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1. Transmitted is a revision Department of Veterans Affairs, Veterans Health Services and Research Administration Supplement to Manual MP-3, "VA Engineering," Chapter 4, "Project Management."

2. Principal changes are:

a. **Paragraph 4.02 a.(2)(e):** Raises medical center Minor Improvement limit to \$25,000.

b. **Paragraph 4.02 b.(2):** Raises NRM limit to \$150,000.

c. **Paragraph 4.02 c.(1):** Raises Minor Miscellaneous Limit to \$750,000.

d. **Paragraph 4.02 c.(2):** Raises Minor limit to \$3,000,000.

e. Chapter was updated to reflect VHS&RA new organizational structure.

3. **Filing Instructions**

Remove pages

4-i through 4-12

Insert pages

4-i through 4-16

4. **RESCISSION:** VHS&RA Supplement, MP-3, Chapter 4, dated March 15, 1978 and Change 3, August 10, 1983.

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RESCISSIONS

The following material is rescinded:

a. **Manuals**

VHS&RA Supplement MP-3, chapter 4, dated March 15, 1978 and change 3

b. **Interim Issue**

Partial rescission: II 10-78-18 only that which applies to chapter 4

CHAPTER 4. PROJECT MANAGEMENT

4.01 INTRODUCTION

This chapter establishes VHS&RA (Veterans Health Services and Research Administration) policy for the development and management of the recurring maintenance, NRM (nonrecurring maintenance), and construction project programs associated with additions, alterations, improvements and maintenance of real property and equipment. VHS&RA real property and equipment will be maintained at levels that will enable the health care facility to effectively meet the current requirements of its assigned mission in accordance with modern concepts of health care. The facility will develop and keep current a realistic 5-Year Facility Plan for the construction, conversion, improvement and maintenance of real property and equipment for a future period of 5-years. Approved and funded projects delegated to the facility for accomplishment will be effectively administered to ensure successful completion.

4.02 DEFINITIONS

The different types of projects and related terms are identified to assist in clarification of each program and to note their limitations. These programs are Recurring Maintenance and Repair, Nonrecurring Maintenance and Repair, Minor Construction (includes Minor Miscellaneous), and Major Construction programs.

a. Recurring Maintenance and Repair Program

(1) Recurring maintenance and repair includes incremental maintenance necessary to prevent physical deterioration or to offset current deterioration of real or personal property and operations, such as preventive maintenance. This program also includes facility labor, materials, and contractual services to repair the effects of normal usage on real or personal property. Although this program is not established in the 5-year Facility Plan submitted to Central Office, the facility should develop and maintain an annual recurring program. Recurring maintenance and repair funding should be planned to adequately cover the following types of work:

(a) Maintenance and repair of all personal property.

(b) Maintenance and repair of all real property, building service equipment, and utility and distribution systems.

(c) Miscellaneous work such as painting, wall coverings, corrosion control, replacement of elevator cables, adjustment of all controls, and replacement of radiator or convertor traps. Accumulation of recurring maintenance work over a period of several years does not qualify it as nonrecurring maintenance.

(2) There is no cost limitation on recurring maintenance and repair work that can be authorized at facility level out of recurring operating funds.

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However, some types of work funded out of recurring funds will be submitted to the AsCMD (Associate Chief Medical Director) for Operations (13) on VA Form 10-1193, Application for Health Care Facility Project, for approval. (See app. 6Q.) These projects may be submitted at any time throughout the year. These requests will be prepared the same as NRM projects. The following types of work funded out of recurring funds will be submitted for approval:

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(a) **Structural Changes.** Improvements or changes involving a member or support designed to resist or support a load such as exterior walls, foundations, columns, beams, etc.

(b) **New Construction or Demolition.** Projects involving the erection or demolition of any type of structure or building. For further information, see MP-3, part II, chapter 5, section I, paragraphs 25.04 and 25.09.

(c) **Quarters.** All maintenance, repair, equipment replacement and improvements which will result in exceeding the limitation on housekeeping quarters. (See ch. 3.)

(d) **Traffic Controls and Road Improvements.** Facilities may make contributions to local authorities toward, or for the construction of traffic controls, road improvements, and other devices adjacent to VA (Department of Veterans Affairs) facilities when deemed necessary for safe ingress or egress. The project submission will include a statement of the total cost of the project, and if the costs are shared, the proportion of the cost shared by each participating party.

(e) **Minor Improvement.** All projects that contain minor improvement costs in excess of \$25,000. A project will not be fragmented into separate projects as a means of subverting the minor improvement dollar limitation.

b. Nonrecurring Maintenance and Repair Program

(1) The NRM funds are included in the medical care appropriation (0.23) for nonrecurring M&R (Maintenance and Repair), nonrecurring BSER (Building Service Equipment Replacement), BSEA (Building Service Equipment Additions) and MI (Minor Improvement); therefore, each should be properly identified on each project submittal. The types of work covered in each area are:

(a) **M&R**

1. Replacement of complete or major segments of utility systems, which include systems within a building. Required support space or systems for modernization of utilities such as telephone systems, electrical mechanical and equipment support systems.

