



Department of Defense INSTRUCTION

NUMBER 7700.18

December 15, 2004

USD(P&R)

SUBJECT: Commissary Surcharge, Nonappropriated Fund (NAF), and Privately Financed Construction Reporting Procedures

- References:
- (a) DoD Instruction 7700.18, "Commissary Surcharge, Nonappropriated Fund (NAF), and Privately Financed Construction Reporting Procedures," July 16, 2003 (hereby canceled)
 - (b) DoD Directive 7700.20, "Commissary Surcharge, Nonappropriated Fund, and Privately Financed Construction Policy," September 3, 2004
 - (c) DoD Instruction 1015.13, "DoD Procedures for Implementing Public-Private Ventures (PPVs) for Morale, Welfare and Recreation (MWR), and Armed Services Exchange Category C Revenue-Generating Activities," March 11, 2004
 - (d) DoD Directive 5124.2, "Under Secretary of Defense for Personnel and Readiness (USD(P&R))," October 31, 1994
 - (e) through (w), see enclosure 1

1. REISSUANCE AND PURPOSE

This Instruction reissues reference (a), implements policy, assigns responsibilities, and prescribes reporting procedures under reference (b) for commissary surcharge, nonappropriated fund (NAF), and privately financed construction and reporting of capital investment programs.

2. APPLICABILITY AND SCOPE

This Instruction:

- 2.1. Applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Defense

Agencies, the DoD Field Activities, and all other organizational entities in the Department of Defense (hereafter referred to collectively as "the DoD Components").

2.2. Does not apply to construction projects that are authorized and funded in the annual military construction authorization and appropriation acts to support the DoD Components.

3. DEFINITIONS

Terms used in this Instruction are defined in enclosure 2.

4. POLICY

It is DoD policy that:

4.1. Commissary surcharge, NAF, and privately financed construction programs shall be developed to enhance the comfort, pleasure, contentment, and mental and physical well being of authorized DoD personnel and their families.

4.2. Commissary surcharge, NAF, and privately financed construction projects shall not be placed under contract unless reviewed and approved in accordance with the requirements of this Instruction. General guidance for commissary surcharge, NAF, and privately financed construction programs is contained at enclosure 3.

5. PROCEDURES

5.1. The annual DoD Commissary Surcharge, NAF, and Privately Financed Construction Report shall contain the proposed construction programs of the DoD Components for the upcoming fiscal year and shall include the following information. Requests for policy waivers and supporting rationale shall also accompany the report.

5.1.1. An executive summary of the construction program, enclosure 4.

5.1.2. Proposed major construction projects for the next fiscal year (October 1 through September 30), to include privately financed banking facilities and projects financed from donations, that require the Under Secretary of Defense for Personnel and Readiness (USD(P&R)) approval, enclosure 5.

5.1.3. Minor projects approved since the previous annual report, enclosure 6.

5.1.4. Status of previously approved major construction projects, enclosure 7, to include:

5.1.4.1. Projects canceled since the previous annual report.

5.1.4.2. Projects that were not placed under contract within one fiscal year following the fiscal year of approval.

5.1.4.3. Projects that exceed the approved construction cost by more than 25 percent or change the approved scope by more than 10 percent. Previously reported minor construction projects with a construction cost that exceeds \$750,000, based on bids received or revised cost estimates.

5.1.4.4. Projects completed since the previous annual report.

5.1.5. A summary of military morale, welfare, and recreation (MWR) (including child development, libraries, and physical fitness), civilian MWR, exchange, commissary and lodging construction projects submitted in the President's Budget Request for Military Construction appropriations, enclosure 8.

5.1.6. A summary listing of proposed Public-Private Venture (PPV) projects anticipated for contract award in the upcoming fiscal year, enclosure 9.

5.2. Commissary surcharge fund capital asset obligations and NAF and privately financed expenditures for tangible fixed assets shall be summarized and reported to the USD(P&R), as required in enclosure 10.

5.3. Notification to the Congress of intent to award PPV contracts that result in major construction projects is required. DoD Instruction 1015.13 (reference (c)) provides the procedures for executing PPV projects. Supporting documentation is specified at enclosure 11.

6. RESPONSIBILITIES

6.1. The Under Secretary of Defense for Personnel and Readiness (USD(P&R)) shall:

6.1.1. Comply with the responsibilities delineated in DoD Directive 5124.2 and 10 U.S.C. 136 (references (d) and (e)).

6.1.2. Serve as the principal staff assistant and advisor to the Secretary and Deputy Secretary of Defense for total force management as it relates to readiness, to include quality of life, MWR, exchange, commissary, and NAF activities.

6.1.3. Prescribe commissary surcharge, NAF, and privately financed construction policy and reporting procedures and approve those programs.

6.2. The Heads of the DoD Components shall issue policies and procedures to implement this Instruction.

6.3. The Directors of MWR, Commanders of Armed Service Exchanges, and the Installation Commanders shall be subordinate to the Military Department concerned for purposes of compliance with DoD Directives and DoD Instructions as implemented by the regulations of that Department.

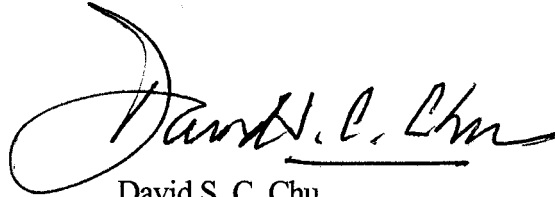
7. INFORMATION REQUIREMENTS

7.1. The annual report shall be submitted by May 15th of each year to the USD(P&R) for approval and congressional notification. The report shall be submitted in hard copy and on a formatted 3.5-inch floppy disk or CD ROM in Microsoft Word and Excel formats. The Report Control Symbol is DD-P&R(A)1167 in accordance with DoD 8910.1-M (reference (f)).

7.2. The project certification required by enclosure 5, paragraph E5.2.2. is exempt from licensing in accordance with paragraph C4.4.2. of reference (f).

8. EFFECTIVE DATE

This Instruction is effective immediately.

A handwritten signature in black ink, appearing to read "David S. C. Chu". The signature is fluid and cursive, with a large initial "D" and "C".

