

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR THE REALIGNMENT OF
RICKENBACKER AIR NATIONAL GUARD BASE, OHIO

Report No. 95-226

June 8, 1995

Department of Defense

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Acronyms

BRAC
COBRA
MILCON

Base Realignment and Closure
Cost of Base Realignment Actions
Military Construction



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884



June 8, 1995

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
CHIEF, NATIONAL GUARD BUREAU

SUBJECT: Audit of Defense Base Realignment and Closure Budget Data for the
Realignment of Rickenbacker Air National Guard Base, Ohio
(Report No. 95-226)

We are providing this report for review and comment. This report is one in a series of reports about FY 1996 Defense base realignment and closure military construction costs. The report provides the audit results of the review of five base realignment and closure projects. We considered management comments on a draft of this report in preparing the final report.

DoD Directive 7650.3 requires that all recommendations and potential monetary benefits be resolved promptly. The Under Secretary of Defense (Comptroller) comments were responsive and additional comments are not required. However, additional comments are needed from the Air Force for Recommendations 2.a. and 2.c. by August 8, 1995.

We appreciate the courtesies extended to the audit staff. If you have any questions on this audit, please contact Mr. Terry L. McKinney, Audit Program Director, at (703) 604-9288 (DSN 664-9288) or Mr. Bruce A. Burton, Audit Project Manager, at (703) 604-9282 (DSN 664-9282). Appendix F lists the distribution of this report. The audit team members are listed inside the back cover.

David K. Steensma

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Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 95-226
(Project No. 5CG-5017.15)

June 8, 1995

Defense Base Realignment and Closure Budget Data for the Realignment of Rickenbacker Air National Guard Base, Ohio

Executive Summary

Introduction. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, directs the Secretary of Defense to ensure that the amount of the authorization that DoD requested for each military construction project associated with Defense base realignment and closure does not exceed the original estimated cost provided to the Commission on Defense Base Closure and Realignment (the Commission). If the requested budget amounts exceed the original project cost estimates provided to the Commission, the Secretary of Defense is required to explain to Congress the reasons for the differences. The Inspector General, DoD, is required to review each base realignment and closure military construction project for which a significant difference exists from the original cost estimate and to provide the results of the review to the congressional Defense committees. This report is one in a series of reports about FY 1996 Defense base realignment and closure military construction costs.

Audit Objectives. The overall audit objective was to determine the accuracy of Defense base realignment and closure military construction budget data. This report provides the results of the audit for the five projects, valued at \$12.6 million, for the realignment of Rickenbacker Air National Guard Base, Ohio. This audit also assessed the adequacy of the management control program as it applied to the audit objective.

Audit Results. Base realignment and closure military construction budget data were not accurate. As a result, the requirements and estimated costs of \$12.6 million for the five projects could not be validated. See Part I for a discussion of the finding. See Appendix D for a summary of potential benefits of the audit. The results of the review of the management control program will be discussed in a summary report on Defense base realignment and closure military construction budget data.

Summary of Recommendations. We recommend that the Under Secretary of Defense (Comptroller) reduce by \$472,000, and suspend as appropriate, military construction funding for Defense base realignment and closure projects. In addition, we recommend that the Air National Guard Readiness Center revise and resubmit construction cost estimates with adequate supporting documentation for the projects, reduce the contingency factor to the standard percentage and establish procedures to validate the accuracy of budget cost documentation.

Management Comments. The Under Secretary of Defense (Comptroller) concurred with the findings and recommendations, but felt it premature to take action at this time. If the issue is not resolved by the start of FY 1996, the Under Secretary of Defense (Comptroller) will place funds associated with the projects on administrative withhold. The Air Force disagreed with our recommendation to reduce the 10-percent contingency rate factor to the standard rate factor of 5 percent. The Air Force cited an

informal Air Force guide for preparing DD Forms 1391 as support for using a 10-percent contingency rate factor. The Air Force also did not respond to a recommendation to establish procedures to validate that DD Forms 1391 for base realignment and closure projects are accurate and reliable and that the cost estimates are documented. A summary of management comments is in Part I, and the complete text of management comments is in Part III of the report.

Audit Response. We disagree with the Air Force comments involving the use of a 10-percent contingency rate factor. DoD regulations only allow contingency rates in excess of 5 percent when adequately justified. We request additional comments from the Air Force on the unresolved recommendations by August 8, 1995.

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Part I - Audit Results

Audit Background

The Inspector General, DoD, is performing various audits of the Defense base realignment and closure (BRAC) process. This report is one in a series of reports about FY 1996 BRAC military construction (MILCON) costs. For additional information on the BRAC process and the overall scope of the audit of BRAC MILCON costs, see Appendix C.

Audit Objectives

The overall audit objective was to determine the accuracy of Defense BRAC MILCON budget data. The specific objectives were to determine whether the proposed projects were valid BRAC requirements, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. The audit also assessed the adequacy of the Air National Guard management control program as it applied to the overall audit objective.

This report provides the result of the audit of five BRAC MILCON projects, valued at \$12.6 million, for the realignment of Air National Guard units at Rickenbacker Air National Guard Base. See Appendix A for a discussion of the scope and methodology and Appendix B for a summary of prior coverage related to the audit objectives. The management control program will be discussed in a summary report on BRAC MILCON budget data. Therefore, this report does not discuss our review of management controls at Rickenbacker Air National Guard Base.

Base Realignment and Closure Military Construction Requirements and Costs

Base realignment and closure military construction budget data for the five projects associated with the realignment of the Air National Guard units at Rickenbacker Air National Guard Base were not accurate. That situation occurred because the Air National Guard planning officials did not adequately document the requirements and costs for the five MILCON projects. As a result, the requirements and estimated costs of \$12.6 million for the five projects could not be validated.

Criteria for Supporting BRAC MILCON Projects

The following criteria provide instructions and guidelines for developing BRAC MILCON project requirements and cost estimates.

- o Air Force Regulation 86-1, "Programming Civil Engineering and Appropriated Fund Resources," September 26, 1986, prescribes methods for documenting and justifying project requirements and associated costs. The regulation requires a cost estimate to be prepared in conjunction with the DD Form 1391, "Military Construction Project Data," in sufficient detail to permit cost validation.

- o Air Force Manual 86-2, "Civil Engineering, Programming, Standard Facility Requirements," May 4, 1987, establishes the criteria for estimating and documenting standard facility mission-essential requirements.

- o Air National Guard Regulation 86-2, "Civil Engineering, Programming, Air National Guard Planning Factors," October 22, 1990, establishes the criteria for facility requirements in support of Air National Guard missions.

