)). However, the approvals and notification in subparagraphs 3b(1)(a) and 3b(1)(b) must still be adhered to per section 2805(b) of reference (d):

a. An unspecified minor MILCON project costing more than \$750,000 with adjustment based on the area cost factor inside the U.S. (until 30 September 2022 unless extended) may not be carried out without approval in advance from the Secretary concerned (delegated to CNIC and Commander, Marine Corps Installations Command (CMICOM) per ASN (EI&E) memorandum “DON Guidance for Exercising Unspecified Minor Construction Authorities in Section 2805 of title 10 U.S.C.” of 16 March 2018).

b. For an unspecified MILCON project costing more than \$2 million with adjustment based on the area cost factor inside the U.S. (until 30 September 2022 unless extended), the Secretary concerned must 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)). If notification to Congress is required, 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 these limits, include all direct non-MILCON project costs and exclude all indirect non-MILCON project costs as defined in Chapter 1, subparagraph 2c.

3. For Family Housing, all minor construction projects are centrally-managed at CNIC and must be submitted for approval in the POM process, regardless of the cost.

4. See chapter 6 for additional information regarding minor construction projects considered special projects.

(b) UMC Projects MILCON Funded: Per reference (d), section 2805, a MILCON funded UMC project is a MILCON project not otherwise authorized by law having an approved total project cost no more than \$6 million; or (until 30 September 2025 unless extended per reference (d), section 2805) \$6 million for the revitalization and recapitalization of laboratories owned by the U.S. and under jurisdiction of the Service Secretary concerned with adjustment based on the area cost factor inside the U.S. (until 30 September 2022 unless extended per section 2805 of title 10, U.S.C.). Reference (d), section 2805(f), allows adjustment of the dollar limitations for locations inside the U.S. to reflect the DoD area construction cost index; however, no limitation may exceed \$10 million. See ASN (EI&E) memorandum “DON Guidance for Exercising Unspecified Minor Construction Authorities in Section 2805 of title 10 U.S.C.” of 16 March 2018 for guidance on adjustment based on the area cost factor. Also see the “Funding Authority Diagram” in Appendix B. For determining whether a project fits within these limits, include all direct MILCON project costs and exclude all indirect MILCON project costs as defined in Chapter 1, subparagraph 2c. See Chapter 7, subparagraph 3a, for additional UMC project information.

(c) UMC Projects Section 2363(a) Funded: For revitalization and recapitalization of laboratories owned by the U.S. and under jurisdiction of the service secretary concerned, funds may be available under section 2363(a) of reference (d). Per reference (d), section 2805(d), (until 30 September 2025 unless extended per reference (d), section 2805), section 2363(a) a funded UMC project is a MILCON project not otherwise authorized by law having a total direct project cost no more than \$6 million with adjustments for location inside the U.S. (until 30 September 2022 unless extended). Reference (d), section 2805(f), allows adjustment of the dollar limitations for locations inside the U.S. to reflect the DoD area construction cost index; however, no limitation may exceed \$10 million. See ASN (EI&E) memorandum “DON Guidance for Exercising Unspecified Minor Construction Authorities in section 2805 of title 10 U.S.C.” of 16 March 2018 for guidance on adjustment based on the area cost factor. Also, see Figure B-1 “Funding Authority

Diagram” in Appendix B. These projects should be handled in a manner similar to MILCON funded UMC projects (see Chapter 4, subparagraph 5b(1)(b) and Chapter 7, subparagraph 3a).

(d) UMC Projects Section 2208 Funded: For revitalization and recapitalization of defense industrial base facilities owned by the U.S. and under jurisdiction of the Service Secretary concerned, funds may be available under reference (d), section 2208. Per section 10 USC 2208(u), the Secretary of a military department may use a working capital fund of the department under this section to carry out an unspecified minor MILCON project under section 2805 for the revitalization and recapitalization of a defense industrial base facility owned by the U.S. and under the jurisdiction of the secretary. Section 2805 will apply to a working capital funded project under the same manner to any unspecified minor MILCON project under section 2805. The authority to use a working capital fund expires on 30 September 2023. Reference (d), section 2805(f), allows adjustment of the dollar limitations for locations inside the U.S. to reflect the DoD area construction cost index, however no limitation may exceed \$10 million. See ASN (EI&E) memorandum “DON Guidance for Exercising Unspecified Minor Construction Authorities in Section 2805 of title 10 U.S.C. of 16 March 2018 for guidance on adjustment based on the area cost factor. Also see the “Funding Authority Diagram” in Appendix B.

(2) Major Construction Projects MILCON Funded. A MILCON funded major construction project is a MILCON project authorized by law typically having a total project cost in excess of the amounts authorized for MILCON funded UMC projects (see chapter 4, paragraph 2b(1)). Also see the “Funding Authority Diagram” in Appendix B. See chapter 7 for additional MILCON project information.

(3) RDT&E Facilities Construction and Modification. See reference (d), section 2353 and reference (c), volume 2A, Chapter 1, paragraph 010213.C.2 of October 2008. Note: Reference (c), volume 2A, Chapter 1, paragraph 010213.C.2 of October 2008 has yet to reflect the revised thresholds found in reference (d), section 2805.

(a) Government-owned, government-operated Facility on Government Land: When government-owned, government-operated facilities and real property equipment are to be constructed on government-owned land, such construction will be financed per Chapter 4, 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 4, 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 criteria required in DoDD 4275.5 Change 1 “Acquisition and Management of Industrial Resources” of 31 August 2018 and reference (d), section 2353. New construction or improvements having general utility are not authorized under section 2353 of reference (d).

(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 criteria required in DoDD 4275.5 Change 1 “Acquisition and Management of Industrial Resources” of 31 August 2018.

(d) Contractor-owned, contractor-operated Facility: Under reference (d), section 2353, 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 reference (d), section 2353. 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 U.S. 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 U.S. to acquire the underlying land; or
3. An alternative provision that the service secretary concerned considers adequate to protect the interests of the U.S. in the facilities.

(4) Limited Outside U.S. 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 CCDR or combined joint task force area of responsibility that has a total project cost in excess of the amounts authorized for MILCON funded UMC projects (see Chapter 4, 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 MILCON project under limited outside U.S. construction authority, SecDef will notify the appropriate committees of Congress (HASC, SASC, SAC, HAC) on the decision and include with the notification:

1. Certification that the limited outside U.S. construction authority conditions specified in chapter 4, subparagraph 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 U.S. Construction Authority will be submitted to the SecDef via the CNIC Regional Commander, servicing COMNAVFACENGYSYSCOM echelon 3 command, COMNAVFACENGYSYSCOM (MILCON Branch); CNIC; Deputy Chief of Naval Operations, Fleet Readiness and Logistics, Director, Installations (OPNAV N4I); 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 required 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 will 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, alterations or repair of GSA-owned, managed or controlled facilities, the provisions of this instruction apply, including the provision that the cost of construction will not exceed the minor construction limit. Operations and maintenance funds will 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 operations and maintenance. This policy is also applicable to non-GSA administered facilities leased by the Navy that are subject to the provisions of reference (b) and in NAVFAC Publication P-73 "Real Estate Procedures Manual" of October 2017.

4. Associated Personal Property Equipment Installation

a. Definitions. Personal Property: See Chapter 1, subparagraph 2c(17) 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 HVAC to cool equipment, raised floors or secondary utility work necessary to connect the equipment) will 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 will 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 will be itemized in the personal property equipment installation project cost estimate. See reference (c), volume 2A, Chapter 1, subparagraph 010201.E.2; reference (c), volume 3, Chapter 17, paragraphs 170304-170307; and reference (f), paragraph 03230 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, subparagraph 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 will 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) will be included as a real property facility funded project cost. See reference (c), volume 2A, Chapter 1, subparagraph 010201.E.1 and volume 3, Chapter 17, subparagraph 170102.L.3.

## CHAPTER 5 TYPE OF FUNDING

### 1. Overview.

a. Appropriations available for facilities investments include, but are not limited to O&M,N; O&M,NR; MILCON, Navy (MCON); MILCON, Navy Reserve (MCNR); Research Development, Test and Evaluation, Navy (RDT&E,N); NWCF; Family Housing Navy, Operations and Maintenance (FHN O&M); Family Housing Navy, Construction (FHCON); NAFs; Commissary surcharge funds; and funds available for procurement.

b. This chapter provides Budget Line Item and Special Interest Code (SIC) designations found in Program Budget Information System. Appendix B provides the federal appropriation codes for the appropriations detailed in this chapter and for appropriations provided for facility projects sponsored by other federal agencies on Navy installations.

2. O&M,N and Operations and Maintenance, Navy Reserve. The O&M,N and O&M,NR appropriations finance the day-to-day costs of operating naval forces, including fuel, supplies and maintenance of ships, Navy and Marine Corps aircraft, related weapon systems and the support establishment ashore.

a. Budget Line Items. Within the Operations and Maintenance appropriation, there are multiple line items that are appropriate for funding facilities projects, depending on the scenario.

(1) Budget Line Item BSM1 and BSMR. BSM1 and BSMR are the budget lines item codes for FSRM for O&M,N and O&M,NR requirements, respectively. FSRM requirements are generated by the Facilities Sustainment Model (FSM) and the Shore Facilities Investment Model (SFIM) for facilities in iNFADS. BSM1 and BSMR funds are not allowed to repair facilities that do not exist in iNFADS or to construct new facilities at non-enduring locations. The definition of an enduring location can be found in Chapter 1 and in Joint Publication JP-4-04 Contingency Basing of January 2019.

(2) Budget Item 1C6C (Combat Support Forces). 1C6C funds sustain a vast array of programs that support and maintain combat ready forces necessary to respond to national objectives in Joint, Naval and combined operations. These funds are appropriate for projects at contingency locations and must follow all construction and repair project guidelines outlined in this instruction. The definition of a contingency location can be found in Chapter 1 and in Joint Publication JP-4-04 Contingency Basing of January 2019.

b. Special Interest Codes. SIC identification is a managerial and budgetary tool for funds assigned to BSO 52 – CNIC. Special interest codes are included in CNIC’s Installation Management Accounting Project (IMAP) core business model (available per Chapter 1, subparagraph 2b(8)). Within the Facility Investment section of the IMAP model, there are four



special interest codes funded by O&M,N and O&M,NR Budget Line Items BSM1 and BSMR. They are:

(1) Sustainment (or "ST")

(a) 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 DoD Facilities Pricing Guide). 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.

(b) Work Classification. ST is classified as Repair.

(c) Determining Sustainment Requirements. Annual facility sustainment requirements are generated using the Facilities Sustainment Model (FSM), which is published annually by OSD. FSM tables cover the budget year (BY) and each year of the Future Years Defense Program (FYDP). All facilities listed in iNFADS are categorized into 4-digit DoD FACs. Note that a single facility may contain multiple FACs. The DoD facilities sustainment model (FSM) uses the formula in Figure 5.1 to develop the sustainment requirement:

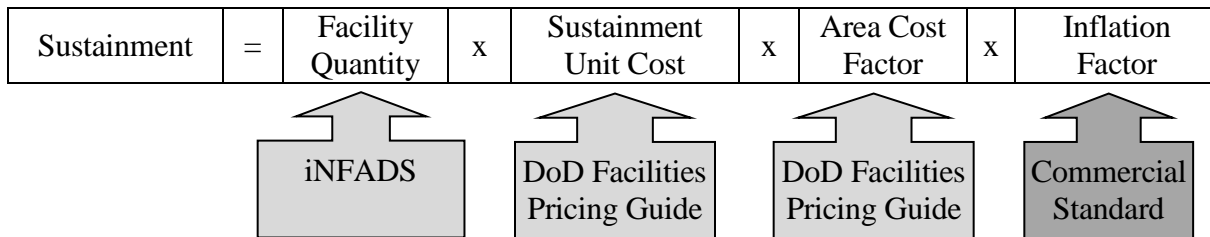


Figure 5.1 Determining Facility Sustainment Requirements (UFC 3-701-01)

(d) The Facility quantity is quantified by the facility size expressed in the Facility Analysis Category (FAC) unit of measure (such as square feet). The ST unit cost is the average annual unit cost (in current year dollars) for sustaining the average size facility in the given FAC. ST unit costs are typically updated annually and are published in the DoD Facilities Pricing Guide (UFC 3-701-01). The Area Cost Factor is an adjustment based upon the local costs for labor, equipment, materials and currency exchange rates (overseas) compared with an overall base-city average and is updated and published annually in the DoD Facilities Pricing Guide. All FSM sustainment costs are inflated to the appropriate FYDP year using the latest inflation indices, published annually by the Under Secretary of Defense (Comptroller) (OUSD (C)).

(e) Additional cost factors can be applied to facilities that have unique construction characteristics found in many architecturally significant facilities. The FSM model characterizes these facilities as “monumental” and adds a cost factor of 2.01 to qualifying facilities that meet criteria outlined in the current year’s FSM user’s guide.

(f) A 1.05 cost factor can also be added to facilities with significant security restrictions and are classified as “increased security facilities”. Eligibility requirements can be found in the current year’s FSM user’s guide and inclusion in the “increase security facilities” list must be approved by OPNAV N4I prior to submission to OASD (Sustainment) for inclusion in the model.

(g) 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 and are classified in FSM as “special bills”.

Note: Temporary and relocatable facilities classified as personal property do not generate a sustainment requirement and are maintained like all other personal property using the owner’s personal property funding.

(2) Restoration and Modernization (or "RM").

(a) 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 or alters a facility to accommodate new mission or a change of function. 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.

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

1. 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 not be used for its designated purpose reference (c), volume 2A, Chapter 1, paragraph 010224. However, complete replacement of the entire facility is classified as construction.

2. Modernization. Modernization (may be classified as construction or repair) includes alteration or replacement of non-degraded facility components solely to implement new or higher standards (see Chapter 4, 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). See reference (c), volume 2A, Chapter 1, paragraph 010224 of October 2008 and Chapter 4, paragraph 1b(1) of this instruction for further clarification.

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.

(c) 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 Navy-wide condition index goal determined by the CNO across the FYDP.

(3) New Footprint (or "NF")

(a) Definition. The NF SIC provides for new construction that addresses facility deficits. See Chapter 4, paragraph 2b(1)(a) for limits of minor construction projects that are non-MILCON funded. NF may include either construction of new facilities or expansion of existing facilities.

(b) Work Classification. NF is classified as Construction.

(c) Determining NF Requirements.

1. 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 Facility Planning Document. NF creates a future sustainment requirement. Due to this, the feasibility of renovating or modernizing existing assets, as well as other viable alternatives analysis (consolidation or reconfiguration etc.) 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.