David S. C. Chu
Under Secretary of Defense
(Personnel and Readiness)

Enclosures - 11

- E1. References, continued
- E2. Definitions
- E3. Guidance
- E4. Executive Summary
- E5. Major Construction Reporting Requirements
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- E7. Status of Previously Approved Projects
- E8. Military Construction Appropriation (MILCON) Program
- E9. Proposed Public-Private Venture (PPV) Program Summary Data
- E10. Capital Investment Programs
- E11. Notification to the Congress of Intent to Award PPV Construction Projects

E1. ENCLOSURE 1

REFERENCES, continued

- (e) Section 136 of title 10, United States Code
- (f) DoD 8910.1-M, "DoD Procedures for Management of Information Requirements," June 30, 1998
- (g) DoD 7000-14-R, "DoD Financial Management Regulations," current edition
- (h) Section 2685(d) of title 10, United States Code
- (i) DoD Instruction 1015.15, "Procedures for Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources," July 16, 2003
- (j) DoD Directive 1015.2, "Military Morale, Welfare, and Recreation (MWR)," June 14, 1995
- (k) DoD Directive 1015.8, "DoD Civilian Employee Morale, Welfare, and Recreation (MWR) Activities and Supporting Nonappropriated Fund Instrumentalities (NAFIs)," October 22, 1985
- (l) DoD Directive 1330.9, "Armed Services Exchange Policy," November 27, 2002
- (m) DoD Directive 1330.17, "Military Commissaries," March 13, 1987
- (n) DoD Directive 1015.11, "Lodging Resource Policy," December 9, 1996
- (o) MIL-STD-3007, "Department of Defense Standard Practice for Unified Facilities Criteria and Unified Facilities Guide Specifications," current edition
- (p) Section 71 of title 40, United States Code
- (q) Section 104 of title 40, United States Code
- (r) DoD Directive 1015.14, "Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources," July 16, 2003
- (s) DoD Directive 1000.11, "Financial Institutions on DoD Installations," June 9, 2000
- (t) DoD Directive 4165.6, "Real Property Acquisition, Management, and Disposal," September 1, 1987
- (u) DoD Directive 4105.67, "Nonappropriated Fund (NAF) Procurement Policy," May 2, 2001
- (v) Federal Acquisition Regulations, current edition
- (w) Section 2482 of title 10, United States Code

E2. ENCLOSURE 2

DEFINITIONS

E2.1.1. Appropriated Funds (APF). Monies made available to the Department of Defense by the Congress for a specific purpose.

E2.1.2. Collateral Equipment (NAF). Non-consumable items and equipment as defined in Volume 13, Chapter 3 of DoD 7000-14-R (reference (g)). Examples include furniture, fixtures and furnishings.

E2.1.3. Collateral Equipment (Surcharge). Equipment as defined in Volume 1, Appendix A of reference (g). Examples include furniture and fixtures, machinery, automated data processing and telecommunication equipment.

E2.1.4. Commissary Surcharge Funds. In accordance with section 2685(d) of 10 U.S.C. (reference (h)), funds originating from the adjustment of sales prices of goods and services sold in commissary store facilities. These funds shall be used only to acquire (including acquisition by lease), construct, convert, expand, improve, repair, maintain, and equip the physical infrastructure of commissary stores and central product processing facilities of the defense commissary system; and to cover environmental evaluation and construction costs, including surveys, administration, overhead, planning, and design, related to activities described in this definition. The term "physical infrastructure" includes real property, utilities, and equipment (installed and free standing and including computer equipment), necessary to provide a complete and usable commissary store or central product processing facility.

E2.1.5. Commissary Surcharge Fund Capital Assets. Includes capital assets acquired with commissary surcharge funds. Volume 1, Appendix A of reference (g) defines capital assets as obligations for the purchase of equipment (furniture and fixtures, machinery, automated data processing and telecommunication equipment), land, and structures.

E2.1.6. Construction Cost. The direct cost for labor, material, installed equipment integral to the facility, supervision, inspection and overhead, and profit required in order to construct a facility. It includes design costs when part of a Design/Build construction contract. It does not include design costs prior to construction contract award or the cost of collateral equipment.

E2.1.7. Design. Drawings and other documents illustrating the scale and relationship of the features, functions and characteristics of the project to include material qualities and properties.

E2.1.8. Design/Build. A contracting method in which the design and construction are combined in a single contract with one contractor.

E2.1.9. Estimate Useful Life. The economic life (for depreciation purposes) of a facility as expressed by a term of years.

E2.1.10. Fifteen Percent (15%) Design. That point in the design process where the site and utilities plans, schematic floor plan, and all major building systems are identified in sufficient detail to provide a reasonable estimate of the cost of the project.

E2.1.11. Hurdle Rate. The required rate of return in a discounted cash flow analysis. It is used as the benchmark to rank, compare, and select construction projects based upon the IRR calculations.

E2.1.12. Joint Project. A collaborative construction agreement between two or more parties that results in a new facility subject to joint control.

E2.1.13. Major Construction Project. A construction project with a construction component cost that exceeds \$750,000.

E2.1.14. Military Construction (MILCON). Any construction, development, conversion, or extension of any kind carried out with respect to a military installation authorized by, and financed with appropriations made available by the Congress.

E2.1.15. Minor Construction project. A construction project with a construction component cost between \$200,000 and \$750,000.

E2.1.16. Modernization. Alterations of a facility solely to implement new or higher standards (including regulatory changes), to accommodate new functions, or to replace building components that typically last more than 50 years (foundations, structural members).

E2.1.17. Nonappropriated Funds (NAF). Monies derived from sources other than congressional appropriations and commissary surcharge funds, primarily from the sale of goods and services to DoD military and civilian personnel and their family members.

E2.1.18. Post Construction Award Services (PCAS). Optional work generally performed by the architect-engineering firm that may include drawing review/approval, consultation during construction, preparation of record drawings, and construction inspection.

E2.1.19. Privately Financed. Funding provided from a non-Federal entity. May include public-private ventures, donations, private funds, and commercial borrowing.

E2.1.20. Project Validation Assessment (PVA). An independent or commercial review that certifies the need for a project based on consumer demand, market competition, cost estimates, and financial viability.

E2.1.21. Public-Private Venture (PPV). As defined in reference (c), an agreement between a DoD nonappropriated fund instrumentality and a non-Federal entity under which the non-Federal entity provides goods, services, or facilities to authorized MWR and exchange patrons. A non-Federal entity may, through the public-private venture, provide a portion or all of the financing, design, construction, collateral equipment, staffing and operation of a program for goods, services, or facilities.

E2.1.22. Recapitalization. The process used to regenerate a facility completely. This may be accomplished through a combination of restoration and modernization investment to an existing facility or the complete replacement of the facility on an existing or new site.

E2.1.23. Replacement. The construction of a new facility that serves the same or similar function as the facility that it replaces.

E2.1.24. Restoration. Repair of a facility damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other cause.

E2.1.25. Scope. Defines the boundaries of the project by specifying in metric units, the project's measurable size either in the form of its dimensions or other quantifying unit of measure.

E2.1.26. Supervision, Inspection, and Overhead (SIOH). Support associated with the administration of contracts for facility projects. This may include contract award, payments, inspections, material testing, and other actions taken during contract execution.