2. Replacement of complete or major segments of building components such as doors, windows, flooring, floor covering and ceilings

3. Replacement of major items of work on a building shell, such as roofing, tuckpointing and waterproofing.

4. Replacement of patient support and fire protection systems such as nurses call; AOV (air, oxygen and vacuum) sprinkler and fire alarm systems.

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5. Maintenance work on roads, grounds, structures and exterior distribution systems, provided that the area involved is not scheduled for modernization or expansion.

(b) **BSER.** This category of maintenance is designed for the replacement of complete units of items which qualify for replacement when they can no longer be economically maintained. Replacement equipment should be planned to provide models embodying the most up-to-date technological advances and economic factors. Necessary action will be taken to insure that the value of items replaced be removed from the asset account and supporting records. Cost to update or improve existing utility service to the equipment should be identified as M&R.

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(c) **BSEA.** This category of maintenance is designed for new building service equipment acquisitions and expanded capacity of existing equipment servicing a larger area or function. Installation costs for equipment will be restricted to charges for work necessary to put the equipment in place and make proper hookup to available utilities adjacent to the equipment. Costs of installing systems and utilities to and from the equipment or area adjacent to the equipment will be identified as MI.

(d) **MI.** Structural changes, space utilization changes, construction of additional or new space, and the installation of additional facilities and systems are classified as minor improvements. However, costs related to the construction of support space for the new system may be considered as M&R (see subpar. b. (1)(a)). In projects for replacement of systems which include expansion to a new area, the cost related to the expansion will be considered a minor improvement. In projects that include A/E (Architect/Engineer) fees, a percentage of the A/E cost based on the percentage of minor improvement cost, as compared to total NRM funding (exclusive of A/E fees), will be considered in minor improvement cost. MI will be planned as appropriate to provide specialized medical service projects, functional rearrangements and such additions and modifications as necessary to provide efficient and modern facilities. A project will not be fragmented into separate projects as a means of subverting the minor improvement dollar limitation.

(2) There is no cost limitation on nonrecurring maintenance and repair work that can be accomplished in a nonrecurring maintenance project, provided that the total MI portion of the project does not exceed \$150,000 and the work is not scheduled for accomplishment within a minor or major construction project.

c. **Construction Programs.** A project that exceeds the cost limitation of the Nonrecurring Maintenance and Repair Program becomes a construction project. There are two programs for construction projects, Minor Construction (includes Minor Miscellaneous) and Major Construction, with the limitation of each being based on total construction cost (including fixed equipment). The total construction cost limitation for each program is:

(1) **Minor Program**

Minor Miscellaneous	\$ 150,000	\$ 750,000
Minor Construction	750,001.	3,000,000

(2) **Major Program**

Over \$3,000,000

d. **P&H (Purchase and Hire) Projects.** It is a general policy of VA to accomplish projects by formal contract; however, in special cases to avoid continued interferences with normal hospital operations or where existing conditions are uncertain, the P&H method is sometimes used. Under the P&H method, VA accomplishes its own construction work by purchasing materials and hiring the temporary labor for the project. Persons hired to fill temporary

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positions as laborers or mechanics for the accomplishment of the project must be paid at the rate of pay similar to rates paid equivalent laborers or mechanics in the particular locality.

e. Related Terms

(1) **Real Property.** Real property consists of land and all construction or improvements made on the land. It also includes all equipment and systems installed in buildings or

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structures to make them habitable or usable.

(2) **Building Service Equipment.** Equipment and fixtures permanently installed in or attached to buildings and structures for the purpose of rendering the building or structure usable or habitable, and when installed becomes real property. In addition, cabinet assemblies for ceramic shop, dental laboratory, kitchen, laboratory, nurses' station, ophthalmic laboratory, pharmacy, radiographic darkroom equipment set, and woodworking shop are included. Building service equipment costs are divided into two categories:

(a) BSER, and

(b) BSEA.

(3) **Personal Property.** This classification applies to all portable property; to those items of semipermanent or temporary installation which can be readily removed from attachment to a steam, water or electric system; and to those items though permanently installed, that are provided specifically for functional activities of a program and not to render a building habitable for any purpose. (See VA Cat. No. 3, section VII, for examples.)

(4) **Additional Terms.** Additional related terms may be found in MP-3, chapter 1, part I.