2. NF requirements are only authorized on existing installations and locations included in a CCDR's Global Defense Posture Enduring Location Master List.

(d) New Footprint requirements may be funded by other appropriations (e.g., NWCF, RDT&E) or O&M budget line items (e.g., 1C6C) as long as the project stays within the limits of reference (d), section 2805. New Family Housing dwellings are not authorized to be funded via FHN O&M per reference (d), section 2805 and must be funded from FHCON. See paragraph 3 and 4 in this chapter for more information on FHN O&M and FHCON appropriations.

(4) Demolition (or "DE").

(a) Definition. SIC, DE provides for 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.

(b) Work Classification. The work classification for the SIC DE is repair; however certain demolition activities may also be classified as construction. See Chapter 4, paragraph 1b(4) for clarification. As a budgetary and managerial tool, DE may include direct and indirect project costs.

(c) 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.

(d) Demolition requirements funded by other appropriations.

1. Demolition required to clear sites for a MILCON funded project must be classified as construction and included in the MILCON funded project scope.

2. Demolition associated with clearing site and excessing existing NAF facilities must be funded by O&M,N per reference (g), enclosure 4, footnote 13.

3. For Family Housing, demolition may be funded within an FHCON project or as a stand-alone repair funded by FHN O&M SIC 22. See Section 3 and 4 of this Chapter for more information on FHN O&M and FHCON appropriations.

c. 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. SIC funds may be used for direct or indirect project costs. Funded and unfunded cost determinations are used to identify the appropriate source of funds (i.e., MILCON or funds available for O&M) and the approval authority. Figure 5.2 depicts the relationship between work classification types of construction and repair to O&M SIC by individual project scope requirement or element.

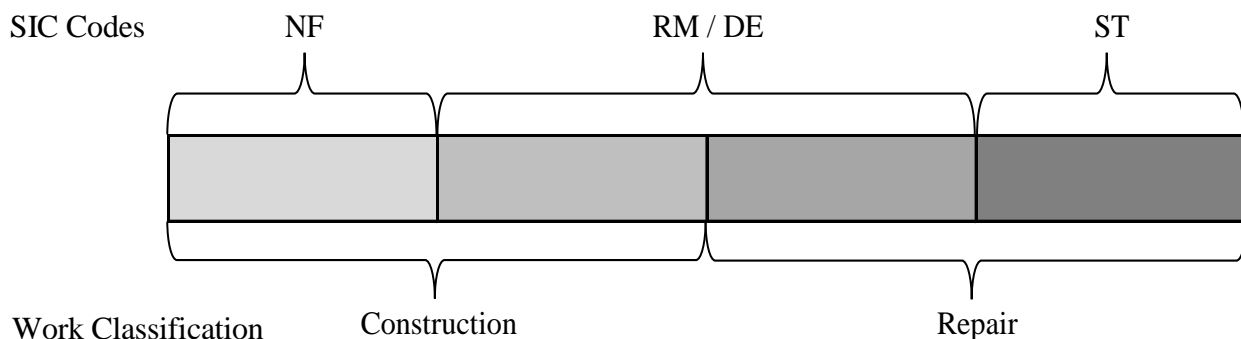


Figure 5.2 Relationship Between Work Classification and O&M Special interest codes

3. MILCON, Navy (MCON) And MILCON, Navy Reserve (MCNR). The MCON and MCNR appropriations are provided by law to carry out MILCON projects and includes the authority for surveys and site preparation; acquisition, conversion, rehabilitation and installation of facilities; acquisition and installation of equipment and appurtenances integral to the project; acquisition and installation of supporting facilities (including utilities) and appurtenances incident to the project; and planning, supervision, administration and overhead incident to the project. The term "MILCON" as used in this instruction refers to MCON and MCNR funds provided by a MILCON and Veterans Affairs and Related Agencies Appropriations Act (or comparable legislation) for MILCON as authorized by an NDAA or other statutes. See chapter 4, paragraph 2 for key definitions. See Chapter 7 for additional information regarding the programming and execution of MILCON funded projects.

a. Budget Line Items. (Note: Within Program Budget Information System, the MCON appropriation is abbreviated to MCN). Within this chapter MCN refers to how the appropriation appears in the Navy's programming database. MCN and MCNR, individual projects are appropriated by their own unique line item with the exception of UMC. UMC is appropriated as a single line item that funds multiple projects that fit the UMC criteria (see chapter 4, subparagraph 2b(1)(b)). MCN and MCNR can only be used for facility investments authorized and appropriated in the "As Enacted" DD 1391. Design funds are also authorized by separate line items; however, the design requirements are aggregated and appropriated in a single line item for each appropriation. The amount appropriated is based on design efforts required in a given FY to support projects authorized by Congress in the FYDP.

b. Program Elements. There are multiple program elements within MCN and MCNR appropriations. Major sub-categories include:

- (1) Facilities Restoration and Modernization;
- (2) Facilities New Footprint; and
- (3) Construction (Planning and Design)

Note: Projects are assigned the Facilities Restoration and Modernization and Facilities New Footprint program elements based on the preponderance of the type of work being performed in the project.

4. Family Housing Navy, Operations and Maintenance (FHN O&M). The FHN O&M appropriation pays for management, facility services, privatized housing oversight, furnishings, leasing, minor construction and repair of government-owned family housing. Within Program Budget Information System, FHN O&M, is given the appropriation code of FHOPS.

a. Budget Line Items. Line item 08000 "Maintenance" is used for funding facilities projects.

b. Special Interest Codes. Within the Family Housing section of CNIC's IMAP model, there are two Special interest codes funded by FHN O&M that are applicable to facilities projects. They include:

(1) Family Housing Maintenance, 20.

(a) Definition. SIC 20, provides for day-to-day maintenance activities necessary to keep Family Housing facilities in good working order. This includes regularly scheduled maintenance as well as cyclical repairs or replacement of components that occur periodically over the expected service life of the facilities.

(b) Work Classification. Work classification is Repair.

(c) Determining Requirements. Based on approved Maintenance Common Output Levels (COL), which are part of the Family Housing Model. Specifically, the sections outlining standards for routine maintenance, landscaping, miscellaneous and environmental.

(2) Family Housing Maintenance, 22.

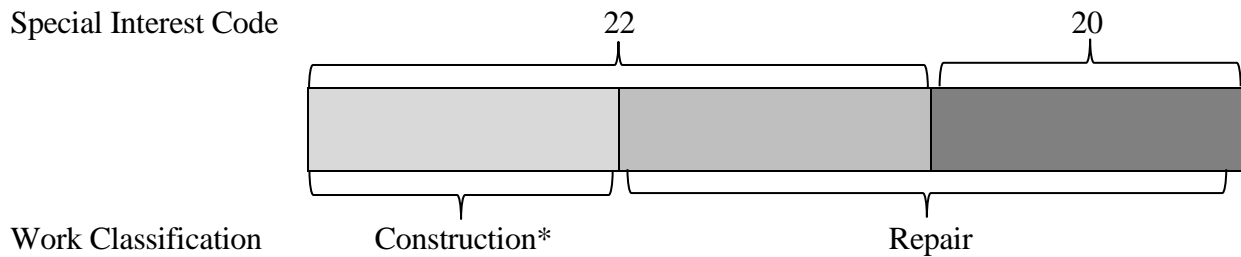
(a) Definition. SIC 22, provides for repair, renovation and limited reconstruction activities needed to keep existing facilities modern and relevant in an environment of changing standards and requirements. It includes cyclical repairs or replacement of components that occur periodically over the expected service life of the facilities (e.g., roof or HVAC replacement). Additionally, it may be used to extend the service life of facilities, restore lost service life or update or alter a facility. SIC 22 includes sustainment, restoration and modernization of facilities but does not provide for the acquisition of new family housing dwellings nor increase in square footage. It is only authorized to build new supporting structures such as playgrounds, parks and gazebos. SIC 22 may also include the demolition of deteriorated facilities if demolition is part of the renovation process. Depending on the timing and circumstances of the project demolition may also be funded within an FHCON project or as a stand-alone repair using SIC 22. Relocation of families is paid by the SIC Intra-Station Moves and not by SIC 22.

(b) Work Classification. Work classification is Repair or Construction. However, new Family Housing dwellings are not authorized to be built with operations and maintenance appropriations per reference (d), section 2805. All new homes and higher threshold supporting structures are programmed via FHCON. Building of new supporting structures (playgrounds, ball parks, dog parks, gazebos, etc.) may be accomplished via minor construction using SIC 22.

(c) Determining Requirements. Sustainment requirements are generated using the Facilities Sustainment Model (FSM). Major repair requirements are generated based on condition assessments from the Housing Condition Assessment Program, which identify specific components that require funding. These requirements can either be identified as a single-component project (HVAC replacement, roof repair, etc.) or consolidated into a multi-component

or whole-house repair project and may include work to bring the homes up to current building standards, which would include installation of fire protection. However, whole-house repair project cannot incorporate any improvements (i.e. adding square footage beyond existing horizontal footprint). In those instances, the entire requirement migrates to Family Housing Construction Improvements.

c. Work Classification and Special Interest Codes.



- Construction limitations for SIC 22 found in Section 3.b(2)(b) of this chapter

Figure 5.3 Relationship between Work Classification and Family Housing Special interest codes

5. Family Housing Navy, Construction (FHCON). FHCON pays for new construction, replacement construction and improvements. Replacement, acquisition, expansion, addition, extension and alteration of government-owned military family housing. Guidance for Family Housing MILCON projects are included in Chapter 7, subparagraph 4e.

a. Budget Line Items. Within FHCON, individual projects are appropriated by their own unique line item. Family Housing Improvement is authorized by a separate aggregated and appropriate single line item. Details for Family Housing Improvement are available by project in the President’s Budget Book. FHCON and Family Housing Improvement can only be used for facility investment authorized and appropriated in the “As Enacted” DD 1391. Design funds, like Family Housing Improvement is also authorized by separate aggregated and appropriated in a single line item. The amount appropriated is based on design efforts required in a given Fiscal Year to support projects authorized by Congress in the FYDP.

b. Program Elements. There are two program elements within the FHCON appropriation. They include:

- (1) Family Housing – New Construction; and
- (2) Family Housing – Improvements.

Note: The Family Housing – Improvements program element funds work that often includes, but is not limited to, whole house renovations and construction that provides additional square

footage to existing family housing dwellings for bedrooms, family rooms and laundry rooms; or brings a facility up to current building standards.

6. NWCF. The NWCF is authorized, per reference (d), section 2208, to fund capital and facility investments through the development of rates for products and services provided. See Chapter 9 for programming guidance for facilities investments.

a. Budget Line Items. Within the NWCF appropriation, two line items are appropriate for funding facilities projects.

(1) Working Capital Fund – Sustainment

(a) Definition. Sustainment is the maintenance and repair activities necessary to keep a typical inventory of facilities in good working order. Sustainment 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 Sustainment 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.

(b) Work Classification. Repair or Construction

(c) Determining Sustainment Requirements. Sustainment requirements for NWCF facilities are generated using the Facilities Sustainment Model. See paragraph 1.b.(1)(c) of this chapter for details.

(2) Working Capital Fund – Restoration and Modernization.

(a) Definition. Restoration and Modernization 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. Restoration and Modernization extends the service life of facilities, restores lost service life or updates or alters a facility to accommodate new mission or a change of function. Restoration and Modernization includes restoration and modernization or replacement of facilities but not the acquisition of new facilities. Restoration and Modernization may also include the demolition of deteriorated facilities if demolition is part of the renovation process.

(b) Work Classification. Repair or Construction

(c) Determining Restoration and Modernization Requirements. Restoration and Modernization requirements are determined separately by each NWCF entity.



b. Funds Availability. Per reference (d), section 2208(k), working capital fund entities may fund a contract for the procurement of a capital asset in advance of the availability of funds.

c. Use for Unspecified Minor MILCON Projects. Per reference (d), section 2208(u), working capital funds may be used to fund an unspecified minor MILCON project under reference (d), section 2805, for the revitalization and recapitalization of a defense industrial base facility owned by the U.S. or under the jurisdiction of the Secretary of the military department. This authority expires on September 30, 2023 unless otherwise extended per reference (d), section 2805.

7. RDT&E. RDT&E will finance the operation of Research and Development installations and activities engaged in the conduct of Research and Development programs, including direct and indirect efforts, expense and investment costs. RDT&E will also finance the acquisition or construction of industrial facilities costing less than \$750,000 at government owned, government operated facilities under the criteria of DoD Directive 4275.5 of 15 March 2005 as provided for under 10 U.S.C. 2805 (unspecified minor construction). However, for revitalization and recapitalization of laboratories owned by the U.S. and under jurisdiction of the Service Secretary concerned, appropriations available for operations and maintenance may (until 30 September 2025 unless extended per reference (d), section 2805) be spent to carry out an unspecified minor MILCON project costing not more than \$6 million with adjustment based on the area cost factor inside the U.S. (until 30 September 2022 unless extended per reference (d), section 2805).

a. Use of RDT&E funds for acquisition and construction at contractor owned or contractor operated government facilities is authorized under 10 U.S.C. 2353, Contracts; Acquisition, Construction or Furnishings of Test Facilities and Equipment.

b. All construction at Research and Development installations and activities other than those funded by NWCF will be funded in the MILCON appropriations. Equipment and material approved for production and intended for operational use or inventory upon delivery will be funded in the Procurement appropriations. Family housing construction, operation and maintenance at R&D installations and activities will be funded in the Family Housing appropriations.

c. See Chapter 7 of this instruction and Volume 2A, Chapter 1 of reference (c) for programming, budgeting and financing guidance for construction requirements.

d. Budget Line Items. Within the RDT&E appropriation, two line items are appropriate for funding facilities projects.

(1) RDT&E – Sustainment

(a) Definition. Sustainment is the maintenance and repair activities necessary to keep a typical inventory of facilities in good working order. Sustainment 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 Sustainment 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.

(b) Work Classification. Repair or Construction

(c) Determining Sustainment Requirements. Sustainment requirements for RDT&E facilities are generated using the Facilities Sustainment Model. See subparagraph 1b(1)(c) of this chapter for details.

(2) RDT&E – Restoration and Modernization.

(a) Definition. Restoration and Modernization 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. Restoration and Modernization extends the service life of facilities, restores lost service life or updates or alters a facility for adaptive reuse. Restoration and Modernization includes restoration and modernization or replacement of facilities but not the acquisition of new facilities. Restoration and Modernization may also include the demolition of deteriorated facilities if demolition is part of the renovation process.

(b) Work Classification. Repair or Construction

(c) Determining Restoration and Modernization Requirements. Restoration and Modernization requirements are determined separately by each RDT&E entity.

