

**VOLUME 2B, CHAPTER 8 “FACILITIES SUSTAINMENT AND
RESTORATION/MODERNIZATION”**

SUMMARY OF MAJOR CHANGES

All changes are denoted by [blue font](#).

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [***bold, italic, blue, and underlined font***](#).

The previous version dated December 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
080505	Requires budget execution oversight of the DoD Overseas Military Facility Investment Recovery Account (DOMFIRA).	Update

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CHAPTER 8**FACILITIES SUSTAINMENT AND RESTORATION/MODERNIZATION**

0801 GENERAL

080101. Purpose

A. This chapter provides instructions applicable to budget formulation and congressional justification for Facilities Sustainment and Restoration/Modernization (FSRM).

B. The following appropriations and accounts are covered:

Section

0802

- Operation and Maintenance Appropriations
- Research, Development, Test, and Evaluation Appropriations
- Defense Working Capital Funds
- Military Construction
- Other Funds

Section

0804

- Transfer or Disposal of DoD Real Property
- Lease of DoD Real Property

Section

0805

- DoD Overseas Military Facility Investment Recovery Account

080102. Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 8 covers specific additional back-up material requirements for the above Facilities Sustainment and Restoration/Modernization accounts. In summary, all exhibit displays for Facilities Sustainment and Restoration/ Modernization accounts must be provided to the Military Personnel and Construction Directorate, Room 3C654, Pentagon.

080103. Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 8 provides additional specific guidance with regard to the back-up material required for Facilities Sustainment, Restoration and Modernization.

080104. References

Chapter 3 provides Chapter 5 guidance related to Operation and Maintenance costs and submission organization and provides guidance, submission organization and formats related to Research, Development, Test, and Evaluation appropriations.

080105. Definition of Sustainment and Restoration/Modernization

A. Sustainment means the maintenance and repair activities necessary to keep an inventory of facilities in good working order. It includes regularly scheduled adjustments and inspections, preventive maintenance tasks, and emergency response and service calls for minor repairs. It also includes major repairs or replacement of facility components (usually accomplished by contract) that are expected to occur periodically throughout the life cycle of facilities. This work includes regular roof replacement, refinishing of wall surfaces, repairing and replacement of heating and cooling systems, replacing tile and carpeting, and similar types of work. It does not include environmental compliance costs, facility leases, or other tasks associated with facilities operations (such as custodial services, grounds services, waste disposal, and the provision of central utilities).

The DoD facilities sustainment model (FSM) is used as the standardized model for forecasting facilities sustainment resource requirements. The FSM uses the following formula to develop the sustainment requirement:

1. ***Annual sustainment requirement*** = **facility quantity** x **sustainment unit cost** x **location factor** x **inflation**.

2. **.Facility quantity** - the facility size expressed in the Facility Analysis Category (FAC) unit of measure (such as square feet).

3. **Sustainment unit cost** – the average annual unit cost (in current year dollars) for sustaining the average size facility in the given FAC.

4. **Location factor** – a location adjustment based upon the local costs for labor, equipment, materials, and currency exchange rates (overseas) compared with an overall base-city average.

5. **Inflation** – factor to adjust current year prices to the target future year.

The Department uses a sustainment metric which is the comparison of sustainment funding to the requirement for a given year, expressed as a rate.

6. ***Sustainment rate (%)*** = sustainment funding/FSM requirement:

B. Restoration means the restoration of real property to such a condition that it may be used for its designated purpose. Restoration includes repair or replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes.

C. Modernization means the alteration or replacement of facilities solely to implement new or higher standards, to accommodate new functions, or to replace building components that typically last more than 50 years (such as the framework or foundation)

D. Recapitalization means the major renovation or reconstruction activities (including facility replacements) needed to keep existing facilities modern and relevant in an environment of changing standards and missions. Recapitalization extends the service life of facilities or restores lost service life. It includes restoration and modernization of existing facilities, as well as replacement of existing facilities with new.

