

MINOR CONSTRUCTION PROGRAM

1. REASON FOR ISSUE. This Veterans Health Administration (VHA) Handbook provides program, policy, and procedures for managing the Minor Construction Program.

AUTHORITY: Title 38 United States Code 7301(b).

2. SUMMARY OF CONTENTS. This is a new Handbook providing the procedures and responsibilities for the effective management of the Minor Construction Program in support of VHA policy.

3. RELATED ISSUES. VHA Handbook 7701.01, Occupational Safety and Health (OSH) Program Procedures; VHA Handbook 1002.1, Non-Recurring Maintenance Program.

4. RESPONSIBLE OFFICE. The Office of Capital Asset Management and Support (10NA5) within the office of the Deputy Under Secretary for Health for Operations and Management is responsible for the contents of this Handbook. Questions may be referred to the Minor Construction Program Manager at VHA10NA5Action@va.gov.

5. RESCISSIONS. None.

6. RECERTIFICATION. This VHA Handbook is scheduled for recertification on or before the last working day of November 2017.

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MINOR CONSTRUCTION PROGRAM

1. PURPOSE

This Veterans Health Administration (VHA) Handbook establishes policy and procedures for the Minor Construction Program, funds enhancements or additions to government-owned land, facilities, parking structures, enhanced-use lease transactions, and land acquisitions.

AUTHORITY: Title 38 United States Code 7301(b).

2. DEFINITIONS

See Glossary in Appendix G.

3. PROCEDURES

a. Project Development

(1) **Identify the Need.** Through the strategic planning process, strategic capital and non-capital initiatives are identified. Once identified, these initiatives are merged with facility assessments to form Veterans Integrated Service Network (VISN) capital plans and Facility Master Plans that outline required construction improvements. These requirements are refined into annual VISN Strategic Capital Investment Planning (SCIP) process Action Plans and under-threshold and Clinical Specific Initiatives (CSI) plans that outline actions into the appropriate construction program, e.g., medical facilities (NRM - non-recurring maintenance), CSI; Minor Construction; or Major Construction. Projects within the Minor Construction definition must be planned in accordance with this Handbook.

(2) **Planning the Project.** Once the need for a Minor Construction project is identified in SCIP, a scope of work is created. Creation of a multi-disciplinary team is recommended, e.g., facility planner, project engineer, and intended users (management, administrative, clinical, research, and others), to ensure that all issues that might affect the scope and cost of the construction are addressed before the project costs are submitted and locked. The scope of work must include:

- (a) The primary outcome of the construction,
- (b) Any phasing needed to lessen the construction impact on existing services,
- (c) Any impacts needed to temporarily relocate functions, and
- (d) The location where construction will take place.

(3) **Government estimate.** An independent government estimate is generated based on the scope, which determines if the project is within the appropriate construction program. Cost estimates must include:

- (a) Project design;

(b) Construction cost estimates (including energy conservation measures), (see definition of “construction cost estimate” in App. G);

(c) Physical security enhancements;

(d) Special construction requirements;

(e) Any contracting issues (e.g., additional costs associated with contracting to Corps of Engineers (COE), Small Business Administration, etc.);

(f) Any data or voice conduit and cabling necessary to complete the project;

(g) Impact;

(h) Cost for any environmental and historical issues; and

(i) Contingency funding.

(4). **Funding.** For Design-build contracts, funding is provided in the first year of approval. For all other contracts, design funding is provided in the first fiscal year, and construction funding is received in the second or third fiscal year based on the user’s request, which relates to the project’s complexity. At the time of project submission, the construction estimate must be inflated to the mid-point of the construction period. If project funding is not obligated within 2 years after the year of design approval, the remaining project funding will be withdrawn and the project will be required to re-compete for funding. Once a project is approved, the total project cost can only be increased through a Cost Limit Increase (CLI) (see App. A for CLI Requirements).

(5) **Application and Submittal of Business Cases.** If the project estimate is within the Minor Construction Program limit, the project needs to be included in the appropriate year of the VISN’s SCIP Action Plan for consideration. The VISN’s SCIP Action Plan is then submitted for review and approval at the national level. Once approved, notification for business case applications for Minor Construction Projects are made and applications and supporting documents are submitted through the SCIP Automation Tool (SAT) found at: <http://vaww.scip.aac.dva.va.gov>. **NOTE:** *This is an internal Web site and is not available to the public.* Once submitted, the business case applications are reviewed and scored at the national level for funding consideration. Projects with approved business cases must be entered into the VHA Support Service Center (VSSC) Capital Assets Database, with all appropriate attachments. For key information and tracking purposes individuals can go to: <http://vssc.med.va.gov/capassets/>; this includes, but is not limited to, a copy of the application from the SAT database, the space program from Space Calculator, a detailed cost estimate, floor plans and the Cost Effective Analysis (CEA). **NOTE:** *This is an internal Web site and is not available to the public.*

(6) **Scoring of Business Cases.** Projects are scored using set criteria and sub-criteria that are reviewed annually by the SCIP Board and approved by the Secretary through the VA governance process. The VISN-endorsed project submissions are scored by members of the

SCIP Panel, which includes representatives from VHA, Veterans Benefits Administration (VBA), National Cemetery Administration (NCA), Office of Policy and Planning (OPP), Office of Construction and Facility Management (OCFM), Office of Information Technology (OI&T), Office of Operations, Security, and Preparedness (OSP) Human Resources and Administration (HR&A), and Office of Asset Enterprise Management (OAEM).

(7) **Project Certification.** Project certification affirms the project is within the originally-approved scope and cost estimate. Once projects are approved for design, construction funding must be allocated within 2 fiscal years. The Office of Capital Asset Management and Support (10NA5) must approve any scope changes prior to allocating design or construction funds for the identified changes. Project certification must be submitted by the VISN Capital Asset Manager (CAM), using the yearly VISN Endorsement Memo, for those projects that are ready to begin construction that fiscal year. If construction funds are not requested and obligated within 2 fiscal years of the original approval, the project approval is rescinded and a new application must be submitted.

(8) **Creation of VHA Minor Construction Project Operating Plan.** The scored project list is sorted from highest to lowest, creating the prioritized ranking of projects. Once the budget is substantially known for the same fiscal year, the Minor Construction Project Operating Plan is developed. Projects designed in a previous budget year that have been certified in accordance with subparagraph 3a(7) are funded first, and then a funding line is created, based on anticipated funding for new designs, and design build initiatives, including a list of oversubscription projects. Oversubscription projects must wait for Office of Capital Asset Management and Support (10NA5) approval before proceeding. Only projects that can be executed (awarded) and obligated in the planned year should be included in the operating plan.

(9) **Approval of VHA Minor Construction Project Operating Plan.** Each FY, the Department of Veterans Affairs (VA) Office of Management (004) sends a call letter requesting Operating Plans from the Administrations, i.e., VHA, VBA, and NCA. At this time, the Minor Construction Project Operating Plan is submitted through VHA to (004). This call letter will also include any additional or updated operating requirements to this policy. Beginning in FY 2013, the operating plan will be developed, approved, and execution monitored using the SCIP Automated Tool (SAT) budget execution module. Upon approval of the Minor Construction Project Operating Plan, the Office of Capital Asset Management and Support (10NA5) notifies VISNs of the approved projects. Approved projects are then uploaded into the Project Manager database and changed to an approved status in the VHA Support Service Center (VSSC) database. VISNs must wait 30-days from approval of the plan for VA Central Office Congressional notification prior to requesting funds. After the notification period, funding is available for release.

(10) **Changes to Operating Plan.** Out of Cycle Projects must be submitted by the VISN Capital Asset Manager (CAM) to the Office of Capital Asset Management and Support (10NA5) for review and submission to the Capital Asset Board (CAB) for approval. If approved by the CAB, the new project is then forwarded to the Office of Management (004) for approval to be included in the appropriate years operating plan. New projects must submit an out-of-cycle business case application via the SAT database for review and inclusion in the operating plan.