8. NAF, Commissary Surcharge, Privately Funded Projects. NAFs are government funds and assets from sources other than funds appropriated by Congress. NAFI facilities may be funded by appropriated funds or non-appropriated funds. See DoD Instruction 1015.15 of 31 October 2007 “Establishment, Management and Control of Non-appropriated Fund Instrumentalities and Financial Management of Supporting Resources” of 31 October 2007 for guidance. Chapter 8 of this instruction also provides programming guidance for NAF, Commissary Surcharge and privately-funded facilities projects.

9. Procurement Funds. See Chapter 4, paragraph 3 regarding use of procurement funds for real property facility modifications or additions associated with personal property equipment installation.

CHAPTER 6  
FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION (FSRM) SPECIAL  
PROJECTS

1. General Information. A Special Project is a repair or construction project whose direct project cost exceeds the approval limits as specified by the BSO and for the portion of work classified as construction, is below the MILCON threshold (see Chapter 4, subparagraph 2b(1)(a)). All installation claimants, BSOs or Navy tenants who fund their own real property repair or minor construction must establish a special project funding threshold and use a centrally managed approval process for repair, minor construction or maintenance projects over their specified special project funding limit. For CNIC (BSO 52) funded special projects, regional commanders' approval limits are specified in Appendix B at \$1,500,000. For determining if a project is within these limits use total project costs including all applicable direct project costs as defined in Chapter 1, subparagraph 2c(13) and excluding all applicable indirect project costs as defined in Chapter 1, subparagraph 2c(14). Project scope must be per classification of work policy as defined in Chapter 4. For Family Housing, all projects funded from FHN O&M funds (SIC 22), regardless of dollar amount are Special Projects and are centrally funded by CNIC Family Housing Programming & Resource Analyst (CNIC N932). All requirements are submitted for approval via the POM process from the Region to CNIC Housing Programming & Resource Manager (CNIC N93).

2. Special Project POM. The special project program is a subset of the BSO budget submission and is consistent with the DoD Planning, Programming, Budgeting and Execution (PPBE) program.

a. Project Documentation and IPL Module of iNFADS. Electronic project generator must be used for DD 1391 preparation, review and approval by Navy installations, regions, CNIC, COMNAVFACENGSYSCOM and OPNAV and must be linked to the IPL module in iNFADS from electronic project generator as directed by CNIC.

b. Project Development. Key aspects include:

(1) Installations or tenants 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 special projects over \$1,500,000 (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(s).

(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 will be completed.

(i) Phased costs (see Chapter 6, subparagraph 3c).

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

(k) A formal net present value life-cycle economic analysis per NAVFAC Publication Manual P-442 "Economic Analysis Handbook" of November 2020. Maintenance dredging does not require an economic analysis. DE projects do not require an economic analysis unless project includes repair for consolidation.

(l) Floodplain management analysis and mitigation efforts per Deputy Under Secretary of Defense (Installations and Environment) memorandum "Floodplain Management on DoD Installations" of 11 February 2014 and Section 2805 of the 2019 NDAA.

(m) Justification that the project is more cost effective than total replacement (see reference (d), section 2811(b)).

(n) If the cost estimate of the proposed repair project exceeds 75 percent of the estimated cost to replace the facility, an explanation “of the reasons why replacement of the facility is not in the best interest of the Government”, per section 2811(d)(2) of reference (d). Note: Plant Replacement Value found on the Property Record Card should not be used as the cost to replace in this calculation. The cost to replace should be estimated using current cost estimating tools.

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

d. Programming Guidance. As the shore integrator, CNIC will 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 for shore POM). OPNAV N4I will assess special project requirements and program accordingly within fiscal constraints.

e. NWCF Project and Programming Guidance. NWCF FSRM 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 9 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 N4I to Deputy Assistant Secretary of the Navy (Installations, Energy & Facilities) (DASN(IE&F)) for approval and congressional notification. The section 2811 of reference (d), congressional notification requirements must be met before issuing a contract award or change order that results in the total project cost exceeding \$7,500,000. OPNAV N4I will forward projects that require congressional notification to DASN(IE&F) for approval. Upon DASN(IE&F) approval, the DON congressional liaisons will forward notifications to the appropriate committees of Congress (HAC, SAC, HASC and SASC). The project may then be awarded on the date on which a copy of the notification is provided in an electronic medium to the appropriate committees of Congress. For Family Housing projects, original notification for known projects with costs greater than \$20,000 per unit are provided via presidential budget submit budget books. If required, re-notification will be done via 2811 submission if the project cost exceeds \$4M or 25% (whichever comes first) of presidential budget notified cost before award.

(a) Installations and regions must verify with CNIC that the DASN(IE&F) approval has been granted and the congressional notification has been made. No project will be awarded until DASN(IE&F) approval and congressional notification process is complete. See reference (d), section 2811

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

(2) Regions requesting DASN(IE&F) project approval may submit completed documentation to CNIC (for DASN(IE&F) approval via OPNAV N4I) in the FY prior to the year of execution to ensure sufficient review and approval time to meet award.

(3) Once approved by DASN(IE&F) at a specific cost level, if that amount is exceeded by more than 25 percent during execution, DASN(IE&F) must approve the change in cost. DASN(IE&F) may require congressional notification as deemed appropriate. The supporting information in subparagraphs 3a(3)(a) through 3a(3)(c) of this chapter is required to notify DASN(IE&F):

(a) Summary of project costs to date.

(b) Submit an updated DD 1391 showing the original line items, any new line items and current 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 N4I 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 DASN(IE&F). These projects will be submitted by CNIC via OPNAV N4I. See Chapter 8 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. 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 4, subparagraph 2b and Appendix B) is not exceeded.

(2) Special Project Scope and Validation: The entire project scope (all phases) must be submitted to CNIC 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 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) Measurement and verification on energy projects will 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. The U.S. Department of Energy, Federal Energy Management Program Measurement and Verification Guidelines for Federal Energy Projects should be used as a technical guide for application of measurement and verification 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; and modeling and simulation validated with real data.

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.

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 will 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 fiscal years available for obligation 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 period available for obligation 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, subparagraph 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" of 10 March 2010. The memorandum is available on the Program Budget Information System Website (<https://pbisdb.nmci.navy.mil/>) under "Guidance DON Guidance and Manual Execution Guidance."



CHAPTER 7  
MILCON PROJECTS

1. General Information. MILCON projects are all major construction projects and UMC projects exceeding the funding limits of section 2805 of reference (d) and funded by MILCON appropriations. See Appendix B-1 for funding thresholds 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 COMNAVFACENGSYSCOM 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 design authority issuance by COMNAVFACENGSYSCOM echelon 2 CI MILCON. Construction execution begins with construction contract award and culminates with transfer and acceptance by the real property accountable officer (see Chapter 10). This chapter provides policy for U.S. Navy “Blue” MILCON and FHCON requirements both CONUS and OCONUS, to include Navy tenants located on other services’ installations.

2. DON Budget MILCON Planning and Programming. The DON budget (MCON, MCNR and FHCON appropriations) is a subset of the DoDs budget, the President’s budget and the U.S. 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 PPBE program. See DON Budget Guidance Manual for additional information.

a. Project Documentation. The electronic project generator application maintained by COMNAVFACENGSYSCOM will be used for DD 1391 preparation, review and approval by Navy installations, regions, CNIC, COMNAVFACENGSYSCOM and OPNAV.

b. Project Development. The project development process for the typical annual MILCON 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 N4I on 2 June 2008). The current MTP3 process is summarized in COMNAVFACENGSYSCOM MILCON Primer 13a. COMNAVFACENGSYSCOM echelon 2 CI MILCON will maintain and update the MTP3 process as needed. Contact COMNAVFACENGSYSCOM echelon 2 CI MILCON for the latest version of the MTP3 process. Key aspects of the current MTP3 process with notional dates include:

(1) PRI #0 DD 1391 (Apr BY minus 4): Installations will develop DD 1391s to provide basic information used to determine if a project should be developed to Project Readiness Index (PRI) #1 equal to Green. PRI#0 should be a low-level of effort triggered by and based on basic facility requirements and facility planning documents. Projects should achieve PRI #0 equal to

Green including provision of cost estimates and identification of planning studies to achieve PRI #1 equal to Green.

(2) PRI#0 Assessment (May BY minus 4): Shore Mission Integration Group (SMIG) Working Group assessment to determine projects that should proceed to PRI #1 equal to Green.

(3) Approval to proceed to PRI #1 equal to Green (Jun BY minus 4): SMIG working group approval to proceed to PRI #1 equal to Green.

(4) Installation and PWD DD 1391 (Feb BY minus 3): Installations will develop DD 1391s addressing Navy requirements following the most recent strategic guidance to the PRI#1 equals Green level for BY consideration during the Region Mission Integration Group (RMIG) process. Provides requirement (with developed scope, schedule and initial costs) approved by installation and Public Works Department (PWD). Majority of planning should be completed and ready for endorsement by Region. Should achieve PRI #1 equal to Green.

(5) Region Validated PRI#1 DD 1391 (Mar BY minus 3): Regions will evaluate and endorse Installation and PWD DD 1391s assuring that PRI #1 is equal to Green prior to submission for programming consideration.

(6) SMIG Initial Assessment (May BY minus 3): SMIG working group will assess and develop project priority recommendation.

(7) Milestone Decision #1 (Jul BY minus 3): OPNAV will identify projects for issuance of Preliminary Design Authority (PDA).

(8) PDA Issued (Jul BY minus 3): With concurrence from OPNAV (typically Milestone Decision #1), COMNAVFACENGSYSCOM will issue PDA. Provides authority to obligate and expend MILCON design (often referred to as MILCON P&D) appropriations per proper use of MILCON funds up to submission of the Certified Final DD 1391.

(9) Naval Audit Service Kickoff (Aug BY minus 3): Led by NAVFAC Echelon II CI MILCON Program.

(10) Region FEC Team DD 1391 (Mar BY minus 2): COMNAVFACENGSYSCOM should provide DD 1391 with draft budget level scope, schedule and cost typically for review by the consistency review board. Although goal is to achieve PRI #2 equal to Green, it is most important to submit by established milestone date.

(11) Consistency Review Board (Mar BY minus 2): COMNAVFACENGSYSCOM should convene a consistency review board each March to provide a centralized review of project documentation prior to budget lock for submit to ASN (FM&C). COMNAVFACENGSYSCOM will issue consistency review board results to facilitate completion of PDA effort.

(12) Program Final DD 1391 (Mar BY minus 2): COMNAVFACENGSSYSCOM will provide DD 1391 with draft-final budget level scope, schedule and cost (addressing concerns of consistency review board) to be used as basis for best available COMNAVFACENGSSYSCOM project team cost in time to inform controls lock for submission to ASN(FM&C) (or higher level). Although the goal is to achieve PRI#2 equal to Green, it is most important to submit by established milestone date.

(13) Certified Final DD 1391 (Apr BY minus 2): COMNAVFACENGSSYSCOM will provide DD 1391 with budget level scope, schedule and cost signed off by NAVFAC Chief Engineer at FEC representing completion of the Preliminary Design Authority (PDA) effort. Should achieve PRI #2 equal to Green or at least be ready to proceed to Final Design. Submit as soon after Program Final DD 1391 as possible.

(14) COMNAVFACENGSSYSCOM Best Cost For Controls (Apr BY minus 2): COMNAVFACENGSSYSCOM will provide best available cost in time to inform controls lock for submit to ASN(FM&C) (or higher level). Should be based on Certified Final or at least Program Final (if Certified Final not yet complete).

(15) Milestone Decision #2 (Jun BY minus 2): OPNAV will provide Project Budget Cost Estimate controls locked for submit to ASN(FM&C) (or higher level).

(16) Budget DD 1391 (Jun BY minus 2): COMNAVFACENGSSYSCOM will provide DD 1391 with budget level scope, schedule and cost consistent with controls established for submit to ASN(FM&C) (or higher level). Basis for submit to ASN(FM&C).

(17) Submit To ASN(FM&C) (Jul BY minus 2): COMNAVFACENGSSYSCOM will prepare and submit MCON and MCNR budget books to ASN(FM&C). Basis is Budget DD 1391.

(18) ASN(FM&C) Project Budget Cost Estimate Controls (Aug BY minus 2): Controls locked for submit to OUSD(C).

(19) Financial Management Budget (FMB) DD 1391 (Aug BY minus 2): COMNAVFACENGSSYSCOM will provide DD 1391 with budget level scope, schedule and cost incorporating ASN(FM&C) decisions and comments. Basis for submit to OSD(C).

(20) Submit To OSD(C) (Sep BY minus 2): COMNAVFACENGSSYSCOM will prepare and provide MCON and MCNR budget books for submit to OSD(C). Basis is FMB DD 1391.

(21) OSD(C) Project Budget Cost Estimate Controls (Jan BY minus 1): Controls locked for President's Budget (PB) submit to Congress.

(22) OSD DD 1391 (Jan BY minus 1): COMNAVFACENGSSYSCOM will provide DD 1391 with budget level scope, schedule and cost incorporating OSD(C) decisions and comments. Basis for PB submit to Congress.

(23) PB Submit To Congress (Feb BY minus 1): COMNAVFACENGSSYSCOM will prepare and provide MCON and MCNR budget books for PB submit to Congress. Basis is OSD DD 1391.

(24) As Enacted DD 1391 (Dec BY minus 0): COMNAVFACENGSSYSCOM will provide DD 1391 with budget level scope, schedule and cost incorporating changes enacted by law (both authorization and appropriation).

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

d. Programming Guidance.

(1) CNIC will publish annual project development guidance comprising of project submission process, timetable, scoring factors and references in the form of facilities investment project development guidance. CNIC will facilitate evaluation of all U.S. Navy “Blue” MILCON by the panel and working group members. At the conclusion of the evaluation process, CNIC will submit a globally prioritized U.S. Navy “Blue” MILCON requirement list to OPNAV N4I per specific programming guidance.

(2) MILCON requirements will be submitted via iNFADS IPL module following annual CNIC facilities investment development guidance. An economic analysis per NAVFAC Publication Manual P-442 “Economic Analysis Handbook” of November 2013 is required for each MILCON project to ensure it is the most cost effective solution. All projects will be submitted at full cost (see Office of Management and Budget Circular A-11 and reference (c), volume 2A, Chapter 1, subparagraph 010107.B.28 of October 2008 and volume 2B, Chapter 6, subparagraph 060301.B.1.e of June 2013).

