

SECTION 2-3: HHS FACILITY PROJECT APPROVAL AGREEMENTS

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2-3-00 POLICY

This section describes HHS policy and procedures for Facility Project Approval Agreements (FPAA) for the requirements, budget, scope, and schedule of projects for federally-owned real property assets above OPDIV approval authority as defined in the Capital Investment Review Board (Board) policy. (Refer to Chapter 1 for additional information.) The HHS Facility Project Approval Policy codifies the three-tiered capital facilities review procedure supporting the HHS budget formulation process. The policy distinguishes approval authorities between OPDIVs with real property acquisition authorities, ASA and the Board based on the full cost (considering all sources of funding) for each project.

A. CAPITAL FACILITIES REVIEW PROCESS

The HHS facility project review process has a three-tiered structure supporting the HHS fiscal year budget formulation process that distinguishes HHS approval authorities based on the full costs of each project considering all sources of funds. Within HHS, facility projects are approved as follows:

OPDIVs with Real Property Authority: The Commissioner of the Food and Drug Administration (FDA), and the Directors of the Centers for Disease Control and Prevention (CDC), Indian Health Service (IHS), and the National Institutes for Health (NIH) are responsible for the approval of construction and improvement projects under \$1,000,000, and all repair projects under \$3,000,000. They are also responsible for submission of these projects in the HHS annual budget. This responsibility may be delegated within the OPDIV.

ASA: The Deputy Assistant Secretary for Facilities Management and Policy (DAS/OFMP), ASA, will approve HHS OPDIV facility construction and improvements projects between \$1,000,000 and \$10,000,000 and repair projects between \$3,000,000 and \$10,000,000, which do not require review by the Board.

HHS Board: The HHS Board will review and make recommendations to the Secretary, the ASA and ASFR on a range of issues to include: 1) the development of facility capital investment guidelines; 2) the development of guidelines to implement an investment review process that provides strategic planning for and oversight of facility investments; and 3) regular monitoring and proper management of these investments, once funded. Projects that must be reviewed by the HHS Board include the following:

- OPDIV investments \$10M or more and all land acquisitions
- Department-wide investments that affect multiple organizations
- Investments that have a significant impact on a single OPDIV
- OPDIV investments that the Office of the Secretary determines to have a significant risks; high development, operating or maintenance costs; or have high public visibility
- OPDIV repair and improvement (alteration and renovation) projects more than \$10M
- Other project types as may be designated by the Board.

B. HHS FACILITY PROJECT APPROVAL AGREEMENT

All projects approved by Headquarters will require a written approval agreement between designated officials of the sponsoring OPDIV and ASA.

The Facilities Project Approval Agreement (FPAA) (Exhibit X2-3-A) will document the project's scope and description, basis of need, funding source(s) and total cost from all sources. It also identifies project schedule milestones, including completion of design, construction, activation and operational phases. The agreement represents a commitment by the OPDIV to the requirements, scope, schedule, cost and programmatic need of the project and will be submitted with the OPDIV annual budget submission. Instructions for completing the form are provided as Exhibit X2-3-B.

2-3-30 REPORTING REQUIREMENTS

A. SUBMITTAL AND APPROVAL PROCESS

The FPAA will serve as the project justification, and as such shall be submitted as part of the HHS budget formulation process. Draft FPAAs should be submitted for review to the Division of Planning and Construction, OFMP no later than June 1 each year in preparation for the annual HHS Board meeting in June. The final FPAA consistent with the decisions of the Secretary's Budget Council will require the signatures of the OPDIV Board Member, Project Director, and Project Manager. Departmental sign-off will signify HQ and Board approval and acceptance of the OPDIV's commitment to execute projects within defined requirements, scope, budget and schedule as presented or modified during the review process.

New requirements for projects that occur outside the normal budget formulation process will be submitted for review as soon as the requirement has been identified. OFMP will work with the OPDIV to facilitate approval of the project in a timely manner. Planning and Programming Documents are not required as part of the FPAA submission; however, as part of the review process OFMP may require that the OPDIVs submit these documents.

The HHS Facility Project Approval Agreement must be approved by the Department prior to awarding a contract for design services.

B. REVISIONS TO PROJECTS

All revisions or changes to project budget, scope and/or schedule after the original FPAA approval shall be addressed in accordance with Exhibit X2-3-C. Those revisions or changes not within OPDIV approval authority require submittal of a revised FPAA through OFMP.