Out of cycle projects are emergent need projects that have not been previously submitted in SCIP for that planning year.

b. **Project Execution**

(1) The Minor Construction Program is centralized for final project approval but decentralized for project execution. Once the project is approved, the VISN and medical facility complete all actions related to design, construction management, and completion, which includes:

- (a) Architectural or Engineering (A/E) solicitation,
- (b) A/E selection,
- (c) Project design,
- (d) Construction solicitation,
- (e) Construction contractor selection,
- (f) Construction documents, to include contract drawings and specifications,
- (g) Construction inspections, and
- (h) All funding transfer requests.

(2) **Design and Construction Requirements.** All design and subsequent construction must follow all applicable design, energy, environmental, historical, fire safety, physical security and National Fire Protection Association (NFPA) codes and standards as noted in the procedures, guides, manuals and standards found in the Office of Construction and Facilities Management's Technical Information Library (TIL) located at: <http://www.cfm.va.gov/TIL/>.

(3) **Obtaining Funding.** At the time of project award, funding is requested through the Project Manager database, validated by the Office of Capital Asset Management and Support (10NA5), and forwarded to VA Office of Construction & Facilities Management (00CFM) for appropriate financial transactions in the Financial Management System (FMS) database.

(4) **Project Reporting.** The Project Tracking Report (PTR) must be updated monthly by the Project Engineer to ensure an accurate reflection of the project's status. The PTR is located at: <http://klfmenu.med.va.gov/capassets>. **NOTE:** *This is an internal Web site and is not available to the public.* Information such as project schedule and award (planned and actual) should be updated each month to in order to track actual monthly obligations in the SCIP Automated Tool Budget Execution Module. The actual obligation should be entered within 3 business days after the monthly accounting close. Significant variations from plan must also be explained as part of the monthly report.

c. **Project Completion.** The project is considered complete when all phases of the project are complete, all areas are ready for beneficial occupancy, and the project is financially closed out (e.g., release of claims, final payment, and project has been capitalized in accordance with VA policy). Additional information on capitalization of real property can be found on the CFO Web site at: http://vaww.cfo.med.va.gov/173/Alerts_10/008_2010_capitalization_real_prop.pdf, or by referencing VA Policy, Volume V, Chapter 9, General Property, Plant and Equipment **NOTE:** *This is an internal Web site and is not available to the public.* All remaining funds must be returned to VA Central Office through negative transaction entries using the Project Manager database. Any remaining funds in the FMS account for the project will automatically be pulled from the account 3 years after design approval. If additional funding is still needed to complete final change orders, Transfer of Authority (TDA) requests can continue to be forwarded to the Office of Capital Asset Management and Support (10NA5) up to the total project cost.

d. **Scope Changes.** Any changes, deletions, or additions to the originally-approved scope of work, including adding or removing space, must be approved prior to commencing design or construction. A formal request must be sent through the medical facility Director to the VISN's Capital Asset Manager (CAM). The VISN CAM has authority to approve changes that are less than 10 percent of the projects scope. For example, if the project was approved to create 10 exam rooms, the VISN CAM can approve a deletion of one exam room or the conversion of one exam room to another purpose (without increasing the overall net square footage). All other changes, including any increase or decrease in square footage, must be sent through the CAM or VISN Director to the Office of Capital Asset Management and Support (10NA5) for review prior to submission to the Capital Asset Board for final approval. Prior to the VISN CAM or the VISN Director proceeding with a requested change, they must have received approval in writing by the Office of Capital Asset Management and Support (10NA5). Scope changes cannot result in an increase to the approved total project cost, or the projects overall square footage without a corresponding offset.

e. **Purchase and Hire (P&H).** If any portion of the project is completed by P&H employees, the following must occur:

(1) A separate accounting worksheet of all P&H hours and funds must be maintained for each project.

(2) Funding for all materials used by P&H must be tracked to the project it supports.

(3) Appropriate personnel actions, e.g., completed Standard Form (SF) 52s, must be tracked with each project identifying the personnel dedicated to the specific project.

f. **Program Reviews.** Minor Construction Program Reviews are conducted quarterly by the Office of Capital Asset Management and Support (10NA5) at various medical facilities to ensure program integrity, (see App. C for Program Review Information).

g. **Fully Functional, Stand Alone Project Certification.** All Minor Construction projects must be certified fully functional and independent of any other project or construction funding source (major, minor, Non-Recurring Maintenance accounts). Activation funding from other funding sources, such as Medical Services funding for medical equipment, to furnish and equip the area

for functional use is allowed. A project must be designed and completed in a manner that allows it to provide health care or other services intended without being dependant on another ongoing, subsequent or future phase projects. For example, designing a minor project that only provides the mechanical and building systems needed for an operating room would not meet this requirement. A project would need to include all the components required to make it fully functional in order to be considered an independent project. Projects that are found to not be fully functional, stand alone projects, whose combined total cost is greater than \$10 million (or the statutory minor construction limit) will be considered a violation of the Antideficiency Act, as required by section 1351 of title 31, United States Code (U.S.C.). Those individuals found responsible for violating the ADA may face disciplinary action including suspension, fines, and/or removal from Federal service.

4. RESPONSIBILITIES OF THE EXECUTIVE IN CHARGE, OFFICE OF MANAGEMENT, CHIEF FINANCIAL OFFICER (004)

The Executive in Charge, Office of Management, Chief Financial Officer(004) is responsible for providing SCIP Guidance as well as interim and final approval for the Minor Operating Plan.

5. RESPONSIBILITIES OF THE EXECUTIVE DIRECTOR, OFFICE OF ACQUISITION, LOGISTICS AND CONTRUCTION

The Executive Director, Office of Acquisition, Logistics and Construction is responsible for providing acquisition support, policy and oversight for contract actions related to Minor Construction Project execution.

6. RESPONSIBILITIES OF THE UNDER SECRETARY FOR HEALTH

The Under Secretary for Health is responsible for submitting the Minor Construction Operating Plan for VHA to the Assistant Secretary for Management (044B).

7. RESPONSIBILITIES OF THE DEPUTY UNDER SECRETARY FOR HEALTH FOR OPERATIONS AND MANAGEMENT

The Deputy Under Secretary for Health for Operations and Management is responsible for submitting the Minor Construction Operating Plan for VHA to the Assistant Secretary for Management through the Under Secretary for Health.

a. Certify that all projects contained in the operating plan are fully functional, stand alone projects.

8. RESPONSIBILITIES OF THE DIRECTOR, OFFICE OF CONSTRUCTION AND FACILITIES MANAGEMENT

The Director, Office of Construction & Facilities Management is responsible for:

a. Providing consulting support services or technical assistance for project design when specially qualified, discipline specific, engineering issues arise.

b. Providing training to appropriate staff regarding engineering-related updates, e.g., cost estimating, space plan tools, construction requirements, appropriate use of minor construction funding, etc. *NOTE: Additional cost estimating information is available at:*

<http://www.cfm.va.gov/cost>.

c. Providing assistance with Project Manager and FMS.

9. RESPONSIBILITIES OF THE DIRECTOR, OFFICE OF CAPITAL ASSET MANAGEMENT AND SUPPORT (10NA5)

The Director, Office of Capital Asset Management and Support (10NA5), is responsible for:

a. **Planning the Project.** This includes:

(1) Ensuring the Minor Construction Program Handbook is issued and regularly updated to convey updated program definitions, thresholds, procedures, and responsibilities.

(2) Providing periodic training for VISN and medical facility staff to ensure policy, procedures, and updates are communicated to the VISNs and medical facilities.

(3) Providing additional resources for project application improvements.

(4) Ensuring appropriate guidance is provided to medical facilities annually based on the SCIP call and that an updated business case is available in SAT (<http://vaww.scip.aac.dva.va.gov>) *NOTE: This is an internal Web site and is not available to the public.*

(5) Distributing SCIP guidance to the VISNs with updated directions on criteria, sub-criteria weights, timeframes, and submission limitations.

(6) Provide and distribute definitions of construction programs (including appropriate use of funds) on an annual basis.

b. **Submitting the Business Case.** This includes:

(1) Ensuring each project received supports the respective VISN's SCIP Action Plan.

(2) Verifying that each project submitted meets minimum validity requirements for scoring.

c. **Scoring Business Cases.** This includes:

(1) Participating as a member of the SCIP Panel in the review of all Minor Construction Business Case submissions.