Plant replacement value (PRV) is used as a common measure of facility and inventory size, as well as the basis for generating facility condition index (FCI) values and estimating recapitalization requirements. The DoD standardized formula for calculating PRV is:

1. ***Plant Replacement Value = facility quantity x replacement unit cost x location factor x planning & design (P&D) factor x historical factor x contingency factor x SIOH x inflation***

2. **Facility quantity** – the facility size expressed in the FAC unit of measure (such as square feet)

3. **Replacement unit cost** – the average annual unit cost (in current year dollars) for constructing the average size facility to current standards in the given FAC

4. **Location factor** – a location adjustment based upon the local costs for labor, equipment, materials, and currency exchange rates (overseas) compared with an overall base-city average

5. **P&D factor** – an adjustment to account for typical project planning and design costs

6. **Historical factor** – an adjustment for historical architecture and materials (when applicable)

7. **Contingency factor** – an adjustment for typical contingency costs during construction

8. **Supervision, Inspection, and Overhead (SIOH)** – an adjustment for supervision, inspection, and overhead costs associated with construction management

9. **Inflation** – factor to adjust current year prices to the target future year

080106. Facilities Data Quality Assurance (FDQA)

A. The Facilities Data Quality Assurance website was implemented to improve the quality of facilities data used by the Department in its PPBE process, and it displays the data sources of record for all facilities data reporting. This application integrates and displays facilities data submitted by the Components to OSD via Program Resources Collection Process (PRCP), the Standard Data Collection System (SDCS), and Select and Native Programming (SNaP) systems. The data within the FDQAW subsequently produce facilities sustainment metric displays which are displayed in the performance criteria of the OP-5, Detail by Subactivity Group.

B. Components must ensure O&M exhibits are consistent with the PRCP and SDSCS data submissions. Verification of the accuracy of the data contained within the FDQA application must be completed PRIOR to the final lock of these databases for preparation of President's Budget materials.

C. Standard operating procedures for the FDQA can be found at <https://dpd.pae.osd.smil.mil>.

080107. Data Displays

Facility Sustainment, Restoration and Modernization exhibits must be consistent. The following list should be used as a reference for validating data:

- OP-5 Detail by Subactivity Group (Facility Sustainment, Restoration and Modernization)
- OP-32 Automated submission
- PBA-7 Facilities Sustainment, Restoration and Modernization, and Demolition Programs
- O-1 O&M funding by Budget Activity/Activity Group/Subactivity Group
- Facilities Data Quality Assurance application

To the extent a Component submits different estimates in any of the preceding displays, the automated OP-32 will serve as the prevailing display for O&M resources. For Defense Agencies, the object sub-class 923 will serve as the prevailing estimate.

0802 PROGRAM AND BUDGET REVIEW SUBMISSION

080201. Purpose

A. This Section prescribes instructions for the preparation and submission of budget estimates for Facilities Sustainment, Restoration and Modernization requirements.

B. Guidance covers all Facilities Sustainment and Restoration/Modernization (FSRM) costs. Facilities Sustainment and Restoration/Modernization include all recurring maintenance and repair projects costs, real property renovation project costs, and planning and design costs associated with projects; providing funding support to maintain, repair, and modernize buildings, structures, roadways, aprons, railway trackage, utility plants, distribution systems, and other real property.

C. Program funding submitted in Component justification materials must correspond to funding levels identified in the Facilities Sustainment and Restoration/Modernization Program Elements.

D. When budgeting for facilities sustainment and recapitalization, Components will consider the anticipated levels of military personnel monies that fund part of the labor for facilities sustainment and recapitalization (the latter performed by restoration and modernization monies). As appropriate, components will adjust the levels of either operations and maintenance or military construction funding for either facilities sustainment or facilities recapitalization to recognize the contribution of military personnel funds that help maintain the Department's facilities. When determining the military personnel contribution Components must use the method documented on page 12 of the Facilities Recapitalization Metric Front-End Assessment Report, dated August 2002. Additionally components must, for considering the affect of military personnel funds on operation and maintenance and military construction accounts, use the same personnel allocation information and cost rates they provide for the FYDP.

