

MCON Underfunded Position

OICC/ROICC Conference

P. Bolton, Programs and Project Management

13 January 00

How much is the MCON Deficit?

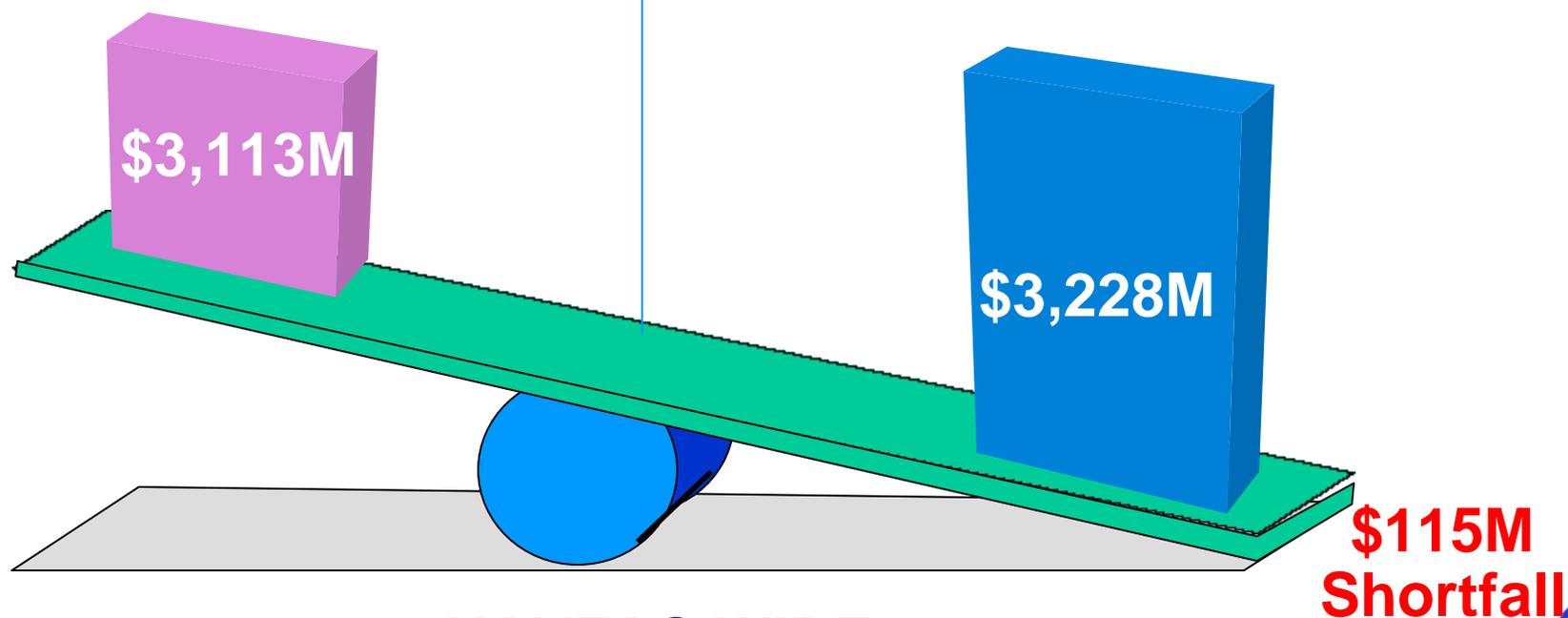
As of 17 Nov 99

Funds Available

\$3,501	Appr. by Congress FY96 - 00
(55)	General reduction by Congress
(10)	Recissions/Other Public Law Xfers
(43)	Minor Construction
(280)	Design Funds
\$3,113	Avail to Finance Projects

Fund Requirement

\$2,245	Obligated (spent or under contract)
20	Commitments (ready to contract)
869	Estimates (future work)
<u>94</u>	Contingency on work under contract
\$3,228	Required for Projects