(3) OPNAV N4I will assess U.S. Navy “Blue” MILCON requirements both CONUS and OCONUS, to include Navy tenants located on other services’ installations and program accordingly within fiscal constraints. OPNAV N4I will act as advocate for U.S. Navy “Blue” activities and submit the MILCON program to Deputy Chief of Naval Operations, Integration of Capabilities and Resources, Director, Programming (OPNAV N80), FMB and OSD per programming guidance.

e. Standardized Design Approach. The process for the Navy Standardized Design Approach is composed of four steps; Identify, Assess, Approve and Pursue. This process applies to MILCON (MCON) projects located within the Continental United States (CONUS). Standardized design processes may be applied at overseas locations provided that those designs comply with

Status of Forces Agreements, Final Governing Standards and other host nation requirements. Based on MCON program processes, timeframes and funding, the approach described herein will focus efforts where standardization can gain efficiencies across multiple fiscal years of the overall program.

(1) Identify. NAVFAC in coordination with CNIC and OPNAV will perform an annual assessment of projects in the FYDP produced by the SMIG to identify projects for potential standardized design approach.

(2) Assess. The review will identify the optimal approach based on the four Types of Standard Design Approaches:

(a) Type 1 – Standard Drawings: Site adaptation of existing or new standard drawings. Existing standard drawings (currently magazines only) are considered to be in a maintenance/sustainment phase and updated to meet new building codes and to incorporate functional and constructability improvements. The need for the updates will be assessed as part of the annual review to ensure mission alignment and resourcing.

(b) Type 2 – Standard Model Design-Build Request for Proposal (RFP): Standard Model RFPs use a standard template modified for a specific facility type. Utilization of existing or new RFPs for Design-Build (DB) RFP execution. The model RFPs are in maintenance and sustainment phase and do not require any major developments, but should be reviewed and refreshed to incorporate changes in codes, criteria and policies.

(c) Type 3 – Standard Criteria Document: A Unified Facility Criteria (UFC) developed for a specific facility type. Facilities types identified during annual reviews being repetitive, but not currently having a standard drawing, model RFP or Specific facility type UFC, will be targeted for development of UFC for that particular facility type. This will standardize the design approach and methodologies for all future projects.

(d) Type 4 – Standard Project Management Plan: In cases where next generation of aircraft, ships, submarines or other weapons systems require new facility types, NAVFAC may establish a Program Manager position for the term of the program. The Program Manager will provide focused efforts to identify, develop, integrate and coordinate new requirements, criteria, standardization and lessons learned across the program by developing a standard project management plan and acquisition strategy, working closely with required stakeholders. The Program Manager will pursue delivery of the most efficient life-cycle solutions from planning and design, through construction and into the operations of the facilities.

(3) Approve. CNIC, as the shore integrator, will validate the SDA identified at each POM Cycle and submit for OPNAV Approval. Once approved, OPNAV will issue POM specific guidance via memo to NAVFAC to execute the SDA identified.

(3) Pursue. Design Authorities issued by NAVFAC for the identified projects will include OPNAV memo to execute the specific standard design approach utilizing the appropriate contracting strategies to achieve efficiencies. NAVFAC will designate a lead for the MILCON/MCON Standard Design Approach who will develop a plan, solicit resources and develop the Approach. The plan will include financial and Information Technology (IT) resourcing requirements, schedule and labor requirements. The product schedule will integrate with other similar follow-on projects. NAVFAC will maintain the product in an authoritative database, as applicable, for future use.

3. Other MILCON Authorities.

a. MILCON Funded UMC. See reference (d), section 2805.

(1) Chapter 4, 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 N4I, managed by CNIC and executed by COMNAVFACENGYSYSCOM. Use of this authority requires approval by SECNAV (delegated to DASN(IE&F) 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 and resolution of any Congressional concerns. Requests will be prepared by CNIC in coordination with COMNAVFACENGYSYSCOM and submitted via OPNAV N4I to DASN(IE&F).

(2) Exercise-Related Construction (ERC). See section 2801 and 2805 of reference (d). ERC UMC is MILCON funded unspecified minor MILCON outside the U.S. 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 (d). 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 Chairman of the Joint Chiefs of Staff Instruction 4600.02C "Exercise-Related Construction Program Management" of 22 April 2020 for additional information.

(3) Projects solely for the acquisition of land do not qualify under UMC authority (reference (c), volume 3, Chapter 17, paragraph 170302.C.2 of June 2019).

b. Major Restoration or Replacement of Damaged or Destroyed Facilities. See section 2854 of reference (d). SECNAV (delegated to DASN(IE&F)) may repair, restore or replace facilities that have been damaged or destroyed (not by neglect) using amounts appropriated for 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 4, 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, MILCON Codification Act of 1982). Requests will be prepared by COMNAVFACENGSYSCOM and submitted to DASN(IE&F) via OPNAV N4I for approval. Upon approval, DASN(IE&F) 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 of March 2011.

c. Emergency Construction. See section 2803 of reference (d). SECNAV (delegated to DASN(IE&F)) may carry out a MILCON 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 MILCON 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 170303.B.6 of June 2019). Requests will be prepared by COMNAVFACENGSYSCOM and submitted to DASN(IE&F) via OPNAV N4I for approval. Upon approval, DASN(IE&F) 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 5-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 of March 2011.

d. Contingency Construction. See reference (d), section 2804.

(1) Within the amount appropriated for such purpose, the SecDef may carry out a MILCON 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

MILCON, Defense-wide appropriation to other DoD appropriations available for MILCON. When a decision is made to use this authority, the SecDef will 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 (d). Requests for use of section 2804 of reference (d) authority is generally submitted by the unified commands. The section 2804 of reference (d) authority is similar to the section 2803 of reference (d) authority except Congress provides an annual appropriation for section 2804 of reference (d) projects. Per DoD Directive 4270.5 Change 1 of 31 August 2018, paragraph 4.2 and reference (c), volume 3, Chapter 7 of March 2011; use of available funds does not require a separate reprogramming approval by Congress.

e. War or National Emergency Construction. See reference (d), section 2808.

(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 MILCON projects and may authorize the Service Secretary to undertake MILCON projects, not otherwise authorized by law that are necessary to support such use of the Military Services.

(2) When a decision is made to undertake MILCON projects under section 2808 of reference (d), the SecDef will 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(s) pertaining to those construction projects. See DoD Directive 4270.5 Change 1 of 31 August 2018.

(3) Such projects will be undertaken only within the total amount of funds that have been appropriated for MILCON appropriations, including funds appropriated for family housing, that have not been obligated. Per DoD Directive 4270.5 Change 1 of 31 August 2018, paragraph 4.2 and reference (c), volume 3, Chapter 7 of March 2011; use of available funds does not require a separate reprogramming approval by Congress.

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

f. Urgent Land Acquisition. See reference (d), section 2663.

(1) SECNAV (delegated to DASN (IE&F)) 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 MILCON Authorization Act.

(2) Requests will be prepared by COMNAVFACENGSYSCOM and submitted to DASN(IE&F) via OPNAV N4I for approval. No later than 10 days after the date on which SECNAV determines to acquire an interest in land under section 2663 of reference (d), COMNAVFACENGSYSCOM (following reference (b)) will 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 of March 2011.

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

(1) The SecDef may carry out a MILCON project not previously authorized, for the purpose of carrying out activities under section 2474(a)(2) of reference (d), using funds appropriated or otherwise made available for that purpose in MILCON accounts. Funds appropriated or otherwise made available in an FY for the purpose of carrying out a MILCON project with respect to a covered depot (as defined in section 2476(e) of reference (d)) 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 will 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 (d).

(1) Acquisition authority: Using funds appropriated for a MILCON project authorized by law for a military installation, SECNAV (delegated to DASN(IE&F)) 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 MILCON project if the Secretary determines that:

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

(b) It is in the best interests of the U.S. to acquire the facility instead of carrying out the authorized MILCON project.

(2) Modification or conversion of acquired facility:

(a) As part of the acquisition of an existing facility under Chapter 7, paragraph 3h(1), SECNAV (delegated to DASN(IE&F)) 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 MILCON project was authorized.

(b) The costs of anticipated modifications, repairs or conversions under Chapter 7, paragraph 3h(1)(a) are required to remain within the authorized amount of the MILCON project. SECNAV (delegated to DASN(IE&F)) will consider such costs in determining whether the acquisition of an existing facility is more cost effective than carrying out the authorized MILCON project and is in the best interests of the U.S.

(c) Life cycle cost analysis will be included with the MILCON request prepared per NAVFAC Publication Manual P-442 "Economic Analysis Handbook" of November 2013.

(3) A contract will not be entered into for the acquisition of a facility under this authority until SECNAV (delegated to DASN(IE&F)) 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 MILCON project. The notification will 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 (d).

(1) The SecDef may carry out a MILCON 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 will 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 (d).

(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 will 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 7, paragraph 3j(1) will 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 MILCON projects under the energy performance plan developed by the SecDef under section 2911(b) of reference (d), including minor MILCON projects authorized under section 2805 of reference (d) that are designed to increase energy conservation.

(3) When a decision is made to carry out a project under this Chapter, SECNAV will 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 will 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. Refer to DoD Directive 4510.11 “DoD Transportation Engineering” and OPNAVINST 11210.2 “DoD Transportation Engineering Program” for additional guidance.

b. ERCIP. ERCIP is an OSD centrally managed program intended to provide projects that reduce energy consumption and utility costs. The ERCIP project development process aligns with the MTP3. The current MTP3 process is maintained by COMNAVFACSYSCOM. Contact COMNAVFACENGSYSCOM echelon 2 CI MILCON for the latest version of the MTP3 process. Submit proposed ERCIP 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 and funded by the DHA. This applies to all active military medical treatment 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. Defense Logistics Agency Instruction 4210 “MILCON” of 2 December 2009 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 will 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 COMNAVFACENGSYSCOM 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.

e. Family Housing MILCON Program (FHCON). Construction and improvement projects for Navy-owned family housing inventory are programmed and sponsored by OPNAV N4I. CNIC N93 Housing Office establishes the policy, processes and procedures for the managing of the FHCON programs and projects. Projects are not subject to SMIG processes. For all Navy-owned FH inventory, Regions should coordinate FHCON requirements with the installations and assist with the planning and project documentation efforts. For proposed FHCON projects, Regions will submit region validated 1391s and supporting documents to CNIC N93 in March BY minus 3. COMNAVFACENGSYSCOM MILCON are the technical subject matter experts for FHCON.

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 MILCON and Veterans Affairs and Related Agencies Appropriations Act (MILCON Appropriations Act), similar legislation or reprogramming approved by Congress, will be executed for construction.

a. Limitation On Expediting. Funds appropriated for MILCON (including military family housing) will 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 will 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 (d)).

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 fifth (prior to FY 2016 the third) FY after initial project enactment or the date of enactment of an act authorizing funds for MILCON for the fifth FY (prior to FY 2016 the third) after initial project enactment. For example, for a project initially enacted in FY 2016, the later of 1 October 2020 or the date of FY 2021 NDAA enactment per Public Law 115-91, section 2002. Because authorization now expires at same time as appropriations, it is not expected there will be any need for extension of authorization. However, if needed, requests for authorization extension will be submitted to COMNAVFACENGSYSCOM echelon 2 CI MILCON by the end of December of the FY prior to the current authorization expiration date (e.g., a project initially enacted in FY 2016 and not previously extended, requests are due 31 December 2019). Requests submitted beyond this point

in time will be considered but are at increased risk of not being satisfied.

COMNAVFACENGSSYSCOM will submit requests for extensions to DASN(IE&F) with a copy to ASN(FM&C), OPNAV N4I and CNIC. DASN(IE&F) 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 will only be used for contract adjustments. For example, for a project initially enacted in FY 2016, MILCON appropriations remain available until (expire) 30 September 2020 (Public Law 114-113, Division J-MILCON and Veterans Affairs and related Agencies Appropriations Act, 2016; 129 statute 2675). 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, subparagraph 010107.B.25 of October 2008). For a project initially enacted in FY 2016, MILCON appropriations will be closed (canceled) 30 September 2025 per reference (d), section 2805. 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 (to include FHCON) will only be obligated for work required to provide a complete and usable 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 COMNAVFACENGSSYSCOM 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 (d), “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 facilities portion of block 9 with the unit-of-measure and associated quantity.

(d) Section 2853 of reference (d) requirements regarding scope will 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 COMNAVFACENGYSYSCOM echelon 2 CI MILCON, supporting facilities work and mitigation provided will 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 COMNAVFACENGYSYSCOM echelon 2 CI MILCON requires approval by COMNAVFACENGYSYSCOM echelon 2 CI MILCON.

(g) Plans to construct a distinct facility as separate buildings or structures should be clearly identified in block 10 of the DD 1391.

(h) The design solution may configure portions of a distinct facility sub-line item for a new facility (including additions) into separate buildings or structures or may combine multiple distinct new facility sub-line items (or portions thereof) into the same building or structure so long as the project is considered complete and useable and fully meets the mission requirement. Approval from COMNAVFACENGYSYSCOM echelon 2 CI MILCON is required if buildings or structures that make up the distinct facility are to be constructed in different iNFADS Special Areas.

(i) Renovations will be limited to the facility identified on the DD 1391 marked “as enacted” by COMNAVFACENGYSYSCOM echelon 2 CI MILCON.

(2) For MILCON and FHCON Project Scope Increases see section 2853 of reference (d). The MILCON project authorized scope may be increased up to 10 percent with notification to Congress in certain cases. Increase authorized scope up to 10 percent only to meet the original requirement and due to changed facility planning factors, changed technology and related design criteria, unforeseen site conditions or finalized boundary surveys. Do not increase authorized scope due to changed mission or functional requirements. In these cases, seek additional authorization via the annual authorization process if additional scope is required. Congressional scope increase notification requests will be prepared by COMNAVFACENGYSYSCOM and submitted to DASN (IE&F) via OPNAV N4I. If a congressional scope increase notification is required, 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) and all congressional concerns have been resolved. ASD (EI&E) Memorandum “Updated Guidance for

Authorized Cost and Scope of Work Changes” of 29 June 2018 provides clarification and guidance.

(3) For MILCON and FHCON project scope reductions see section 2853 of reference (d) for MCON or section 18233a of reference (d) for 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 reductions for projects where the distinct facility scope is defined as “lump sum” or otherwise difficult to quantify will be submitted to COMNAVFACENGYSYSCOM echelon 2 CI MILCON for approval. ASD(EI&E) Memorandum “Updated Guidance for Authorized Cost and Scope of Work Changes” of 29 June 2018 provides clarification and guidance.