- o In April 1993, the Deputy Assistant Secretary of the Air Force (Installations) and the chairman of the Air Force Base Closure Executive Group issued instructions for preparing FY 1993 BRAC MILCON cost estimates. The instructions provided a standard approach that Air Force organizations were to use to develop and support BRAC MILCON projects. If Air Force organizations used the standard approach, projects would be valid and would contain the level of detail required to justify budget requests. The instructions require all BRAC MILCON cost estimates to be supported with sufficient information for someone unfamiliar with the subject area to be able to reconstruct each step of the cost estimate.

- o An Under Secretary of Defense (Comptroller) memorandum, August 2, 1991, directs the Military Departments to prepare an economic analysis for all MILCON, major repairs, or renovation projects estimated to cost more than \$2 million.

Adequacy of Justification and Supporting Documentation

DD Form 1391 Cost Estimates. BRAC MILCON budget data were not accurate. Air National Guard officials did not adequately document the requirements and costs for the five MILCON projects associated with the Rickenbacker Air National Guard Base realignment. Cost estimates on the DD Forms 1391 were based on the planners' best judgment and years of experience, but were not supported with detailed cost estimates. In three of the five projects, an architect and engineering firm had submitted a cost proposal that did not correlate the costs to the specific line items on the DD Forms 1391, and, therefore, could not be used to validate the cost on the DD Forms 1391. Also, two of the architect and engineering firm's cost proposals were significantly higher than the DD Forms 1391 budgeted amounts. As a result of the lack of adequate supporting documentation, we were unable to validate the requirements and costs associated with the five projects. The following table lists the five projects and estimated costs including the architect and engineering cost estimates for the three projects.

FY 1996 BRAC MILCON Projects for Realignment of Rickenbacker Air National Guard Base

<u>Project Number</u>	<u>Project Title</u>	<u>Original DD Form 1391 Estimate</u>	<u>Architect and Engineering Estimate</u>
NLZG939686	Alter Base Maintenance Shops	\$ 1,050,000	\$ 2,009,000
NLZG939687	Alter Support Shops	1,250,000	None
NLZG939690	Alter Fencing and Utilities	620,000	598,000
NLZG939700	Alter Fuel Systems Maintenance Dock	630,000	915,000
NLZG939729	Jet Fuel Storage/Distribution Complex	<u>9,000,000</u>	None*
Total		\$12,550,000	

*An architect and engineering firm has been selected and will provide a cost estimate in the future.

Base Realignment and Closure Military Construction Requirements and Costs

Funding should be suspended for the five projects until such time as the Air National Guard officials revise and resubmit the DD Forms 1391 with adequate supporting documentation for the requirements and estimated costs.

Validity of BRAC MILCON Requirements. Our review of the five projects showed that, besides not providing adequate support and documentation for costs on the DD Form 1391, Air National Guard officials included some requirements that were not valid BRAC MILCON requirements. Those invalid requirements should, therefore, be omitted from revised DD Forms 1391.

Project NLZG939687, "Alter Support Shops." Air National Guard officials were planning to purchase approximately \$250,000 worth of systems furniture for building 875 under project NLZG939687, "Alter Support Shops." The functions moving into building 875 have their existing conventional furniture that could be used in building 875. The Air National Guard contends that the additional MILCON costs to design the building to accommodate conventional furniture may very well exceed the costs of purchasing systems furniture. However, no analyses have been done to justify purchasing the systems furniture. The Air National Guard should conduct an economic analysis to determine whether the use of systems furniture is more economical than the use of the conventional furniture.

Project NLZG939690, "Alter Fencing and Utilities." The requirement for security fencing for the cantonment area (the area reserved for use by the Guard forces when the base is partially closed), totaling \$140,000, has already been satisfied and should therefore be excluded from the revised DD Form 1391. Perimeter fencing has already been constructed at Rickenbacker Air National Guard Base through the use of real property maintenance funds. In addition, the requirement for vehicle parking, totaling \$165,000, for building 910 in the cantonment area is not necessary and should be excluded from the revised DD Form 1391. Rickenbacker Air National Guard officials agreed that adequate parking was already available near building 910.

As a result of those invalid requirements, funds totaling \$336,000, which includes charges of 5 percent for contingency and 5 percent for supervision, inspection, and overhead, should be deleted from the project.

Contingency Costs. Contingency costs for three of the five projects (projects NLZG939686, NLZG939687, and NLZG939700) were based on a 10-percent contingency rate factor rather than the standard rate factor of 5 percent. The 10-percent rate factor was applied to the \$2.6 million of costs for the three projects* resulting in contingency costs of \$260,000, an overstatement of \$130,000. In total, \$136,000 should be deleted from the three projects, including the 5-percent charge for supervision, inspection, and overhead. Therefore, \$48,000 should be deleted from project NLZG939686,

*The \$2.6 million is the cost for the three projects excluding contingency costs and supervision, inspection, and overheads costs.

Base Realignment and Closure Military Construction Requirements and Costs

\$58,000 from project NLZG939687, and \$30,000 from project NLZG939700. The 5-percent rate factor should be used for determining contingency costs on revised DD Forms 1391.

Economic Analysis

The Air National Guard has tasked the architect and engineering firm selected for project NLZG939729, "Jet Fuel Storage/Distribution Complex," to conduct an economic analysis to determine which is more desirable, to upgrade some of the existing jet fuel storage tanks or to construct a new jet fuel storage complex. The latest DD Form 1391 for the project encompassed construction of a new jet fuel storage complex. If the results of the analysis determine that upgrading the existing storage tanks is more economical than constructing a new jet fuel storage complex, the Air National Guard should revise the DD Form 1391 accordingly.

Project NLZG939729 was the only project requiring the Air National Guard to perform an economic analysis. Because the other projects, which were each valued at less than \$2 million, all involved renovation of existing facilities, an economic analysis was not required.

Funding Ceiling

Air National Guard officials stated in January 1995 that they were verbally instructed to keep the cost of the realignment of Rickenbacker Air National Guard Base to \$12.6 million. However, they could not document the source of the verbal instruction. As a result of the architect and engineering firm's cost estimates, as well as the perceived limitation of funds, Rickenbacker Air National Guard officials were planning to delete certain requirements to avoid exceeding \$12.6 million. The deletion of valid BRAC MILCON requirements from the project scope could result in deficient facilities, negatively impacting the Air National Guard mission.