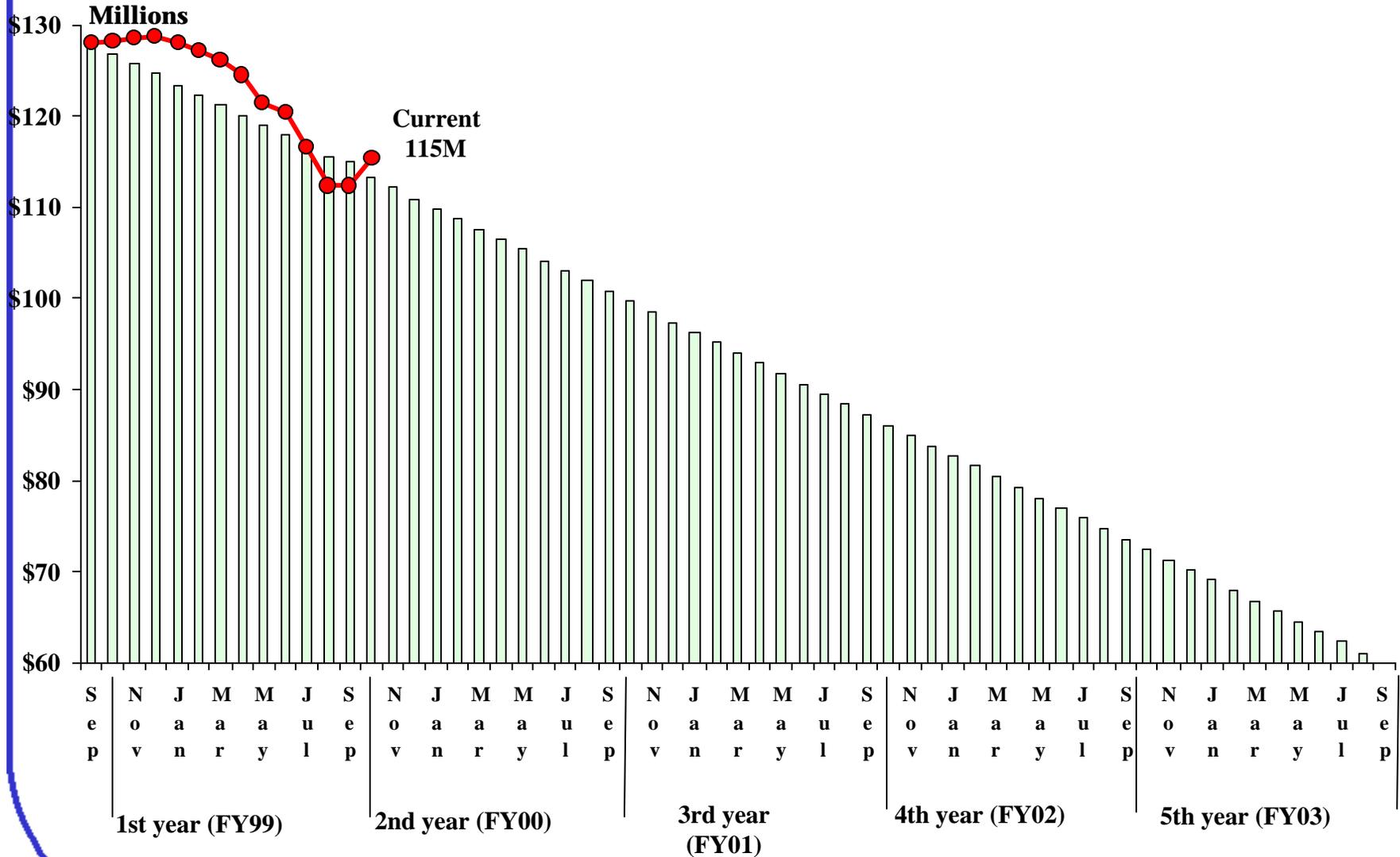


NAVFAC WIDE

MCON Underfunded Position

13 Jan 00

Target Reduction

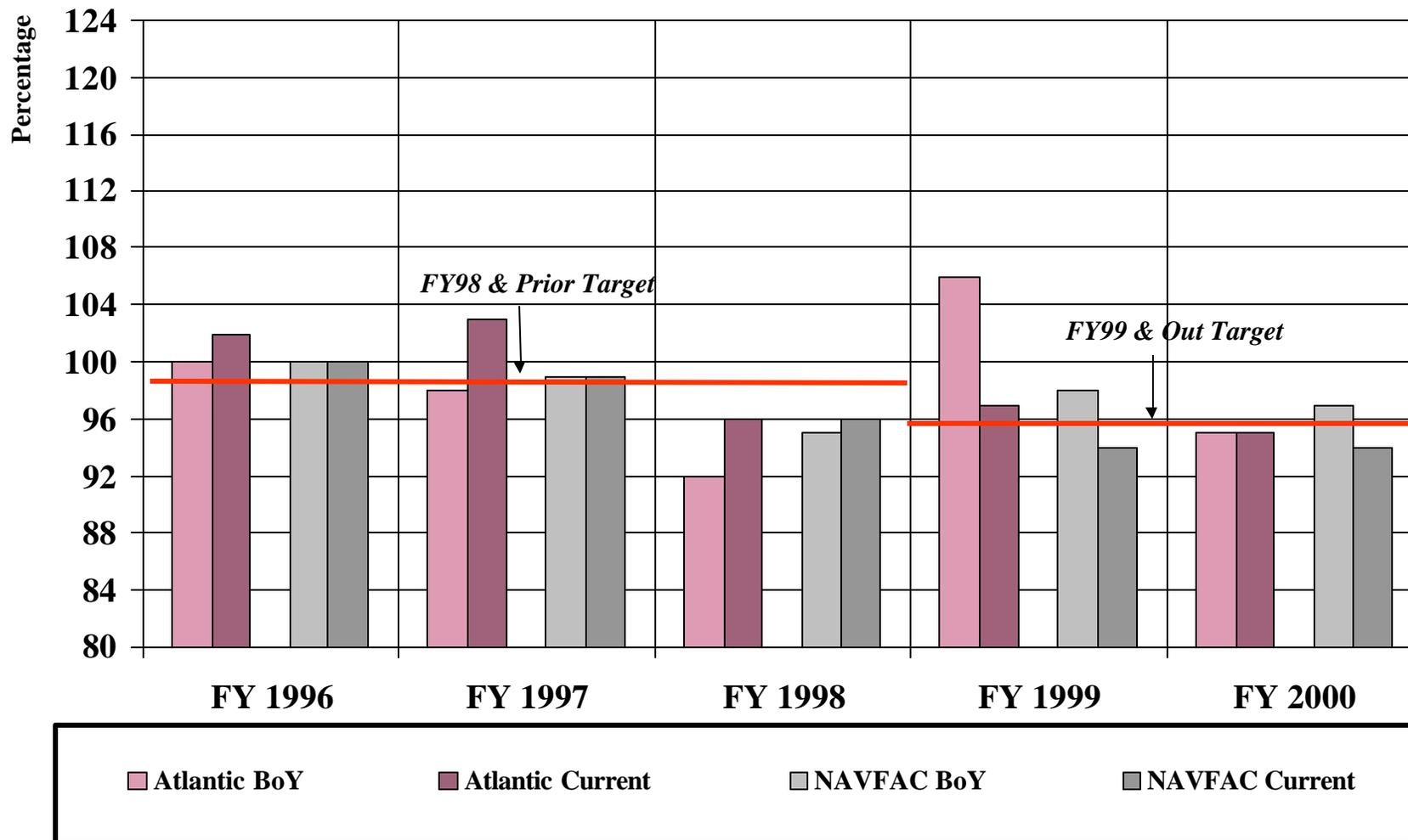


NAVFAC WIDE

FR/FA

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FY96 - FY00 All Projects Included



BoY: Beginning of Year

How are we reducing the Underfunded Position?

13 Jan 00

- Better planning in the development of the 1391 ensuring adequate site, utilities and cost verification
- Designing to an FR/FA of 96%
- Setting ECC for Base Bid equal to 90% of available ECC and identifying Options/Additives as the remaining 10% (100% “Avail ECC” will be available for award)
- FY99 and FY00 projects - Assigning 2% Contingency at time of award; the additional 3% is available during the duration of the construction contract upon request from Component Ops officers or LantOps Code 03

Branch Heads

Funding Requirement

Base Bid ECC	:	\$ 9,000,000
Options/Additives ECCs	:	<u>\$ 1,000,000</u>
Total	:	\$10,000,000
SIOH (6.0%)	:	\$ 600,000
OMSI	:	\$ 50,000
QAP	:	\$ 50,000
PCAS	:	\$ 200,000
Partnering	:	\$ 50,000
	CWE :	\$10,950,000
Contingency (5%, FY00 and Prior)	:	\$ 547,500
<i>(May be 0%, FY01 and Beyond)</i>	Total FR:	\$11,497,500
	Budget :	\$12,000,000
NAVFAC Escalation:	0.0%	
FR/FA (goal 96%):	95.8%	

Contingency

- Types of Changes:
 - CREQ - Customer Request