(a) MILCON project construction funds will not be obligated or expended without the determination that upon project completion, a complete and usable 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 reduction of authorized scope for any distinct facility exceeding 25 percent requires a scope variation notification to Congress. However, do not reduce authorized scope due solely to insufficient project funding. As necessary, award contracts at less than full authorized scope and pursue additional funding to complete the remaining scope via subsequent contract actions. If additional funding to complete the remaining scope is unavailable, Congressional notification can occur after project award. Contracts awarded for less than full authorized scope due to insufficient funding should nonetheless provide, in aggregate, useable facilities. Congressional scope reduction notification requests will be prepared by COMNAVFACENGYSYSCOM and submitted to DASN(IE&F) via OPNAV N4I. ASD(EI&E) Memo of 29 June 2018 provides clarification and guidance.

b. MILCON Project Cost.

(1) MILCON and FHCON Project Reprogramming (reference (c), volume 3, Chapter 7 of March 2011): Congressional approval (HAC and SAC) is required prior to proceeding with any actions that will result in the project funding requirement (see “Direct 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 COMNAVFACENGYSYSCOM. Approval of above appropriation limit threshold increases is obtained through a reprogramming request to the HAC and SAC. Requests will be prepared by COMNAVFACENGYSYSCOM and submitted to ASN(FM&C) via OPNAV N4I. Special cases may not require reprogramming approval so COMNAVFACENGYSYSCOM will consider all current regulations prior to submitting an above threshold reprogramming request.

(2) MILCON and FHCON Project Cost Variation (see section 2853 of reference (d) (MCON) or section 18233a of reference (d) (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 4, paragraph 2b(1)(b)) with no adjustment based on the area cost factor. 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. ASD(EI&E) Memorandum “Updated Guidance for Authorized Cost and Scope of Work Changes” of 29 June 2018 provides clarification and guidance.

(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 will be included. Congressional notification requests will be prepared by COMNAVFACENGSYSCOM and submitted to DASN(IE&F) via OPNAV N4I. 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 MILCON 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 8  
NONAPPROPRIATED FUND (NAF), COMMISSARY SURCHARGE AND PRIVATELY-  
FUNDED PROJECTS

1. General.

a. NAFIs and the use of NAF are governed by references (g), (h), DoD Instruction 4105.67 Change 2 “Nonappropriated Fund Procurement Policy and Procedures” of 1 December 2017 and DoD Instruction 1330.09 of 7 December 2005.

b. NAF construction planning and programming generally follows the contents of this instruction. However, since NAFI authorities are separate and distinct from appropriated fund authorities and policy, many of the provisions associated with appropriated fund projects and procurement do not apply to NAFI facilities financed with NAF. For example, NETOPS 18 “Project DD1391 Development, Funding Document Acceptance and SME Certification for Projects Over \$1,600,000” does not apply to any NAF-funded projects and classification of work and determination of real versus personal property is performed by the respective organization funding the project. Where NAF, commissary surcharge and privately-funded project policy or processes differ in substance in other sections of this instruction, Chapter 8 will govern. Ultimately, the CNO’s MWR or NEX-BOD provides policy for and oversight of facilities, finance and audit operations for MWR and NEX NAF organizations.

2. Provision of Facilities.

a. Fleet and Family Readiness Program Support. It is DON policy to provide, maintain and operate adequate facilities to accommodate a well-rounded Fleet and Family Readiness 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 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 Fleet and Family Readiness facilities in the development of facility investment projects, regional shore planning programs, regional integration plans and MILCON programs. For additional guidance see reference (c), volume 13 and references (f), (g), (h), DoD Instruction 7700.20 of 10 November 2005 and DoD Instruction 1330.17 Change 2 of 14 September 2014.

b. NAF, Commissary Surcharge and Privately-funded Project Review. Projects funded from NAF, commissary surcharge funds or private funds will 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 (h). NAF contracting clauses will be applied in the execution of NAF projects per DoD Instruction 4105.67 Change 2 “Nonappropriated Fund Procurement Policy

and Procedures” of 1 December 2017. 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 will be coordinated with public works officers and CNIC regions to ensure supporting facility requirements are identified and the projects are integrated with base master planning, site approvals and other related projects. In particular, modifications to existing base utility systems or required new utilities are identified and included in the NAF project submission and companion APF projects are clearly identified, as necessary.

d. NAF and Commissary Surcharge Project Execution. COMNAVFACENGSYSCOM 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 Morale, Recreation And Welfare (IMCOM G-9). NAFI’s will determine which agency will best support Contracting Officer’s Representative (COR) services for NAF procurement, per the authority listed in DoD Instruction 4105.67 Change 2 “Nonappropriated Fund Procurement Policy and Procedures” of 1 December 2017.

### 3. Appropriated Funding Support.

a. Use of APFs to construct or modify NAF-constructed or commissary surcharge-funded facilities, as outlined in this paragraph and in references (g) and DoD Instruction 1330.17 Change 2 of 14 September 2014, is restricted to sustainment, restoration and modernization of these facilities. Exceptions for NGIS (temporary duty (TDY) lodging) and Navy Lodge (permanent change of station (PCS) lodging), are outlined in Office of the Under Secretary of Defense Directive-type Memorandum 18-007 “Conversion of DoD Temporary Duty and Permanent Change of Station Lodging to Fully Non-appropriated Fund Operations, Maintenance and Construction” of 21 November 2018. APFs must also be used 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; 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 FP 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 must be used for the construction or leasing of exchange facilities for: logistical, administrative, storage and maintenance outside the U.S.; 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 requirements, laws and regulations must be locally funded from APFs. Notwithstanding Office of the Under Secretary of Defense Directive-type Memorandum 18-007 “Conversion of DoD Temporary Duty and Permanent Change of Station Lodging to Fully Nonappropriated Fund Operations, Maintenance and Construction” of 21 November 2018, Class I property ownership responsibilities, including environmental compliance, remediation, etc., remain with the Class I property owner.

e. Site approval (SA) and any DD 1391 assistance that is required must be locally funded from APFs. The only exception for NAF facilities is TDY and PCS Lodging, per Office of the Under Secretary of Defense Directive Type Memorandum (DTM) 18-007 – Conversion of DoD Temporary Duty and Permanent Change of Station Lodging to Fully Nonappropriated Fund Operations, Maintenance and Construction of 21 November 2018.

f. Construction, restoration and modernization required by base realignment and closure decisions are also funded from APFs.

g. Reference (h) provides procedures for combining APFs with private funds of NAF.

h. In addition, APFs must also be used for site development, archeological and ammunition clearances, EA and remediation, water purification, demolition, excessive utility connections and road services costs; see reference (g). Notwithstanding Office of the Under Secretary of Defense Directive-type Memorandum 18-007 “Conversion of DoD Temporary Duty and Permanent Change of Station Lodging to Fully Nonappropriated Fund Operations, Maintenance and Construction” of 21 November 2018, Class I property ownership responsibilities, including environmental compliance, remediation, etc., remain with the Class I property owner. Project documentation must include confirmation that required APFs are available for such purpose, subject to fiscal year funds availability.

i. Per section 2485(e) of reference (d), SECNAV will pay 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 will be equal to the attributable share of depreciation. The funds should be credited to the Commissary Trust Revolving Fund.

j. Deviations to the policy restricting the use of NAF for maintenance, repair, construction or modernization of NAF occupied facilities in those instances where APF is mandated require OSD approval. With the exception of TDY and PCS Lodging, the use of NAFs for the construction or modernization of NAF occupied facilities in those instances where APF is mandated, require OSD approval. See Office of the Under Secretary of Defense Direction-type Memorandum 18-007 “Conversion of DoD Temporary Duty and Permanent Change of Station Lodging to Fully Non-appropriated Fund Operations, Maintenance and Construction” of 21 November 2018, for guidance. Requests for deviation must satisfy all of the criteria in subparagraphs 3j(1) through 3j(5).

(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(1s,

(3) Failure to repair or 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.

#### 4. Project Submission and Programming Timeline.

##### a. CNIC Fleet and Family Readiness (MWR) Projects.

(1) Nomination. Submission procedures, format and approval of CNIC Fleet and Family Readiness NAF projects will follow this instruction and other applicable instructions or policies issued by OSD, OPNAV, Navy’s MWR and NEX Board of Directors (MWR and NEX-BOD), NGIS Director’s Panel, Navy Installations Command for MWR and NEX and as appropriate, the specific NAF construction reporting and approval guidance outlined in reference (h) and the funding approval thresholds in Appendix B.

(2) Project Validation Assessment. See reference (h) for requirements.

(3) APF Companion Project Review. NAF projects requiring APF companion projects must obtain funding approval for those projects. Without approval for APF companion projects, NAF projects will not be forwarded to the MWR and NEX-BOD for approval.

(4) Site Approval (SA) and NEPA Documentation. SA and appropriate NEPA documentation are required prior to the submittal of a project Nomination. NAF projects will not be forwarded to the MWR or NEX-BOD for approval without compliance with these items.

(5) Projects Requiring Congressional Approval. Submission of Program to ASN (EI&E) and Program Submittals due to Office of Under Secretary of Defense for Personnel and Readiness (OSD (P&R)). Submission to ASN (EI&E) is due no later than 15 April of the year prior to the proposed program FY. Submission to OSD (P&R) is due no later than 15 May of the same year.

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

(7) Submission of Program to ASN (EI&E) and Program Submittals to OSD (P&R). Due 15 April of the year prior to the proposed program FY.

(8) Program Approval. Occurs second quarter of the proposed program FY.

b. COMNEXCOM Projects.

(1) COMNEXCOM. COMNEXCOM collects nominations for major repair and construction projects (facility investment cost exceeds \$1M or the current USD (P&R) published Congressional notification threshold, whichever is greater) in response to an annual call for work. NEX projects will 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. COMNEXCOM'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 out-year plan) are staffed for MWR and NEX-BOD review, approval and submission for OUSD or Congressional approval, if required. This process parallels the Fleet and Family Readiness MWR timeline steps outlined in Chapter 8, subparagraph 3a(1) through 3a(8).

(2) Navy Lodge. Navy Lodge (PCS Lodging) is NAF Program Group IV within the COMNEXCOM Enterprise. Project priorities are developed within the Lodge program based on business requirements. A new or expanded Lodge project begins with a Letter of Request from the base Commanding Officer and an endorsement from the Regional Commander, followed by a Lodge Program feasibility study. Projects and equipment initiatives under the major project threshold of \$1M or the current USD (P&R) published Congressional notification threshold, whichever is greater of facility improvement are developed and prioritized within the Lodge Program, reviewed by the COMNEXCOM Office of Military Services and approved by COMNEXCOM CEO. Major projects are forwarded for Congressional approval through Navy and DoD agencies, in coordination with the annual Navy Exchange Congressional submissions, as required.

5. Procedures, Format and Approval Authority.

a. Fleet and Family Readiness MWR. Submission procedures, format and approval of CNIC Fleet and Family Readiness NAF construction projects will follow this instruction and other applicable policies issued by OSD, OPNAV, Navy's MWR and NEX-BOD, NGIS Director's Panel, Navy Installation Command for MWR and as appropriate, the specific NAF construction reporting and the funding approval guidance outlined in reference (h) and the funding approval thresholds in Appendix B.

(1) Project approval authorities are shown in Appendix B, Figure B-2.

(2) Project submissions consist of an initial submission of a project nomination. Forms and instructions necessary to submit MWR and NGIS NAF projects may be obtained through the "Facilities and Acquisitions" page of the Navy MWR website at <http://www.navymwr.org> or on the CNIC Gateway ("G2").

(3) All construction projects will be endorsed by the installation PWO and Regional Engineer or Assistant Regional Engineer prior to nomination to CNIC. Endorsement of the project by providing a signature signifies acknowledgement of the project and is not a final approval.

(4) Fleet and Family Readiness MWR projects are reviewed and approved for execution by CNIC.

(5) Notification of project cancellation to the original approving authority(s) is required for any Fleet and Family Readiness MWR project. Canceled project notifications must be included as part of the next regularly scheduled briefing cycle. Notification for projects approved by Congress must be made per reference (h).

b. COMNEXCOM Projects.

(1) Navy Exchange projects.

(a) Submission procedures, format and approval of Navy Exchange construction projects will follow this instruction and other applicable policies issued by OSD and OPNAV. Specific NAF construction reporting and approval guidance must also be followed, as outlined in reference (h).

(b) Reference (h) provides procedures for combining APFs with private funds or NAF.

(c) Project approval authorities are shown in Appendix B, Figure B-2.

(d) Format for projects forwarded to NEX and MWR Board of Directors and for those forwarded to OSD and Congress for approval follow the guidance provided annually by OSD.

(e) Notification of project cancellation to the original approving authority(s) is required for any COMNEXCOM (NEX or Navy Lodge) project. Canceled project notifications must be included as part of the next regularly scheduled briefing cycle. Notification for projects approved by Congress must be made per reference (h).

(2) Navy Lodge Program projects. Projects with construction components exceeding \$1M or the current USD (P&R) published congressional notification threshold, whichever is greater, are forwarded for Congressional approval and will follow the format prescribed for Navy Exchange projects to facilitate the review and approval process.

c. Commissary Projects. Commissary projects are programmed using commissary surcharge funds by the DeCA. The proceeds from surcharge funds will 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 (f) and for related environmental evaluation and construction costs, including surveys, administration, overhead, planning and design.

d. International Balance of Payment (IBOP) Areas. IBOP evaluations will 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 DoD Instruction 7060.03 “International Balance of Payment Program – Nonappropriated Fund Activities” of 7 December 2005.

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

- (a) A serious deficiency exists in morale and welfare facilities at isolated locations, or
- (b) Such projects would clearly contribute to improvement in U.S. balance of payments by diverting expenditures from the local economy.

(2) NAF construction, repair and maintenance projects outside the U.S. will be, to the maximum extent possible, accomplished under procedures that 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 U.S.
- (e) Competent, available military labor.

CHAPTER 9  
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 that 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: COMNAVSEASYSYSCOM, COMNAVAIRSYSCOM, COMNAVWARSYSCOM, Office of Naval Research (ONR) and Military Sealift Command (MSC). It is a basic responsibility of CNIC, COMNAVFACENGSYSYSCOM, 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, MILCON programs and utility strategic investment plans. Commands with Maintenance Unit Identification Code responsibilities must ensure the readiness of NWCF maintained facilities is achieved.

2. Budget Formulation For NWCF Activity FSRM And Construction Projects. Each year, NWCF activities participate in Navy FSRM 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 generates 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 (d). See Chapter 7, paragraph 1.

3. 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 FSRM projects and construction projects following this instruction and other applicable policies issued by OSD, OPNAV, CNIC and COMNAVFACENGSYSYSCOM. See Appendix B for NWCF approval authorities.

a. Responsibilities. For NWCF infrastructure, the relevant NWCF BSO is responsible for FSRM 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 FSRM requirements models.



(2) CNIC: As the predominant installation major claimant for NWCF 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 N4I: Resource sponsor for shore installations and assessment sponsor for all NWCF FSRM.