Conclusion

The Air National Guard needs to revise and resubmit DD Forms 1391 for the five projects associated with the realignment of Rickenbacker Air National Guard Base. The revised DD Forms 1391 should include adequate supporting documentation for the stated requirements and costs. Also, the Air Force should ensure that the projects are adequately funded so that all valid BRAC

MILCON requirements are satisfied. The Under Secretary of Defense (Comptroller) should suspend funding if the issues are unresolved by the start of FY 1996.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Under Secretary of Defense (Comptroller) adjust the funding in the Air Force's FY 1996 base realignment and closure budget for Rickenbacker Air National Guard Base as follows:

a. Reduce project NLZG939686, "Alter Base Maintenance Shops," by \$48,000, and suspend the remaining amount of \$1,002,000, until requirements and costs have been fully determined and validated.

b. Reduce project NLZG939687, "Alter Support Shops," by \$58,000, and suspend the remaining amount of \$1,192,000, until requirements and costs have been fully determined and validated.

c. Reduce project NLZG939690, "Alter Fencing and Utilities," by \$336,000, and suspend the remaining amount of \$284,000, until requirements and costs have been fully determined and validated.

d. Reduce project NLZG939700, "Alter Fuel Systems Maintenance Dock," by \$30,000, and suspend the remaining amount of \$600,000, until requirements and costs have been fully determined and validated.

e. Suspend funding for project NLZG939729, "Jet Fuel Storage/Distribution Complex," in the amount of \$9,000,000, until requirements and costs have been fully determined and validated.

Management Comments. The Under Secretary of Defense (Comptroller) concurred with our recommendations, but stated that it was premature to take action at this time because the funding for the five projects is included in the FY 1996 BRAC budget request. Therefore, if the issue is not resolved by the start of FY 1996, the funds associated with the projects will be administratively withheld pending resolution of the issues. The complete text of the comments of the Under Secretary of Defense (Comptroller) is in Part III.

Audit Response. The actions proposed by the Under Secretary of Defense (Comptroller) met the intent of our recommendations.

2. We recommend the Commander, Air National Guard Readiness Center:

a. Revise and resubmit DD Forms 1391, "FY 1996 Military Construction Project Data," with adequate supporting documentation for the requirements and estimated costs, as required by Air Force Regulation 86-1, for the five projects related to the realignment of

Base Realignment and Closure Military Construction Requirements and Costs

Rickenbacker Air National Guard Base. The revised DD Forms 1391 should include all valid BRAC MILCON requirements and should use a 5-percent rate factor in computing contingency costs. Also, the revised DD Form 1391 for project NLZG939729, "Jet Fuel Storage/Distribution Complex," should reflect the results of the economic analysis to be performed by the architect and engineering firm.

b. Conduct an economic analysis to determine whether the purchase of systems furniture for use in project NLZG939687, "Alter Support Shops," is more economical than the use of existing conventional furniture. The revised DD Form 1391 should reflect the results of that analysis.

c. Establish procedures to validate that DD Forms 1391 for base realignment and closure military construction projects are accurate and reliable and that the cost estimates are properly documented and auditable.

Management Comments. The Air Force partially concurred with our recommendations. The Air Force agreed to revise the DD Forms 1391 and submit them to Air Force headquarters for approval. They also will delete the \$250,000 of systems furniture planned for building 875 and the fencing from project NLZG939690. They disagreed, however, with the recommendation to reduce the 10-percent contingency rate factor to the standard rate factor of 5 percent. The Air Force did not comment on Recommendation 2.c. The complete text of the Air Force's comments is in Part III.

Audit Response. The Air Force comments were not fully responsive to Recommendation 2.a. We disagree with the Air Force comments regarding the use of a 10-percent contingency rate factor. The "DoD Financial Management Regulation (DoD 7000.14R), May 1994, allows contingency rates in excess of 5 percent, but only when adequately justified. The Air Force comments cited "AF/CEC Guide for DD Form 1391s and Economic Analysis," as their support for using a 10-percent contingency rate factor. However, that guide is an informal commentary from MILCON programmers and not intended to replace official DoD guidance. In addition, the Air Force did not officially respond to Recommendation 2.c. We request that the Air Force reconsider its position and provide additional comments on Recommendation 2.a. involving the contingency rate factor, and also provide comments on Recommendation 2.c., by August 8, 1995.

Part II - Additional Information

Appendix A. Scope and Methodology

Scope of This Audit. We examined the FY 1996 BRAC MILCON budget request and related documentation for five projects, totaling \$12.6 million, regarding the realignment of Air National Guard units at Rickenbacker Air National Guard Base.

Audit Standards, Period, and Locations. This economy and efficiency audit was made from January through March 1995 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. Accordingly, we included tests of management controls considered necessary. The audit did not rely on computer-processed data or statistical sampling procedures. See Appendix D for the potential benefits resulting from the audit. Appendix E lists the organizations visited or contacted during the audit.

Appendix B. Summary of Prior Audits and Other Reviews

Since 1991, numerous audit reports have addressed DoD BRAC issues. This appendix lists selected DoD BRAC reports.

Inspector General, DoD

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
95-205	Defense Base Realignment and Closure Budget Data for Relocation of Marine Corps Manpower Center at Marine Corps Combat Development Command, Quantico, Virginia	May 26, 1995
95-203	Defense Base Realignment and Closure Military Construction Budget Data for the Army Reserve Center, Sacramento, California	May 25, 1995
95-198	Defense Base Realignment and Closure Budget Data for the Closure of the Underway Replenishment Training Facility, Treasure Island, California, and Realignment to the Expeditionary Warfare Training Group Atlantic, Norfolk, Virginia	May 19, 1995
95-196	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Alameda, California, and Realignment to Puget Sound Naval Shipyard, Washington	May 17, 1995
95-191	Defense Base Realignment and Closure Budget Data for the Closure of Naval Reserve Readiness Center San Francisco, California, and Realignment to Naval and Marine Corps Reserve Center Alameda, California	May 15, 1995
95-172	Defense Base Realignment and Closure Budget Data for Griffiss Air Force Base, New York	April 13, 1995
95-154	Audit of Construction Budget Data for Realigning Naval Training Centers Orlando and San Diego to Various Locations	March 21, 1995