4.03 PROGRAM DEVELOPMENT

a. Each facility will develop and maintain a current, realistic annual program covering all categories of project work for a future period of 5 years. The 5-year facility plan should reflect the true needs, objectives and priorities of the facility. The Chief, Engineering Service, should play an active role in the formulation and development of the complete 5-year facility plan. The Chief, Engineering Service, will be responsible for the development of all estimated project costs. The 5-year facility plan has become an important document in the evaluation and establishment of priorities by Central Office for the Major Construction, Minor Construction (includes Minor Miscellaneous) and Nonrecurring Maintenance Program funds.

b. The 5-year facility plan should include a listing of all proposed projects in priority order within each major funding program (Major, Minor and NRM) and identified by fiscal year. Each project will be properly described noting building number, room, ward, etc., and total cost estimate. Project cost estimates will be based on the latest BOECKH index plus 10 percent cost escalation compounded to the scheduled construction year. Projects dependent upon another ("dominos") should be identified by alphabetical footnote on the listing. Projects related to accreditation deficiencies should be identified by proper footnotes. These deficiencies must be based on established standards applied to the facility by VA, JCAHO (Joint Commission on Accreditation of Healthcare Organizations), and other agencies. Identification of these deficiencies should include: the authority citing the deficiency, proposed corrective action, project cost and program identification. If the

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accreditation correction is only a portion of the total cost, indicate what percentage (by category) is for accreditation purposes.

c. Each 5-year facility plan will be reviewed by appropriate Central Office services. These plans maybe modified to meet nationwide priorities and projected funding capabilities of VHS&RA. A copy of each approved 5-year facility plan will be returned to the originating facility and should use the plan as a guide in preparing the annual submission of projects.

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d. The most recently approved 5-year facility plan will be reviewed and updated annually to reflect the current program and goals of the facility. Changes in the updated plan will be identified. Projects dropped from the approved plan, either due to cancellation or accomplishment, should be identified by title and an explanation provided. The timeliness of this effort should assure meeting the submission schedule established for the respective regions.

4.04 PROGRAM SUBMISSION

b. Nonrecurring Maintenance and Repair Program

(1) NRM Program projects should be submitted on an annual basis by medical centers, in accordance with Central Office Annual Call Letter guidance. The NRM Call Letter will be issued in July or August of each year. The instructions provided in this call letter may change frequently from year to year, and must be adhered to closely by the facilities. Annual NRM project submissions will be due approximately September or October, according to the date set by the Regions in response to the Call Letter requirements. NRM submission and review requirements are further outlined in the NRM Program Memorandum of Agreement.

(2) Each Region will initially screen the Annual Call NRM submissions for accuracy, completeness, and appropriateness, including the reasonableness of proposed costs. The Office of Planning and Development (086A) will coordinate the Central Office viability review of these projects. Those projects determined not to be viable will be returned to the facilities through the Regions. NRM projects placed in the PEND status (viable projects) will be eligible for Central Office or Region funding. NRM projects will be funded according to an annual NRM Program budget, with Central Office and the Regions sharing these funds according to an annual agreement.

(3) The Office of Facilities (086A) will recommend Annual Call NRM projects for Central Office (13) funding based on the comments of the technical services and other critical factors including VA medical center and Regional priorities. The Regions will then make their selections with the concurrence of the AsCMD for Operations (13). An NRM project Status Report will be issued to the facilities, through the Regions, identifying the Annual Call projects approved for funding by Central Office with a COAP (Central Office Approved Project) designation and those approved for funding by the Regions with a RDAP (Regional Office Approved Project) designation.

(4) The NRM Status Report will include the following designations:

(a) COAP signifies project has been reviewed and approved for NRM Program funding by Central Office.

(b) RDAP indicates project has been reviewed and approved for NRM Program funding by the Region.

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(c) PEND status indicates the project has been determined to be viable and eligible for NRM funding.

(d) Disapproval status indicates the project is not viable or eligible for NRM Program funding.

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(e) PLAN status indicates the project is still under viability review.

(f) EMAP (Emergency Approved Project) indicates project is approved for emergency NRM Program funding.

(5) Emergency NRM projects should be submitted according to the Emergency NRM Guidelines provided as an attachment to the Memorandum of Agreement for the NRM Program.

(6) Interim NRM projects should be submitted according to the guidance provided in the NRM Program Memorandum of Agreement.

c. Minor Construction Program

(1) The Minor Construction Program (including Minor Miscellaneous) project submission requirements and date for submission will be provided in the Central Office annual Call Letter guidance. The program submission should be based on the approved 5-year facility plan and other critical project requirements determined subsequent to the most recently approved 5-year facility plan. Any project submitted in previous fiscal years and not approved or disapproved should be resubmitted if the project is still needed. Resubmitted projects must include an updated cost estimate. All applications for projects will be submitted on VA Form 10-6031 (see app. 6A) with supportive VA Form 08-6238 and drawings where appropriate. When preparing a VA Form 10.6031 for submission to Central Office, the project name should be the same as noted in the approved 5-year facility plan, and the scope of the project should be well defined and identify utility requirements, as well as fixed equipment (lighting, plumbing fixtures, laboratory casework, etc.). These should be included in the construction cost. Personal property should also be considered in construction cost but listed as a separate line item. The associated impact of changes to authorized beds, personnel requirements, and other recurring or nonrecurring costs should be evaluated and noted on the project submission.

