



DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:
CEMP-IR (415-15)

12 MAR 2004

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Funding of Construction Modifications for Military Construction Projects

1. References:

a. Memorandum, DAIM-FD/CEMP-MA, Revised Guidance for Procedures and Approval of Changes to MILCON Projects Funded by MCA, UMMCA, and AFH Appropriations, dated 20 Jan 2000

b. Memorandum, CEMP-MA, 19 Jun 03, Subject: Standard MILCON Award/Mod Funds Request Form.

2. This memorandum establishes policy for funding of construction modifications on military construction projects and the management of contingency funds. The purpose of this policy is to limit the quantity of scarce construction funds sitting in the field pending negotiation of modifications and to limit the number of funding documents that need to be issued to adjust funding to increase or decrease funding based on negotiated amounts.

3. The contingency balance that is allocated to the district is based on the policies for the specific type of military construction involved. Reference 1.a established the current policy for Army MILCON that contingency funds allocated to the district will be limited to \$100,000 or one percent of the construction value, whichever is less. As the project progresses and contingency is consumed, the district will request replenishment up to \$100,000 or one percent of the unplaced balance, whichever is less. For other programs, the rules vary concerning the levels of contingency funding allocated to the district.

4. Additional contingency funds will only be provided to the district based on negotiated construction contract modifications. The district will initially fund modifications from their contingency balance before asking for additional funds. When a district has a modification that cannot be funded from contingency funds on-hand at the district and they estimate the cost is within Current Working Estimate (CWE) funding authority of HQUSACE, the district will negotiate the modification and then request funds. The district will not reserve contingency funds for unnegotiated modifications. If the cost of the modification is estimated to exceed the HQUSACE authority, then the district will notify their Major Subordinate Command (MSC) of the pending change and the estimated amount as they initiate the negotiations. The MSC will contact the Regional Integration Team (RIT) to confirm availability of funding. In the rare case of an unpriced notice to proceed (NTP) on a contract modification, only those funds that will be obligated on the NTP will be requested and provided. It is expected that these funds will

CEMP-IR (415-15)

SUBJECT: Funding of Construction Modifications for Military Construction Projects

be obligated at the time the NTP is issued. Also, there may be exceptions to the above where it will be appropriate to preposition funds while modifications are being negotiated but those occasions should be specific exceptions to the standard policy.

5. Reference 1.b established a standard process and format for reporting military construction project CWE and requesting funds. The Excel spreadsheet that generated project CWE and requests for additional funds for military construction projects has been updated with two new spreadsheets, one for U.S. Dollar contracts and one for foreign currency contracts. Both are available on the web at <http://www.hq.usace.army.mil/cemp/cempm/pmdpolicy.htm>. (Standard MILCON Award/Mod Funds Request US Dollar Excel Update 27 Feb 04 and Standards MILCON Award/Mod Funds Req Foreign Conversion Excel Update 25 Feb 04) Both forms utilize bid and project data to generate an award CWE to include identification of contingencies provided to the district. These forms also generate a funds requirement based on new modifications and percent complete for the project. All requests for military construction funds will include a CWE in this format.

6. My point of contact (POC) here at HQUSACE is Mr. Harry Jones, 202-761-5768. This memorandum has been coordinated with CECC, CERM and CECW-E.

FOR THE COMMANDER:

A handwritten signature in black ink, appearing to read "J. Joseph Tyler". The signature is fluid and cursive, with a large initial "J" and "T".

J. JOSEPH TYLER, P.E.

Acting Deputy Director of Military Programs

CEMP-IR

SUBJECT: Funding of Construction Modifications for Military Construction Projects

DISTRIBUTION:

US Army Engineers and Support Center, Huntsville, ATTN: CEHNC-CD

US Army Transatlantic Programs Center, ATTN: CETAC-PD-M

US Army Engineer Division, Great Lakes and Ohio River, ATTN: CELED-DL-M

US Army Engineer Division, North Atlantic, ATTN: CENAD-PP-M

US Army Engineer Division, Northwestern, ATTN: CENWD-MT (Portland)

US Army Engineer Division, Northwestern, ATTN: CENWD-MT-M (Omaha)

US Army Engineer Division, Pacific Ocean, ATTN: CEPOD-PP

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

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

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

CF:

DAIM-FDC

DAIM-FDH-S