



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

11 SEP 1999

REPLY TO
ATTENTION OF:

CEMP-MA (415)

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Approval Authority for Changes to Military Construction, Army (MCA) and Army Family Housing Construction (AFHC) Projects

1. Reference CEMP-MA memorandum, 9 Dec 98, SAB.
2. As most of you should be aware, the Army would be in a substantial deficit situation if it tried to award - even at programmed amounts - the remaining FY 99 and prior year unawarded MCA projects. Congressional action on the FY 2000 MILCON budget has exacerbated that problem. The FY 2000 MILCON bills include two "general" reductions which total \$51.28M and which come off the total funded amount of the program. The major reduction (\$47.58M) can be attributed to Congressional displeasure with use of contingency funds for "upgrades on projects which have already been awarded and satisfy the basic requirements." These reductions equate to an average shortfall of 5.2% of a project's programmed amount (PA) and will have a major impact on accomplishment of the program.
3. In an effort to ease the problem, HQDA has developed revised guidance on the approval and funding of user-requested changes to MCA/AFH-funded projects. Essentially, awards will be funded with only 2% for contingencies - for both discretionary and mandatory changes. The use of any of these funds for discretionary changes will be contingent on the current working estimate (CWE) being within the PA. No more than one half percent or \$50,000 (whichever is less) will be made available for discretionary changes without Office of the Assistant Chief of Staff for Installation Management (OACSIM) approval. The OACSIM's 24 Aug 99 memorandum directing the revised procedures is enclosed for your information and implementation.
4. The revised guidance is effective immediately and the new limits on using contingency funds for user-requested changes are to be applied to existing contracts. I expect the user to be cooperating fully in this effort.
5. Obviously the entire FY 2000 MCA program can not awarded if the average project CWE is not 5% under the comparable PA. The ACSIM and I are working to determine what other steps are needed to maximize execution in FY 2000 within available funds and our guidance should be out shortly. In the meantime, it is imperative for us to work closely with the customer to develop economical bid packages and to act prudently in the identification of changes.
6. This memorandum supercedes the guidance provided by reference.

FOR THE COMMANDER:

Encl (as)

for

MILTON HUNTER
Major General, USA
Deputy Commander for
Military Programs

DISTRIBUTION (Next Page)

CEMP-MA (415)

SUBJECT: Military Construction, Army (MCA) Shortfall

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US Army Engineer Division, South Atlantic, ATTN: CESAD-PM-P

US Army Engineer Division, South Pacific, ATTN: CESPDM-PM

US Army Engineer Division, Southwestern, ATTN: CESWD-PP

Commander Naval Facilities Engineering Command, ATTN: Bruce Ulizio, Code 383

CF:

Assistant Chief of Staff for Installation Management, ATTN: DAIM-FDC



DEPARTMENT OF THE ARMY
ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT
600 ARMY PENTAGON
WASHINGTON DC 20310-0600

REPLY TO
ATTENTION OF

DAIM-FD

AUG 24 1999

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Authority for Approval of Changes to MILCON Projects Funded by MCA, UMMCA, and AFH Appropriations

1. Reference AR 415-15, Army Military Construction Program Development and Execution, dated 4 Sep 98.
2. The purpose of this memorandum is to provide revised guidance for the approval of discretionary (user requested) changes to MILCON projects funded by MCA, UMMCA, and AFH appropriations.
3. The following conditions require revision to the policy on approval authority for discretionary changes on MILCON projects:
 - a. Congress reduced the FY 00 MCA program by \$47.5 million based upon the following rationale found in Senate (SAC) Report 106-74:

Contingency Funding.—The Committee believes that the amount requested for construction contingencies. 5 percent for new construction and 10 percent for alterations and additions, is excessive. The Committee supports the requirement established for unforeseen needs, such as environmental and regulatory requirements, unanticipated subsurface conditions and changes in bid climate. However, the Committee has learned that this contingency funding is being used to fund upgrades on projects which have already been awarded and satisfy the basic requirements. The Committee has included a provision which reduces the funding available within the Department.
 - b. The deficit in the MCA account, by the end of FY 99, is projected to be \$30 million. This is in addition to the above Congressionally directed cut.
4. The combined expected shortfall through FY 99 and the reduction in FY 00 will seriously impact our ability to award approved and critically needed MILCON projects. Therefore, it is necessary to modify the approval authority for discretionary changes for projects under construction. For projects with a current working estimate less than the program amount, MACOMs will now have the authority to approve discretionary changes totaling one-half percent (0.5%) or \$50,000, whichever is less, of the initial contract award amount. After this limit is met, discretionary changes will be submitted to DAIM-FD for approval. For projects with a current working estimate that exceeds the program amount, all user-requested changes must be approved by DAIM-FD. The enclosed AR 415-15, Revised Appendix M (dated 13 Aug 99) reflects this new guidance. This guidance applies to all projects under construction and future awards (regardless of fiscal year).



DAIM-FD

SUBJECT: Authority for Approval of Changes to MILCON Projects funded by MCA, UMMCA, and AFH Appropriations

5. Congress is seriously concerned about the appropriate use of funds. All valid requirements must be identified during the programming process and incorporated into the DD Form 1391 and concept or parametric design. Once the project is submitted to Congress, any user requested changes must be critically scrutinized and should be limited only to those driven by unforeseen operational changes. I enlist your support on this issue. This initiative will further our goal to provide quality facilities for our quality soldiers.

6. OACSIM POC is Mr. Pete Tamin, DAIM-FDC, (703) 692-9207.

Encl
as



R.L. VAN ANTWERP
Major General, GS
Assistant Chief of Staff
for Installation Management

DISTRIBUTION:

COMMANDER

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CF:

DASA(IH)

DEPUTY COMMANDER FOR MILITARY PROGRAMS, USACE

Interim Change to AR 415-15, Appendix M
13 August 1999

Authority for Approval of Changes to MILCON Projects Funded by MCA, UMMCA, and AFH Appropriations

AR 415-15, Appendix M (Revised 13 August 1999)

M-1. Changes associated with Military Construction, Army and Army Family Housing projects after budget lock

There are two types of changes associated with MCA, UMMCA and AFH projects:

- a. **Mandatory changes.** Unavoidable changes required to provide a complete and useable facility. Such changes are caused by unforeseen factors discovered during design or construction (e.g. design oversights and errors, mandatory criteria changes, construction site conditions, or unavailability of materials). These changes include those absolutely necessary for completion of the project; but not those justified by improved efficiency of operation, maintainability, function or appearance.
- b. **Discretionary changes.** Changes not absolutely required to provide a complete and useable facility that meets operational requirements. This includes any criteria changes that are not mandatory for ongoing projects and changes that would improve the efficiency, maintainability, functionality, or appearance of the facility. Basically, any change that is not absolutely necessary is considered discretionary. Table M-1 summarizes the approval authorities for changes to MCA, UMMCA, and AFH projects.

M-2. Approval of mandatory changes

Approval follows USACE command lines to HQDA and the Congress, as appropriate for the funding authority required for mandatory changes.

M-3. Approval of discretionary changes prior to budget lock

MACOMs may approve changes during concept design (35 percent) or parametric design (5-15 percent) to incorporate user requirements prior to budget lock as long as the change meets the intent, scope, and cost approved by the CRRC.

M-4. Approval of discretionary changes after budget lock and prior to construction contract award

MACOMs may approve discretionary changes, after budget lock and before construction contract award (but preferably before project advertisement), provided all conditions below are met. If any condition is not met, the change must be approved by HQDA (DAIM-FD).

- a. The change is in accordance with technical criteria (normally published in USACE technical publications or Army technical manuals) and Army standards (standard designs, etc.).
- b. The change does not cause the CWE to exceed the PA.
- c. The change is within the scope of the DD Form 1391-EF presented to the Congress with the Budget Justification and does not cause a change in the scope of the project.
- d. Incorporation of the change does not cause the scheduled award date to slip.
- e. The total of discretionary changes does not cause any increase in the original design cost budget for the project.