(2) Projects submitted under the minor scoring methodology (as outlined in the Central Office annual Call Letter) will be submitted to the Office of Planning and Development by the AsCMD for Operations. The Office of Planning and Development will coordinate the viability review for each project and inform the AsCMD for Operations of any project deemed not viable. After the viability review is completed, the prioritized project listing is sent to the Construction Advisory Council for final review and approval. The AsCMD for Operations office will prepare the Council's final list for the Deputy CMD for Administration and Operations to send to the DAS (Deputy Assistant Secretary) for Facilities. The letter of authority for approved projects assigned to VHS&RA for accomplishment will be forwarded to the facility. The issue letter will designate project scope, net construction cost, method of accomplishment and time schedule. Funds for A/E services are to be utilized. Although funding for miscellaneous projects is not annualized, every effort should be made to obligate the money in the fiscal year in which it was appropriated. Failure to obligate these funds promptly will have a detrimental effect on this

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program. The approved projects will be listed in the monthly Construction Project Status Report which is forwarded to each facility.

NOTE: *Central Office approval of authorized bed loss or gain must be received prior to the start of any Construction Project. (See M-1, pt. I, ch. 1, sec. III.)*

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d. Major Construction Program

(1) Major Construction projects should be submitted to reach Central Office in August (25 months prior to the fiscal year in which the project is programmed). The 2-year lead time is needed to allow sufficient time for review, planning, approval and development of the project in Central Office. The proper submission requirements and date for submission will be provided in an annual Call Letter. Program submission should be based on the approved 5-year facility plan and other critical project requirements determined subsequent to the most recently approved 5-year facility plan. Any project submitted in previous years and not returned to the facility is assumed to be scheduled and need not be resubmitted. (See par. 4.04c.) The associated impact of changes to authorized beds, personnel requirements, and other recurring or nonrecurring costs, should be evaluated and noted on the project submission.

(2) The Office for Planning and Development will make a preliminary review of the projects and separate them into program categories and forwarded the projects to various services having program responsibilities for the respective projects. These services should assign priorities and make a recommendation for each project. The resultant list will be forwarded to the AsCMD for Operations who will present it to the Construction Advisory Council. The Council will select projects based on recommendations and available funds. Once approved, a project may be accomplished either by delegation to VHS&RA or by the Office of Construction.

(a) **Delegated Projects.** A letter of authority for all approved projects assigned to VHS&RA for accomplishment will be forwarded to the facility. The letter of authority will designate project scope, net construction cost, method of accomplishment and time schedule. Funds for A/E services will be forwarded to the health care facility at the time of the issue letter, if A/E services are to be utilized.

(b) **Nondelegated Construction Projects.** Nondelegated construction projects will be accomplished (including coordination and construction supervision) by Office of Construction. Problems which may arise should be coordinated through AsCMD for Operations (13).

4.05 PROJECT DESIGN

a. The Chief, Engineering Service, will act as project manager for all maintenance and construction projects assigned to the facility. In this capacity, the Chief will expedite the design of the projects so as to obligate funds for each project in the fiscal year programmed. The Chief, Engineering Service, is responsible for the preparation of drawings, specifications and cost estimates at are prepared at the facility level either by facility personnel or by A/E services. All work performed under a project that has been assigned to the facility must be within the scope as authorized by Central Office. No increases in scope are to be under taken unless specifically authorized in writing by Central Office.

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b. Some NRM and most construction projects assigned to the facility will require the services of an A/E for the development of preliminary plans and/or specifications and working drawings. VAPR (VA Procurement Regulations) subpart 8-4.10, will be utilized as reference for selection of an A/E firm. These subparts set forth policy and procedures for procurement of architectural and engineering services related to design, construction, repair, utilization, or alterations or real property and to the performance of other related

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investigative, research, consulting, surveying, or advisory services. Advance notice of procurement for personal or professional services will be published in the Commerce Business Daily, Synopsis (FPR 1-1-1003), when the estimated fee is greater than \$10,000. The notice will solicit submissions from persons or firms that are eligible for consideration. The notice will be published sufficiently in advance to enable the A/E firms to provide the procurement office with the general statement of qualifications and performance data applicable to the expected requirements. The project will be listed with a brief summary as to its location, scope of service required, and where applicable, the construction cost limitation. Appropriate statements will be made to indicate any limitations on eligibility for consideration. Qualifications or performance data required from A/E firms will be described. Firms that currently are on file with the procurement office and those responding to an invitation before a specified date will be considered for selection, subject to any limitation indicated with respect to size of firm, specialized technical expertise or other requirements.

c. Each facility will establish an A/E evaluation board. This board should consist of no less than three members, two of whom will be the Chief, Engineering Service, and the Chief, Supply Service, or their alternates. Where a facility has two or more engineers, an additional engineer will be appointed to the board. The chairperson of the board will be the senior engineer. The selection board will review the data submitted by the firms and from that file will determine the firms which have the basic qualifications for performing the services needed. The selection board shall then review carefully the qualifications and performance of each of the firms on the preselected list and will recommend a minimum of three and not more than five firms to the facility Director.

