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Acquisition

MANAGING INDUSTRIAL FACILITIES

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This instruction implements AFR 63-7, *Management of Industrial Facilities*, and establishes procedures for acquiring, managing, and disposing of Air Force-owned industrial facilities defense contractors use to support Government contracts. For this instruction, industrial facilities are all property (other than material, special tooling, military property, and special test equipment) needed for production, maintenance, research, development, or test, including real property, buildings, structures, improvements, and plant equipment. This instruction applies to Air Force activities that provide or authorize the use of Air Force-owned industrial facilities, excluding Air Force Reserve and National Guard activities. It does not include the Air National Guard. **Attachment 1** lists the Department of Defense (DoD) and Air Force directives, policy documents, and instructions required to comply with this instruction.

SUMMARY OF REVISIONS

This is the initial publication of AFI 63-701, substantially revising AFR 78-22. It gives more information about facilities planning, energy management, and safety and omits plant equipment packages, modernizing personal property, and all associated reporting. It includes instructions for plant divestiture and new environmental policies.

Chapter 1

RESPONSIBILITIES

1.1. SAF/AQX. The Deputy Assistant Secretary for Management Policy and Program Integration guides the management of Air Force-owned industrial facilities. SAF/AQX determines which industrial facilities the Air Force needs to support its acquisition programs under the industrial property account.

1.2. HQ USAF/CE. The Office of the Civil Engineer integrates industrial facilities needs with overall civil engineering environmental and safety programs.

1.3. Major Commands (MAJCOM):

1.3.1. Acquire and care for needed industrial facilities when the private sector cannot.

1.3.2. Declare industrial facilities unneeded and dispose of them per **Chapter 7** of this instruction.

1.3.3. Develop and pursue efforts to minimize Air Force acquisition of industrial facilities and to transfer industrial facilities the Air Force owns to the private sector.

1.4. HQ AFMC. AFMC develops procedures for managing all Air Force-owned industrial facilities and helps other MAJCOMs acquire, manage, and dispose of Air Force-owned industrial facilities.

1.4.1. Headquarters Air Force Materiel Command (HQ AFMC/CE). The Directorate of Civil Engineering is the AFMC central management for implementing this instruction. HQ AFMC/CE's staff of program managers, civil engineers, environmental engineers, and specialists:

1.4.1.1. Consolidate and advocate the industrial facilities budget and financial plan requirements for all program elements (PE).

1.4.1.2. Advocate funding for the Industrial Facilities Program.

1.4.1.3. Help ASC/EM set up and use an effective environmental program for industrial facilities.

1.4.1.4. Integrate the Facilities Management and Divestiture Plan with related industrial base program planning actions and functions per AFPD 63-6, *Industrial Base Planning*.

1.4.1.5. Prepare special orders to officially note industrial property disposal and adjust industrial real property records and reports per AFI 32-9005, *Establishing, Accounting, and Reporting Real Property*. Use AF Form 1192, **USAF Installations Characteristics Report**, RCS:SAF-MII(AR)7119.

1.4.1.6. Help ASC/EM set up and use an energy management program for industrial facilities, as the Air Force Energy Conservation and Management (ECAM) Program requires.

1.4.1.7. Review and forward to SAF/AQXM the metrics outlined in AFPD 63-7.

1.4.2. HQ AFMC/EN. The Directorate of Engineering and Technical Management administers the Industrial Base Program and manages PE 78011F. HQ AFMC/EN integrates PE 78011F-funded industrial facilities requirements into the financial management processes as SAF/AQXM directs.

1.4.3. HQ AFMC/PK. The Directorate of Contracting interfaces with the Defense Contract Management Command (DCMC) about industrial facilities contract or lease issues and negotiates memoranda of agreement (MOA) with DCMC for AFMC.

1.4.4. HQ AFMC/JA. The Staff Judge Advocate gives legal advice and help with matters relating to Air Force government-owned, contractor-operated (GOCO) plants.

1.4.5. HQ AFMC/PA. The Office of Public Affairs guides and helps HQ AFMC/CE and ASC/PA with Air Force GOCO plants.

1.4.6. HQ AFMC/LG. The Directorate of Logistics monitors the inventory of military vehicles the Air Force provides to contractors operating Air Force-owned industrial facilities.