M-5. Approval of discretionary changes after construction contract award

MACOMs may approve discretionary changes after construction contract award provided all of the conditions below are met. If any condition is not met, then the change must be approved by HQDA (DAIM-FD).

- a. The cumulative amount of discretionary changes on the project does not exceed one-half percent of the initial contract amount or \$50,000 whichever is less.
- b. The cost of a change includes design and delay costs, as well as, the direct cost of the change.
- c. The change is in accordance with technical criteria and Army standards.
- d. The change is within the scope of the DD Form 1391-EF presented to the Congress with the Budget Justification.
- e. The project CWE must be less than the PA. If the project CWE is more than the PA, then all discretionary changes must be approved by ACSIM (DAIM-FD).

**Interim Change to AR 415-15, Appendix M
13 August 1999**

M-6. USACE involvement in discretionary changes

MACOMs and installations are required to obtain USACE district evaluation of proposed changes to include cost and time estimates and impacts. The USACE district evaluation and estimates must be included as supporting documentation for any approval request. HQDA may require HQUSACE to provide additional technical review on requests for approval. HQUSACE will ensure that funds are available in USACE districts to implement MACOM and installation approved changes. Funds for HQDA approved changes will be issued by HQUSACE to USACE districts at the time of approval.

M-7. Relationship to Army approved standard designs

Any changes that would cause a deviation from a standard design must also be approved in accordance with the procedures of the Army Standard Design Program.

M-8. HQDA approval

Requests for approval of changes that exceed the programming MACOM authority will be forwarded to HQDA (DAIM-FD).

Table M-1. Approval Authority for MILCON Change Management - MCA, UMMCA, and AFH

Approval Authority	Design Changes (After Budget Lock)		Construction Changes	
	Mandatory	Discretionary	Mandatory	Discretionary
USACE District	All changes IAW technical criteria, and within approved PA and scope.	No Approval Authority (Provides analysis to installations)	All changes within approved scope, and with a cumulative cost (including discretionary changes) not to exceed 2 percent of the contract amount.	No Approval Authority (Provides analysis to installations)
USACE Division	Evaluates and forwards to HQUSACE.	No Approval Authority	Evaluates and forwards to HQUSACE.	No Approval Authority
HQUSACE	Approves changes either not IAW technical criteria; or cause the project CWE to exceed PA by no more than 15 percent or \$1.5M, whichever is less, in coordination with DAIM-FD.	No Approval Authority	Approves changes either not IAW technical criteria or cause the project CWE to exceed PA by no more than 15 percent or \$1.5M, whichever is less.	No Approval Authority
Customer or Installation	No Approval Authority	Initiates request through Installation to MACOM	No Approval Authority	Initiates request through Installation to MACOM.

Interim Change to AR 415-15, Appendix M
13 August 1999

MACOM	No Approval Authority	Approves changes IAW technical criteria, and within approved PA & scope in coordination with DAIM-FD. See paragraph M-4.	No Approval Authority	Approves changes IAW technical criteria, within approved scope, and with a cumulative cost not to exceed one-half percent of the initial contract amount or \$50,000, whichever is less. If the project CWE is more than the PA, then all user requested changes must be approved by ACSIM (DAIM-FD).
HQDA and/or DASA-IH	Approves changes that are not within the approved scope, or that cause the project CWE to exceed PA by more than 15 percent or \$1.5M, whichever is less.	Approves changes which are not IAW technical criteria, not within the approved scope, or which cause the project CWE to exceed the PA.	Approves changes that are not within the approved scope, or which cause the project CWE to exceed PA by not more than 25 percent or \$2M, whichever is less.	Approves changes which are not IAW technical criteria, not within the approved scope, or exceed the MACOM approval authority.
Congress	Not Applicable	Not Applicable	Approves changes that cause CWE to exceed PA by 25 percent or \$2M, whichever is less.	Approves changes that cause CWE to exceed PA by 25 percent or \$2M, whichever is less.