d. After approval by the facility Director of the list of selected firms, the board will arrange discussions with each firm for the purpose of obtaining information to supplement that already available. In addition to the evaluation criteria, the board will also consider the reputation and standing of the firm and its principal officials with respect to professional performance, general management, cooperativeness and, record of significant claims against the client because of improper or incomplete architectural and engineering services. The board will also evaluate the geographical location and facilities of the working office which would provide the professional services, and specific experience and qualifications of personnel proposed for assignment to the project and record of working together as a team. After the interviews of each firm, three firms will be selected in order of preference as most highly qualified. This recommended rating will be submitted to the facility Director for consideration and approval before the Contracting Officer enters into negotiations with the top rated firm. The 6 percent fee limitation is still applicable, but it does not relieve the Contracting Officer of the responsibility to determine that the fee negotiated is consistent with the services to be performed and the nature of the project. The contract will cover all services to be rendered by the firm. To assure that the fee limitation is not violated, the Contracting Officer should maintain suitable records to be able to isolate the amount in the total fee to which the 6

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percent limitation applies, i.e., those services generally required in preparing the working drawings and specifications which form the basis for bidding and for the award of a construction contract. Where negotiations with the top rated firm are unsuccessful, the Contracting Officer will terminate the negotiations and undertake negotiations with the firm next in order of preference. Recommendations for award of a contract at the negotiated fee will be submitted with a copy of the negotiated report to the facility Director. VA master specifications that are applicable to the project will be made available for use by the selected A/E firm in preparing the working drawings and specifications. The fixed fee limitations do not apply to the following related A/E services and activities:

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- (1) Investigative services including but not limited to;
 - (a) Determination of program requirements including schematic or preliminary plans and estimates;
 - (b) Determination of feasibility of proposed project;
 - (c) Preparation of measured drawings of existing facility; and
 - (d) Subsurface investigation.
 - (e) Structural, electrical and mechanical investigation of existing facility.
 - (f) Surveys: Topographic, boundary, utilities, etc.
- (2) Special consultant services not normally available in organizations of architects or engineers not specifically applied to the actual preparation of working drawings or specifications of the project for which the services are required.
- (3) Reproduction of approved designs through models, color renderings, photographs, or other presentation media.
- (4) Travel and per diem allowances other than those required for the development and review of working drawings and specifications.
- (5) Supervision or inspection of construction, review of shop drawings or samples and other services performed during the construction phase.
- (6) All other services that are not integrally a part of the production and delivery of plans, designs, and specifications.
- (7) The cost of reproducing drawings and specifications for bidding and their distribution to prospective bidders and plan file rooms.

e. All construction and designated NRM projects will require Central Office review of plans and specifications. NRM projects requiring final design review will be noted on the original signed printout or with the approval on supplemental projects. On minor miscellaneous and minor construction projects, the issue letter will note Central Office review requirements of preliminary design, 25 percent complete and/or 75 percent complete plans and specifications. The approval of an NRM project does not approve changes to the authorized bed level without compliance with MP-1, part I, chapter 1, section III. Where bed changes are indicated, the review submission should include necessary details to compare the existing arrangement with the proposed.

(1) Preliminary design is the first phase of the design process, wherein the scope of the project becomes clearly defined and the basic requirements of the project are established through the application of Space Planning Criteria, H-

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08-9; the Equipment Guide List, H-08-5; VA Construction Standards H-08-3, and applicable codes and standards. The suggested requirements for preliminary submission are a cost estimate and preliminary drawings that are sufficiently complete to define the site location and grading plan, the architectural floor plan; plumbing fixtures; fire protection measures; selected structural system including sizes of structural members, description of A/C system with major equipment selected and one-line diagrams of duct and pipe distribution systems; the

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exterior utilities and interior plumbing fixtures and equipment; and an elementary one-line electrical diagram which identifies major components of the system. The initial project approval is generally based upon magnitude cost estimate determined from VA Form 10-6031 and not considered a firm cost target for the project (this does not apply to NRM projects). Generally, the cost target is determined upon completion of preliminary plans or 25 percent working drawings. Therefore, it is essential that preliminary estimates be as representative of the true scope and cost of the construction project as is possible because, once the cost target has been approved, the designer(s) will be obliged to so design the project as to assure its accomplishment within the cost target.

(2) The 25 percent complete plans and specifications will be the initial design effort, if no preliminary design is required, and will include the basic requirements of preliminary design noted in preceding paragraph. If preliminary plans are prepared and reviewed, the 25 percent complete plans merely represent a continuation of preliminary design.

(3) The 75 percent complete plans and specifications is a continuation of the project design to 75 percent completion stage and should incorporate all comments forwarded to the facility by Central Office at the preliminary or 25 percent completion. The package for design review should include the following:

(a) **Drawings.** The drawings will be nearly complete.

(b) **Specifications.** The specifications will be in a final draft, checked and in a condition ready for final typing to issue for bids.

(c) **Estimate.** The construction cost estimate will be presented in completed form and reflect a complete quantity survey of all materials and labor. The estimate will show the anticipated cost on the day of bids opening.