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
95-150	Defense Base Realignment and Closure Budget Data for Closing Naval Station Charleston, South Carolina, and Realignment Projects at Various Sites	March 15, 1995
95-051	Defense Base Realignment and Closure Budget Data for Closing Mare Island Naval Shipyard, California, and Realigning Projects to Various Sites	December 9, 1994
95-041	Defense Base Realignment and Closure Budget Data for the Closure of Marine Corps Air Stations El Toro and Tustin, California, and the Realignment to Naval Air Station Miramar, California	November 25, 1994
95-039	Defense Base Realignment and Closure Budget Data for Naval Air Station Miramar, California, Realigning to Naval Air Station Fallon, Nevada	November 25, 1994
95-037	Realignment of the Fleet and Mine Warfare Training Center from Naval Station Charleston, South Carolina, to Naval Station Ingleside, Texas	November 23, 1994
95-029	Defense Base Realignment and Closure Budget Data for Naval Air Station Miramar, California, and Realigning Projects to Various Sites	November 15, 1994
95-010	Defense Base Realignment and Closure Budget Data for Marine Corps Air Station Tustin, California, and Realignment to Marine Corps Air Station Camp Pendleton, California	October 17, 1994
94-179	Defense Base Realignment and Closure Budget Data for McGuire Air Force Base, New Jersey; Barksdale Air Force Base, Louisiana; and Fairchild Air Force Base, Washington	August 31, 1994
94-146	Defense Base Realignment and Closure Budget Data for Closing Naval Air Station Cecil Field, Florida, and Realigning Projects to Various Sites	June 21, 1994

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
94-141	Defense Base Realignment and Closure Budget Data for Naval Air Stations Dallas, Texas, and Memphis, Tennessee, Realigning to Carswell Air Reserve Base, Texas	June 17, 1994
94-127	Defense Base Realignment and Closure Budget Data for the Realignment of the Defense Personnel Support Center to the Naval Aviation Supply Office Compound in North Philadelphia, Pennsylvania	June 10, 1994
94-126	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Glenview, Illinois, and Realignment Projects at Fort McCoy, Wisconsin, and Carswell Air Reserve Base, Texas	June 10, 1994
94-125	Defense Base Realignment and Closure Budget Data for the Naval Medical Center Portsmouth, Virginia	June 8, 1994
94-121	Defense Base Realignment and Closure Budget Data for Naval Air Technical Training Center, Naval Air Station Pensacola, Florida	June 7, 1994
94-109	Quick-Reaction Report on the Audit of Defense Base Realignment and Closure Budget Data for Naval Training Center Great Lakes, Illinois	May 19, 1994
94-108	Quick-Reaction Report on the Audit of Defense Base Realignment and Closure Budget Data for Naval Station Treasure Island, California	May 19, 1994
94-107	Griffiss Air Force Base, New York, Defense Base Realignment and Closure Budget Data for Military Construction at Other Sites	May 19, 1994
94-105	Defense Base Realignment and Closure Budget Data for a Tactical Support Center at Naval Air Station Whidbey Island, Washington	May 18, 1994

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
94-104	Defense Base Realignment and Closure Budget Data for the Defense Contract Management District-West	May 18, 1994
94-103	Air Force Reserve 301st Fighter Wing Covered Aircraft Washrack Project, Carswell Air Reserve Base, Texas	May 18, 1994
94-040	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1993 and 1994	February 14, 1994
93-100	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993	May 25, 1993

Appendix C. Background of Defense Base Realignment and Closures and Scope of the Audit of FY 1996 Defense Base Realignment and Closure Military Construction Costs

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the DoD Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress. The following table summarizes the current estimated costs and net savings for the previous three BRAC actions and the actions recommended in the 1995 Commission decisions:

BRAC Costs and Savings
(Billions of FY 1996 Dollars)

	BRAC Actions		Closure Costs	6-Year Net Savings	Recurring Annual Savings	Total Savings
	Realignments	Closures				
1988	86	59	\$ 2.2	\$0.3	\$0.7	\$ 6.8
1991	34	48	4.0	2.4	1.6	15.8
1993	<u>130</u>	<u>45</u>	<u>6.9</u>	<u>.4</u>	<u>1.9</u>	<u>15.7</u>
Subtotal	250	152	13.1	3.1	4.2	38.3
1995	<u>113</u>	<u>33</u>	<u>3.8</u>	<u>4.0</u>	<u>1.8</u>	<u>18.4</u>
Total	363	185	\$16.9	\$7.1	\$6.0	\$56.7

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Appendix C. Background of Defense Base Realignment and Closures and Scope of the Audit of FY 1996 Defense Base Realignment and Closure Military Construction Costs

Military Department BRAC Cost-estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model (COBRA). COBRA uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "FY 1996 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. COBRA provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because COBRA develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Overall Audit Selection Process. We reviewed the FY 1996 BRAC MILCON \$1.4 billion budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected groups of projects that totaled at least \$1 million for each group.

Appendix D. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount and Type of Benefit
1.a.	Economy and Efficiency. Reduces and suspends the FY 1996 BRAC MILCON budget.	FY 1996 Base Closure Account funds of at least \$48,000 put to better use.
1.b.	Economy and Efficiency. Reduces and suspends the FY 1996 BRAC MILCON budget.	FY 1996 Base Closure Account funds of at least \$58,000 put to better use.
1.c.	Economy and Efficiency. Reduces and suspends the FY 1996 BRAC MILCON budget.	FY 1996 Base Closure Account funds of at least \$336,000 put to better use.
1.d.	Economy and Efficiency. Reduces and suspends the FY 1996 BRAC MILCON budget.	FY 1996 Base Closure Account funds of at least \$30,000 put to better use.
1.e	Economy and Efficiency. Suspends funding for BRAC MILCON project NLZG939729 until requirements are completed and validated.	Undeterminable.*
2.a.	Economy and Efficiency. Revises and resubmits BRAC MILCON estimates based on established criteria.	Undeterminable.*
2.b.	Economy and Efficiency. Conducts an economic analysis of systems furniture versus conventional furniture.	Undeterminable.*
2.c.	Management Controls. Establishes procedures to validate BRAC MILCON projects.	Undeterminable.*

*Benefits will be realized during future budget decisions and budget requests.