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

b. NWCF FSRM and MILCON Investing in NWCF Facilities. FSRM 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 7 of this instruction as well as Chapter 2, subparagraph 2e.

CHAPTER 10  
PROJECT COMPLETION

1. General. After a project is complete, regardless of how small or the classification of work, the property record and Facility Planning Data planning actions should be updated. Updates can include multiple property records or category codes. These updates include, but are not limited to, documenting any improvements to condition or configuration, completion of any planning actions, government cost and any other fields (such as unit of measure). A DD 1354 form should be completed when a project includes a capital improvement that increases the facility's capability, size, efficiency or useful life and costs more than dollar threshold listed in reference (c), Volume 4, Chapter 24 240205.A.

2. Transfer and Acceptance Of Real Property. Reference (c), volume 4, Chapter 24 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 real property accountable officer 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 or purchase.

b. Capital improvements to existing facilities greater than the dollar threshold listed in reference (c) Volume 4, Chapter 24 paragraph 240205.A, including work that increases the facility's:

(1) Capability, by adding fire protection or structural reinforcement;

(2) Size, via an addition, including adding an additional floor interior to the facility or increasing the facility's measurable dimensions;

(3) Efficiency, which would involve energy improvement (new windows, insulation, energy efficient lighting, etc.), or

(4) Useful life, where a project recapitalizes an entire building, ensuring that facility can continue to be used beyond its expected life cycle. The project may just be a roof replacement that prevents water damage or raising the foundation of a mission essential facility above the flood plain or expected storm surge.

c. Transfer between Services.

- d. Leasehold improvement.
- e. Inventory adjustment (found on site).

3. Facility Data Integration And Updates.

a. Prior to project completion or partial acceptance of any portion of a project, 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) Condition Rating
- (2) Configuration Rating
- (3) Capacity Rating
- (4) Facility Condition Index
- (5) Mission Dependency Index
- (6) Government cost and acquisition method
- (7) Shore Facilities Planning System information
- (8) Information System data
- (9) Floor plans, as-built drawings, installed systems equipment training and Operations and Maintenance manuals (electronic OMSI)
- (10) Construction warranty and manufacturer's warranty documentation record to include, but not limited to:
  - (a) Contractor contact information to initiate a warranty response actions
  - (b) Preventative maintenance records that must be maintained by the government during warranty period to avoid invalidating the warranty
- (11) Clearing of related Sustainment Management System (BUILDER, PAVER, etc.) deficiency data and requirements
- (12) Establish the new Preventative Maintenance schedules in Maximo for the new facility

b. For further project completion documentation and guidance, see:

(1) COMNAVFACENGSYSCOM Business Management System B-25.7.1.3 MCON DD Form 1354, transfer and Acceptance of Military Real Property,

(2) B-25.7.1.3.1 MILCON DD Form 1354 Status Review,

(3) B-25.7.1.4.1 Non-DoN [MILCON] DD Form 1354: DoN RPI,

(4) B-25.7.1.4.2 Non-DoN [MILCON] DD Form 1354: Non-DoN RPI,

(5) B-25.7.1.5 Real Property - Periodic Inventory,

(6) B-25.7.1.5.1 Internet Naval Facilities Assets Data Store (iNFADS) End of Period Review,

(7) B-25.7.1.5.2 Real Property Inventory Gain,

(8) B-25.7.1.5.3 Real Property Inventory Loss,

(9) B-25.7.1.7 Non-MILCON DD Form 1354 Transfer & Acceptance of DoN RPI Capital Improvements, greater than or equal to \$750K, Design Build, Design Bid Build,

(10) B-25.7.2 GIS Data Request,

(11) B-1.6.13 Acceptance and Turnover Items,

(12) B-1.6.13.4 Record (As-Built) Drawings.

c. For additional information, see <https://hub.navy.mil/wecenter/portal/bms>.

d. This requirement applies to all facility projects including minor work orders, special projects (including Family Housing) and MILCONs (including FHCON).

APPENDIX A  
PROPERTY CLASSIFICATION TABLE

Item (Note 1)	Real Property, Installed and Built In Equipment	Personal Property or Collateral Equipment
Building and Components (specialized) related:		
Above ground storage tanks, pedestal, gravity fed system	X	
Adjustable loading dock levelers	X	
Aircraft shelters (permanent construction, such as hardened aircraft shelter)	X	
Aircraft shelters (portable, “Aircraft Protection Equipment”) to include fire protection and electronic security systems		X
Auditorium or 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 and mandated by facility or Navy Installation specific requirements – not marquee or marketing signs)	X	
Tension Fabric Structure to include fire protection and electronic security systems or other relocatable building or structure.		X
Training Structure	X	
Vault	X	
Building and Components (standard) related:		
Bedside headwall units (built-in)	X	
Bleachers (built-in)	X	
Bookcases (built-in)	X	
Cabinets, casework, kitchenette (built-in)	X	
Canopies (walkway or entrance)	X	

Item (Note 1)	Real Property, Installed and Built In Equipment	Personal Property or Collateral Equipment
Carpet (wall to wall)	X	
Closets	X	
Desks and tables (built-in)	X	
Door lock hardware (required by government mandate)	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	
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, hubs, monitors, computers and servers on premise and exclusively supporting Industrial Control Systems	X	
Routers, switches and hubs		X
Monitors or flat screens for television purposes		X

Item (Note 1)	Real Property, Installed and Built In Equipment	Personal Property or Collateral Equipment
Monitors or 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 for personal property, portable		X
Secure and non-classified technical equipment phone systems, Non-Classified Internet Protocol Router Network (NIPRNET) and Secret Internet Protocol Router Network (SIPRNET) infrastructure including conduit (in protected distribution system when necessary), junction boxes, telecommunications cabling and power connections for the equipment, but not the NIPRNET or SIPRNET devices	X	
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

Item (Note 1)	Real Property, Installed and Built In Equipment	Personal Property or Collateral Equipment
Major skid mounted transformers for piers or wharves		X
Portable transformers (except for major skid mounted transformers for piers or wharves)		X
Power Related:		
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 and Safety Related:		
See Note 2		
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 and Antiterrorism Related		
Waterfront boat barriers (including anchors)		X
Electronic Harbor Security System		X
Access control islands for gate entry	X	
Gates and 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	
Under-vehicle (in-ground) integrated inspection equipment		X
Fencing	X	
Outdoor camera poles and towers	X	
Explosive and contraband detection systems		X



Item (Note 1)	Real Property, Installed and Built In Equipment	Personal Property or Collateral Equipment
ESS infrastructure to include conduit, junction boxes and power connections	X	
ESS equipment for the following: intrusion detection system, access control systems and video assessment and surveillance systems sometimes referred to as closed-circuit television		X
Closed-circuit television system for child development center, SAC or youth center child abuse prevention		X
Door locks (cipher or combination locks, including magnetic and electronic strike)	X	
Sound masking equipment for sensitive compartmented information facilities		X
Protected distribution system	X	
Warning globes for sensitive compartmented information facilities		X
Interior mass notification system	X	
Systems:		
Compressed air units (non-portable)	X	
Industrial control system infrastructure	X	
Industrial control system maintenance equipment		X
Exhaust systems	X	
Gas fittings	X	
HVAC equipment and control systems	X	
Plumbing	X	
Water filtration system (hard plumbed – if required by base potable water regulating agent)	X	
Other:		
Air conditioning (specialized) for standalone equipment (e.g., Computer Room Air Conditioning (CRAC) units)	X	
Air conditioning (central or built-in systems, not including window units or split units)	X	
Air conditioning window units		X
Anechoic chambers	X	
Antennas for point-to-point communication		X

Item (Note 1)	Real Property, Installed and Built In Equipment	Personal Property or Collateral Equipment
Automated data processing systems		X
Bollards, double bitts, fittings	X	
Camels	See Note 3	
Ceiling fan	X	
Civil engineer support equipment		X
Computers (funded by Navy Marine Corps Intranet)		X
Cranes	See Note 4	
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	
Dental chairs and pedestal units		X
Digital Air Surveillance Radar (DASR); includes site work and supporting infrastructure		X
E-28 Arresting Gear (CCN 14930)	X	
Filing cabinets and portable safes		X
Fitness center extractors and 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 3	
Floating piers (fixed with piles)	X	
Floating piers 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	

Item (Note 1)	Real Property, Installed and Built In Equipment	Personal Property or Collateral Equipment
Galley equipment (portable, oven, refrigerator, mixer, stove, pulper system)		X
Hose reel for pure water		X
Hoses, assemblies		X
Hyperbaric chambers		X
Industrial Plant Equipment		X
Integrated navigation and landing system equipment		X
Improved Navy lighterage system equipment		X
Lift system or platform assembly such as dock levelers or garage lifts (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
Pneumatic tube systems (built-in)	X	
Portable backup power systems		X
Precision Approach Radar; including site work and supporting infrastructure		X
Provision storage units (portable)		X
Public announcement system (portable)		X

Item (Note 1)	Real Property, Installed and Built In Equipment	Personal Property or Collateral Equipment
Radar and other electronic equipment		X
Radio Frequency Identification systems		X
Radio frequency filter	X	
Radio frequency or electromagnetic interference shielding	X	
Ready Service Lockers		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 Charging Stations (Electric)	See Note 5	
Vehicle support equipment		X
Voice, video and data equipment		X
Wall clocks		X
Waterfront support equipment		X
Wharf fenders	See Note 3	

Notes

1. See COMNAVFACENGSYSYSCOM portal under “Asset Management” for latest additions and updates to this property classification table. See Chapter 1, subparagraph 2b(7).
2. Fire Protection and Safety Related Systems installed to support Personal Property such as Tension Fabric Structures or portable Aircraft Structures is classified as Personal Property.
3. See fender guidance in Appendix E and Chapter 1, subparagraph 2b(7).
4. See crane guidance in Appendix F and Chapter 1, subparagraph 2b(7).
5. Currently these are not RP or PRIE of any other facility and should not be captured via any CCNs.

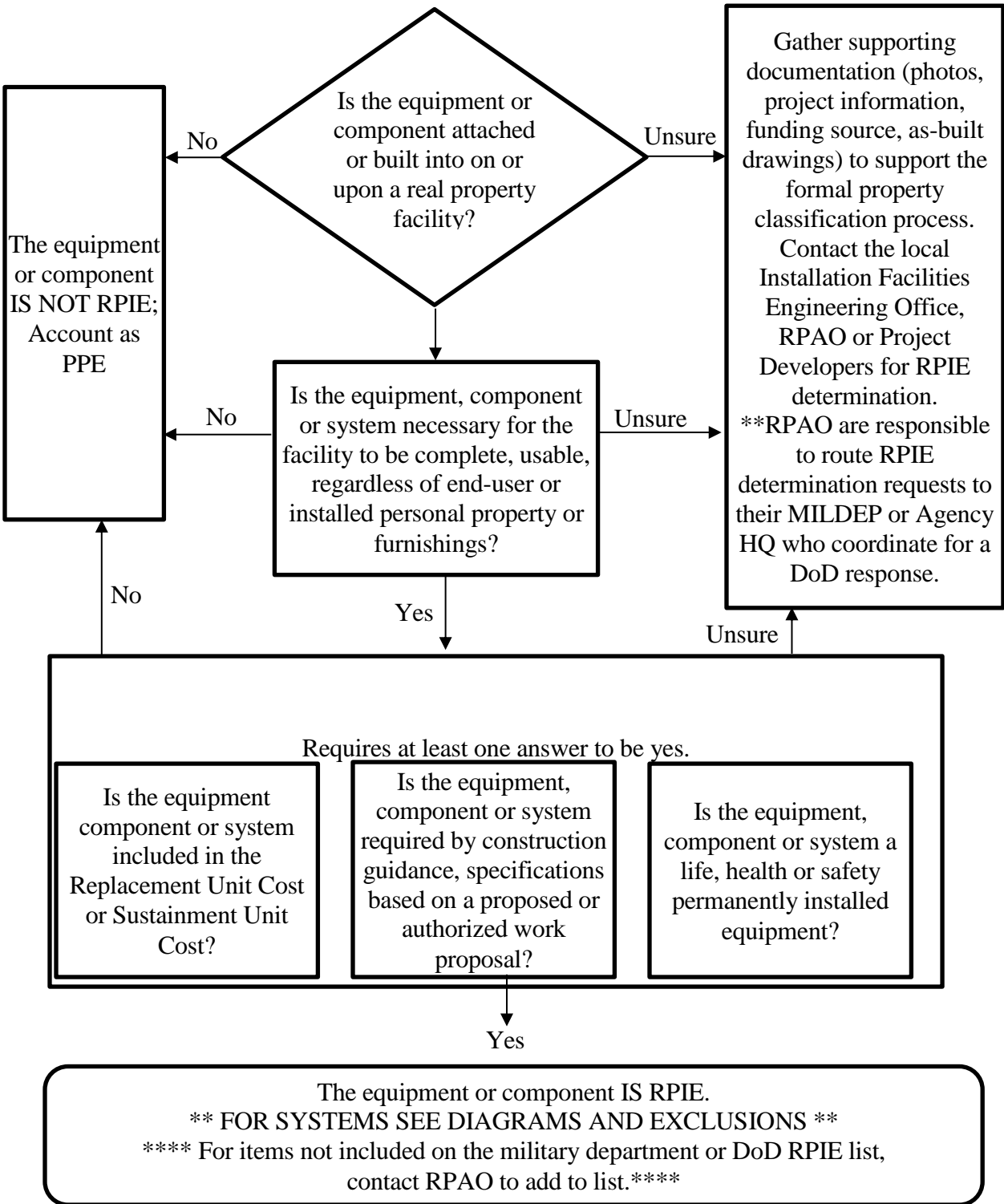


Figure A-1. Real Property Installed Equipment Determination Flow Chart

APPENDIX B  
AUTHORITY LEVELS AND FUNDING APPROPRIATIONS

Dollars (in thousands)	0	500	750	1,500	2,000	3,000	4,000	5,000	6,000	7,500	10,000	No Limit
<b>Construction<sup>1,5</sup></b>												
O&M,N, O&MNR, NWCF, RDT&E												
O&M,N, NWCF, RDT&E (Lab & Ind. Revit) <sup>4</sup>												
FHN O&M <sup>9</sup>												
RDT&E (Contractor Operated) <sup>8</sup>												
MILCON Unspecified Minor Const. (UMC)												
MILCON UMC (Lab & Indust. Revitalization) <sup>4</sup>												
MILCON & Other MILCON (other than UMC) <sup>10</sup>												
<b>Repair<sup>3,6</sup></b>												
O&M, N; O&M,NR <sup>2</sup>												
FHN O&M <sup>9</sup>												
NWCF; RDT&E <sup>7</sup>												
Region/Local authority approves			CNIC Approves				Submit via CNIC, OPNAV N4I for ASN(EI&E) approval and notice to Congress					
Centrally Managed Approval Process, coordinated with CNIC			USD (AT&L) Approves				Congress approves or is notified via ASN (FM&C) or ASN (EI&E)					
Submit via CNIC, OPNAV N4I for ASN(EI&E) approval			Additional Area Cost Factor up to \$10M									