(4) **Final Design.** The final design is the complete development of working drawings and specifications from preliminary plans (if required) to 100 percent complete, utilizing authorized project scope and incorporation of Central Office comments. If the minor miscellaneous or minor construction project estimated cost exceeds by 10 percent, the net construction cost indicated in the project issue letter or noted on approved cost target, notify Director, Engineering Service (08), for appropriate action before issuing an IFB (Invitation for Bid). When formal design has been completed (including Central Office comments) within approved funding and scope, the package will be forwarded expeditiously to Supply Service for IFB or negotiated SBA (Small Business Administration) bid.

f. **Technical Services**

(1) In order to ensure that a project conforms to the criteria established by competent authority, it is sometimes necessary to request technical assistance from Central Office elements during the initial design phase.

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Projects involving structural members, the installation of technical equipment, or the development of special purpose space such as X-ray, SPD (Supply, Processing, and Distribution), etc., are a few examples.

(2) MP-6, Part VIII, Chapter 5, "Audio/visual Communications," states that the Director, Telecommunications Service (035), has the mission to design, engineer, provide assistance, recommendations and technical conclusions for electronic communication equipment and/or systems. This includes facility renovation projects and new construction involving radio paging, radio entertainment, patient/nurse call, all types of

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TV systems including master antenna television, etc. Since these projects involve the installation of equipment, the Director, Supply Service (90), will coordinate any requests for technical assistance.

4.06 CONTRACT AWARD

The primary responsibility of contract award for project accomplishment is with Supply Service, reference MP-3, part IV, chapters 1 and 2.

a. **Invitation for Bid.** Responsibility:

(1) **Engineering Service**

(a) Submit to Supply Service the plans and specifications for IFB package.

(b) Review qualifications of bidders and make recommendation to Contracting Officer.

(c) Immediately following bid opening of minor miscellaneous, minor construction and the selected NRM projects, advise Director, Engineering Service (08), by teletype of the following data concerning the contract.:

1. Dollar value of the low acceptable bid and bid acceptance time.

2. Comments as to the difference between the net construction estimate and the low acceptable bid. **NOTE:** *If the low bid is within the construction estimate, appropriate action will be taken by Central Office to transfer the disbursing authority to permit award of the contract. If the low bid exceeds the construction estimate, appropriate action will be taken to finance or otherwise dispose of the project. No obligations for construction funds may be incurred prior to the receipt of a transfer of disbursing authority for construction project funds.*

(2) **Supply Service**

(a) Prepare and distribute IFB package.

(b) Obtain General Counsel review when required per VAPR, subpart 8-1.4.

(c) Receive bids.

(d) Obtain contract compliance review when required, per VAPR, subpart 8-1 2.8.

(e) Award contract

b. **Negotiated Contract with SBA.** Responsibility:

(1) **Engineering Service**

(a) Submit to Supply Service plans and specifications for bid package.

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(b) Assist Supply Service in evaluating the experience and capability of the proposed contractor to accomplish the project.

(c) Review detailed cost estimates of the contractor provided by SBA where there is divergence from the working drawings' cost estimate.

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(d) Recommend acceptance of negotiated bid as fair and reasonable when so considered. Recommend disapproval and distribution of IFB packages, if negotiated between Supply Service and SBA does not obtain a fair and reasonable bid.

(e) Immediately following acceptance of negotiated bid of delegated construction project, advise Director, Engineering Service, by teletype of the following concerning the contract.

1. Name of SBA contractor.

2. Price of negotiated bid.

3. Expiration date of bid.

4. Your comments as to reasonableness of the bid.

5. Expiration date of applicable Davis-Bacon wage rates. **NOTE:** *If the negotiated price is within the construction estimate, appropriate action will be taken by Central Office to transfer the disbursing authority to permit award of the contract. If the negotiated price exceeds the construction estimate, appropriate action will be taken to finance or otherwise dispose of the project. No obligations for construction funds are to be incurred prior to the receipt of a transfer of disbursing authority for construction project funds.*

(2) **Supply Service**

(a) Prepare and forward bid package to SBA.

(b) Receive bid proposal and forward to Engineering Service for comment.

(c) Renegotiate bid proposal whenever necessary to obtain a reasonable price.

(c) Where a fair and reasonable price cannot be negotiated for a construction project, a waiver must be obtained by the contracting officer from the Director, Office of Procurement and Supply, prior to IFB.