Appendix E. Organizations Visited or Contacted

Department of the Air Force

Office of the Vice Chief of Staff, Realignment and Transition Office, Washington, DC
National Guard Bureau, Washington, DC

Director, Air National Guard, Washington, DC

Air National Guard Readiness Center, Andrews Air Force Base, MD

121st Air Refueling Wing, Rickenbacker Air National Guard Base,
Columbus, OH

Appendix F. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
Deputy Under Secretary of Defense (Acquisition Reform)
Director, Defense Logistics Studies Information Exchange
Under Secretary of Defense (Comptroller)
Deputy Under Secretary of Defense (Comptroller/Management)
Deputy Under Secretary of Defense (Comptroller/Program/Budget)
Under Secretary of Defense for Personnel and Readiness
Assistant Secretary of Defense (Economic Security)
Deputy Assistant Secretary of Defense (Installations)
Deputy Under Secretary of Defense (Logistics)
Assistant to the Secretary of Defense (Public Affairs)

Department of the Army

Auditor General, Department of the Army
Chief, National Guard Bureau
Director, Air National Guard
Commander, Air National Guard Readiness Center
Commander, 121st Air Refueling Wing, Rickenbacker Air National Guard Base

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Commander, Naval Facilities Engineering Command
Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Deputy Assistant Secretary of the Air Force (Installations)
Auditor General, Department of the Air Force

Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
Inspector General, National Security Agency
Inspector General, Central Imagery Office

Appendix F. Report Distribution

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division,
General Accounting Office

Chairman and ranking minority member of each of the following congressional committees and subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal
Justice, Committee on Government Reform and Oversight
House Committee on National Security

Honorable Mike DeWine, U.S. Senate
Honorable John Glenn, U.S. Senate

Part III - Management Comments

Office of the Under Secretary of Defense (Comptroller) Comments



COMPTROLLER
(Program/Budget)

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100



MAY 15 1995

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING, DOD IG

SUBJECT: Audit Report on Defense Base Realignment and
Closure Budget Data for the Realignment of
the Rickenbacker Air National Guard Base, Ohio
(Project No. 5CG-5017.15)

This responds to your April 24, 1995, memorandum requesting
our comments on the subject report.

The audit recommends that the USD(Comptroller) withhold
funding of \$12.6 million for five Military Construction projects
associated with the subject realignment until requirements and
costs have been fully determined and validated, and revised
DD 1391 forms have been submitted.

The funding for the five projects at issue are included in
the FY 1996 BRAC budget request. We generally agree with the
audit and recommendations; however, since the Air Force has yet
to comment formally on the audit and the amount of the savings
have not been resolved, it is premature to take action at this
time. However, if the issue is not resolved by the start of the
fiscal year, we will place funds associated with the projects on
administrative withhold. Further, any savings resulting from
the audit will be reprogrammed to other BRAC requirements as
appropriate.


B. R. Paseur
Director for Construction

Department of the Air Force Comments



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON DC

7 MAY 1995

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING
OFFICE OF THE INSPECTOR GENERAL
DEPARTMENT OF DEFENSE

FROM: HQ USAF/RT
1670 Air Force Pentagon
Washington DC 20330-1670

SUBJECT: Draft Audit Report, Defense Base Realignment and Closure Budget Data for the
Realignment of Rickenbacker Air National Guard Base, Ohio (Project No SCG-
5017.15)

1. This is in reply to your Memorandum to the Assistant Secretary of the Air Force (Financial Management and Comptroller) requesting Air Force comments on the draft report.
2. The first DOD (IG) recommendation is to reduce the contingency rate from 10% to 5% for the five MILCON projects involved, delete the perimeter fence (already accomplished with real property maintenance funds), and perform an economic analysis on the Jet Fuel Storage/Distribution Complex. Fully determine and validate requirements before funding projects.

AIR FORCE COMMENTS: Partially concur.

- a. Concur in suspending funding of the projects until revised DD Forms 1391 are submitted by the Air National Guard Readiness Center.
- b. Concur in deleting the fencing from MILCON project NLZG 939690, "Alter Fencing and Utilities" as the work has already been accomplished.
- c. Concur in the requirement for an economic analysis of Project NLZG 939729, Jet Fuel Storage/Distribution complex. A preliminary economic analysis was performed by the ANG, which indicates that new construction is more economical than upgrade of the existing fuel system. The selected Architect Engineer firm for the project will perform an additional economic analysis as part of their design service, to validate the ANG findings. Funding is deferred to FY97 to ensure all design is complete and requirements met prior to funding.
- d. Non-Concur in reducing the 10 percent contingency rate factor to the standard rate factor of 5 percent. DOD Financial Management Regulation (DOD 7000.14-R) (May 94) states "while the normal contingency rate is 5 percent, contingency rates may vary with unusual conditions."

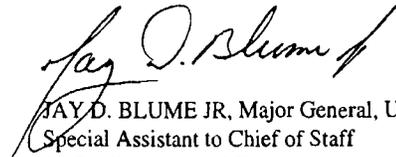
Department of the Air Force Comments

Therefore, rates in excess of 5 percent shall be adequately justified. HQ USAF/CEC 9 Aug 93 letter, FY96 and FY97 MILCON Program Submissions Annual Call Letter, attachment 7 directs contingency rate of 5% of project cost for contingency estimates if the majority of the project cost is for new construction and 10% of project cost for contingency estimates if the majority of the project cost is alteration (page 5 of 10).

3. The second DOD (IG) recommendation calls for revising and resubmitting DD Forms 1391. Reflect the final economic analysis for the Jet Fuel Storage/Distribution MILCON project. Perform an economic analysis on purchase of systems furniture for NLZG 939687, Alter Support Shops, or use existing conventional furniture.

AIR FORCE COMMENTS: Concur. Revised DD Forms 1391 will be submitted to HQ USAF/RT for approval. The \$250,000.00 of systems furniture for building 875 (NLZG 939687) will be deleted.

4. Our Point of Contact for this Report is Mr. Lester R. Schauer, HQ USAF/CEC, DSN 227-6559.


JAY D. BLUME JR, Major General, USAF
Special Assistant to Chief of Staff
for Realignment and Transition

1 Atch
CEC letter 9 Aug 93



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE DISTRICT OF WASHINGTON



FROM: HQ USAF/CEC
1260 Air Force Pentagon
Washington DC 20330-1260

09 AUG 1993

SUBJ: FY 96 and FY 97 MILCON Program Submissions Annual Call Letter

TO: HQ ACC/CEP	HQ AFMC/CEP	HQ PACAF/CEP	HQ AFIC/LEE
HQ AFDW/CEP	HQ AMC/CEP	HQ AETC/CEP	HQ USAFA/CEP
HQ AFSPACECOM/CEP	HQ AFSOC/DEP	HQ AFCC/DEP	HQ USAFE/CEP
HQ AFCESA/CC	AFCEE/CC		