(2) Ensuring projects are appropriately scored in accordance with set criteria and sub-criteria.

d. **Operating Plan.** The operating plan includes:

- (1) Creating a prioritized list based on total project score.
- (2) Ensuring funds are available for construction needs to support the previous year's designs and for new designs.
- (3) Ensuring projects contained in Operating Plans have been approved through SCIP process, or where approved prior to SCIP (grandfathered projects).
- (4) Obtaining planned obligation dates from the VISNs regarding approved projects.
- (5) Securing Operating Plan approval from VA Office of Management (004).
- (6) Officially notifying VISNs of their approved project applications.
- (7) Providing a list of approved minor projects to the Director, Office of Construction and Facilities Management (003C) listing the projects and the VISN or medical facility point of contact for further information as required by VA Directive 7501, Construction Project Liaison with Paralyzed Veterans of America (PVA).
- (8) Ensure that projects have been certified to be fully functional, stand alone projects. These certifications must be forwarded to 10NA5 prior to inclusion in a Minor Construction Operating Plan.

e. **Project Execution.** This includes:

- (1) Ensuring that the projects scope matches the originally approved application, or an approved scope change request, and that all TDA requests are within approved total project cost, prior to disbursing funds.
- (2) Notifying VISNs when requests exceed total approved amount.
- (3) Processing the requests that are within budget in a timely manner.
- (4) Providing monthly obligation reports to the VA Office of Management (004) identifying planned project obligations against actual project obligations.
- (5) Providing quarterly reports to the Director, OCFM with requested information on minor projects with Spinal Cord Injuries and Disorders initiatives within 10 business days after the end of each quarter as required by VA Directive 7501, Construction Project Liaison with Paralyzed Veterans of America (PVA).
- (6) Processing CLIs as they are requested from the VISNs and providing a written response to the VISNs with the decision.
- (7) Reviewing all scope changes, including changes in space, as they are submitted by the

VISNs. Providing a written response to the VISNs with the decision.

(8) Ensuring any remaining funds in the FMS accounts for projects with no financial activity are withdrawn and returned to the central account 3 years after design approval.

(9) Certifying the A/E's initial task order matches the originally approved business case description and statement of work.

(10) Certifying the A/E's 50 percent and 100 percent cost estimate and drawings still comply with the originally approved business case description and statement of work.

(11) Certifying the construction contractor's task order and modifications comply with the originally approved business case description and statement of work.

f. **Program Reviews**

(1) Ensuring Program Reviews are conducted to ensure the integrity of the Minor Construction Program.

(2) Ensuring a findings report is provided to the medical facility Director and VISN office at the conclusion of each program review site visit. The locations of site visits will be determined at the beginning of each quarter.

(3) Ensuring corrective actions, if applicable, are taken to address any findings.

10. RESPONSIBILITIES OF THE VETERANS INTEGRATED SERVICE NETWORK DIRECTOR

The VISN Director is responsible for:

a. Ensuring that the projects submitted support a valid, VISN strategic initiative, and are included in the VISN's SCIP Action Plan.

b. Ensuring that all CLI requests are necessary and valid.

c. Ensure that Medical Facility Director completes Minor Construction Certification of Fully Functional, Stand Alone projects for all projects.

11. RESPONSIBILITIES OF THE VETERANS INTEGRATED SERVICE NETWORK CAPITAL ASSET MANAGER

The VISN Capital Asset Manager (CAM) is responsible for:

a. **Project planning**

(1) Ensuring the SCIP guidance on business case submission requirements is distributed to all medical facilities within the VISN.

(2) Ensuring that each project submitted by the medical facilities is supported by the VISN and medical facility strategic plans.

(3) Ensuring that each project is listed in the VISN's SCIP action plan in the appropriate fiscal year.

(4) Using the SCIP Automated Tool (SAT) and working with facility planners to ensure SCIP gaps are met in VISN Action Plans. This includes ensuring that gaps are not over resolved by the Action Plans. The SAT can be found at: <http://vaww.scip.aac.dva.va.gov>. *NOTE: This is an internal Web site and is not available to the public.*

b. Submitting, validating and assigning VISN approval for the business case and project application in the VSSC Capital Asset database. This includes:

(1) Validating all business cases to ensure:

(a) Viability of the work identified,

(b) Thorough and concise answers to the questions in the business case are provided, and

(c) Reasonable cost estimates for the identified work are included.

(2) Ensuring all VISN endorsed business cases are completed in the CAMS database and supporting documentation uploaded into the VSSC database.

c. Scoring Business Cases

(1) For VISN purposes only, it is recommended that a multi-disciplinary team review and score the VISN applications per set criteria and sub-criteria provided by VA Central Office, if available in time for consideration. (It is anticipated that the criteria and sub-criteria will be included with the SCIP guidance.)

(2) Ensuring VISN project priorities are sent forward according to the SCIP guidance prior to the deadline. All project submissions must include project numbers, titles, total costs and fiscal year planned obligations.

d. Project Execution. This includes:

(1) Ensuring a project is on an approved Minor Operating Plan before commencing project execution.

(2) Communicating a realistic planned obligation month to the Office of Capital Asset Management and Support (10NA5) for the VISN's projects to reflect a positive outcome on the VISN Director's performance measure, which is to obligate 100 percent of Minor Construction projects in a given year as planned.

(3) Certifying approved Minor Construction Projects do not receive funding from alternative

funding sources outside of the Minor Construction Program Appropriation.

(4) Certifying the A/E's initial task order, as well as the A/E's 50 percent and 100 percent cost estimate and drawings still comply with the originally approved business case description and statement of work.

(5) Certifying the construction contractor's task order and modifications comply with the originally approved business case description and statement of work.

(6) Ensuring TDAs requested are within the approved total project cost and scope, and are processed through the Project Manager to fund transactions.

(7) Working with the contracting activity to ensure that projects are obligated in the month planned.

(8) Ensuring that procedures are in place to make sure the project's construction is staying within the approved scope of work.

(9) Ensuring that if a CLI is needed for award, the justification denotes 20 percent bid deducts taken to remain within budget, the justification is accurate and is reasonably priced to reflect the situation at hand. If a CLI is needed for unforeseen site conditions, sufficient justification must be provided. If the request is valid, the VISN CAM will secure the VISN Director's signature, and forward to the Office of Capital Asset Management and Support (10NA5) for final approval.

(10) Ensuring that Medical Facility Directors certify that the Projects are fully functional stand alone projects and forward these certifications to VISN Director and the OCAMS office prior to inclusion in Annual Operating Plan.

e. **Scope Change.** If a scope change is needed for any omission or addition, the VISN CAM is responsible for:

(1) Ensuring approval is received prior to any type of work proceeding, to include design or construction.

(2) Ensuring the need for a scope change is well justified.

(3) Providing a written approval or disapproval for all requests that are less than 10 percent of the project's goal. Providing the Office of Capital Asset Management and Support (10NA5) a copy of the decision, and uploading it to the VSSC database.

(4) Validating requests for changes greater than 10 percent of the project's description, or provide an overall increase or decrease in square footage, , and then submitting to the Office of Capital Asset Management and Support (10NA5) for approval, with appropriate offsets if applicable.

(5) Providing VHA Central Office's response to the facility, if applicable, once received and

uploading the decision to the VSSC database.

12. RESPONSIBILITIES OF THE VETERANS INTEGRATED SERVICE NETWORK CONTRACT MANAGER OR CONTRACTING OFFICER

The VISN Contract Manager or Contracting Officer is responsible for:

- a. Ensuring the VISN CAM, Facility Planner, and Chief Engineer are involved with the decisions related to the inclusion of Minor Construction projects on the Advanced Procurement Plan.
- b. Coordinating with the Project Engineer to ensure the project has been approved for inclusion in the Minor Construction Program, and is on an approved Operating Plan, prior to awarding the contract. The solicitation package forwarded to OGC for legal review is to include the approved project application and evidence that funding is available.
- c. Coordinating with the Project Engineer to ensure the original contract requirements and any subsequent contract modifications (changes or supplemental agreements) fall within the scope of work of the project as approved.
- d. Ensuring prior to construction bid solicitation, the A/E final cost estimate does not exceed the approved cost target.
- e. Ensuring the engineering Contracting Officer Technical Representative (COTR) has been notified of their responsibilities in writing through the COTR supervisor and Service Chief.
- f. Negotiating to stay within total approved costs.
- g. Keeping the project on schedule by participating in the development of the project schedule and ensuring contract awards are made in a timely manner.
- h. Reviewing contract and certification that project is fully functional, stand alone project prior to contract award.