HHS FACILITY PROJECT APPROVAL AGREEMENT				1. Project No./ID	2. Revision No.:			
3. Project Title:				4. Budget Year:	5. Date: (mm/dd/year)			
				6.a. Total B&F Cost (\$M):		6.b Total Project Cost (\$M)		
7. OPDIV/Program Office:				8. Installation/Location (City & State)				
9. Facility Cost Estimate (\$M)				10. Related Cost Estimate (\$M)				
Item	Amount	Funds Source	FY	Item	Amount	Funds Source	FY	
a. Land Acquisition				a. Special Studies				
b. Design				b. Pre-Project Planning				
c. Construction				c. Activation (include moving)				
d. Equipment				d. Special Purpose Equip.				
e. Other				e. Other				
f. Total Facility Cost Est.	\$0.00			f. Total Related Cost Est.	\$0.00			
g. Off-Site Utilities:		<input type="checkbox"/> Sufficient capacity and type of off-site utilities are available to support this project. <input type="checkbox"/> Costs have been included in the estimate for the required off-site utilities.						
11. Category	<input type="checkbox"/> Repair		<input type="checkbox"/> Maintenance		<input type="checkbox"/> Improvements		12. PDRI Rating: ___ out of ___ at ___% preliminary engineering or ___ % design	
	<input type="checkbox"/> Construction		<input type="checkbox"/> Temporary Construction					
13. Project Description (Scope/Quantify):								
14. Justification:								
15. Schedules (Month/Year)				16. Program Commitment Approval				
a. Studies	Start	/	Authority		Signature		Date	
	Complete	/						
b. Planning	Start	/	a. Project Manager		_____			
	Complete	/						
c. Design	Start	/	b. Project Director		_____			
	Complete	/						
d. Construction	Start	/	c. OPDIV Board Member		_____			
	Complete	/						
e. Activation	Start	/	d. Office of the Secretary		_____			
	Complete	/						
f. Operational	Complete	/						

HHS FACILITY PROJECT APPROVAL AGREEMENT (Continuation Sheet)		1. Project No./ID	2. Revision No.:
3. Project Title:		4. Budget Year:	5. Date:
		6.a. Total B&F Cost (\$M):	6.b. Total Project Cost (\$M)
7. OPDIV/Program Office:	8. Installation/Location (City & State)		

Instructions for HHS Facility Project Approval Agreement

The bolded numbers and titles in the following paragraphs provide the cross references to the HHS Facility Project Approval Agreement (FPAA) form.

1. Project No. /ID – OPDIV code followed by project number assigned by the submitting organization.

<u>OPDIV</u>	<u>Code</u>
CDC	C
FDA	F
IHS	I
NIH	N

2. Revision No. - the revision number provides a record of the resubmissions. The initial submittal will be numbered as “0” with revisions starting at “1” and numbered consecutively. Revisions are generated *after* the original FPAA approval when there are proposed changes in the budget, scope and/or schedule of a project that are not within the OPDIV approval authority as defined in the Facility Project Approval policy.

3. Project Title – a descriptive title that includes the category of work (see form block 11); describes the primary focus of the project accomplishment; includes the building name and number, if assigned; and campus, if applicable.

4. Budget Year – shall be the year in which funds are being requested on the current FPAA. . For example, all projects proposed for an increment or full funding in 2007 budget shall show 2007.

5. Date – date this form is prepared or revised.

6.a. Total B&F Cost (\$M) – an automatic entry that reflects the sum of all B&F costs (Funds Source is labeled B&F, R&I, M&I or HCFC) only from blocks 9.a. - e. and 10.a. - e. Verify costs are totally correctly. The formula searches the Funds Source column to identify costs, so multiple funds sources cannot be shown on one line.

6.b. . Total Project Cost (\$M) – an automatic entry that reflects the total from blocks 9.f., Total Facility Cost Est., and 10.f., Total Related Cost Est. The cost estimates must fully disclose all costs required to complete and make the project fully operational as described in the HHS FPAA.

7. OPDIV/Program Office – enter Operating Division, then identify the type of project, e.g. institute or center, followed by the actual Program Office. For example: IHS/OPH/OEHE.

8. Installation/Location (City & State) –the city and state or territory of the facility location.

9. Facility Cost Estimate (\$M) and **10. Related Cost Estimate (\$M)** – The cost estimates must fully disclose all costs necessary to provide an operational facility as described in block 13. Project Description; see also HHS Facilities Program Manual, Volume 1, Section 2-1, concerning Facility Project Budgets. Clearly describe on Sheet 2 continuation, projects planned in phases, either based on funding or scope.

Items under Facility Cost Estimate – typically incorporates all costs associated with providing the building itself, i.e., land acquisition, design, construction, equipment, and other associated costs.