1. Reference is made to (a) our AF/CEC message R1917000Z, August 1992, Subject: FY 95 To FY 2001 MILCON Submittal Guidance; (b) AF/CV letter, 1 April 1993, Subject: Commanders Facility Assessment; (c) AF/CC letter, 29 June 1993, Subject: Facility Consolidation Initiative; (d) AF/XO memorandum to MAJCOM/FOA XPs dated 20 July 1993 Subject: Draft FY 95-99 Programming Guidance Status.
2. This letter with attachments provides detailed guidance for submitting your FY 96 and FY 97 MILCON programs for validation and processing. Your FY 96 program is due to our office on 1 November 1993 and your FY 97 MILCON program is due on 20 December 1993. These submittal dates are revised from the original dates contained in reference 1 (a) to allow time for you to incorporate results of the major program review to be conducted in this headquarters as described in reference 1 (d). We will advise you on the results of that review by mid-September 1993.
3. Your submittals should also reflect AF/CV guidance on facility consolidation and assessments contained in references 1 (b) and (c) above. Programs are to provide facilities that preserve the quality of the physical plant, while replacing worn-out facilities, consolidating into more efficient configurations, eliminating unneeded facilities, and reducing life cycle costs. Concentrate your resources on situations where unsatisfactory facilities (as per facility assessments) degrade effective and efficient mission performance.
4. These submittals are required to help support your requirements during development of the Biennial FY 96/97 Budget Estimate Submittal (BES) and President's Budget (PB). The BES will be transmitted to OSD on 1 October 1994 and the PB will be submitted to Congress in February 1995.
5. There are three aspects of your submittals where personal involvement from the command CEPs are requested:
 - a. We ask each command CEPs to personally review each requirement and DD Form 1391 for clarity, validity, consistency, and accuracy. We cannot overemphasize the need to avoid errors, omissions, and inconsistencies in DD Forms 1391

Department of the Air Force Comments

and supporting documents. At this late date, we still encounter comments in the Air Staff regarding errors uncovered by OSD in the FY 94/95 Budget Estimate Submittal of October 1992. You may remember OSD identified these errors throughout DoD during the PBD cycle last year. Our goal is to prevent this from happening again. Please confirm your personal review in your letter of transmittal for each submittal.

b. Your submittal is being asked for in two parts; Part I - within TOA, and Part II - above TOA. DO NOT include projects in Part II unless you and your command AF/XP are also working with the AF/PE community to obtain additional resources for those requirements. Submitting your requirements in Part II is essential, if we are to validate and support them during Air Force program reviews. However, inclusion of projects in Part II does not (as some commands assumed last year) act as a substitute for actions by you and your command to seek resources through AF/PE. Request you confirm in your letter of transmittal that your command XP will be briefing Part II as a disconnect during next summer's budget review. Without confirmation, we will NOT validate any projects in Part II.

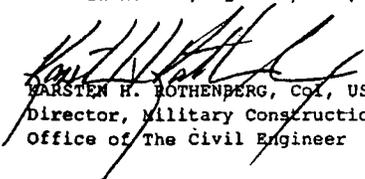
c. Ensure all line item data for your projects is correct and entered into the PDC system on time. The completion dates for entering the data are 18 October 1993 for the FY 96 program and 6 December 1993 for the FY 97 program. A matter of concern in past submittals has been the large number of projects where Part II of the programs initial input screen had not been completed. This information is essential for us in conducting certain analysis of the MILCON. Please ensure that Part II is completed for all projects.

6. We will also be conducting combined Headquarters USAF and Major Command line item reviews of each FY 96 and FY 97 submittal. Schedules for the reviews are contained in Attachment 8.

7. We are looking forward to working with you and eventually obtaining OSD and Congressional approval for your requirements. This entire initiative will take tremendous effort and require much teamwork. For us to be successful, it is important that we have valid requirements, present them effectively, and meet the milestones imposed by higher levels of authority.

8. Hard copy documentation of your submittals are to be sent to HQ USAF/CECD, 1260 Air Force Pentagon, Washington, D.C. 20330-1260, Attention: Ms. Mary Haley.

9. Please address questions referencing this letter to Lt Col David DeFoliart or Mr. Sid McCard, HQ USAF/CECD, DSN 227-7799.


WARREN H. ROTHENBERG, COL, USAF
Director, Military Construction
Office of The Civil Engineer

8 Attachments

1. General Submittal Guidance
2. FY 96-99 listing by OAC/PE and FY 95 Line Item listing
3. Data Required FY 96/97 BES
4. Sample Priority List
5. Group Symbols
6. Resolution Trust Corp Certificate
7. DD Form 1391 & E.A. Guide
8. HQs USAF/MAJCOM Review Schedules

AF/CEC GUIDE FOR DD Form 1391s and Economic Analysis

INTRODUCTION

Purpose: To help programmers prepare excellent DD Form 1391 programming documents that facilitate project validation and approval by the Air Staff, Office of the Secretary of Defense (OSD), and United States Congress.

This guide is not intended to replace official guidance but is, instead, intended as an informal commentary on improvement areas from the MILCON programmers (PMs) perspective.

Overview: The comments are collected from PMs at the Air Staff. They address common problems seen in the previous annual MILCON submittals. The PMs carefully review each DD Form 1391 and also field questions from other Air Staff organizations, OSD offices, and Congressional staffers that review the documents. Some problems occur frequently and are addressed in block-by-block comments contained in this guide so we can avoid similar problems in the future.

Approval Process: In order for your projects to be approved, they must first be validated by the Air Staff and OSD Comptroller. Well developed 1391s not only sell your projects to Congress, but also minimize delay in Air Staff and OSD validation, initiation of design efforts, and help to keep the entire Air Force program on track.

GENERAL COMMENTS

Your documents become a part of the President's Budget submission. Emphasize a quality product that reflects a professionally prepared, valid request to OSD and Congress.

– Use the correct format in developing the narrative sections of the DD Form 1391.

The audience responsible for reading your DD Form 1391s and approving your projects may not be engineers or Air Force people. In order to sell your project, the DD Forms 1391 and economic analysis have to be complete, clear, and concise in stating the requirement. The writer must consider that the readers are people with comptroller or legislative backgrounds.

– Make the documents factual and unemotional. Tell the story behind the project, but keep it succinct.

– Ensure the information contained in the documents can be understood from a layman's point of view.

– The cover pages of the DD Form 1391 (Blocks 1-12) and the economic analysis are the only documents that go to the OSD Comptroller in support of your individual construction requirements.