4.07 PROJECT ADMINISTRATION

a. **General.** The Chief, Engineering Service, is the Resident Engineer for all maintenance and construction projects that have been approved and assigned to the facility. As Resident Engineer, it is their responsibility to protect the government's interests in the execution of the contract work. The Resident Engineer is responsible for obtaining compliance with contract requirements and, ultimately, for ensuring that the finest quality construction is provided within those requirements. The Resident Engineer should completely familiarized with the project making special note of the approved project scope, code requirements, project time schedule and special conditions such as utility interruptions, construction phasing, "City" or "Non-City Plan" and patient care interruptions. The project management should be accomplished in

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accordance with MP-3, part I, chapter 2, section IV; H-08-2, Handbook for Resident Engineers; and VAPR, subpart 8-18.

b. **Progress Reports.** In order to maintain a current and accurate record of work performed for any project that has been approved and funded, the medical center

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Resident Engineer assigned to the project will prepare and submit a progress report. These reporting requirements apply to all projects approved and funded in the Nonrecurring M&R Program and those Major and Minor Construction projects that are delegated to the medical center. The duration of reporting the progress of work extends through project design (whether by medical center staff or by A/E) and construction (by P&H and/or contract) until the project has been physically completed. The VA forms that are to be used to report project progress are as follows:

- (1) VA Form 10-0051, VHS&RA Project Progress Report,
- (2) VA Form 10-1298, NRM Program--Progress Report,
- (3) VA Form 08-6001a, Contract Progress Report, and
- (4) VA Form 08-6090, Purchase and Hire Progress Report.

c. Depending on the particular type of project, different progress report forms will be used to report progress during the design and construction phases. Reporting requirements for each type of project are indicated as follows:

(1) **Delegated Construction Projects.** The progress report will be submitted on VA Form 10-0051 and will be required starting with the month in which the project issue letter is received at the medical center. The report will be submitted monthly, without exception, until the construction contract has reached physical completion. VA Form 08-6001a will no longer be required for reporting progress to VA Central Office; however, it will continue to be used by the medical center staff to process contract progress payments in the CASCA (Centralized Accounting System for Construction Appropriation). For P&H construction projects, VA Form 10-0051 will be used to report the design progress only. Actual P&H usage during the construction phase will be reported on VA Form 08-6090.

(2) **NRM Projects in which VA Central Office Retains Funds for Construction Contract Award.** A progress report will be submitted monthly on VA Form 10-0051 from the time the design starts up until the construction contract is awarded. Following award of the construction contract, progress will be reported on a quarterly basis along with all other approved NRM projects using VA Form 10-1298, Nonrecurring Maintenance Program--Progress Report (RCS 13-7).

(3) **NRM Projects Approved for P&H by VA Central Office.** A progress report will be submitted monthly on VA Form 10-0051 indicating the actual P&H usage. The report will commence with the month in which funds are initially obligated; this includes the purchase of materials, supplies and equipment that will be installed, and will continue monthly until the construction portion of the project has been completed. For this type of project, the information is not required to be duplicately reported on the quarterly report, VA Form 10-1298.

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(4) **All Other Approved NRM Projects.** Progress report(s) will be submitted quarterly on VA Form 10-1298 in accordance with the instructions contained in appendix 6K. The progress of these projects, with the exceptions noted in subparagraphs b(2) and (3), will be included on each quarterly report. These reports will provide Central Office with information on the physical and financial progress of nonrecurring M&R projects approved for each medical center. All project progress information submitted by the medical centers is maintained in a data base management system in VA Central Office. The

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information is made available to numerous management and program officials at all levels in the agency. It is essential that all project progress information be reported to Central Office in a complete and accurate manner and within the prescribed period of time.

d. **Shop Drawings.** The contractor is responsible for preparing and furnishing shop drawings, samples, certificates, manufacturers' literature, data, test results, etc., to the Resident Engineer for approval. The Resident Engineer will review the submittals for contract compliance and may utilize the A/E firm or Central Office to assist. All approved copies of shop drawings, literature, etc., must be identical and bear identical notations. In the event that shop drawings, manufacturers' literature, etc., are not approved, all copies of the specific disapproved items, except one, will be returned to the contractor, together with a letter signed by the contracting officer, noting the reasons for disapproval and a request for resubmission. It is advisable to retain one copy at the facility to be utilized for reference when the resubmitted copy is received. The shop drawings, literature, etc., must be approved prior to fabrication or installation.

e. **"City Plan."** The Office of Federal Contract Compliance, Department of Labor, issues bid conditions setting forth affirmative action requirements, including, "City Plans," to assure compliance with the Equal Employment Opportunity requirements of Executive Order 11246, as amended, for federally involved construction contractors. These "City Plans" have been developed for specified locations throughout the nation. Numerous cities across the country have "City Plans" requiring contract compliance with goals for minority employment. According to the Department of Labor, 200 cities will eventually have "City Plans" as contract requirements. As additional facilities are designated for inclusion under a "City Plan," they will receive a notification in writing from Supply Service, with sufficient copies of the appropriate plan.

f. **Labor Standards.** Labor standards applicable to construction contracts in excess of \$2,000 are included in "General Conditions" and "General Requirements," section of VA specifications. The basic responsibility for enforcement of labor standards requirements under formal maintenance and construction projects administered by the facility rests with the contracting officer. Under the terms of the contract, the contractor is required to submit, and to ensure that each of the subcontractors submit, weekly affidavits and payrolls as to wages earned by and paid to laborers and mechanics employed on the project. Affidavits and payrolls are submitted to the Resident Engineer. It is the Resident Engineer's responsibility to check them for compliance with contract requirements and existing labor laws. Each pay period must be accounted for, including those periods when no work is performed. In the event of any discrepancies in the payroll or in the case of under payment or unauthorized deductions, the Resident Engineer will call them to the attention of the contractor with a request that the necessary action be taken and supplemental payrolls submitted. Upon the refusal of the contractor and/or any subcontractor to submit payrolls covering all periods during which work at the site was performed, final payment to the contractor will be withheld until the required payrolls have been furnished. A record of all payrolls will be