13. RESPONSIBILITIES OF THE MEDICAL FACILITY DIRECTOR

The medical facility Director is responsible for ensuring:

- a. Projects submitted support a valid, medical facility strategic initiative.
- b. Approved projects remain within the approved scope and cost target.
- c. The Facility Chief Engineer or Chief of Facilities and their staff have the resources necessary to carry out responsibilities outlined in this Handbook.
- d. Certify that each project is a fully functional, stand-alone project.

14. RESPONSIBILITIES OF THE FACILITY CHIEF FISCAL OFFICER

The Facility Chief Fiscal Officer is responsible for:

- a. Ensuring all obligations are made from the Minor Construction appropriation (i.e., Construction Appropriation).
- b. Ensuring projects are closed financially and capitalized appropriately, upon notification by the Project Engineer.
- c. Providing appropriate guidance and feedback when needed for contracting and engineering staff involved in “Work In Place and Capitalization.”
- d. Providing updated acquisition costs for buildings and structures at the time of the annual Capital Asset Inventory (CAI) update, or whenever there is a significant change in acquisition costs due to capital improvements or additions to a building or structure impacting the costs shown in CAI.
- e. Obtain a copy of the certification that project is a fully functional, stand alone project and ensure that the appropriate source of funds is being used prior to awarding and/or obligating any minor project design or construction award.

15. RESPONSIBILITIES OF THE PROJECT ENGINEER

The Project Engineer is responsible for:

- a. **Project Execution.** Upon assignment, the Project Engineer is responsible for:
 - (1) Design
 - (a) Ensuring the project is designed according to the approved scope of work;
 - (b) Ensuring all VA adopted National Building Codes, applicable standards, guides and procedures found in the Office of Construction and Facilities Management’s Technical Information Library (<http://www.cfm.va.gov/TIL>) and accurate as-builts are received and incorporated into facility record drawings. *NOTE: If needed, the Project Engineer is to seek assistance from the Office of Construction and Facilities Management during the design phase when faced with specific engineering disciplines outside the expertise or knowledge level of the staff at the medical facility.*
 - (c) Minimizing scope changes. However, if scope changes are identified, the Project Engineer is responsible for submitting a formal request through the Facility Chief Engineer or Chief of Facilities through the medical facility Director to the VISN CAM. Based on the request, it will either be handled by the VISN or sent to the Office of Capital Asset Management and Support (10NA5). The Project Engineer is responsible for receiving written approval for the requested change prior to commencing further design. *NOTE: Significant scope changes, e.g., addition of an entire inpatient ward or a clinic, will be subject to the same process as original*

project approval i.e., Office of Capital Asset Management and Support (10NA5), VHA, OAEM..

(d) Identifying alternatives for a minimum of 20 percent of construction costs that can be taken as potential bid deducts in the event construction bids received are higher than anticipated. All project designs must include viable, 20 percent bid deducts. The alternates must be designed so that, if required to award the bid within the approved total project cost, the project remains a stand-alone project and can be activated according to its intended function upon completion. If add alternates are used in lieu of deduct alternates, the final Construction Document (CD) cost estimate for the base bid (before alternates are added) must be no more than the approved construction budget divided by 1.20.

(e) Ensuring Deduct and Add alternates are not mixed on the same solicitation. While Add alternates do offer certain advantages over deduct alternates, they must be identified early in the design process so they can be incorporated properly in the CD. **NOTE:** *Contracting Officer concurrence may be required.*

(f) Ensuring that the Integrated Project Team (IPT) is involved in and approves the Business Case, the space program, the schematic design, and the final design documents including phasing, infection control, and interim life safety measures. This is to ensure that once construction begins, user requested changes are minimized, thereby avoiding additional costs.

(g) Ensuring that the constructed project meets the intention of the original project's scope, despite cost considerations taken to reduce the total project cost. Construction of shelled space is not allowed with Minor Construction appropriated funds and may not be designed into a project.

(h) Ensuring that necessary cabling is included in the cost estimate to include information technology, data, and communication cabling.

(i) Ensure that the Project is a fully functional, stand alone project and submit to Chief of Engineering for concurrence.

(2) **Pre-solicitation for Construction.** The Project Engineer is responsible for submitting the project to the VISN CAM through the facility Director for approval of the design package prior to construction solicitation, (see sample memo in App. E). This is to ensure that the A/Es estimate is within the remaining approved total project cost and that the solicitation package contents are independent of funding from another source.

(3) **Construction Contractor Selection.** When applicable, the Project Engineer is responsible for working with the Contracting Officer to ensure the best-valued contractor is selected.

(4) **Project Cost Management.** The Project Engineer in partnership with the Contracting Officer, is responsible for:

(a) Ensuring change orders and costs remain within the total approved project cost, and

(b) Ensuring 20 percent deducts are taken to remain within budget. If unforeseen site

conditions force the total project cost to be greater than approved and bid deducts have been removed from the scope, the Project Engineer is responsible for submitting a CLI, (see App. A for CLI Requirements and App. B for CLI sample memo).

(5) **Project Management.** The Project Engineer in partnership with the Contracting Officer is responsible for:

(a) Keeping the project on schedule during design and construction to meet the planned obligation, completion, and activation dates.

(b) Ensuring phasing is planned and coordinated,

(c) Contractor and subcontractors are managed,

(d) Construction site is frequently visited to ensure the project is constructed in accordance with scope and construction documents, and environmental and safety requirements are met.

(e) Ensuring invoices are paid in a timely manner to avoid interest charges.

(6) **Project Tracking.** This includes:

(a) Ensuring the Project Tracking Report (PTR) is updated on a monthly basis for all projects. The PTR can be found at: <http://klfmenu.med.va.gov/capassets>. *NOTE: This is an internal Web site and is not available to the public.*

(b) Ensuring all appropriate documentation is available in the Capital Asset Database (<http://klfmenu.med.va.gov/capassets>) for review prior to the disbursement of funds. This includes:

(1) A copy of the A/E's initial task order for the disbursement of design funding;

(2) A copy of the A/E's 100 percent drawings and the signed contracting officer's statement of work for the disbursement of construction funding.

(c) Notifying the Fiscal Officer when phases of the work have been accepted, placed in service by the government and capitalized in accordance with VA Financial Policies and Procedures Volume V, Chapter 9, General Property, Plant and Equipment.

b. **Project completion.** This includes:

(1) Ensuring upon final settlement, the PTR reflects 100 percent completion;

(2) Fiscal Service is notified when the project has been completed so the project can be closed out financially;

(3) Capitalization has occurred for each phase as it is placed into service, and capitalization has occurred for the completed project; and

(4) All remaining funds are returned to Central Office through Project Manager.

c. **Scope Changes.** Ensuring scope change requests are approved prior to being implemented in accordance with this Handbook.

d. **P&H Employees.** Ensuring well-kept documents, receipts and accounting for all work performed by P&H employees.

16. RESPONSIBILITIES OF THE FACILITY CHIEF ENGINEER OR CHIEF OF FACILITIES

The Facility Chief Engineer or Chief of Facilities is responsible for:

a. **Project Planning.** The Facility Chief Engineer or Chief of Facilities is responsible for gathering a multi-disciplinary team, consisting of at least one member from the primary service and all impacted services. Through this group, the Facility Chief Engineer or Chief of Facilities is responsible for:

(1) Creating a thorough scope of work, including possible impacted services,

(2) Creating paths of construction egress,

(3) Creating construction phasing,

(4) Creating contractor parking,

(5) Creating latest as-built drawings for site conditions,

(6) Creating location justified by a facility master plan,

(7) Creating a space program justified by workload through the Space and Equipment Planning System (SEPS),

(8) Creating a preliminary space plan,

(9) Creating a VA Space Planning Criteria,

(10) Creating the primary focus (scope) of the construction,

(11) Coordinating with Acquisition and Material Management Service as to whether an approved project is to be included in the Advanced Procurement Plan. If the project is to be included the cost must include any anticipated mark-ups for Small and Disadvantaged Business (8A) Program contractors, COE, etc.