Department of the Air Force Comments

- Use abbreviations in narrative Blocks 10 & 11, only after the terms have first been properly identified. Write/spell out the terms and then identify the entire definition with the abbreviation in parenthesis.
 - Underground Storage Tank (UST)
 - Tactical Control Squadron (TCS)
 - Aircraft Maintenance Unit (AMU)
- Spell words correctly. The following words are commonly misused or misspelled on DD Form 1391 documents.
 - aboveground (one word)
 - air base (two words)
 - accommodate (double m)
 - audiovisual (one word)
 - backup (one word)
 - camouflage
 - collocate
 - communications
 - downtime (one word)
 - fire fighter (two words)
 - pre-engineered
 - pre-wired
 - ordinance (public regulation)
 - ordinance (explosives)
 - semihardened (one word)
 - semi-private
 - underwing
 - US
 - wash rack (two words)
 - workload (one word)
 - worldwide
 - WWII
- Use proper grammar and simple language. After your engineers are through writing, let your English majors (non-engineers) proofread and let your budgeters check for clarity and soundness of logic. The perspective of your budgeters is more closely related to that of the audience in Washington. Remember the audience in Washington has the power of the dollar.

Block 1 Component

- Always spell out "AIR FORCE" in all capital letters.

Title Block FY XXXX Military Construction Project Data

- This block is computer generated.

Block 2
Date

Always leave this block blank.

Block 3
Installation and Location

- *Do not use abbreviations. Spell out everything and use all capital letters in spelling out the base name and state or country.*
 - *Cannon Air Force Base, New Mexico*
 - *Yokota Air Base, Japan*
- *Use manual override, if PDC doesn't do it right. Contact Ms. Mary Haley, AF/CECD for problems requiring correction.*

Block 4
Project Title

- *The Project Title is taken from the Long Title in the PDC system.*
- *Try not to use abbreviations in the Title Block*
- *Do not identify project "phases" in the title. Describe project phasing in block 11.*
- *Use common terms for facility descriptions*

Terms To Use

Terms Not To Use

Dormitory

Unaccompanied enlisted personnel housing

Unaccompanied officer personnel housing

Transient Dormitory

Visiting enlisted quarters Visiting Officers Quarters

Dining Facility

Dining Hall

Base Engineer Complex BCE Facility

Combat Repair Storage Facility RRR Storage Equipment

- *For New Mission projects, start the project title with the name of the mission that the project supports. Examples for a new mission called "Advanced Tactical Fighter (ATF)" would be as follows.*
 - *ATF Dormitory*
 - *ATF Aircraft Maintenance Unit*
 - *ATF Base Engineer Complex*

Block 5
Program Element (PE)

- Ensure that you are using the appropriate PE number that coincides with the number used by your XP office.
- Also refer to AFR 700-20 as a reference.
- If a project directly supports a system or aircraft that has its own PE, use that PE.

Block 6
Category Code

- Use the appropriate category code as outlined in AFM 86-2 and the automated Air Force Pricing Guide. For additional information on category codes refer to AFR 300-4.
- Note: Use the category codes from the automated Air Force pricing guide for Fire and security police facilities.
- Proper category coding is necessary in order to maintain accurate records on the amount and type of assets in the Air Force inventory.
- Many reports are prepared based on the category code filed in PDC. Accuracy is critical.

Block 7
Project Number

This block is automatically generated from the PDC number

Block 8
Project Cost (\$000)

- This block is automatically generated from block 9, total request

Block 9
Cost Estimates

- Try not to use abbreviations to describe "items" listed in the line descriptions.
- Try to use an appropriate unit of measure for describing quantities in the scope of work.
- For Addition/Alteration (ADAL) projects, show a breakdown in the quantities of work. Total the two units in order to arrive at the overall scope.

Add to and Alter _____	Facility.....ZZZ SF
Addition.....XXX SF
Alteration.....XXX SF

- Use five percent (5%) of project cost for contingency estimates if the majority of the project cost is for new construction
- Use ten percent (10%) of project cost for contingency estimates if the majority of the project cost is for alteration.
- Use two and one half percent (2.5%) of project cost for supervision, inspection and overhead (SIOH) on projects located in the United Kingdom.
- Use six and one half percent (6.5%) of project cost for SIOH on other projects located in USAFE.
- Use six and one half percent (6.5%) of project cost for SIOH on Conus projects where the NAVY is design agent.
- Use six percent (6.0%) of project cost for SIOH on Conus projects where the U.S. Army Corps of Engineers is the design agent.
- List common sub-items and construction elements of significant cost as separate line items under "Supporting Facilities". Use standard terminology such as:
 - Asbestos removal
 - Communications support
 - Demolition
 - Fire protection system
 - Pavements
 - Site improvements
 - Special foundations
 - Tempest (Temp) shielding
 - Lease/purchase/construction of temporary facilities
 - Environmental cleanup not covered by the defense Environmental Restoration Account (ERA).
- Ensure numbers in the cost estimate block 9 are accurate and consistent with the total requirements shown at the top of and discussed in block 11.
- Final unit costs that deviate substantially from those generated by the AF pricing guide need to be explained in block 11.
- Always include demolition cost for disposal of facilities in the way of construction or facilities being replaced by the project.

Block 10

Description of Proposed Construction

- Describe in general terms, the type of construction to be accomplished (concrete foundation, masonry walls, pavements, etc.); demolition and support requirements as appropriate.
- State what the air conditioning load is for the project.
- Use abbreviations only after the terms have first been properly identified. Write/spell out the terms and then identify the entire definition with the abbreviation in parenthesis.

- Include the proposed 'grade mix' and number of occupants for dormitory projects (ie., grade mix: 175 E1-E4).

Identify the number of buildings to be demolished.

Block 11
Requirement

- Block 11 sells your project (or kills it), so be concise, accurate, and pertinent.
- Ensure total numbers in requirement block 11 are accurate and consistent with totals in cost estimate Block 9.
- Show the total installation requirement (quantity/category code) for the for the type of project being programmed. Also show the total adequate and the total substandard amounts. Deficiency Detailed Data (D3) should clearly back up these numbers.
- Use the correct format in developing the narrative portions of the DD Form 1391.

- **Project:** A short sentence using the same facility title used in the title block. Use only one line, if possible. In parentheses after that sentence, type (new mission) or (current mission)
- **Requirement:** Be clear, be specific and factual. Briefly describe what is needed and why the facility is required. Why is an avionics facility necessary? Why is fuel storage necessary?
- **Current Situation:** Clearly explain how things are being done now and why the current situation is unacceptable in terms of mission impact, safety, health, compliance with laws, etc. State the type of environmental condition (Level I or II), Risk Assessment Codes (RAC), fire deficiency codes, type safety and health violations that exists.