E2.1.27. Sustainment. The maintenance and repair activities necessary to keep a facility in good working order. It includes regularly scheduled adjustments and inspections, preventative maintenance tasks, and emergency response and service calls for minor repairs.

E2.1.28. Thirty-Five Percent (35%) Design. The point in the design stage that provides ample detail to define scope and detailed cost estimates for consideration in the budgeting process.

E2.1.29. Total Investment. The sum of all design, construction, SIOH, PCAS, and collateral equipment costs paid with NAF or commissary surcharge funds.

E2.1.30. Turnkey Contracting. A procurement method whereby a single contractor is responsible for the design and construction, of the facility under one or multiple contracts.

E3. ENCLOSURE 3

GUIDANCE

E3.1.1. Commissary surcharge, NAF, and privately financed construction projects shall not be placed under contract unless approved.

E3.1.1.1. A major construction project has a proposed construction cost in excess of \$750,000. Such projects shall be approved by the USD(P&R) and reported to the Congress in accordance with this Instruction before being placed under contract.

E3.1.1.2. For major projects previously approved by the USD(P&R) the construction cost shall not be exceeded by more than 25 percent or the scope changed by more than 10 percent without approval by the USD(P&R) and reporting to the Congress.

E3.1.1.3. Minor construction projects with an estimated construction cost between \$200,000 and \$750,000 shall be approved by the DoD Component and reported to the USD(P&R) for inclusion in the annual report to the Congress. Should the construction cost exceed \$750,000, the project shall be approved by the USD(P&R) and reported to the Congress before being placed under contract.

E3.1.2. Commissary surcharge, NAF, and privately financed construction projects requiring reporting to the USD(P&R) and the Congress shall be submitted by May 15th of each year. Commissary surcharge capital asset obligations and NAF and privately financed expenditures for tangible fixed assets, defined in DoD Instruction 1015.15 (reference (i)), shall be reported on January 15th and updated on May 15th of each year. The report control symbol is DD-P&R(AR)1167. Out of cycle reporting of construction projects shall be avoided except in the case of emergencies or extenuating circumstances.

E3.1.3. The Military Departments and the Defense Commissary Agency (DeCA) shall develop separate construction programs for military MWR, civilian MWR, exchange, commissary and lodging facilities, as defined in DoD Directives 1015.2, 1015.8, 1330.9, 1330.17, and 1015.11 (references (j) through (n)). Construction planning shall consider the strategic goals and missions of these activities in support of the personnel and readiness program.

E3.1.3.1. Each construction program shall cover all aspects of facility planning, to include major and minor construction, restoration, modernization, and recapitalization.

E3.1.3.2. Construction programs shall document all sources of funding: appropriated, nonappropriated, commissary surcharge, and privately financed.

E3.1.4. Each major construction project shall be developed, planned, and validated in sufficient detail to produce a comprehensive and executable construction program.

E3.1.4.1. An independent or commercial PVA is required for all projects with an estimated construction cost in excess of \$1,000,000. The PVA certifies the need for a project from the standpoint of consumer demand, market competition, cost estimates, and financial viability.

E3.1.4.2. Project scope shall be based on requirements to satisfy customer demand, not solely on authorized space criteria. Commercial specifications, practices, and technologies shall be used to the greatest extent possible. The type and size of the facility shall be the most economical and efficient obtainable, and consistent with the intended use and known requirements. All known facility requirements shall be identified in the project. Collocated, joint-use, multi-purpose, and inter-Service projects shall be evaluated for feasibility and used to the greatest extent practicable. Quality standards shall be consistent with the base exterior architectural plans.

E3.1.4.3. Undisclosed incremental construction or "project splitting" is prohibited.

E3.1.4.4. Net present value shall be calculated over the estimated useful life of the project and shall be greater than zero. The internal rate of return shall meet or better the hurdle rate. The payback recovery period must occur within the project's estimated useful life. In the event an individual project does not meet the financial criteria, the qualitative criteria used to justify the project shall be documented.

E3.1.4.5. Project design shall be 35 percent complete when submitted to the USD(P&R), except design/build or turnkey contracts, which must be at least 15 percent complete.

E3.1.4.6. Cost estimates shall be developed from reliable construction estimating sources. The applicable DoD Facilities Pricing Guide, contained in MIL-STD-3007 (reference (o)), may be used.

E3.1.4.7. Facilities shall be sited for patron convenience and in conformance with the approved installation master plan. Construction projects proposed on sites within the National Capital Region, as defined in section 71 of 40 U.S.C. (reference (p)), shall be provided for review to the National Capital Planning Commission and when applicable, as defined in section 104 of 40 U.S.C. (reference (q)), to the Commission of Fine Arts.

E3.1.4.8. The installation commander shall notify the local business community of Category C revenue-generating projects proposed for construction in the 50 United States and the District of Columbia. Notification of the planned business activity may be made by public notice or by letter to organizations representing local business (i.e., Chamber of Commerce). Documentation (such as letters to the Chamber of Commerce or replies from the community) is not required for the submission, but should be retained.

E3.1.4.9. The DoD official responsible for the construction program and the Installation Commander shall certify that individual major construction projects conform to the requirements contained herein and as specified in enclosure 5, paragraph E5.2.2.

E3.1.5. The DoD Components shall ensure that resources are planned, programmed, and budgeted to execute construction programs using proper funding sources as specified in DoD Directive 1015.14 (reference (r)).

E3.1.5.1. In accordance with reference (i), and Volume 2B, Chapter 10 of reference (g), NAF and commissary surcharge construction shall be accomplished as an integral component of the capital budgeting process.

E3.1.5.2. PPV contracts shall be considered for NAF Category C projects with cost in excess of \$1,000,000. Notice of intent to award contracts for PPV agreements may be submitted to the USD(P&R) throughout the year for approval and congressional notification. If the Congress does not express views in opposition to the project within 2 weeks, the USD(P&R) may approve the contract for award. Procedures are contained in reference (c).

E3.1.5.3. Construction projects financed from donations are subject to USD(P&R) review and reporting to the Congress. Policy governing the acceptance of donations is contained in Volume 12, Chapter 13 of reference (g).

E3.1.5.4. Construction projects for privately financed banking facilities shall be submitted for USD(P&R) review and reporting to the Congress in accordance with

this Instruction. Policy governing the establishment of financial institutions on DoD installations is contained in DoD Directive 1000.11 (reference (s)). Policy governing the outgrant of Government-owned property is contained in DoD Directive 4165.6 (reference (t)).