NOTE: *The scope of work and space plan are used to generate a government cost estimate using RS Means Cost Works or a similar cost estimating tool, and inflating it to the appropriate construction year. RS Means Cost Works is located at:*

<http://vaww.ceosh.med.va.gov/OIHE/Pages/costworks.shtml>. This is an internal Web site and is not available to the public.

b. **Completing the Business Case.** The Facility Chief Engineer or Chief of Facilities submits the application to the medical facility Director for endorsement and submission to the VISN for funding consideration by VHA. The business case must be completed in the CAMS database and uploaded to the VSSC database in order to complete the project's submission requirements. *NOTE: The VSSC database is located at: <http://klfmenu.med.va.gov/capassets>. This is an internal Web site and is not available to the public.*

c. **Completing the Project Certification Form.** If the project was approved for design within the past 2 fiscal years and is ready for the construction phase, project certification is required. In doing so, the Facility Chief Engineer or Chief of Facilities is certifying, on behalf of the medical facility Director, that the project is within the originally-approved scope and is anticipated to be completed within the approved total project cost.

d. **Assigning a Project Engineer.** The Facility Chief Engineer or Chief of Facilities ensures the Project Engineer is assigned and has the resources and authority to accomplish the responsibilities listed in paragraph 5.

e. **Scope Management.** The Facility Chief Engineer or Chief of Facilities ensures the constructed scope is executed as approved in the application and the total project cost does not exceed the approved total estimated cost. This includes:

(1) Managing the A/E's initial task order, and reviewing the A/E's 50 percent and 100 percent cost estimate and drawings to ensure they comply with the originally approved business case description and statement of work;

(2) Reviewing the construction contractor's task order and modifications to ensure they comply with the originally approved business case description and statement of work; and

(3) Uploading task orders and drawings to the Capital Asset database in the documents section of the original project application.

f. **Project Tracking.** The Facility Chief Engineer or Chief of Facilities, in partnership with the Contracting Officer, ensures projects are obligated in the month planned as reported to the Office of Capital Asset Management and Support (10NA5) and the PTR is updated by the Project Engineer on a monthly basis for all projects.

g. **Facility Condition Assessment (FCA) Pending Update.** The Facility Chief Engineer or Chief of Facilities is responsible for posting a pending change in FCA score in the FCA tab of the CAI database upon completion of a project when it upgrades deficiencies with FCA scores of "D" or "F." The CAI database can be found at: <http://cfm.vaco.va.gov/vacai/Default.aspx>. *NOTE: This is an internal Web site and is not available to the public.*

h. **Certify that the Project is a Fully Functional, Stand Alone Project.** Submit certification to Facility Director for concurrence. (See Appendix F.)

17. REFERENCES

a. Title 38 United States Code (U.S.C.) Section 8103, Authority to construct and alter, and to acquire sites for medical facilities.

b. Title 38 U.S.C. Section 8104, Construction, Major Projects

c. Title 38 U.S.C. Section 8106, Construction Contracts.

d. Title 38 U.S.C. Section 8162, Enhanced Use Leases.

e. Public Law 108-447, H.R. 4818, Construction, Minor Projects.

f. VA Financial Policy and Procedure, Volume V, Chapter 9, General Property, Plant and Equipment.

g. VA Directive 5007, Pay Administration, Chapter 13, Federal Wage System Purchase and Hire Wage Rates.

h. VA Directive 7501, Construction Project Liaison with Paralyzed Veterans of America.

i. VA Directive 0011, Strategic Capital Investment Planning Process.

REQUIREMENTS FOR COST LIMIT INCREASES

1. Minor Construction projects are managed within the approved total project cost. A Cost Limit Increase (CLI) request will be considered for extenuating circumstances when the cost exceeds the total project cost estimate due to complex, unforeseen site conditions or judgments. CLI requests will not be accepted by VHA Central Office prior to design completion. Every effort must be made by the medical facility to ensure that, if needed, only one CLI request is submitted per project. At no time may the total project cost exceed the statutory appropriation or authorization requirements for minor construction projects (at the publication of this Handbook the threshold was \$10 million).

2. Every effort must be taken when estimating total project costs to allow for a complete construction package; this needs to include reasonable allowances for market conditions and inflation, which will assist in avoiding a potential CLI request. Although CLI requests may be approved, they are typically reserved for judgments and unforeseen costs above and beyond what is reasonably expected. Contingency funds within the total project cost need to cover the typical unforeseen site conditions and unforeseen costs associated with projects. Every attempt must be made to mitigate unforeseen site conditions during design and prior to construction. However, if additional unforeseen conditions become evident once construction has reached at least the demolition phase, a CLI will be considered to correct the problem prior to continuation of construction as long as the 20 percent bid deducts have been accepted and removed from the project scope.

a. **Steps to ensure the best-estimated Total Project Cost.** These steps include:

(1) When estimating construction funding, identify the project's scope in its entirety.

(2) Creating a multi-disciplinary team to incorporate all ideas inclusive of the project at hand.

(3) Once the scope is fully identified, using the Office of Construction and Facilities Management's (CFM) or the Center for Engineering and Occupational Safety and Health (CEOSH) cost estimating tools, and CFMs estimating Web site, inflation factors, and market conditions to ensure the best, government estimate is derived. **NOTE:** *The CFM Web site can be found at: <http://www.cfm.va.gov/cost/>.*

(4) Ensuring the total project cost includes design, construction, impacts, and contingency estimates.

b. **When a Cost Limit Increase is Needed.** When the steps in subparagraph 2a of this Appendix result in a total project cost that exceeds the approved amount on the Minor Operating Plan due to unforeseen site conditions or if a judgment determines a contractor is due a claim, a CLI request can be processed.

(1) The CLI request must:

- (a) Identify the steps taken to ensure costs were held below the approved total project cost;
- (b) Identify the full 20 percent bid deducts and their associated costs;
- (c) Include a copy of the pre-bid certification by the Capital Asset Manager (CAM) regarding the Architectural or Engineering (A/E) estimate;
- (d) Include a listing of the competitive bids received; and
- (e) Include a justification for the additional expenses.

(2) Requests must be initiated by the medical facility Director and sent to the Veterans Integrated Service Network (VISN) Director for endorsement. The VISN Director forwards the request to the Office of Capital Asset Management and Support (10NA5). *NOTE: The signed documents can be sent by mail or scanned and sent by e-mail as long as both signatures are included on the request.*

(3) The Office of Capital Asset Management and Support (10NA5) reviews and then approves or disapproves the request.

(4) The VISN CAM is to be notified upon the approval or disapproval of the Director, Office of Capital Asset Management and Support (10NA5).

(5) If the CLI is approved, the Office of Capital Asset Management and Support (10NA5) ensures the additional funding is reflected in the Project Manager database, and the approved CLI is added to the project documentation in the VHA Service Support Center Capital Asset database.

3. RESPONSIBILITIES OF MEDICAL FACILITY CHIEF ENGINEER OR CHIEF OF FACILITIES

The Facility Chief Engineer or Chief of Facilities is responsible for:

- a. Creating best-estimated total project costs for Minor Construction projects realistic to the construction environment and project complexities.
- b. Ensuring project costs remain within the approved amount.
- c. Designing with 20 percent bid deducts.
- d. If circumstances become evident that a CLI is necessary, the Facility Chief Engineer or Chief of Facilities is responsible for coordinating the request through the network CAM.

e. Complete certification that the project is a fully functional, stand alone project, and provide to the Medical Facility Director for Concurrence and Signature.

4. RESPONSIBILITIES OF CAPITAL ASSET MANAGER

The Capital Asset Managers (CAM) is responsible for:

- a. Verifying that cost estimates are appropriate during validation of project application.
- b. Ensuring bid deducts are included within the project bid package
- c. Certifying the cost estimate's within the approved total project cost prior to the package going out for bids
- d. Obtaining the Network Director's signature for a CLI request and forwarding the document to the Office of Capital Asset Management and Support (10NA5) for consideration.
- e. Ensuring that the certification that the project is a fully functional, stand alone project is provided to OCAMS office.