E. When budgeting for facilities sustainment, Components will consider the anticipated levels of Host Nation Support monies and Non-Federal Domestic Facilities Contributions that will be available to reduce the need for appropriated facilities sustainment funding. Components must identify in the FYDP the anticipated levels of both Host Nation Support monies and Non-Federal Domestic Facilities Contributions that are expected to fund facilities sustainment. Specifically, these funds must be booked in the appropriate FYDP facilities sustainment program elements using Resource Identification Code 0800.

F. When budgeting for facilities sustainment and recapitalization, Components will consider the anticipated levels of Defense Working Capital Fund (DWCF) monies that fund facilities sustainment and recapitalization (the latter preformed by restoration and modernization monies). Components must identify DWCF facilities sustainment and facilities restoration and modernization funds in the appropriate FYDP facilities sustainment and

facilities restoration and modernization program elements. Additionally, as appropriate, Components will adjust the levels of appropriated funding for either facilities sustainment or facilities recapitalization to recognize the contributions of DWCF monies that help maintain the Department's facilities.

G. When budgeting for facilities sustainment and recapitalization Components will consider the anticipated levels of RDT&E monies that fund facilities sustainment and recapitalization (the latter preformed by restoration and modernization monies). Components must identify RDT&E facilities sustainment and facilities restoration and modernization funds in the appropriate FYDP facilities sustainment and facilities restoration and modernization program elements. Additionally, as appropriate, components will adjust the levels of either operations and maintenance or military construction funding for either facilities sustainment or facilities recapitalization to recognize the contribution of RDT&E funds that help maintain the Department's facilities.

080202. Submission Requirements

A. General Guidance: All Components (i.e., active forces, defense agencies, National Guard and reserve forces) shall submit justification data and exhibits to support budget estimates for Facilities Sustainment, Restoration and Modernization, in a separate bound attachment (see Chapter 3, Section 030201). Two copies of this attachment will be delivered to: Military Personnel & Construction Directorate, Program/Budget, OUSD(Comptroller) Room 3C654, Pentagon, on the same date as all other submissions required for O&M Appropriations. Exhibits required include:

1. OP-5 Attachment 4: Facilities Sustainment, Restoration and Modernization (FSRM), and Demolition
2. PBA-7 Facilities Sustainment and Restoration/Modernization, and Demolition Programs

Both the OP-5 and PBA-7 must match at the subtotal levels for a) sustainment, b) restoration and modernization, and c) demolition. Component data must correspond to funding levels identified in the Facilities Data Quality Assurance website.

NOTE: As demolition can be identified separately by program element, it should be broken out as such whenever the other two elements are separated, and it should be noted that it's included when it's part of the total.

B. Military and civilian personnel costs reflected on Exhibit PBA-7 will include only those personnel assigned in support of FSRM accounts. It will include those personnel performing planning and design functions for both projects and installation FSRM surveys and FSRM master planning, but will exclude those involved in other base operating services or support services.

C. Formats for the OP-5 and PBA-7 exhibits are in Volume 2A, Chapter 3, section 0304 of this regulation.

080203. Preparation of Material

All material will be provided on 8-1/2 inch by 11 inch size paper, and bound on the long side. All narrative data will be typed across the short dimension of the paper, while exhibits will be typed across the long dimension.

0803 CONGRESSIONAL JUSTIFICATION/PRESENTATION

080301. General

Components are required to conform to the PBD approved funding levels when submitting final budget exhibits to Congress.

080302. Organization of Justification Books

See chapters covering specific appropriation (Operation and Maintenance - Chapter 3, RDT&E Chapter 5).

0804 REVENUE FROM TRANSFER OR DISPOSAL OF DoD REAL PROPERTY AND REVENUE FROM LEASING OUT OF DOD ASSETS

080401. General

Section 572 of 40 U.S.C. and Section 2667 of 10 U.S.C. provide for the receipt of proceeds from the disposal or lease of DoD real property and prescribe the use of these funds.