E3.1.6. Contracting for NAF construction projects shall conform to the requirements of DoD Directive 4105.67 (reference (u)). Contracts for commissary surcharge construction projects shall conform to the Federal Acquisition Regulations (reference (v)) and DoD supplements. Contracts for construction projects for mixed-funding sources (commissary surcharge, appropriated, or NAF) shall comply with reference (h), and sections 2482a and 2482(b) of title 10, U.S. Code (reference (w)).

E3.1.6.1. Contracting methods that lower cost and expedite the construction process, such as Design/Build and Turnkey, shall be utilized to the widest extent possible.

E3.1.6.2. Approved major construction projects shall be placed under contract for construction within 1 fiscal year following the fiscal year of approval.

E4. ENCLOSURE 4
EXECUTIVE SUMMARY

E4.1. CONTENTS

The Executive Summary provides a narrative overview of construction program management and oversight. The narrative shall compare the major construction program to the prior year; highlight major changes to the management, administration, and funding of the construction program; and provide a statement of assurance that funds are available and programmed to execute the projects in both the program year and the succeeding year. Include a discussion of overall capital investment goals and the specific goals for major and minor construction. Joint projects and PPV projects should be highlighted. The narrative shall describe the processes used for the following:

E4.1.1. The PVA.

E4.1.2. The PPV assessment.

E4.1.3. The process used by the board of directors to rank, compare, and select projects.

E4.1.4. Review and identification of requirements resulting from force structure changes, to include repositioning of military assets and installation realignment or closure.

E4.1.5. Follow-up audits and analyses of the cost and operating performance of completed projects.

E4.1.6. The process used to notify the local business community of exchange, MWR, and lodging Category C, revenue-generating projects.

E5. ENCLOSURE 5

MAJOR CONSTRUCTION REPORTING REQUIREMENTS

E5.1. INDIVIDUAL PROJECT NARRATIVES

A one paragraph narrative description for each major construction project shall be provided in the form shown in Attachment E5.A1. Each narrative shall provide the following: a description of the project; the population assigned to the installation and prospective customers documented by the PVA; the commissary surcharge, NAF, and privately financed total investment (to include design, construction, and collateral equipment costs separately identified); associated appropriated fund costs and companion projects (to include site preparation, demolition, sustainment, restoration, and modernization); statement of the PVA performed; and for Category C activities with a construction cost in excess of \$1,000,000, a statement concerning the PPV assessment. Where a PPV is not considered viable, the specific reason shall be stated in accordance with reference (c).

E5.2. INDIVIDUAL PROJECT DOCUMENTATION REQUIREMENTS

E5.2.1. The following project documentation shall be submitted for each major construction project, for projects submitted for approval of changes in cost or scope, and for projects financed by donations and for banking facilities.

E5.2.1.1. The Front Page, DD Form 1390, "Military Construction Program," provides the installation's area cost index, current and projected personnel strength, inventory data, identifies all projects requested in the program year, future projects, installation mission and major functions, outstanding pollution and safety deficiencies, and real property deficiency backlog. Instructions for completing the DD Form 1390 are contained in Volume 2B of reference (g).

E5.2.1.2. The DD Form 1391, "Military Construction Project Data," provides the cost estimates for the primary and supporting facilities and contingency. The instructions for completing the DD Form 1391 are contained in Volume 2B of reference (g) and shall be followed, except as modified in the subparagraphs below.

E5.2.1.2.1. The project cost in Block 8 includes the commissary surcharge, nonappropriated fund, or privately funded construction cost, to include the associated contingency, SIOH, and PCAS costs. **In the case of Design-Build contracts, the cost of the design portion of the construction contract is also included.**

E5.2.1.2.2. The costs provided in Block 9 shall include the design, construction, collateral equipment, antiterrorism/force protection, restoration, modernization, companion projects, appropriated fund supporting projects, and other associated costs, regardless the funding source.

E5.2.1.2.3. Blocks 10 and 11 of the DD Form 1391 shall include a description of the proposed facility, project requirements, current situation, and impact if project is not provided. Supplemental data includes the date estimated for design start, the percent of the design estimated to be completed as of July 1st, the date the design is estimated to be 100 percent completed, the date the construction contract is estimated to be awarded and, the date the construction is estimated to be completed.

E5.2.1.2.4. Units of measure shall be expressed in metric units.

E5.2.1.3. On a separate page attached to the DD Form 1391, provide project data and a summary of the results of the financial analysis as follows:

E5.2.1.3.1. Operational and Location Description. Describe the operations, programs, or activities that the facility shall house, how the facility shall be operated, and whether the project updates, replaces, or creates a new program or service. Describe the specific location and the major reasons for selecting the location, the adjacent community-type facilities (including projects that are planned or under design/construction), public interest in the project, a summary of local business reaction to Category C projects, and the military installations in the commuting area with a similar facility.

E5.2.1.3.2. Prospective Customers. Identify the prospective patron base by group (military members and their families, retirees and their families, Defense civilians, etc.) who are expected to use the facility, the expected number of customers, the proximity of the customer base, and the PVA method used to validate the patron base and market demand.

E5.2.1.3.3. Alternatives and Identification of Waiver Requests. Describe the alternative methods of providing the service that were considered and the rationale for discarding them. Identify alternative funding sources and the rationale for the selected source of funding. Should the proposed funding deviate from the DoD prescribed source, supporting rationale for a policy waiver shall be provided.

E5.2.1.3.4. PPV Assessment. An executive summary of the PPV assessment shall be provided.

E5.2.1.3.5. PVA. An executive summary of the PVA shall be provided and include the following:

E5.2.1.3.5.1. A market analysis of the availability of similar services from the public and private sector.

E5.2.1.3.5.2. A facility analysis of the structure, design, and functional characteristics of the existing and proposed facility.

E5.2.1.3.5.3. An analysis of expected utilization.

E5.2.1.3.5.4. Recommendations for construction alternatives.

E5.2.1.3.6. **Design Data.** Justification must be furnished for projects that have not reached the minimum required design stage.

E5.2.1.3.7. Financial Analysis. Furnish the Net Present Value (NPV), Internal Rate of Return (IRR), and Payback calculations. Calculations for NPV and IRR shall be based on the same estimated useful life. Cash inflows and outflows should be shown in a level of detail that shall allow replication of the calculations. Identify whether the analysis is based on total cash flows or the incremental cash flow attributable to the project and the rationale for the method utilized.

E5.2.1.3.7.1. In order to calculate NPV, future cash flows shall be discounted by utilizing either the hurdle rate, interest rate obtained by a commercial loan, the prime rate, or alternate borrowing rate. The NPV cash flow detail should include the number of years in the estimated useful life, aggregate cash flows, and the discount rate.