Figure B-1. APF Funding Authority Diagram

APF Funding Authority Diagram B-1 Notes

1. Limits based on section 2805 of reference (d). See Chapter 4, subparagraph 5b, for additional information.
2. Repair projects over \$1,500,000, with the exception of maintenance dredging, must be supported by economic analysis to receive CNIC approval. Repair projects over \$7,500,000 require DASN (EI&F) approval and electronic congressional notification prior to contract award.
3. Projects approved by DASN (EI&F) must not exceed the amount authorized in the approval letter 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 DASN (EI&F) for approval.
4. Construction between \$2 million and \$6 million may be funded by appropriations available for operations and maintenance or MILCON UMC or from funds authorized to be made available under section 2363(a) of reference (d). Additionally, construction between \$2 million and \$6 million for the revitalization and recapitalization of defense industrial base facilities may be funded with NWCF or MILCON UMC under section 2808 of reference (d). See Chapter 4, subparagraph 5b(1)(a), (c) and (d), for additional information and expiration of authorities.
5. Refer to Chapter 4, paragraph 2, for additional policy regarding work classified as Construction.
6. Refer to Chapter 4, paragraph 1, for additional policy regarding work classified as Repair.
7. 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.
8. See Chapter 4, subparagraph 5b (3), for special rules regarding RDT&E contractor operated facilities (per section 2353 of reference (d)). See reference (h) for approval limits.
9. FHN O&M funding used for repair and minor construction (SIC 22) are centrally managed at CNIC N93. There are no funds provided to the Region to locally approve or fund construction. Additionally, section 2805 of reference (d) forbids the building of new

OPNAVINST 11010.20J  
27 Dec 2022

dwellings with FHN O&M. Family housing minor construction will consist of non-dwelling supporting facilities only (i.e. playgrounds, ball parks, gazebos, associated restroom facilities, etc.) All dwelling construction is programmed using FHCON.

10. See Chapter 7, paragraphs 3 and 4 for other MILCON authorities and programs.



Dollars (in thousands)	0	500	750	1,500	2,000	3,000	4,000	5,000	6,000	7,500	10,000	No Limit
<b>Construction<sup>1,5</sup></b>												
NAFMWR <sup>2</sup>		Region/Local authority approves	MUIC holder approves & funds									
NAFNEX <sup>3</sup>												
NAFLODGING <sup>4,13</sup>												
<b>Repair<sup>12</sup></b>												
NAFMWR <sup>5,9</sup>		Region/Local authority approves	MUIC holder approves & funds									
NAFNEX <sup>6</sup>												
NAFLODGING <sup>7,13</sup>												
NAFMWR (Maintenance) <sup>10</sup>		Region/Local authority approves	MUIC holder approves & funds									
NAFNEX (Maintenance) <sup>10</sup>												
NAFLODGING (Maintenance) <sup>13</sup>												
		Region/Local authority approves	MUIC holder approves & funds									
		CNIC approves and Region or Central authority funds	MWR/NEX BOD approves and NEXCOM funds									

Figure B-2. NAF Funding Authority Diagram

NAF Funding Authority Diagram B-2 Notes

1. Funding authority limits are based on the most recently published USD (P&R) congressional notification thresholds. Projects with a construction component equal to or greater than \$200,000 but less than \$1,000,000 or the current notification threshold if it is greater, are considered minor construction projects. Projects with a construction component exceeding \$1,000,000 or the current notification threshold if it is greater, are considered major construction projects.
2. All MWR minor construction projects require CNIC approval and, if central funds are proposed, MWR and NEX Board of Directors (BOD) approval. All MWR minor construction projects are also included in the annual report to OSD and Congress, via OPNAV and ASN (EI&E). All MWR major construction projects require MWR and NEX-BOD approval prior to submission to OSD and Congress, via OPNAV and ASN (EI&E), for final execution approval. Funding for MWR projects over \$200,000 can be local, regional, central or a combination thereof.
3. All NEX construction projects, below the major construction threshold require COMNEXCOM approval. All NEX minor construction projects are included in the annual report to OSD and Congress, via OPNAV and ASN (EI&E). All NEX major construction projects require MWR and NEX BOD approval prior to submission to OSD and Congress, via OPNAV and ASN (EI&E), for final execution approval.
4. All NAF lodging construction projects require COMNEXCOM approval. All NAF Lodging minor construction projects are included in the annual report to OSD and Congress, via OPNAV and ASN (EI&E). All NAF Lodging major construction projects require COMNEXCOM approval prior to submission to OSD and Congress, via OPNAV and ASN (EI&E), for final execution approval.
5. All MWR repair projects below \$1,000,000 can be regionally funded and approved. MWR repair projects \$1,000,000 or greater require CNIC Fleet and Family Readiness Program (N9) approval and, if central funds are proposed, MWR or NEX-BOD approval. Funding for MWR repair projects can be local, regional, central or a combination thereof.
6. Repair projects to maintain NEX-occupied facilities are the responsibility of the MUIC holder. Retail mission specific NEX repair projects that are NAF funded require COMNEXCOM approval. All NAF NEX projects \$1,000,000 or greater also require MWR and NEX BOD approval.

27 Dec 2022

7. COMNEXCOM approves.
8. Project amount approved by OSD and Congress must not exceed that amount by more than 25 percent. CNIC and COMNEXCOM may approve increases up to 125 percent of the original approved amount. Increases higher than 125 percent must be resubmitted to OSD for approval.
9. All 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, as well as ASN (EI&E) waiver approval, to use NAF in place of APF, prior to commitment of NAF. See reference (g) and note 12.
10. APF must be used for all maintenance of NAF facilities other than NAF Lodging, golf courses, golf course structures and other than golf clubhouses and follows APF approval authority guidance. APF will be used for maintenance of all NAF NEX facilities except where a COMNEXCOM real estate instrument dictates otherwise. See reference (g).
11. Refer to Chapter 4 and Chapter 8, for additional policy regarding work classified as Construction.
12. Refer to Chapter 4 and Chapter 8, for additional policy regarding work classified as Repair.
13. Refer to Directive Type Memorandum (DTM) 18-007 – Conversion of DoD Temporary Duty and Permanent Change of Station Lodging to Fully Nonappropriated Fund Operations, Maintenance and Construction, effective date November 21, 2018, for specific information.

TABLE OF APPROPRIATIONS

Appropriation Symbol      Title and Purpose

ANNUAL APPROPRIATIONS

017 1105	Military Personnel, Marine Corps
017 1106	Operation and Maintenance, Marine Corps
017 1107	Operation and Maintenance Marine Corps Reserve
017 1108	Reserve Personnel, Marine Corps
017 1405	Reserve Personnel, Navy
017 1453	Military Personnel, Navy
017 1804	Operation and Maintenance, Navy
017 1107	Operation and Maintenance, Navy Reserve
017 0735	Family Housing, Navy
097 0100	Operation and Maintenance, Defense-Wide, Defense

REVOLVING AND CONTINUING

097 4930.002	Defense Working Capital Fund, Navy (31 USC 1535)
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MULTIPLE-YEAR APPROPRIATIONS

		Years available for obligation
017 1109	Procurement, Marine Corps	3
017 1205	MILCON, Navy and Marine Corps	5
017 1235	MILCON, Naval Reserve	5
017 1319	Research, Development, Test and Evaluation, Navy	2
017 1506	Aircraft Procurement, Navy	3
017 1507	Weapons Procurement, Navy	3
017 1611	Shipbuilding and Conversion, Navy	5
017 1810	Other Procurement, Navy	3
017 0730	Family Housing Navy, Construction, Navy and Marine Corps	5
057 3300	MILCON, Air Force	5
057 3730	MILCON, Air Force Reserve	5
057 3830	MILCON, Air National Guard	5
021 2050	MILCON, Army	5
021 2085	MILCON, Army National Guard	5
021 2086	MILCON, Army Reserve	5
097 0300	Procurement, Defense-Wide	3
097 0500	MILCON, Defense-Wide	5
097 0801	Foreign Currency Fluctuations, Defense	2
097 0803	Foreign Currency Fluctuation, Construction, Defense	5

APPENDIX C  
ACRONYMS

ADA	Anti-Deficiency Act (1982)
A&E	architect and engineer
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)
BESEP	Base Electronics Systems Engineering Plan
BSO	budget submitting office
BY	budget year
CATEX	categorical exclusion
CI	Capital Improvements (COMNAVFACENGSYS COM 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
COMNAVFACENGSYS COM	Commander, Naval Facilities Engineering Systems Command
COMNAVIFOR	Commander, Navy Information Forces
COMPACFLT	Commander, U.S. Pacific Fleet
COMUSFLTFORCOM	Commander, U.S. Fleet Forces Command
DASN (IE&F)	Deputy Assistant Secretary of the Navy (Installations, Energy and Facilities)
DD 1354	Transfer and Acceptance of DoD Real Property
DD 1391	MILCON Project Data
DDC	Direct Digital Controls
DE	Demolition (Special Interest Code)
DeCA	Defense Commissary Agency
DLA	Defense Logistics Agency
DoD	Department of Defense
DON	Department of the Navy (includes U.S. Navy and USMC)
EA	environmental assessment
ERCIP	Energy Conservation Investment Program
EO	executive order
ERC	exercise-related construction
ESS	electronic security systems

FP	force protection
FAC	facility analysis category
FEC	facilities engineering command
FHCON	Family Housing, MILCON
FHN O&M	Family Housing, Operations and Maintenance, Navy
FLTCYBERCOM	Fleet Cyber Command
FMB	financial management and budget
FSM	facility sustainment model
FSRM	facilities sustainment, restoration and modernization
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
iNFADS	Internet Naval Facilities Assets Data Store
INVS	Internal Needs Validation Study
IPL	integrated priority list
ISP	inside plant
IT	information technology
MCNR	MILCON, Navy Reserve (appropriations for DON reserve force (U.S. Navy and USMC))
MCON	MILCON, Navy appropriations for active force (U.S. Navy and USMC)
MILCON	MILCON appropriations
MTP3	MILCON team planning and programming process
MWR	morale, welfare and recreation
MWR or NEX-BOD	Navy morale, welfare and recreation or Navy Exchange board of Directors
NAF	nonappropriated funds
NAFI	nonappropriated fund instrumentality
COMNAVAIRSYSCOM	Commander, Naval Air Systems Command
NAVSEASYSYSCOM	Commander, Naval Sea Systems Command
COMNAVSUPSYSCOM	Commander, Naval Supply Systems Command
COMNAVWARSYSCOM	Commander, Naval Information Warfare Systems Command

NDAA	National Defense Authorization Act
NEPA	National Environmental Policy Act (1969)
COMNEXCOM	Chief Executive Officer, 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
OMSI	Operation and Maintenance Support Information
OPNAV	Office of the Chief of Naval Operations
OPNAV N4I	Director, Installations
OSD	Office of the Secretary of Defense
OSP	outside plant
OT	operational technology
PCAS	post construction contract award services
POL	petroleum, oils and lubricants
POM	program objective memorandum
PPBE	Planning, Programming, Budgeting and Execution
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)
SAC	Senate Appropriations Committee (appropriation)
SASC	Senate Armed Services Committee (authorization)
SCADA	supervisory control and data acquisition
SecDef	Secretary of Defense
SECNAV	Secretary of the Navy
SIC	special interest code
SIOH	supervision, inspection and overhead
SIPRNET	Secret Internet Protocol Router Network
ST	sustainment (Special Interest Code)
UFC	Unified Facilities Criteria
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”)
WCF	working capital fund

APPENDIX D  
COMMUNICATION AND INFORMATION TECHNOLOGY (IT) FUNDING  
CONSIDERATIONS

1. MILCON Base Electronic Systems Engineering Plan (BESEP).

a. COMNAVWARSSYSCOM develops the MILCON Base Electronic Systems Engineering Plan (BESEP), a technical planning and management document containing sufficient installation detail to support DD 1391 development and facility design and construction. The MILCON BESEP translates sponsor and user operational requirement statement into a technical description of shore command, control, communications and intelligence and IT systems and facility infrastructure required to provide the required command, control, communications and intelligence mission capability.

b. MILCON BESEPs are developed for new construction or major remodeling command, control, communications and intelligence and IT projects to communicate facility design requirements associated with command, control, communications and intelligence and IT systems. MILCON BESEP preparation should be started as soon as command, control, communications and intelligence and IT system requirements are identified in order to support NAVFAC or other design agent facility design efforts. The MILCON BESEP defines system-of-systems physical, mechanical, electrical, grounding, power, HVAC, safety and security requirements for MILCON facility design agent use. It is important that it clearly and succinctly defines requirements in technical terms, whenever possible, to provide clear guidance during MILCON facility design."

c. Preliminary MILCON BESEP. The preliminary MILCON BESEP provides required space, power and HVAC facilities information; TEMPEST and security requirements; facility ground and lightning protection system requirements and other technical data necessary for initial design projections. The Preliminary MILCON BESEP provides a brief overall description and proposed project design concepts to permit proposed installation evaluation. The primary objectives of the Preliminary MILCON BESEP are to assist in obtaining resources in support of an operational requirement and to support 35% Architectural & Engineering (A&E) design and Preliminary Engineering Design (PED) development. Since electronics installation design is not pursued at this stage, technical emphasis should be on basic system and facilities support rather than minute details.

d. Final MILCON BESEP. The Final MILCON BESEP is used as a technical basis to support 35% to 100% facility design efforts.

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 will 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 will 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 Commander, U.S. Fleet Cyber Command (USFLTCYBERCOM), Commander, Navy Information Forces Command (COMNAVIFORCOM) 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 Navy-wide by Deputy Chief of Naval Operations, Information Warfare (CNO N2/N6), FLTCYBERCOM and COMNAVIFOR. However, all other service provider requirements are to be resourced by the mission sponsor of the individual activity generating the requirement. 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 USFLTCYBERCOM, COMNAVIFORCOM 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 24.

b. Communication antennas and systems classified as real property: maintenance is funded from real property maintenance funds. Funding responsibility is documented in iNFADS by the maintenance unit identification code for the antenna. Antenna special projects will be submitted to CNIC N4 and OPNAV N4I 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.