5. RESPONSIBILITIES OF OFFICE OF CAPITAL ASSET MANAGEMENT AND SUPPORT (10NA5)

The Office of Capital Asset Management and Support (10NA5) is responsible for:

- a. Verifying that cost estimates are appropriate during project application scoring;
- b. Reviewing and then approving or disapproving CLI requests;
- c. Notifying the respective CAM of the decision regarding the CLI request; and
- d. Adding the approved CLI requests documentation into the VSSC Capital Asset database and updating the Project Manager to reflect the new total project cost.
- e. Ensure projects have completed fully functional stand alone certification.

SAMPLE OF A MINOR PROJECT COST LIMIT INCREASE MEMORANDUM

Date: August 8, 20XX

From: Director (XXX/00), Facility R

Subj: Minor Project XXX-XXX, Correct Seismic Deficiencies – Request for Cost Limit Increase

To: Director, Office of Capital Asset Management and Support (10NA5)

Thru: VISN Director (10NXX)

1. VISN X requests approval of a cost limit increase in the amount of \$1,701,517 for the subject project. This action will increase the approved cost target for this project from \$3,245,000 to a revised cost target of \$4,946,517. The revised construction cost schedule is summarized as follows:

	<u>Approved</u>	<u>New</u>	<u>Difference</u>
Design	\$ 200,000	\$ 239,817	\$ 39,817
Construction	\$ 2,186,000	\$ 4,482,700	\$ 2,296,700
Contingency	\$ 459,000	\$ 224,000	\$ (235,000)
Impact	\$ <u>400,000</u>	\$ <u>0</u>	\$ <u>(400,000)</u>
Total	\$ 3,245,000	\$ 4,946,517	\$ 1,701,517

2. The approved scope of work for this project includes the construction of a new 9,145 square foot building for information technology, office, and research storage space. Work includes the construction of a new single story building which will include architectural, electrical, mechanical, site work, paving, landscaping, and other items as shown in the contract documents and drawings. The work does not include demolition of the existing Building X and several other structures and does not include the installation of new parking. Demolition and parking installation were removed from the project as a result of the initial 95 percent design cost estimate.

3. This cost limit increase is required for the following reasons:

a. Construction and material costs have increased the bids especially in areas such as structural steel, Heating Ventilation and Air Conditioning systems, electrical, and plumbing. Local market conditions continue to unfavorably influence the bids.

b. Market conditions have inflated the bids to an extent that was unforeseeable.

4. The scope of the project has already been cut significantly in attempts to keep the construction cost within project budget. We have eliminated demolition of the existing

seismically deficient Building X (19,384 Gross Square Feet), Building Y (2,949 GSF), Building Z (5,030 GSF), and the water tower, totaling \$600,000, and we have deleted installation of 163 new spaces of surface parking, totaling \$300,000. In addition, bid deducts were removed from the project's scope. These deletions and deducts are outlined in the attached Memorandum dated X-XX-20XX: Minor Project XXX-XXX, Correct Seismic Deficiencies, and Construction Pre-solicitation: Certification of Project Scope and Bid Alternates.

5. There were five bids, the lowest of which has not been verified as responsible. Bid Alternate #1 deletes hip roof towers and roof structures. Bid Alternate #2 deletes roof equipment screens.

The bids were as follows:

<u>Contractor</u>	<u>Base Bid</u>	<u>Bid Alternate #1</u>	<u>Bid Alternate #2</u>
Contractor A	\$4,925,300	\$4,768,100	\$4,736,700
Contractor B	\$4,676,621	\$4,640,621	\$4,646,086
Contractor C	\$4,597,000	\$4,473,000	\$4,409,000
Contractor D	\$4,482,700	\$4,299,600	\$4,282,000
Contractor E	\$4,252,647	\$4,109,791	\$4,009,336

6. If you have any questions please contact Joe Smith, Facility Manager, at (333) 555-1000.

Signature
Director, Facility R

ATTACHMENT: Construction Pre-solicitation: Certification of Project Scope and Bid Alternates

Concur/Do Not Concur: _____ Date: _____
VISN Director (10NXX)

Approve/Disapprove: _____ Date: _____
Director, (10NA5)

MINOR CONSTRUCTION PROGRAM REVIEW

1. Statement of Purpose. The Minor Program Review Team (PRT) is established to provide a formalized structure for program review. Specifically, the PRT will ensure the integrity of the Minor Construction Program by verifying:

- a. What was constructed was within the originally approved scope.
- b. All obligated funds were within the approved total project cost.
- c. All funding was from the appropriate source for that project.
- d. At project completion, all remaining funds were returned to Veterans Health Administration (VHA) Central Office.
- e. Completion of construction provides a complete, stand alone project ready for functional use and activation, i.e., independent on any other source of funding.
- f. All appropriate documentation is complete.

2. Goals

- a. Evaluate the Minor Construction projects at selected VA facilities, to improve accountability and excellence within the Minor Program.
- b. Educate all medical facility employees who deal with the construction programs on program requirements.

3. Objectives

- a. Conduct evaluations at the Minor Construction sites selected by the Office of Capital Asset Management and Support (10NA5).
- b. Serve as a source for identifying best practices and recommending improvements where needed on project processes.
- c. Identify areas for educational needs in project submissions and execution.
- d. Ensure the Minor Construction Program Handbook is followed for all projects.
- e. Provide follow up reports to the medical facility Director, Veterans Integrated Service Network (VISN) Capital Asset Manager (CAM), and Director of (10NA5) on the status of the quarterly reviews.

4. Organization. The Minor PRT is established as a sub-group under the VHA CAM Minor Workgroup, which falls under the guidance of (10NA5). The Minor PRT is comprised of individuals with comprehensive knowledge of relevant policy issues with regard to project planning, management and execution.

5. Membership

- a. Survey participants will be selected from the following groups:
 - (1) Minor Construction Program staff.
 - (2) (10NA5) Support Staff.
 - (3) VHA's CAM Minor Workgroup.
 - (4) Financial Quality Assurance Management (from surveyed VISN).
- b. The surveyed VISN CAM is invited to attend this group's review proceedings.

6. Process.

a. Pre-Site Visit

- (1) (10NA5) to select location and date of quarterly review.
- (2) Minor PRT members identified. Lead for the review to be the CAM from the previous review.
- (3) At least 3 weeks in advance of the review, Director of (10NA5) to:
 - (a) Notify VISN Director and medical facility Director of selected site and team members/leader,
 - (b) Ensure the team leader sets an appointment with the medical facility Director for an in-briefing, and
 - (c) Provide the VISN and the site with the Pre-Survey Notification and Document Requests worksheet.
- (4) Surveyed facility, in conjunction with the VISN CAM, will prepare for the Minor Program evaluation by:
 - (a) Collecting Pre-Survey documents to make available at the surveyed medical facility at the time of site visit.
 - (b) Identifying key staff to be available during the site visit to assist the survey team, e.g., Chief Engineer, Contracting Officer Technical Representative (COTR), Contracting Officer, or Fiscal representative.

b. During Site Visit

- (1) First day of the review, survey team to meet with the medical facility Director (or designee).
- (2) Survey team to review documents requested and physical review of project site(s).
- (3) Survey team to conduct interviews as necessary.
- (4) Last day of the review, survey team to out-brief medical facility Director on findings.

c. Post-Site Visit

- (1) Team to create report for Program Review close-out with identified issues and recommendations. Lead to send document to Director, (10NA5).
- (2) Lead to report at next monthly VHA CAM Minor Workgroup conference call.

7. Logistics.

- a. Timing – Teams will conduct surveys at the discretion of the Program Office.
- b. Location – Location will have at least one approved minor in post-construction award.
- c. Travel – Travel expenses will be paid by VHA Central Office.

8. Communication. The Minor PRT will provide information and feedback to the VHA Minor CAM Workgroup using monthly conference calls, as well as the quarterly CAM meetings. The Minor PRT will keep the Director, (10NA5) apprised of ongoing initiatives and accomplishments.