E5.2.1.3.7.2. A hurdle rate shall be established for each facility type, i.e., clubs, fast-food, main stores, convenience stores, etc. The appropriate hurdle rate shall be used to evaluate the individual project. If the expected rate of return of an investment is below the hurdle rate, the project is not considered financially profitable. This rate should be no lower than the Federal Funds Discount Rate as reported during July 1 - December 31 of the previous year. In determining the hurdle rate, the DoD Component shall use one of the following criteria:

E5.2.1.3.7.2.1. **A rate consistent with an alternative use of funds, such as the yield from the DoD Component's investment portfolio.**

E5.2.1.3.7.2.2. A rate determined by the funding of alternative capital investments, such as information technology systems or military exchange credit program.

E5.2.1.3.7.2.3. A rate determined by the DoD Component's Board of Directors that can be quantified based upon past projects, the requirement to sustain the value of the funds invested, etc.

E5.2.1.3.7.3. Payback Calculations. For payback calculations, the recovery period must occur within the project's estimated useful life.

E5.2.1.3.7.4. Qualitative Analysis. In the event an individual project does not meet the hurdle rate defined by the DoD Component, an executive summary of the qualitative analysis shall be included. Alternatives utilized in justifying the project may include market research, customer survey data, facility deficiency data, and mission or quality of life considerations.

E5.2.2. MWR, Armed Service Exchanges, DeCA Headquarters Directors, and the Installation or Regional Commanders shall certify that individual construction projects conform to the requirements contained on the Project Certification Form. (See Attachment E5.A2.) The certification form may not be modified. For Items 5, 10, and 11, strike-through the statement that is not applicable.

E5.3. MAJOR CONSTRUCTION PROGRAM SUMMARY DATA

The major construction projects, with a construction cost of more than \$750,000, shall be summarized by program, showing State/country, installation, project title, Service, total investment cost, construction cost, design cost, collateral equipment cost, design stage, net present value, internal rate of return, payback period, scope, estimated contract award date, and funding source. (See Attachment E5.A3.)

Attachments - 3

- E5.A1. Individual Project Narrative Format
- E5.A2. Commissary Surcharge and NAF Construction Project Certification Format
- E5.A3. Major Construction Program Summary Data

E5.A1. ATTACHMENT 1 TO ENCLOSURE 5INDIVIDUAL PROJECT NARRATIVE FORMAT

DEPARTMENT OF THE (SERVICE)
Summary by Fund Source
Fiscal Year 2003 Major Construction Program
 For the Period October 1, 2002 to September 30, 2003
 (In Thousands of Dollars)

MORALE, WELFARE, AND RECREATION (MWR) FUND
CATEGORY B

| <u>Installation/ State</u> | <u>Description</u> | <u>Total NAF/SC/Private Investment</u> |
|--------------------------------|--------------------|--|
| NAS Lemoore, CA | Youth Center | \$4,404 |

This project provides a 1,919 square meter (20,650 square foot) single-story youth center that includes a gymnasium/multi-purpose room, six school-age activity rooms, common area, designated teen center, kitchen/snack bar, administrative suite and appropriate support services. The assigned population is 4,453 active duty members. An independent PVA determined that NAS Lemoore has a current primary market for the youth center of approximately 1,550 children, including 1,346 children between the ages of 5 and 18 living in family housing on the installation. In the near future an additional 2,000 active duty personnel are scheduled to join the installation adding over 1,600 children to the base population. The primary market is projected to increase a minimum of 13 percent, to approximately 1,750 children. There are no appropriated fund, companion projects, or privately financed costs associated with this project. The PVA validated the requirement, scope, and cost. A PPV assessment is not required for Category B facilities.

| Design Cost | Construction Cost | Collateral Equipment Cost | Total Investment |
|-------------|-------------------|---------------------------|------------------|
| \$422 | \$3,867 | \$115 | \$4,404 |

MORALE, WELFARE AND RECREATION (MWR) FUND
CATEGORY C

| <u>Installation/ State</u> | <u>Description</u> | <u>Total NAF/SC/Private Investment</u> |
|--------------------------------|--------------------|--|
| Eglin AFB, FL | Enlisted Club | \$3,720 |

This project constructs a 1,446 square meter (15,558 square foot) enlisted club to include a kitchen, dining areas, ballroom, party rooms, administrative areas, restrooms, parking, utilities and site improvements. The assigned population is 5,831. An

independent PVA determined that the prospective customer base consists of 38,000 eligible retirees and 792 eligible DoD civilian employees residing in the area. There are no appropriated fund, companion projects, or privately financed costs associated with this project. The PVA also validated the requirement, scope, and cost. A PPV assessment was performed and determined that the project was not economically advantageous.

| Design Cost | Construction Cost | Collateral Equipment Cost | Total Investment |
|-------------|-------------------|---------------------------|------------------|
| \$370 | \$3,050 | \$300 | \$3,720 |

EXCHANGE FUNDS

| <u>Installation/ State</u> | <u>Description</u> | <u>Total NAF/SC/Private Investment</u> |
|--------------------------------|--------------------|--|
| McChord AFB, WA | Shopping Center | \$29,192 |

Renovate and expand the existing 7,983 square meter (85,900 square foot) Shoppette, Building 504, by 15,662 square meter (168,559 square feet). The new facility includes a main retail store, MCSS, food court including Anthony's, Robin Hood, Church's, Taco Bell, Special-T, Cinnabon/Seattle's Best, and Pretzelmania. Concessions include a barber/beauty shop, optical shop, flower shop, and laundry/dry cleaning. The project replaces a main exchange that is poorly configured and in need of repair, as well as consolidates all Army and Air Force Exchange Service (AAFES) activities into one location. The assigned population is 4,686. An independent PVA determined that the prospective customer base consists of 75,677 eligible patrons. The existing main exchange, Building 543, is to be demolished for the future exchange parking lot using \$884K of appropriated funds. An additional \$365K of appropriated fund support is to be used to demolish other facilities and abandoned utilities presently located on the site. There are no companion projects or privately financed costs associated with this project. An AAFES PVA validated the requirement, scope, and cost. A PPV alternative is not required. The name-brand fast-food operation established with this project deviates from the preferred method of concession operations.

| Design Cost | Construction Cost | Collateral Equipment Cost | Total Investment |
|-------------|-------------------|---------------------------|------------------|
| \$2,348 | \$21,500 | \$5,344 | \$29,192 |

LODGING FUNDS

| <u>Installation/ State</u> | <u>Description</u> | <u>Total NAF/SC/Private Investment</u> |
|--------------------------------|-----------------------|--|
| Dugway Proving Grnd, UT | Army Lodging Facility | \$7,175 |