080402. Revenue From Transfer or Disposal of DoD Real Property (40 U.S.C. 572)

When revenue from the transfer or disposal of DoD Real property is received, there is a statutory requirement to identify each transfer and disposal made during the fiscal year, including a detailed explanation of each such transfer and disposal and of the use of the proceeds received. An estimate for the current and budget year transfers or disposals should also be included.

080403. Revenue From Leasing Out of DoD Assets (10 U.S.C. 2667)

The identification of each lease entered into during the fiscal year, including a detailed explanation of each lease and amendments, and of the use of the lease proceeds that were expended is no longer required by 10 U.S.C. 2667. However, the Military Departments will still provide the total actual receipts for the prior year, and an estimate of total receipts for the current year and budget year.

080404. Deposit and Accounting Procedures

Cash receipts obtained from the transfer or disposal of real property will be deposited into the Disposal of DoD Real Property Account, 97X5188. Cash receipts obtained from leasing out of DoD assets will be deposited into the Lease of DoD Real Property, 97X5189. Accounting instructions are included in Volume 12, Chapter 14.

080405. Funds Release Procedures

Funds deposited into the Disposal of DoD Real Property Account, 97X5188, are available only for purposes of maintenance and repair and environmental restoration at U.S. facilities as specified in 40 U.S.C. 572. Funds deposited into the Lease of DoD Real Property Account, 97X5189, are available for: A) maintenance, protection, alteration, repair, improvement or restoration (including environmental restoration) of facilities; B) construction or acquisition of new facilities; C) lease of facilities; and/or D) facilities operation Support. The Components may request release of funding, based on verifiable deposits, by memorandum to the USD Comptroller, Director for Military Personnel & Construction.

080406. Budget Exhibits for Congressional Submission

The Military Departments will be complete a PB-34A Exhibit (Revenue from Leasing of DoD Real Property) and a PB-34B Exhibit (Proceeds from Disposal of DoD Real Property). Both the PB-34A and PB-34B will be included in the O&M Justification Book (Volume II) as described in Chapter 3 of Volume 2A of this regulation.

0805 DOD OVERSEAS MILITARY FACILITY INVESTMENT RECOVERY ACCOUNT

080501. General

Section 2921 of P.L. 101-510, FY 1991 National Defense Authorizations Act, established the Department of Defense Overseas Military Facilities Investment Recovery account. The purpose of the account is to collect payments from host nations for the value of new construction and improvements made by the United States at overseas military installations being returned.

080502. Deposit and Accounting Procedures

Cash receipts obtained from return of overseas real property and improvements to host nations will be deposited into the DoD Overseas Military Facility Investment Recovery Account, 97X5193. For accounting instructions see Volume 12, Chapter 13.

080503. Funds Release Procedures

Funds deposited into the DoD Overseas Military Facility Investment Recovery Account are available only for purposes of maintenance and repair and environmental restoration at U.S. facilities and maintenance and repair and environmental compliance at military facilities outside the U.S. that are anticipated to be occupied by U.S. Forces for an extended period of time. The

Components may request release of funding, based on verifiable deposits, by memorandum to the USD (Comptroller), Director for Military Personnel & Construction.

080504. Budget Estimate Submission Exhibit

Components returning overseas military facilities to host nations that have resulted in collections to this account must complete an OP-29 exhibit. This exhibit provides information on the cost and improvements, depreciation, residual value, and amount collected from the host nation that is necessary in accomplishing an annual report to the Congress. It also documents proposed sustainment, restoration and modernization or environmental restoration/compliance projects at military installations to be financed from the proceeds deposited into this account.

*080505. Budget Execution Oversight

In accordance with paragraph 080401 of Volume 3, Chapter 8, the Military Departments and designated fund holders are required to periodically review DoD Overseas Military Facility Investment Recovery Account (DOMFIRA) commitments and obligations, whether current or dormant. Appropriate action should be taken to resolve any DOMFIRA unliquidated commitments and obligations, and minimize DOMFIRA unobligated balances resulting from prior year carryover funds.