APPENDIX E  
FUNDING POLICY FOR PIER FENDERS

1. UFC 4-152-01, Design: Piers and Wharves, contains descriptions and design criteria for pier and wharf construction, including subsidiary, contiguous and auxiliary structures and provides guidance for the design of fender systems. This Appendix addresses which fender systems (including "camels") are properly MILCON funded items and which are not.

a. Fixed fender systems are considered to be a MILCON funded item. The basic point of confusion with respect to MILCON and associated procurement of fenders appears to be over an interpretation of whether or not the fender is built-in (installed) equipment or personal property. This in turn is determined by whether it is "movable" or "fixed" and whether it is "permanent" and a "fixture" or both. It is proper and appropriate to use MILCON funding to procure fenders that are installed or built-in, affixed as part of the pier structure, engineered and built into the facility as an integral part of the final design and made a part of the real property structure.

b. Without the entire fender assembly to include the backing piles, fenders and other engineered elements to provide protection from loading from the berthing and mooring of a ship or submarine, the pier cannot perform its intended function. Fenders engineered as part of the pier structure may be hung or may float on the surface of the water. In either case, they are affixed to the pier structure with heavy chain and bolts. The combined weight of the fender and the chain requires crane support to remove the fender from the pier. This does not meet the description of transportation of the fender as part of "normal operations," and identifies these attached fenders as built-in equipment.

2. When including the procurement of fenders in a MILCON project, the criteria in subparagraphs 2a and 2b of this chapter must be adhered to.

a. Fenders must be a significant contributor to the function of the completed facility. Significant is defined as being an integral part or supporting criteria to the function of the facility. It need not be measured as a percent of the cost, but rather without the equipment, the facility is rendered ineffective for its primary function. These types of fenders are most apparent in new pier designs where fenders are not mere add-ons, but designed as an integral part of the pier structure.

b. Fenders must be contained and remain entirely within the pier facility envelope of the completed facility. These fenders are specifically designed solely for the particular MILCON pier or wharf structure.

c. Fenders must be part of the primary fendering system, engineered to protect the structure.

d. When the intent is to procure applicable fenders with MILCON funding at the time of facility construction, a dedicated line item on the Budget Estimate Summary Sheet (BESS) of the DD 1391 will specifically call out this procurement. This line item will be under "Built-in

Equipment”. Block 9 will show the cost of the “Built-in Equipment” and Block 10 of the DD 1391 will address the fender type used and the fender design.

e. After facility completion and the Placed-in-Service milestone has been achieved, all fenders will be maintained according to appropriate and applicable documents and maintenance standards. They will be recorded on governing property records and any other required forms.

### 3. Definitions.

a. Camel: A large float (often a small barge or framed structure) placed between a large ship or submarine and a pier, where greater standoff is required than achieved with typical fender systems. A camel is “movable” by definition and is frequently moved from pier to pier as the need arises. It is attached to the pier through the use of mooring lines. There are exceptions where camels are considered built-in equipment. Use Figure A-1 from Appendix A to assist in determination of exceptions.

b. Facilities: See Chapter 1 paragraph 1.2.3.c.

c. Fixture: Permanently attached to the realty or if not permanently attached, (a) it is necessary and indispensable to the completion and operation of the pier structure or (b) the structure was designed and built for the purpose of housing the equipment.

d. Installed Equipment (sometimes called Built-In Equipment): Equipment and furnishings that are not intended to be movable, are required for operation and are permanently affixed as a part of the real property facility. The equipment is engineered and built into the facility as an integral part of the final design. Considered part of the real property facility.

e. Movable: Capable of being moved; of or relating to personal property that can be moved; something that can be moved as opposed to permanent fixtures. In the case of fenders, there are two categories of movement: 1) the three-dimensional movement that allows a fender to perform its function and 2) the ability to transport the fender function outside a pier structure envelope. For purposes of determining the funding source applicable to the procurement of fenders during project development, the second category of movement should be used to determine whether the associated fender is “fixed, installed, built-in or integral” or whether “personal property or portable” is more appropriate. Note: The hydro-pneumatic fender system is capable of being detached from a pier and “moved” to another pier. However, this is not the normal situation and most often, these fenders, once installed, are left in place and are considered “integral parts” of the pier. Therefore, these fenders are considered built-in equipment.

f. Integral Part of: So constructed as to contribute significantly to the intended purpose of the facility. If this component were absent from the facility, a significant function could not be performed and the intended use of the facility would be severely impeded. Generally, these

components are bolted on or built into portions of a facility that have been designed specifically to accommodate these components and associated equipment.

g. Permanent: Lasting or meant to last throughout the lifecycle of the facility; enduring; not expected to change in status or place (location).

h. Portable: Capable of being easily carried or moved. Items that can be easily carried or moved from one location to another and are not attached or made a part of a facility (generally without being disassembled).

4. Types of Fenders. These fender descriptions are taken from UFC 4-152-01 Piers and Wharfs.

a. Fixed Fender Units:

(1) Directly-mounted fender units: In this system, individual fender units like the end-loaded, rubber shear or buckling type, are bolted directly to the pier or wharf face.

(2) End-loaded rubber fenders: These fenders work by elastic compression of hollow rubber cylinder elements with small length-to-diameter ratios.

(3) Rubber shear fenders: A solid rubber block is vulcanized between two metal plates and force is transferred through a fender frame or panel.

(4) Buckling fenders: These fenders operate on the buckling column principle, in which a molded column of rubber is loaded axially until it buckles laterally.

(5) Side-loaded rubber fenders: These are hollow rubber units available in trapezoidal, circular, square or D-shapes that, when loaded at their side, deform by trying to flatten out. They are usually provided at the top of fender piles between the wale and berthing structure.

b. Floating Fender Units: This system consists of pneumatic or hydro-pneumatic or foam-filled fender units and a backing system.

(1) Pneumatic and Hydro-pneumatic fenders: The potential energy in these fenders is stored by the elastic compression of a confined volume of air. By varying the internal pressure of air, the energy-absorption characteristic can be changed.

(2) Foam-filled fenders: These are constructed of resilient, closed-cell foam surrounded by an elastomeric skin. The fender requires a backing system to distribute the load. The unit can either be utilized as a floating fender, moving up and down with the tide and bolted in place with chains or can be bolted to the pier or backing system.

APPENDIX F  
FUNDING POLICY FOR CRANES ASSOCIATED WITH MILCON PROJECTS

1. Reference Documents and Document Language.

a. Section 2802 (b) (3) of reference (d) provides authority for MILCON project to acquire and install equipment and appurtenances integral to a project.

b. Reference (c) Volume 3 Chapter 17 Paragraph 170207.C of June 2019 specifies the scope of MILCON projects: “MILCON project funding includes equipment installed in and made a part of real property structures or improvements. Construction project funding excludes all production and movable equipment. The source and cost of all production and movable equipment directly associated with construction projects will be disclosed as additional information in presenting construction programs and budgets.”

c. Reference (c), Volume 2A Chapter 1 Paragraph 010201.E of October 2008, Special Guidance Concerning Real Property Facilities, specifies:

(1) Construction includes real property equipment (often called installed equipment) which is affixed and built into a facility as an integral part of a facility. The cost of this equipment and its installation is part of the construction cost.

(2) Items of equipment that are movable in nature and not affixed as an integral part of a facility are not normally considered construction costs, except for initial outfitting of family housing, as detailed in reference (c) Volume 2A Chapter 1 Paragraph 010201.D.3 of October 2008. (Initial outfitting of a facility construction project financed by a MILCON appropriation is financed as either expense or investment based on the general criteria. Collateral equipment and furnishings are not considered construction costs since these items are movable and are not installed as an integral part of the facility). This equipment includes all types of production, processing, technical, information systems, communications, training, servicing and RDT&E equipment. The cost of this equipment is an expense or an investment according to policy criteria (investment or expense threshold currently \$250,000). In addition, modifications to an existing facility required to support the installation of movable equipment, such as the installation of false floors or platforms, prefabricated clean rooms or utilities, will be considered an integral part of the equipment costs. As such, the costs are either expense or investment, as long as the modifications do not include structural changes to the building. If the modifications include structural changes, they will be considered investment costs and budgeted as construction. Construction includes real property equipment (often called installed equipment) which is affixed and built into a facility as an integral part of a facility. The cost of this equipment and its installation is part of the construction cost.

d. Reference (c), Volume 3 Chapter 17 Paragraph 170505.A of June 2019 specifies: “Items of equipment that are movable in nature and not affixed as an integral part of a facility will be

financed from applicable O&M appropriations; RDT&E appropriations; procurement appropriations; or working capital fund resources, as appropriate. Refer to the current expense or investment criteria threshold. This equipment includes all types of production, processing, technical, training, servicing, RDT&E and pre-wired work stations.”

e. Reference (c) Volume 3 Chapter 17 Paragraph 170505.B of June 2019 specifies: “Any operational equipment for which installation mountings and connections are provided in the building design and that are detachable without damage to the building or equipment, will be financed from applicable O&M appropriations; RDT&E appropriations; procurement appropriations; or working capital fund resources, as appropriate. Refer to the current expense or investment criteria threshold.”

f. Reference (c) Volume 3 Chapter 17 Paragraph 170505.C of June 2019 specifies: “The costs of alterations to install movable equipment that is not affixed as an integral part of a facility will be financed from applicable O&M appropriations; RDT&E appropriations; procurement appropriations; or working capital fund resources, as appropriate.”

g. Decision of the Comptroller General as reflected in GAO-01-179SP Appropriations Law-Volume IV, Chapter 16, page 16-191 specifies, “The “well-settled rule” is: “[A]n appropriation for the construction of a building is available only for the cost of construction proper and for equipment and fixtures permanently or both, attached to the building and so essentially a part thereof that the removal of the same might cause substantial damage to the building.” 12 Comptroller General 488, 489 (1933).

NOTE: An item of equipment qualifies as a “fixture” for purposes of this rule if (1) it is permanently attached to the realty or (2) if not permanently attached, (a) it is necessary and indispensable to the completion and operation of the building or (b) the structure was designed and built for the purpose of housing the equipment. B-133148-O.M. and B-132109-O.M., August 18, 1959”.

2. When including the procurement of cranes (generally with supporting equipment, rails or tracks) with MILCON or funds available for Operations and Maintenance funding in a MILCON or special project, all of the criteria in subparagraphs 2a through 2d must be adhered to:

a. Cranes must be permanently contained entirely within the building envelope and captive to the completed facility. They cannot be mobile, that is, able to escape the envelope of the facility to serve other areas not contained within the building envelope.

b. Cranes must be affixed to or attached to foundations or strengthened building members or supported by integral runways or rails entirely within the facility envelope.

c. The crane(s) must be included as a part of the built-in equipment in Block 9 of the DD 1391 and the fund source must be identified in Block 10 with an appropriate description stating it

is part of the built-in equipment. Also, list separately as a line item in the Budget Estimate Summary Sheet (BESS).

d. After facility completion and the Placed in Service milestone has been achieved, all cranes, will be maintained using appropriate fund sources. They will be recorded on governing property records and any other required forms.

### 3. Types of Cranes.

a. Davit or Jib Crane: These cranes pivot around a vertical axis allowing for up to 360 degrees of motorized or manual rotation. These cranes take up minimum floor space and are for light lift requirements. Davit cranes are typically floor mounted and have a limited range of motion. Crane is typically bolted or fixed in a single position but may be relocated to another base point. Davit Cranes are specially designed for outdoor marine use and can be equipped with manual or mechanical adjustable booms, winching systems & rotation. All controls are weather proof and are suited for the most extreme weather temperatures. Jib Cranes are the most economical material handling solution for lifting requirements in one localized area. This type of crane can be wall mounted, free standing floor mounted or floor & ceiling mast mounted. Jib cranes are constructed with a horizontal beam upon which a trolley & hoist is suspended. Davit cranes are designed with a tapered angular beam housing the winch's cable line.

b. Bridge, Portal and Gantry Crane: These cranes are often similar in looks and the names are frequently used somewhat interchangeably. Overhead Bridge Cranes are available in top running or under running designs with one or more girders forming a bridge beam that supports hoists and trolleys. At each end of the bridge beam are end-trucks that move the bridge along a runway structure. These cranes provide three axes of movement and can be controlled by an operator at floor level using a pendant or remote control. Bridge cranes typically are suspended or fixed to the structural system and operate in a single structure. Gantry Cranes are similar to overhead bridge cranes, except that the bridge for carrying the trolley & hoist is rigidly supported on legs running on fixed rails or other runways. Gantry cranes can also be tire mounted. Portal Cranes are similar to gantry cranes but typically move to serve a variety of facilities such as several piers at a shipyard. Mode of transport is typically via rail. These descriptions herein should not be confused or equated with the categories 1-4 that the Navy Crane Center uses for inventory and procurement of cranes. Additional illustrations of types of cranes in can be found in Appendix B of NAVFAC P-307, Management of Weight Handling Equipment.

4. Definitions. Specific expanded definitions are provided in relation to their application to cranes.

a. Built-In Equipment (sometimes called Installed Equipment): Accessory equipment and furnishings that are not intended to be movable, are required for operation and are permanently affixed as a part of the real property facility. The equipment is engineered and built into the facility as an integral part of the final design. Considered part of the real property facility.



b. Movable or Moveable: Capable of being moved; of or relating to personal property that can be moved; something that can be moved as opposed to permanent fixtures. In the case of cranes, there are two categories of movement: 1) the three-dimensional movement that allows a crane to perform its function and 2) the ability to transport the crane function outside a facility envelop. For purposes of determining the funding source applicable to the procurement of cranes during project development, the second category of movement should be used to determine whether the associated crane is “fixed, installed, built-in or integral” or whether “personal property or portable” is more appropriate.

c. Built-In Rails: These are the “railroad type” or carriage rails upon which certain types of cranes travel. They may be contained within the building envelop.

d. Integral Part Of or Integral To: Contributing significantly to the intended purpose of the facility. If this component were absent from the facility, a significant function could not be performed and the intended use of the facility would be severely impeded. Generally, this equipment is “installed” or “built into” portions of a facility that have been designed specifically to accommodate it. Examples of special design and construction include strengthened walls, oversized foundations and reinforced roof systems to accommodate the installed equipment. “Custom designed” is sometimes used in facility specifications.

e. Permanent: Lasting or meant to last indefinitely; enduring. Not expected to change in status or place (location). For example, a permanent installation or permanently attached.

f. Portable: Capable of being carried; easily carried or moved. Items that can be easily carried or moved from one location to another (generally without being disassembled; in reference to cranes, sometimes under its own power) and are not attached or made a part of a facility.

g. Personal Property: Refer to Chapter 1, subparagraph 2c(17), Personal Property.

h. Fixture: Refer to Chapter 1, subparagraph 2c(10), Fixture.