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maintained; and the checked payrolls, together with one copy of each affidavit form, will be retained in the Resident Engineer's file. After final settlement under the contract has been approved, these records should be forwarded to the contracting officer.

g. **Partial Payment.** Partial payment estimates for work completed during the month will be prepared by the Resident Engineer at the end of each calendar month, unless otherwise provided in the specifications. Each estimate will be numbered consecutively

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as "First Partial Payment," etc., and will include certificate for administrative approval of the contracting officer. In the event that the contract completion is overdue, the amount retained should be sufficient to cover the accrued liquidated damages. The Resident Engineer will retain one copy of the estimate for VA files.

h. **Change Orders.** Change orders are defined as approved changes in construction, often times involving a stipulated change in the contract time and/or price. During the course of construction, change orders may be required. These changes may be proposed by Central Office, the Resident Engineer, the A/E, or the contractor. Change orders will be administered in accordance with VAPR, Subpart 8-1 8.5002, "Contract Changes." All change orders requiring Central Office approval will be forwarded directly to Director, Engineering Service (08), by the contracting officer. The submission to the Director, Engineering Service (08), will be done by letter, noting a description of the change order and citing the reason for the change in detail; contractor's proposal; the A/E's recommendation, if the project has been designed by an A/E; the Resident Engineer's recommendations relative to price and time; recommended acceptance or rejection; and the date when the decision must be received at the facility, so as not to delay completion time of the contract as a whole. If the contractor's request is not considered realistic, it should be returned to him for factual justification before it is submitted to Central Office. The change orders requiring Central Office approval are:

(1) **NRM Projects**

(a) When a proposed change to a contract involves funds in excess of those available at the facility.

(b) Change in bed capacity.

(c) Material change in the intent of the project (change in use of space or scope).

(d) General Counsel review is required (VAPR 8-1.403) when the estimated change amounts to 10 percent of the original obligation or \$ 10,000, whichever is greater.

(2) **Minor Construction**

(a) Funds required in excess of those available at the facility for the project involved. (No NRM or HCF (healthcare facility) funds will be utilized to supplement a construction project.

(b) Change in bed capacity.

(c) Material change in the intent of the project (change in use of space or scope).

(d) Structural changes.

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(e) Any increase or decrease in the amount due under the contract in excess of \$10,000. However, if the increase or decrease is less than \$10,000, changes will be referred if the change is in excess of \$1,500 or 1 percent of the contract awarded price, whichever is greater.

(f) General Counsel review is required (VAPR 8-1.403) when the estimated change amounts to 10 percent of the original obligation or \$ 10,000, whichever is greater.

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i. **Final Inspection.** In accordance with contract requirements, the contractor will submit a request for final inspection within a specified number of days prior to the expected completion of the contract work. The final inspection for the maintenance and construction projects will be conducted by the Resident Engineer. The Handbook for Resident Engineers, H-08-2, provides detailed guidance. Details of the final inspection will be in the form of a memorandum to the contracting officer and will be prepared upon completion of the inspection. It will indicate whether or not all of the work was performed in accordance with the contract drawings and specifications, establish the date of completion, and include any comments pertinent to the quality of the work or other features. If any omissions, deviations from contract requirements, or other items requiring correction are noted during the course of the inspection, an itemized list of such omissions, deviations and the necessary corrections thereof will be attached to the report. For any questionable items of installation, which do not require outright correction and which may be used continually, recommendation as to their disposal will be indicated, upon a copy of the list of items requiring corrective action by the contractor and when the actual correction has been made, by initialling and dating the particular item. When all corrections or adjustments have been made, action to effect final settlement will be taken.

j. **Final Settlement.** The Resident Engineer will prepare and sign a final settlement memorandum for the approval of the contracting officer. This memorandum will include computations of price changes, time and completion, statement of account and a recommendation for settlement with the contractor. At the same time, the Resident Engineer will prepare and forward with the final settlement memorandum the final payment voucher and letter of transmittal, and any letters to the contractor explaining any withheld amounts shown in the statement of account, and an itemized list of deficiencies or omissions ("punchlist items") requiring completion or correction. In preparation of the final settlement memorandum, the official fiscal records should be checked to verify correctness of changes, prior payments and other financial matters. The final payment is prepared similarly to partial payment estimates, except that it will also be labeled "Final Payment;" e.g., "Sixth and Final Payment." After return by the contractor of the final payment statement, it will be administratively approved by the contracting officer in the same manner as partial payments. The original of the final payment with the original and one certified copy of the final settlement memorandum will be forwarded to the fiscal officer for payment.

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