- All fixed (building) equipment that is a permanently fixed, built-in part of a building or structure, shall be captured under construction, e.g., elevators, HVAC, mechanical and electrical equipment, walk-in refrigerators, built-in autoclaves, generators, etc. Removal or replacement of this equipment typically requires repairs or improvements.
- All fixed (attached and/or installed) equipment that becomes an integral part of the building when installed, e.g., drinking fountains, sinks, casework, and is typically included as part of the construction contract, shall captured under construction.
- Equipment captures moveable equipment that is required to make the facility fully operational.
- Generally, if a service is included in the specific design and/or construction contract, it is captured under 9.b. or c. as appropriate. If it is accomplished under a separate contract, capture under 9.e.
- Other associated costs may include telecommunications, commissioning, construction management, etc. Provide description on Sheet 2 continuation of all 9.e. costs.

Items under Related Cost Estimate – typically incorporates all costs to complete planning and programming, make the building fully operational, develop infrastructure, and complete interim moves and ancillary related projects. Provide description on Sheet 2 continuation of 10.a. through 10.e. costs.

- Special studies and pre-project planning may include environmental technical studies, NEPA documentation, historic/archeological compliance, feasibility analysis, geological testing, etc..
- Activation shall include all move related expenditures and interim moves.
- Special purpose equipment is specialized technical, scientific and/or medical equipment that may be fixed or moveable, e.g., incubators, sterilizers, centrifuges, cage racks, etc. Special purpose equipment is that equipment required to operate a laboratory, a hospital, a clinical research patient care unit, etc., or is specific to a single purpose and not generally suitable for other purposes.
- Other costs may include such items as infrastructure, telecommunications, and ancillary related projects.
- List all items and their costs that make up the amount entered in the cost estimate.

Amount – the total estimated costs for the item should be entered in millions to the hundredth. The cost estimates should include a reasonable amount for contingencies.

Funds Source – see also HHS Facilities Program Manual, Volume 1, Section 2-1, Funding Sources for Facilities Projects.

<u>Funds Source</u>	<u>Code</u>
Buildings & Facilities	B&F
Repair/Maintenance & Improvements	R&I or M&I
Health Care Facilities Construction	HCFC

Agency Annual Operating	Ops or IC
Quarters Return	Qtr
Medicare/Medicaid	M&M
Donation or gift	Gift

Only one funds source should be shown for specific line. If a specific line is composed of more than one funds source, separate costs using line 9.e. or 10.e. as needed to describe additional funds source(s). Provide an explanation of the breakdown on Sheet 2 continuation.

FY – enter the fiscal year of appropriation for the funds being used for that item. If funds from more than one FY are to be used for the item, in blocks 9 and 10 show multiple years. For example, if funding is continuous over 3 years indicate as 2006-08, if 2 years indicate as 2006/08. On Sheet 2 continuation show the breakdown by fiscal year of the item amount.

Off-Site Utilities: Check “sufficient capacity and type” if utilities already exist, and only a connection is required. On Sheet 2 continuation detail utility connection charges or unusual conditions, such as extended distance requirements. Check “costs included for off-site utilities” only if a major system upgrade is required to support the project, such as an additional cell must be added to a sewage lagoon. On Sheet 2 continuation describe the utilities improvements required and costs incurred by the project.

11. Category – see HHS Facilities Program Manual, Volume 1, Section 2-1, for definitions of Major Facility Program Activities. *Check all applicable categories.*

12. PDRI Rating – enter the project’s actual PDRI rating, the total possible rating, and the percent of preliminary engineering or design completion when the rating was performed. Provide PDRI summary score sheet as part of supporting documentation in initial FPAA submittal. Indicate on Sheet 2 continuation any significant action items that were identified as a result of the PDRI analysis and could prevent the project moving forward if not accomplished timely. Document to project records the basis for ratings, analysis of project risks and mitigation strategies developed as a result of the PDRI analysis.

13. Project Description (Scope/Quantify) – a concise, clear statement of the project's scope and description. The scope shall be stated first and include:

- Physical size and characteristics such as units of measures (for health care, laboratory, office, etc.), functions, and special features (infrastructure, central utility plant or major equipment upgrades required to support the facility).
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- Quantify to the maximum extent possible (e.g., number of buildings, design capacity, and gross and net area developed per HHS Facilities Manual, Volume 1, Section 2-5).
- Specifically address the FRPC performance measures of mission dependency and utilization.
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The format and language for the description shall be similar to the format used for budget documents submitted per OMB Circular A-11 Part 7, Planning, Budgeting, Acquisition and Management of Capital Assets, and specifically include intended acquisition strategy. A copy of the acquisition strategy shall be included with the initial FPAA submittal on all Board level projects. The description shall include the current status of the project in the OPDIV’s internal

planning and programming process, as well as assumptions and basis for the project. The description shall also include a summary of status of pre-project planning activities to date, and any project risks identified to date. . Any agreements in place with stakeholders should be referenced. Also include a description of all related projects. The project scope described in this entry will be the approved scope of the project. Changes in project scope require resubmittal of the HHS FPAA.