APPROVED:

Director (10NA5)

Date

CHECKLIST FOR MINOR PROGRAM PRE-SURVEY DOCUMENTS

Minor Program Review Checklist	Y/N
Pre-Survey Documents Requested	
1. Veterans Integrated Service Network (VISN) call letters.	
2. Minor portion of the appropriate years VISN Strategic Capital Investment Plan Action Plan.	
3. Completed Minor Business Case application, detailed cost estimate, and space plan for each Minor project in the approved current operating plan plus previous two approved Minor operating plans.	
4. Email indicating Minor Project obligation month to Central Office for the current approved operating plan.	
5. Copy of VISN documentation (authorization) notifying facility of approved Minor projects, approved cost target, and approved schedule (if available).	
6. Copy of most recent Project Tracking Report for each active Minor project showing actual award dates, actual award amounts and current total obligations.	
7. Copies of any internal or external audits of the Minor Construction Program at the selected facility.	
8. Copies of Funding history for each project from Financial Management System showing current approved cost target, Transfer of Disbursing Authority history to date, and obligation history to date.	
9. Copies of memos to Fiscal demonstrating accurate and timely notification of capitalization requirements.	
10. Copies of all approved Cost Limit Increases and/or scope changes for each minor project.	
11. Listing of Engineering Staff and Contracting Officer Assigned to each Minor project.	
12. Copies of Contracting Officer's Technical Representative designations for each project.	
13. Copies of 100 percent construction documents for each completed design, or the most recent review submission for each minor project still in design.	
14. Copies of final Architectural or Engineering (A/E) cost estimate for each completed design, or the most recent A/E estimate for each minor project still in design.	
15. Copy of Capital Assets Manager certification that final A/E estimate is within available cost target prior to solicitation for bids.	
16. Copies of Bid Extract and award summaries for each Minor project awarded since October 1 of the previous fiscal year showing bid amounts and award amount for each for each project.	

17. Copies of facility Capital Master Plan (if applicable) showing phasing and interdependency (domino relationships) of all proposed capital projects at the medical facility.	
18. Copies of Purchase and Hire records, logs, materials invoices, materials inventory, and payroll records for each active P&H project, if applicable, as well as each P&H project completed since October 1 of the previous fiscal year.	

**SAMPLE OF A MINOR PROJECT PRE-CONSTRUCTION SOLICITATION
NOTIFICATION AND CERTIFICATION MEMORANDUM**

Date: March 7, 2008

From: Medical Center Director, VA MEDICAL CENTER Location (XXX/00)

Subj: Minor Construction Project XXX-XXX, Title
Construction Pre-Solicitation: Certification of project scope and bid alternates

To: VISN Director (10NXX)
THRU: Capital Asset Manager, (10NXX)

1. The approved scope of the subject project is denoted below. The resulting design and associated drawings and specifications are within an allowed 10 percent variance of the approved scope and construction cost.

PROJECT DESCRIPTION & SCOPE from application dated 00-00-20xx

Insert project description and scope from approved the VSSC database application here.

<u>APPROVED</u>	<u>DESIGNED</u>	<u>VARIANCE</u>	<u>VARIANCE %</u>
X,XXX SQFT new	X,XXX SQFT new	XXXX SQFT	XX%
X,XXX SQFT renov	X,XXX SQFT renov	XXXX SQFT	XX%
CON \$0,000,000	A/E est \$0,000,000	\$000,000	XX%

2. Construction Documents are 100 percent complete. The current A/E construction base bid estimate for the project is \$0,000,000. The government estimate is \$0,000,000. XX% of the approved construction cost has been designed as deductive bid alternates and included in the solicitation as delineated below:

- Plan Solicitation Type:** Full & Open Competition
- Plan Solicitation Method & publication Date:** Fed Biz Ops, xx-xx-20xx
- Plan Bid Opening Date:** xx-xx-20xx

APPROVED CONSTRUCTION \$0,000,000

Target value of deduct bids @ xx% = \$000,000

DESIGNED (LOW BID)

Base Bid Item 1 \$0,000,000

Bid Item 2 (\$000,000) = \$0,000,000
Same as Item 1 except delete: all structural framing, metal wall panels, and associated work at area highlighted by details 2 & 3 on drawing D303

Bid Item 3 (\$000,000) = \$0,000,000
Same as Item 2 except delete: all structural framing, metal wall panels, and associated work at area highlighted by details 5, 6 and 7 on drawing D304

Minor Project XXX-XXX, Project Title

Bid Item 4 (\$000,000) = \$0,000,000

Same as Item 3 except delete: the aluminum wing over the windows. See details 2/A701 for typical detail

3. I hereby certify that:

Project has been designed to comply with approved scope.

Allowed variance in sq. ft. & construction base bid estimate does not exceed +/- 10 percent.

Deductive Bid alternates amounting to 20 percent of the approved construction budget have been designed and included. Deducts have been designed so that they do not result in shelled space.

A/E's estimate of construction base bid is within the remaining, approved total project cost.

No areas within the solicitation package are approved for funding from another source.

As required, independent fire and life safety reviews/certification of the design have been completed.

7. Should questions arise, please contact Nancy Smith, Chief Facilities at (333) 444-5555.

MEDICAL CENTER DIRECTORS NAME/SIGNATURE

As evidenced by data contained in this memo, I CONCUR & CERTIFY that prior to bid solicitation, project has been designed within 10 percent of approved scope, 20 percent bid deducts will be included, construction cost estimate is within the approved total project cost and no part of project was approved for funding from any other source.

VISN XX CAPITAL ASSET MANAGER (10NXX)

Date

**SAMPLE OF A MINOR CONSTRUCTION PROJECT
FULLY FUNCTIONAL, STAND ALONE CERTIFICATION**

Date: March 7, 2008

From: Medical Center Director, VA MEDICAL CENTER Location (XXX/00)

Subj: Minor Construction Project XXX-XXX, Title

To: VISN Director (10NXX)

THRU: Capital Asset Manager, (10NXX)

1. The project below has been reviewed by the Chief of Engineering office and has been determined to be a fully functional, stand-alone project. All minor construction projects must be fully functional and independent of any other project or construction funding source including other majors, minor or non-recurring maintenance projects and associated accounts. Activation funding from other funding sources, such as Medical Services funding for medical equipment, to furnish and equip the area for functional use is allowed.

PROJECT DESCRIPTION & SCOPE from application dated 00-00-20xx

Insert project description and scope from approved the VSSC database application here.

2. Should questions arise, please contact Nancy Smith, Chief Facilities at (333) 444-5555.

MEDICAL CENTER DIRECTORS NAME/SIGNATURE

As evidenced by data contained in this memo, I CONCUR & CERTIFY that this project has been designed and will be completed in a manner that allows it to provide health care or other services intended without being dependant on another ongoing, subsequent or future phase project or funding source. This includes associated minors, majors and non-recurring maintenance projects.

_____ Date
VISN XX CAPITAL ASSET MANAGER (10NXX)

GLOSSARY

1. **Capital Asset Inventory (CAI)**. The CAI is a national database used to capture and report on the Department of Veterans Affairs (VA) capital assets and agreements. Chief Engineers and Capital Asset Managers are responsible for the accuracy of their respective stations, buildings, agreements, land, space, and disposal information in this database, and share responsibility with Office of Construction and Facilities Management (CFM) for Facilities Condition Assessment (FCA) information. CAI information is located at: <http://cfm.vaco.va.gov/vacai/logIn.aspx>. This is an internal Web site and is not available to the public.

2. **Clinical Specific Initiatives (CSI) Projects**. CSI projects focus on VHA High Profile needs that add at least 1,000 Gross Square Feet (GSF) in new building construction and have total project costs of less than \$5,000,000. The One exception is High-Tech or High-Cost equipment site preparation projects, which do not have to add new building space and can be 100 percent renovation. Greater than 50 percent of the total project costs must address specific VHA high profile categories that are published in the annual call letter. CSI projects are funded through the Medical Facilities appropriation and categories are updated annually. Information can be found on the Capital Portal at: <http://capital.vssc.med.va.gov/csi/Pages/default.aspx>.
NOTE: This is an internal Web site and is not available to the public.

3. **Completion of Project**. A project is complete when the constructed area is ready for beneficial occupancy and the project is financially completed and closed out (e.g., release of claims, final payment, project fully capitalized and expensed, restoration of impact items, etc).