This project provides a 15,620 square meter (168,071 square feet), 350-room, visiting quarters to include a lodging office and all ancillary services on a contemporary hotel. An independent PVA determined that a 350-room facility would meet the demand of temporary duty personnel and Reservists on weekend training. Because of lack of lodging space, over 36,000 bed nights are sent annually to contract quarters at commercial hotels at a cost of \$2,300,000. The average daily room rate paid was \$63.00 in FY 2000 compared with the average room rate paid on base of \$20.40. The existing visiting airmen and officers' quarters are 1946 concrete and 1954 wood frame buildings. The buildings have approached the end of their useful life and require unreasonable maintenance costs. A companion appropriated fund project (\$500,000) demolishes the existing buildings upon completion of this project. The PVA validated the requirement, scope, and cost. A PPV arrangement is to be used to execute this project.

| Design Cost | Construction Cost | Collateral Equipment Cost | Total Investment |
|-------------|-------------------|---------------------------|------------------|
| \$1,500 | \$43,000 | \$3,500 | \$48,000 |

COMMISSARY SURCHARGE FUNDS

| <u>Installation/ State</u> | <u>Description</u> | <u>Total NAF/SC/Private Investment</u> |
|--------------------------------|----------------------|--|
| Davis-Monthan AFB, CA | Add/Alter Commissary | \$10,391 |

This project provides for the addition and renovation of the existing facility. It makes multiple small additions to the building to house expanded produce storage, new patron restrooms, cashier offices, and mechanical space. It also reconfigures the entire internal layout of the facility to allow for expansion of the sales area into the warehouse and reconstruction of displaced areas. All areas of the store are to be renovated and a new Decor package installed. Fire protection systems, heating, ventilation, and air conditioning, and lighting systems are to be upgraded, as required. It replaces all sales equipment including refrigeration displays, storage and control equipment. Parking areas are to be expanded and resurfaced providing 495 spaces. The assigned population is 5,707. A PVA determined that the prospective customer base consists of 17,590 active Service members and dependents, and 28,032 retirees and dependents. There are no appropriated fund, companion projects, or privately financed costs associated with this project. DeCA internally validated the need for this project. A third-party contractor validated the construction alternatives. A PPV assessment is not required.

| Design Cost | Construction Cost | Collateral Equipment Cost | Total Investment |
|-------------|-------------------|---------------------------|------------------|
| \$500 | \$6,561 | \$3,330 | \$10,391 |

E5.A2. ATTACHMENT 2 TO ENCLOSURE 5

COMMISSARY SURCHARGE AND NAF CONSTRUCTION PROJECT
CERTIFICATION FORMAT

**DEPARTMENT OF DEFENSE
COMMISSARY SURCHARGE AND NONAPPROPRIATED FUND
CONSTRUCTION PROJECT CERTIFICATION**

INSTALLATION: _____

PROJECT TITLE: _____

**THE UNDERSIGNED ACCEPT FIDUCIARY RESPONSIBILITY FOR THIS PROJECT; CERTIFYING
THAT THE PROJECT COMPLIES WITH APPLICABLE POLICIES AND DIRECTIVES.**

1. The project scope is based on actual need and not solely on authorized space criteria.
2. All known requirements have been identified in the project and there is no incremental construction or "project splitting."
3. The site selected is the most appropriate location.
4. Analysis forecasts a Net Present Value of __, Internal Rate of Return of __%, and payback of __ years compared to a benchmark of __% and estimated useful life of __ years.
5. The correct funding source is being used/Accompanying project documentation provides rationale for waiver to funding policy.
6. Quality standards are consistent with the base exterior and architectural plan for building systems, finishes, collateral equipment, and are neither overstated nor understated.
7. Where the project combines more than one funding source, separate contracts will be awarded or if a single contract is awarded, separate cost accounting schedules will be used.
8. The work proposed is properly classified as new construction, restoration or modernization.
9. The project documentation identifies all design, construction, collateral equipment, restoration and modernization projects being accomplished in conjunction with this project, regardless of funding source.
10. A commercial project validation has been performed/An independent project validation has been performed.
11. An assessment of a Public-Private Venture (PPV) alternative has been performed as prescribed in DoD Instruction 1015.13/A PPV assessment is not required by DoD Instruction 1015.13.
12. For Category C projects in the United States and its Territories - The local business community has been notified.

MWR, Exchange or Commissary Headquarters Director

Date of Certification

Signature/Rank/Title

Installation / Regional Commander

Date of Certification

Signature/Rank/Title

E5.A3. ATTACHMENT 3 TO ENCLOSURE 5MAJOR CONSTRUCTION PROGRAM SUMMARY DATA

Department of Defense
Commissary Surcharge, Nonappropriated Fund, and Privately Financed Construction
FY 20XX Major Construction Projects

| State or Country | Installation | Project Title | Service | Total Investment (\$000) | Const. Cost (\$000) | Design Cost (\$000) | Equip. Cost (\$000) | Design Stage (%) | NPV (\$000) | IRR (%) | Payback Period (yrs) | Scope (\$M) | Est. Contract Award | Funding (SC, NAF Private) |
|------------------|-----------------------|-----------------------|---------|--------------------------|---------------------|---------------------|---------------------|------------------|-------------|---------|----------------------|-------------|---------------------|---------------------------|
| CA | MCB Camp Pendleton | Construct Car Wash | USMC | 722 | 631 | 71 | 20 | 35 | 1,644 | 8.5 | 4.8 | 200 SM | APR 04 | NAF |

E6. ENCLOSURE 6

MINOR CONSTRUCTION REPORTING REQUIREMENTS

E6.1. REPORT REQUIREMENTS

Summary of minor construction projects, with construction costs of \$200,000 to \$750,000, approved since the last report to the Congress shall be provided in the format at Attachment E6.A1., specifying State/country, installation, project title, Service, total investment cost, construction cost, design cost, collateral equipment cost, scope, estimated contract award date, and the fund source (surcharge, NAF, or private funds).

Attachments - 1

E6.A1. Minor Construction Program Summary Data

E6.A1. ATTACHMENT 1 TO ENCLOSURE 6MINOR CONSTRUCTION PROGRAM SUMMARY DATA

Department of Defense
Commissary Surcharge, Nonappropriated Fund, and Privately Financed Construction
FY 20XX Minor Construction Projects

| State or Country | Installation | Project Title | Service | Total Investment (\$000) | Const. Cost (\$000) | Design Cost (\$000) | Equip. Cost (\$000) | Scope (\$M) | Est. Contract Award | Funding (SC, NAF Private) |
|------------------|--------------|-----------------------------------|---------|--------------------------|---------------------|---------------------|---------------------|-------------|---------------------|---------------------------|
| AL | Gunter AFB | Construct Shoppette/ Class Six | USAF | 460 | 290 | 50 | 120 | 1,200 SM | MAR 04 | NAF |

E7. ENCLOSURE 7

STATUS OF PREVIOUSLY APPROVED PROJECTS

E7.1. CANCELED PROJECTS

List previously approved major projects CANCELED since the last report. Specify the fiscal year approved, State or country, installation, project title, Service, and total investment cost. A summary paragraph shall be provided describing the rationale for each canceled project. (See Attachment E7.A1.)