14. Justification – should begin with a concise statement of the functional purpose for which the project is needed.

- The need should specifically refer to OPDIV mission and program requirements and to the role of the proposed facility in the mission or program.
- Specifically address FRPC performance measures of operating costs and condition index.
- Customer and stakeholders should be identified.
- As an example, a personnel housing project's justification should discuss the personnel requirements, deficiencies in existing housing, resulting excessive administrative costs and plans for the use of the existing space for other purposes or its disposal.
- Support facilities, such as libraries, auditoriums and cafeterias, must be justified separately and specifically.
- Justification should clearly establish the requirements for the facility, cite any applicable studies.
- Identify how the project will reduce costs or improve efficiencies.
- Highlight the project's priority, describe and justify any relationship to any current or new project, and identify link to approved master plans.
- Identify the disposition and/or disposal of any existing facilities.
- Identify how life cycle cost (LCC) analysis as required by OMB Circular A-11 has been or will be addressed.
- Include a summary of alternatives considered and their viability.

15. Schedules – enter the schedule dates for the activities listed and the date the facility is to be operational.

- Include a month and year for each milestone date.
- Dates should be consistent with funding proposal.
- Do not use durations.

16. Program Commitment Approval – the Project Manager signs as the project submitter committing to complete the project within the stated budget, scope and schedule. The Project Director's signature commits the OPDIV organization to completing the project within the stated budget, scope and schedule. The OPDIV Board Member's concurrence indicates a commitment to the programmatic need and the stated budget, scope and schedule for the project. The Department signature approves the project and accepts the OPDIV's commitment to execute the project, based on the requirements, budget, scope and schedule as defined in the FPAA.

HHS Facility Project Approval Agreement (Continuation Sheet 2) – the form automatically completes blocks 1 through 8 with the same information as sheet 1. Any continuation data provided shall be prefixed with the block number from sheet 1.

<u>CHANGES TO FACILITY PROJECT APPROVAL AGREEMENT*</u>			
	<u>OPDIV Approval</u>	<u>ASA Approval</u>	<u>Board Approval</u>
Line Item Projects			
<u>Budget</u>	Any variance below President's Budget	Any variance above President's Budget--concur/notify OMB/Cong	Any variance above President's Budget--concur/notify OMB/Cong
<u>Scope</u>			
Board Level (≥\$10.0M)	..... No variance	..... Any variance	.....
ASA Level (<\$10.0M)	..... Variance plus or minus 10%	..... Variance greater than 10% plus or minus	..... ASA decides which will be referred to Board or higher
<u>Schedule</u>	..... Completion date varies one year or less	..... Completion date varies more than one year	..... ASA decides which will be referred to Board or higher
Projects Funded from Lump Sum Programs			
<u>Budget</u>			
Board Level (≥\$10.0M)	..... Variance 10% or less per project	..... Variance greater than 10% per project	..... ASA decides which will be referred to Board
ASA Level (<\$10.0M)	.....	.....	.....
<u>Scope</u>			
Board Level (≥\$10.0M)	..... Variance plus or minus 10% per project	..... Variance greater than 10% plus or minus per project	..... ASA decides which will be referred to Board
ASA Level (<\$10.0M)	.....	.....	.....
<u>Schedule</u>	..... All Changes		
* Use of FPAA is mandatory for ASA or Board level projects. Use is optional on OPDIV level projects.			
<u>Types of Work (HHS Facilities Manual):</u>	<u>Funding Categories (HHS Facilities Manual):</u>	<u>Approvals (CIRB Policy Document):</u>	
Construction	B&F Construction (HCFC for IHS)	OPDIV: <\$1.0M Improvement, Construction	
Improvements (Renovations/ Alterations)	B&F Repair & Improvements	OPDIV: <\$3.0M Repair	
Minor Renovations	B&F Maintenance & Improvement (IHS only)	ASA: <\$10.0M	
Repair	Annual Operating		
Maintenance	Other	Board: ≥ \$10.0M	
Temporary Construction			