Describe the inefficiencies that exist as a result of the current deficiency, facilities, etc. Include among your specifics, quantifiable cost imposed by the current situation.

Explain in very specific terms how essential this requirement is to the mission, quality of life, etc. Do not use generalities.

Tell how many facilities and how much square footage will be demolished as a result of this project.

Do NOT tell about violations of Air Force publications, Inspector General discrepancies, or Wing/CC directives. Stick to DOD and other federal agency statutory requirements.

- Impact If Not Provided

Be clear, be specific and factual. Tell what happens if you do not get this project. "What does it cost? How will it degrade readiness? What does the customer have to do if we don't get this project?

Mission impacts need to be identified; not just facility impacts. e.g. "Constant temperatures will be hard to maintain due to inefficient HVAC." So what? Will electronic equipment fail? Mission impacts need to be identified and they need to be hard-hitting and specific.

Identify actual cost savings in real terms, not just make the statement.

- Additional

Use this block to provide additional facts and pertinent information that do not logically or physically fit in previous blocks. Describe phases for this project if it is part of a long range development plan. Identify the net changes in the size of facilities and the base physical plant for projects that contain demolition work. Identify ratings from Commander's Facility Assessment Program.

Furthermore, there are four (4) things that definitely should appear in this block, in the following order:

- (1) *All overseas projects must address host-nation Ineligibility or alliance funding. Standard statements are as follows.*

This project is not eligible for NATO funding, because.....

*This project is not eligible for JFIP funding, because.....
This project is not eligible for Korean GDP funding, because.....*

This project is eligible for JFIP funding, but is included in this program because.....

This project is eligible for NATO infrastructure funding because..... and is being precautionarily prefinanced, because.....

- (2) *All projects over \$2.0 million must address Economic Analysis issues. Projects under \$2.0 million that are justified on the basis of economic benefits must have an EA to support the requirement. Standard statements are as follows. Fill in the parentheses and blanks with the applicable terms.*

An Economic Analysis has been prepared comparing alternatives of new construction, revitalization, leasing, status quo, and (other viable alternatives). Based on the present value and benefits of the respective alternatives, _____ was found to be the most cost-effective over the life of the project.

A preliminary analysis of reasonable options for accomplishing this project (status quo, renovation, upgrade/removal, new construction, leasing) was done. It indicates there is only one option that (will satisfy statutory requirements / will meet operational requirements). Because of this, a full economic analysis was not performed. A certificate of exception has been prepared.

- (3) All projects must contain a statement on the source/basis for requirement calculations.

Do not use the PF key #28 statement.

There is no criteria/scope for this project in Part II of Military Handbook 1190, "Facility Planning and Design Guide". However, this project does meet the criteria/scope specified in Air Force Manual 86-2, "Standard Facility Requirements" (PF key #29).

This project exceeds the criteria/scope in Part II of military handbook 1190, "Facility Planning and Design Guide". The reason(s) for the additional scope is _____ (PF key #27).

This project meets the criteria scope specified in Part II of military handbook 1190, "Facility Planning and Design Guide" (PF key #26).

- (4) Air Force Material Command (AFMC) depot statement.

The requirement for this project was validated by the joint service depot maintenance industrial military construction review on XX Month, 19XX

Block 12

Supplemental Data: GUIDANCE TO BE SUBMITTED UNDER SEPARATE COVER.

Deficiency Detail Data (D3) Sheet

- A credible requirement computation that clearly shows how your project was calculated is essential for validating your requirements. The D3 sheet may be the most important document to get your project validated by the Air Staff. The audience for the D3 sheet are Air Staff PMs. The D3s do not go outside of the Air Staff. Your PM may, however, use the D3 as a source document for additional information going to OSD or Congress.

-Be complete, accurate, and organize the information in a logical format that explains how the project scope was derived.

Prepare D3 sheets for all projects except utility projects.

- Use bubble diagrams and drawings to show the functional layout of your project/requirement.*
- The Deficiency Detailed Data (D3) must clearly back up the numbers identified in block 11 for total scope required at the installation, adequate and substandard amounts. Use projected end-strengths, not today's manpower numbers in calculating your requirements.*
- Disposition of vacated facilities. Show both the old and new category codes for facilities being converted to other uses as a result of the new requirement.*
 - Clearly indicate how much space will be demolished.*
 - DO NOT take credit for demolition tied to other projects.*
- Account for prior year appropriations of the same category code when calculating your new requirements.*

Economic Analysis (EA)

- EAs provide the rationale that is required to sell many of the requirements.*
- All projects over \$2.0 million are required to have an economic analysis. Projects under \$2.0 million that are justified on the basis of economic benefits must also have a completed EA to support the requirement.*
 - Exceptions to performing an EA are acceptable when there are no other options possible.*
 - Use the appropriate EA statement on DD Form 1391. See guidance on Block 10 of this guide.*
- Attach copies of technical studies to the EA analysis in order to substantiate technical claims made in the economic analysis.*
- Maintenance and repair work*
 - Describe in detail the costs used.*
 - Reflect cost changes as a function of facility aging.*
 - Use the building age multipliers in the Oak Ridge National Laboratories MCP Economic Analysis Manual.*

Department of the Air Force Comments

- *The project scope studied in the EA should be based on the projected end strength that is four years out beyond the end of the fiscal year for your project.*
- *Ensure the scope of various options are based on a valid requirement and not on a pre-selected option.*
 - Ensure the scope, cost, description of work, and recommended option for satisfying the requirement matches information contained in the DD Form 1391.*
- *Include demolition cost associated with the project in both the EA and DD Form 1391.*
- *Use the same utility cost factor when comparing the various options for meeting your requirement.*
- *Use the same life cycle term for comparing the various alternatives*
- *Provide a clear descriptions of the various construction costs associated with the different options.*
- *Ensure reductions in utility cost correspond to reductions in scope of facilities. Although a new facility is energy efficient, if the existing facility remains for a different function, energy consumption may not decrease.*
- *Take in to account the residual value of new facilities in your calculations.*
- *Ensure that the executive summary outlines the alternatives studied in the analysis, total cost, conclusion and justification for the option selected.*
- *Ensure that spread sheets, plans and drawings used in the EA are legible.*

Audit Team Members

This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD.

Paul J. Granetto
Terry L. McKinney
Bruce A. Burton
Steven I. Case
LaNita C. Matthews
Ana M. Myrie