E7.2. DELAYED CONTRACT AWARDS

List previously approved projects for which contracts have not been awarded within 1 fiscal year following the approved program year. The list shall provide fiscal year approved, State or country, installation, project title, Service, total investment cost, and estimated contract award date, and rationale for delay. (See Attachment E7.A2.) A revised DD 1391 shall be provided for each project.

E7.3. COST OR SCOPE CHANGES

List previously approved major and minor construction projects that require USD(P&R) approval and congressional notification due to an increase of the construction cost or a change in scope. The list shall provide fiscal year approved, State or country, installation, project title, Service, approved total investment cost and scope, and new total investment cost and scope. (See Attachment E7.A3.) Individual project documentation specified in enclosure 5, sections E5.1. and E5.2., supporting each project and rationale for the change in scope is required.

E7.4. STATUS OF MAJOR CONSTRUCTION PROJECTS

A list of the status of previously approved major construction projects that are ongoing or have been completed since the last report to the Department of Defense and the Congress. The list shall provide fiscal year approved, State or country, installation, project title, Service, initial DoD approved total investment cost, current DoD approved total investment cost, initial DoD approved project scope, current DoD approved project scope, actual cost to date, completion date, funding source, and date post validation assessment was completed. (See Attachment E7.A4.)

Attachments - 4

- E7.A1. Canceled Construction Project Summary Data**
- E7.A2. Delayed Contract Award Summary Data**
- E7.A3. Cost or Scope Deviations Summary Data**
- E7.A4. Status of Major Projects Summary Data**

E7.A1. ATTACHMENT 1 TO ENCLOSURE 7**CANCELED CONSTRUCTION PROJECT SUMMARY DATA****Department of Defense
Commissary Surcharge, Nonappropriated Fund, and Privately Financed Construction
Canceled Construction Projects**

| Fiscal Year Approved | State or Country | Installation | Project Title | Service | Total Investment (\$000) |
|-------------------------------------|-----------------------------|---------------------|----------------------|----------------|---|
| 94 | ID | Mountain Home | Shopping Center | USAF | 5,000 |

E7.A2. ATTACHMENT 2 TO ENCLOSURE 7DELAYED CONTRACT AWARD SUMMARY DATA

**Department of Defense
Commissary Surcharge, Nonappropriated Fund, and Privately Financed Construction
Major Construction Projects Not Awarded Within One Year
Following the Program Year of Congressional Notification**

| Fiscal Year Approved | State or Country | Installation | Project Title | Service | Total Investment (\$000) | Estimated Contract Award Date |
|----------------------------|---------------------|-------------------|---------------------|---------|--------------------------------|-------------------------------------|
| 98 | CA | Oakland Army Base | Distribution Center | USA | 60,000 | May 00 |

E7.A3. ATTACHMENT 3 TO ENCLOSURE 7COST OR SCOPE DEVIATIONS SUMMARY DATA

Department of Defense
Commissary Surcharge, Nonappropriated Fund, and Privately Financed Construction
Notification of Prior Year Project Cost Increase or Deviation in Scope

| Fiscal Year Approved | State or Country | Installation | Project Title | Service | Approved Total Investment and Scope (\$000)/SM | New Total Investment and Scope (\$000)/SM |
|----------------------------|---------------------|--------------|----------------------------|---------|---|--|
| 98 | GA | Moody AFB | Temporary Lodging Facility | USAF | 1,950/1,300SM | 2,650/1,300SM |

E7.A4. ATTACHMENT 4 TO ENCLOSURE 7STATUS OF MAJOR PROJECTS SUMMARY DATA

Department of Defense
Commissary Surcharge, Nonappropriated Fund, and Privately Financed Construction
Status of Previously Approved Major Construction Projects

| FYr Appr. | State Cntry | Installation | Project Title | Service | Initial DoD Approved Total Investment (\$000) | Current DoD Approved Total Investment (\$000) | Initial DoD Approved Project Scope (\$M) | Current DoD Approved Project Scope (\$M) | Actual Cost To Date (\$000) | Comp Date | Funding (SC, NAF, Private) | Date Post Valid. Assess. Completed |
|--------------|----------------|---------------------|------------------|---------|--|--|---|---|--------------------------------------|----------------|-------------------------------------|---|
| 97 | FL | Pensacola | Exchange | Navy | 4,963 | 4,963 | 3,625 | 3,625 | 5,010 | Oct 97 | NAF | Oct 98 |
| 98 | CA | Lemoore | Lodge | Navy | 5,640 | 5,640 | 3,747 | 3,747 | 5,024 | Feb 00 | NAF | Mar 01 |
| 99 | IL | Great Lakes | Fleet Store | Navy | 7,127 | 7,127 | 4,895 | 4,895 | 7,367 | Aug 00 | NAF | Nov 01 |
| 00 | CA | Monterey | Clubhouse | Navy | 1,575 | 1,575 | 627 | 627 | 650 | Est. Jul 03 | NAF | NA |
| 01 | VA | NAVSTA Norfolk | Auto Hobby | Navy | 2,851 | 2,851 | 947 | 1,002 | 270 | Est. Dec 03 | NAF | NA |
| 02 | WA | NAVSTA Bremerton | Youth Ctr. | Navy | 4,404 | 4,404 | 1,919 | 1,919 | 360 | Est. Dec 03 | NAF | NA |
| 02 | SC | Charleston | Car Wash | Navy | 660 | 660 | 5 Bays | 5 Bays | 36 | Est. Mar 03 | NAF | NA |

E8. ENCLOSURE 8

MILITARY CONSTRUCTION APPROPRIATION (MILCON) PROGRAM

E8.1. SUMMARY LIST

A summary list of projects submitted in the coinciding President's Budget Request for Military Construction appropriations shall be provided and include the location by State/county, military installation, project title, Service, and construction cost as shown in Attachment E8.A1.