4. **Construction Cost**. The construction cost includes all associated construction requirements to complete the project's scope. It should reflect the existing and predicted market condition and inflation to the midpoint of anticipated construction. It must include, but is not necessarily limited to, the following:

- (a) Design Cost (including escalation),
- (b) Construction Costs (including escalation),
- (c) Contingency Costs,
- (d) Impact Costs,
- (e) Site Acquisition (if applicable)
- (f) Construction Management (US Army Corp of Engineers, A/E, etc., if applicable),
- (g) Hazardous Material Abatement (if necessary),
- (h) Environmental Impact Mitigation (if necessary),

- (i) Mitigation for Impact on Historic Properties (if necessary),
- (j) Utilities beyond the 5 foot line,
- (k) Site Work,
- (l) Parking,
- (m) Physical Security Requirements,
- (n) Energy Conservation Measures,
- (o) Required Infection Control Measures,
- (p) IT Cabling,
- (q) Specialized equipment, or
- (r) Market Conditions.

5. **Contingency Funding.** Contingency funding is the cost estimate of unexpected site conditions or other unforeseen costs that might arise during the construction of a project. Depending on the type of construction, phasing, and the impact, contingency funding usually amounts to less than 7.5 percent of the total estimated cost of the project. Requests outside of this range must be justified.

6. **Cost Limit Increase (CLI).** A CLI is a request for funds, which exceed the approved total project cost in the approved operating plan. At no time may the total project cost exceed the statutory appropriation or authorization requirements for minor construction projects (at the publication of this Handbook the threshold was \$10 million).

7. **Design Budget Estimate.** The design budget estimate is project design services performed by contracted Architectural or Engineering (A/E) firms which are typically budgeted at 10 percent of the construction estimate. Anything greater than 10 percent must be supported by a detailed cost estimate prior to project approval. These cost estimates must identify the non-typical services required (such as unusual site investigations or surveys, identification, design and construction supervision for hazardous materials, cost related to compliance with federal energy standards, Historic Preservation etc.)

8. **Facility Master Plan (FMP).** A FMP is a strategic capital plan for each facility based on the role of the facility in meeting the needs of the market it serves and is determined by the Veterans Integrated Service Network (VISN) based on the facility's future role in meeting the needs of Veterans in its market.

9. **Facility Square Footage.** The facility square footage is total area of the medical facility as designated in the CAI. When providing building areas show the appropriate units:

(a) **Department Gross Square Feet (DGSF).** DGSF is for the department areas shown in the CAI Space Breakdown by Floor. It is used for departmental level space gap analysis.

(b) **Gross Square Feet (GSF).** GSF is for the total area of a facility or building shown in CAI. It is used for energy calculations and cost estimating.

(c) **Net Square Feet (NSF).** NSF is for room level areas from Veterans Health Information Systems and Technology Architecture (VistA) Space Files, VA Space Criteria, and space programming. The Space and Equipment Planning System (SEPS) generate the lowest level of area data.

10. **Impact Cost.** Impact cost items include temporary space, parking, or utilities required in order to complete the primary purpose of a construction project, excluding any direct medical or clinical support or the reimbursement or use of local or temporary staff related to patient care and temporary equipment relocation. Effective up front planning and phasing is crucial to identifying impact items and estimating their costs. Anticipated impact costs must be included in the construction project application and budget, and must include the costs associated with the removal or restoration of the temporary items to their planned post-construction state.

11. **Judgment.** Judgment is a legal obligation on behalf of VA to pay additional costs to a contractor based on a claim or settlement.

12. **Minor Construction Project.** A minor construction project is a stand-alone project on land owned by the Federal Government, which expands the existing facility square footage by more than 1,000 GSF, but when total cost is less than the statutory appropriation or authorization requirements for minor construction are for that budget year (at the publication of this Handbook the threshold was \$10 million). In no instance should the total cost of a minor be greater than the statutory threshold. Minor construction projects are funded with appropriated dollars through the annual VA Construction appropriation, and only Minor Construction Projects approved and funded from this appropriation can be accomplished. Minor Construction Projects include funding for the acquisition of land (land cannot be acquired prior to project approval, notwithstanding dollar value), transactions for Enhanced-Use Leases, parking structures, seismic corrections over \$1 million (but less than \$10 million) with at least 50 percent of the project mitigating seismic deficiencies, and demolition of Federal Government-owned buildings for the purpose of replacement, see Construction Cost definition in this Appendix.

13. **Fully Functional, Stand Alone Project.** All Minor Construction projects must be fully functional and independent of any other project or resource (Major, Minor, Non-Recurring Maintenance (NRM)). A project must be designed and completed in a manner that allows it to provide health care or other services intended without being dependant on another ongoing, subsequent or future phase project. For example, designing a minor project that only provides the mechanical and building systems needed for an operating room would not meet this requirement. A project must include all the components required to make it fully functional in order to be considered an independent project.

(a) Activation funding from other funding sources, such as Medical Services funding for

medical equipment, to furnish and equip the area for functional use is allowed.

(b) Phased projects must be separated by at least 2 years when submitted in the annual SCIP Action Plan. Construction funding will not be provided until preceding phases are at least 95% construction complete to ensure separation both functionally and financially.

14. **Non-Recurring Maintenance (NRM) Projects.** NRM projects include renovation, repair, maintenance and modernization of the existing infrastructure within the existing facility square footage; up to 1,000 GSF for expansion of existing facility square footage (non-utility); or surface parking. The upper limit for these types of NRMs is \$10 million. Pure utility NRMs, such as boiler and chiller plants and their associated space and housings, electrical switch gear housings, emergency generator housings, etc., have no upper dollar limit. Pure utility NRM projects also include purely demolition of buildings. NRM projects are funded through the medical facilities appropriation.

15. **Oversubscription Projects.** Oversubscription projects included as part of the Minor Operating Plan, which are over the anticipated funding for a given fiscal year. Oversubscription projects must wait for Office of Capital Asset Management and Support (10NA5) approval before proceeding.

16. **Project Certification.** Project certification is the means by which VISNs inform VHA Central Office that the project's design is within scope and within approved costs, thereby needing construction funds to complete the designed portion of the project.

17. **Project Manager Database.** The Project Manager Database system is a tool through which the VISN requests a Transfer of Disbursing Authority (TDA) for Deputy Under Secretary for Health for Operations and Management (10N) approval to fund approved Minor Construction; upon (10N) approval, funding is released to the Office of Construction and Facilities Management, Office of Resource Management, Financial Management Service (003C3A).

18. **Purchase and Hire (P&H).** P&H employees are hired on a temporary basis to perform trade, craft, and labor duties for significant repair projects or for the duration of a construction project. Use of P&H employees is authorized for work on replacing and updating entire systems, structural elements, and building service equipment that requires personnel or expertise that a particular facility does not have available through in-house VA personnel. Contracting for construction work must be accomplished in accordance with the Federal Acquisition Regulations and VA Acquisition Regulations; P&H employees cannot be used to circumvent any contracting requirements.

19. **Scope Change.** Scope change is any alteration, omission, or addition to the original scope of work in the project description and data in the approved business case or Minor Construction application for projects prior to Fiscal Year (FY) 2012. Alteration can range from adding square footage, adding exam rooms due to the space layout, adding a new clinic or medical unit, changing number of floors to be constructed or changing the location of the project on campus. All scope changes must be routed through the VISN Capital Asset Manager (CAM)

for approval. A change in scope cannot result in an increase to the approved cost target.

20. **Shelled Space.** Shelled space is space constructed to meet future VHA needs; it is a space enclosed by a building shell, but otherwise unfinished. Minor Construction Projects cannot be intended to construct shelled space.

21. **Total Project Cost**

(a) The total project cost includes the sum of the design, impact, contingency, and construction cost estimates specific to a project. Total project cost (Approved Cost Target) is locked from the time of business case submission (status = VISN Approved operating plan), and can only be altered with approval from the Office of Capital Asset and Management Support (10NA5) through a CLI.

(b) Total project cost does not include non-building equipment, personal property including furnishings, non-P&H VA salaries, move-in costs, or other costs required for activation or operation of the completed project.