0806 FACILITIES SUSTAINMENT and RESTORATION/MODERNIZATION FORMATS

080601. Purpose

The special formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

080602. Exhibits in Support of Section 0802 - Program and Budget Review Submission

Formats for the FSRM OP-5 and FSRM PBA-7 exhibits are in Volume 2A, Chapter 3, Section 0304.

080603. Exhibit in Support of Section 0804 - Revenue From Transfer or Disposal of DoD Real Property and Revenue from Leasing out DoD Assets: Congressional Justification/Presentation

PB-34A Revenue from Leasing Out of Department of Defense Assets
PB-34B Proceeds from Disposal of Department of Defense Real Property

080604. Exhibit in Support of Section 0805 - DoD Overseas Military Facility Investment Recovery Account: Program and Budget Review Submission

OP-29 Overseas Military Facility Investment Recovery Account

DEPARTMENT OF _____
Exhibit PB-34A: REVENUE FROM LEASING OUT OF DEPARTMENT OF DEFENSE REAL PROPERTY
FY XXXX PRESIDENT'S BUDGET

	<u>(\$ in Thousands)</u>		
	<u>FY PY \1</u>	<u>FY CY \2</u>	<u>FY BY \2</u>
Total Revenue from Lease of DoD Real Property	\$XX,XXX	\$XX,XXX	\$XX,XXX

\1 Actual revenue received under 10 USC 2667, Leases: non-excess property

\2 Estimated revenue under 10 USC 2667, Leases: non-excess property.

DEPARTMENT OF _____
Exhibit PB-34B: PROCEEDS FROM DISPOSAL OF DEPARTMENT OF DEFENSE REAL PROPERTY
FY XXXX PRESIDENT’S BUDGET

	<u>(Proceeds in \$ Thousands)</u>		
	<u>FY PY \1</u>	<u>FY CY \2</u>	<u>FY BY \2</u>
1. Disposal Action	\$XX,XXX	XX,XXX	\$XX,XXX
(a) <u>Explanation of Disposal Action</u>			
(b) <u>Actual or Planned Use of Proceeds Generated from Disposal</u>			
2. Disposal Action	\$XX,XXX	XX,XXX	\$XX,XXX
(a) <u>Explanation of Disposal Action</u>			
(b) <u>Actual or Planned Use of Proceeds Generated from Disposal</u>			
Total Department of _____	\$XX,XXX	\$XX,XXX	\$XX,XXX

Instructions: Each disposal action should be listed above with the actual or estimated proceeds in each fiscal year in thousands of dollars. For **Explanation of Disposal Action**, include the name of the location, state, and a brief description/purpose of the disposal. For **Actual or Planned Use of Proceeds Generated from Disposal**, a description of anticipated uses of proceeds as authorized in 40 USC Sec. 485 is required.

\1 Actual proceeds received under 40 USC Sec. 572

\2 Estimated proceeds under 40 USC Sec. 572.

DEPARTMENT OF _____
Exhibit OP-29: OVERSEAS MILITARY FACILITY INVESTMENT RECOVERY ACCOUNT

(Dollars in Thousands)

PART A: REAL PROPERTY ASSETS DISPOSED

FY PY-1 FY PY

Host nation providing consideration/payment

1. Description of facility, location, and amount received:

\$XX,XXX

(a) Total amount of the investment
(cost plus improvements) in the facility:

\$XX,XXX

(b) Depreciated value of facility (facility cost (a)
adjusted for inflation and depreciation):

\$XX,XXX

(c) Explanation of any difference between amount
received from host nation and the depreciated value:

Total payments by host nation:

\$XX,XXX \$XX,XXX

Total payments by all host nations:

\$XX,XXX \$XX,XXX

PART B: PROPOSED FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION (SRM) OR ENVIRONMENTAL RESTORATION/COMPLIANCE PROJECTS AT MILITARY INSTALLATIONS PROPOSED TO BE FUNDED FROM PROCEEDS:

Cost

(Dollars in Thousands)

State

Installation

Project Title

FY CY

FY BY

\$XX,XXX

\$XX,XXX

(Description/Justification)