Attachments - 1

E8.A1. Military Construction Appropriation (MILCON) Program

E8.A1. ATTACHMENT 1 TO ENCLOSURE 8

MILITARY CONSTRUCTION APPROPRIATION (MILCON) PROGRAM

**Department of Defense
Commissary Surcharge, Nonappropriated Fund, and Privately Financed Construction
Military Construction Appropriation (MILCON) Program**

| State or Country | Installation | Project Title | Service | Construction Cost (\$000) |
|-----------------------------|---------------------|-------------------------|----------------|--------------------------------------|
| CA | MCB Camp Pendleton | Physical Fitness Center | USMC | 13,460 |

E9. ENCLOSURE 9

PROPOSED PUBLIC-PRIVATE VENTURE (PPV) PROGRAM SUMMARY DATA

E9.1. SUMMARY LIST

A summary list of proposed PPV projects anticipated for contract award during the upcoming fiscal year shall be provided and include the location by state/county, military installation, project title, Service, and projected savings as shown in Attachment E9.A1.

Attachments - 1

E9.A1. Proposed Public-Private Venture (PPV) Program Summary Data

E9.A1. ATTACHMENT 1 TO ENCLOSURE 9**PROPOSED PUBLIC-PRIVATE VENTURE (PPV) PROGRAM SUMMARY DATA****Department of Defense
Commissary Surcharge, Nonappropriated Fund, and Privately Financed Construction
Proposed Public-Private Venture (PPV) Program**

| State or Country | Installation | Project Title | Service | Projected Savings (\$000) |
|-----------------------------|-----------------------|------------------------------------|----------------|--------------------------------------|
| VA | Naval Station Norfolk | Name Brand Dinner House Restaurant | USN | 800 |

E10. ENCLOSURE 10
CAPITAL INVESTMENT PROGRAMS

E10.1. PROGRAM SUMMARY

E10.1.1. The annual report shall include a summary of investment in commissary surcharge fund capital assets and NAF and privately financed tangible fixed assets. (See Attachment E10.A1.) This report includes the obligations of commissary surcharge funds for capital assets, capital expenditures for NAF tangible fixed assets and contractual commitments for privately financed tangible fixed assets. The budgeted amounts shall be reported for the current year, the program year, and the program year plus 1 year. The actual acquisition cost for NAF tangible fixed assets and the obligations incurred for commissary surcharge fund capital assets shall be reported for the 3 previous years.

E10.1.2. NAF tangible fixed assets are capitalized, amortized, or depreciated in the NAF accounting records. Privately financed assets are assets obtained from non-Federal entities, through public-private ventures, gifts, donations, and nonappropriated fund instrumentality guarantees for PPV commercial borrowing. Surcharge obligations shall be reported for assets capitalized, amortized, and depreciated in the U.S. Government Standard General Ledger Chart of Accounts, as required by Volume 1, chapter 7, appendix B of reference (g).

E10.1.3. The DoD Components shall report capital investments for each program submitting a construction report.

E10.1.3.1. The Secretary of the Army shall provide separate reports on Army military, civilian, and supplemental mission MWR, Army Lodging, and the Army and Air Force Exchange Service.

E10.1.3.2. The Secretary of the Navy shall provide separate reports on Navy military, civilian, and supplemental mission MWR, Navy Lodging, the Navy Exchange, U.S. Marine Corps (USMC) MWR, USMC Lodging, and the USMC Exchange.

E10.1.3.3. The Secretary of the Air Force shall provide separate reports on Air Force military, civilian, and supplemental mission MWR and Air Force Lodging.

E10.1.3.4. The Director, DeCA, shall provide a separate report on the DeCA.

E10.1.4. NAF tangible fixed assets and privately financed assets shall be reported in the year that funds are expended and assets are recorded in the accounting records (including construction in progress and capital leases). Commissary surcharge fund capital assets shall be reported in the year that funds are obligated. Capital and tangible fixed assets shall be reported in one of the three categories in the Capital Asset column contained in Attachment E10.A1.: Facilities and Improvements (land and structures); Furniture, Fixtures, and Equipment; and Information Technology.

E10.1.4.1. Facilities and Improvements (land and structures) shall include land, buildings, and other structures; additions to buildings; nonstructural improvements to include landscaping, fences, sewers, wells, and reservoirs; and fixed equipment such as elevators, plumbing, power-plant boilers, fire and intrusion detection/alarm systems, lighting, heating, and air conditioning; and fixed infrastructure that supports telecommunications and information technology systems (e.g., cabling, wiring, and conduits).

E10.1.4.2. Furniture, Fixtures, and Equipment shall include transportation, material and weight handling equipment; moveable furniture, fittings, fixtures, and household equipment; and moveable generators, manufacturing machinery, refrigeration units, telecommunication equipment and stand-alone cash registers. It also includes livestock. It excludes information technology systems and equipment listed in subparagraphs E10.1.4.1. and E10.1.4.3.

E10.1.4.3. Information Technology includes systems comprised of moveable equipment, commercial off-the-shelf software, licenses, integrated point-of-sale cash registers, and all other related hardware and software components not listed in subparagraph E10.1.4.1. that meets commissary surcharge fund capital asset and NAF tangible fixed-asset criteria.

E10.1.5. For NAF, the prior year amounts should equal the NAF capital expenditure captions reported on Schedule A to the Income and Expense Statement prepared in accordance with reference (i). The reported NAF capital expenditures shall exclude those NAF expenditures that are offset by appropriations received under the DoD uniform support and accountability practice.

Attachments - 1

E10.A1. Capital Investment Programs

E10.A1. ATTACHMENT 1 TO ENCLOSURE 10

CAPITAL INVESTMENT PROGRAMS

**Department of Defense
Commissary Surcharge, Nonappropriated Fund, and Privately Financed Construction
Annual Capital Investment Programs Summary Data**

| Program | Capital Asset | Fiscal Year (Figures expressed in \$000) | | | | |
|---------|---------------|---|---------------------------|---------------------------|-----------------------------|---------------------------|
| | | Prior Year (2000)-4 | Prior Year (2000)-3 | Prior Year (2000)-2 | Current Year (2000)-1 | Program Year (2000) |

Facilities and Improvements (Land & Structures)
Furniture, Fixtures and Equipment
Information Technology

Sub Total

E11. ENCLOSURE 11

NOTIFICATION TO THE CONGRESS OF INTENT TO AWARD PPV CONSTRUCTION
PROJECTS

E11.1. SUBMISSION REQUIREMENTS

E11.1.1. The following information shall accompany the DoD Component notice of intent:

E11.1.1.1. Description of solicitation to include whether it was conducted locally or nationally.

E11.1.1.2. Length of contract.

E11.1.1.3. Scope of work.

E11.1.1.4. Type of business or activity.

E11.1.1.5. Appropriated and/or nonappropriated fund support to be provided to the contractor over the term of the contract.

E11.1.1.6. Return to the Department of Defense and/or the nonappropriated fund instrumentality (e.g., fees or percent of sales payments to be made by the contractor).

E11.1.1.7. Benefit to the Government (as contrasted with direct operation or other alternatives).