 - DSGN - Design Deficiency
 - UNFO - Unforeseen Conditions
 - CRIT - Overall Criteria Change
- Assignment of Contingency For MCON Projects letter dated 27 May 99 (Assignment of 2% contingency at time of award)

PBD 319C

13 Jan 00

- Elimination of all Contingency for FY01 and beyond
- Being fought by all Services
- Policy/Direction being worked to deal with problem
 - Cut projects?
 - Cut scope?
- N44 will issue message to Claimants explaining and giving direction

Other Beltway Budget Challenges 13 Jan 00

- 00 Program - \$4.6M Rescission (.53%)
 - General Reduction across all projects
- 01 Program - OSD Mark of \$20M (2.5%)
 - Equal to 97 Unobligated Balance (thus can't use money to reduce underfunded position or pay for future project costs)
 - Would not offset by taking out 2 FY01 projects

Escalation and Reprogramming

13 Jan 00

- Reference Atlantic Division NAVFACENGCOM Instruction 11010.24 dated 21 Jun 99
- Threshold = Appropriated amount + lesser of 25% or \$2M
 - Escalation Authority for MILCON and HSG New
 - Request from Component CO, identify donor projects
 - Approval by LANTDIV OPS Officer/Vice Commander
 - Reprogramming Authority for MILCON and HSG New
 - Request from Component CO, identify donor projects
 - Chop by LANTDIV OPS Officer and Vice Commander
 - NAVFAC to obtain Congressional approval