1.4.7. HQ AFMC/SE. The Office of Safety guides and helps HQ AFMC/CE and ASC/EM with industrial facilities safety issues.

1.5. ASC/CC. The Commander of Aeronautical Systems Center allocates and manages resources to acquire, manage, and dispose of all Air Force-owned industrial facilities following all laws and regulations.

1.5.1. ASC/EM. The Directorate for Acquisition Environmental Management acquires, manages, and disposes of Air Force-owned industrial facilities according to this instruction.

1.5.1.1. ASC/EM employs a staff of qualified functional personnel. Civil engineers, environmental engineers and specialists, public affairs personnel, budget and safety personnel, and program managers staff its multidisciplinary Industrial Facilities Program Office (IFPO).

1.5.1.2. Seeks the technical support (contracting, legal, manufacturing, public affairs, security, and so on) needed to manage the contracting, leasing, and divestiture of industrial facilities.

1.5.1.3. Makes sure that contractors set up effective environmental programs for industrial facilities they use.

1.5.1.4. Sets up an energy management program for Air Force-owned industrial facilities as the Air Force ECAM Program requires.

1.5.1.5. Formulates the industrial facilities budget and financial plan needs for AFMC program elements.

1.5.1.6. Informs HQ AFMC/CE of all industrial facilities actions.

1.5.1.7. Works with DCMC or Defense Plant Representative Offices (DPRO) in all noncontractual matters related to facilities management and environmental oversight programs.

1.5.1.8. Fulfills "owner" obligations under federal, state, and local laws and regulations.

1.5.1.9. Prepares the required metrics per AFPD 63-7 and sends them to HQ AFMC/CE.

1.5.2. ASC/PK. The Directorate of Contracting negotiates facility contracts, leases, and related changes to meet ASC/EM requirements.

Chapter 2

FACILITIES MANAGEMENT PLANNING

2.1. Facilities Planning Requirement. ASC/EM performs a needs analysis to validate the need for existing facilities and project future ability to make and support weapon systems.

2.2. Facilities Management and Divestiture Plan. ASC/EM develops a Facilities Management and Divestiture Plan for all industrial facilities. The plan establishes strategies to achieve Air Force goals for weapon system support, industrial readiness, and divestiture. The 5-year plan (RCS: DD-COMP[AR]1092) projects facilities use, requirements, and management actions. (See **Attachment 2** for the Facilities Management and Divestiture Plan Requirements.) It identifies and documents:

- The need for continued Air Force-ownership to support current or contingency needs and substantiates industrial facilities' proper use.
- Environmental conditions that affect management and divestiture actions, like the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) Section 120 requirements, the Community Environmental Response Facilitation Act (CERFA) requirements, and the costs of selling or keeping contaminated properties.
- Measures to decrease cost, increase productivity, and diminish the need for more facilities.
- Requirements to retain capability and capacity to produce and support weapon system programs and encourage private sector ownership of industrial facilities.
- Decisions that affect facility planning and their fiscal impact on the facilities or the programs that need to use the facilities.

2.3. Divestiture and Management Actions. ASC/EM assesses whether the Air Force needs to own facilities and identifies opportunities for divesting. Figure 2.1 outlines on a decision tree the considerations leading to one of seven normal solutions to industrial facility divestiture and management. ASC/EM presents the assessment's results in the annually updated Facilities Management and Divestiture Plan. The plan normally documents one of these management strategies to dispose of industrial facilities:

2.3.1. Declaration of Excess. If another DoD agency needs the industrial facility, the Air Force transfers it to the agency or reports it to the General Services Administration (GSA) through the US Army Corps of Engineers (USACE) as excess to requirements with no restrictions. Either action removes the property from the Air Force Industrial Property Account.

2.3.2. Transfer to Air Force Military Property Account. If organic Air Force programs need the facility, the Air Force transfers it to the military property account.

2.3.3. Negotiated Sale to Operating Contractor. If the Air Force needs the facility but does not need to own it and the incumbent contractor offers to buy it, the activity reports this to the GSA (through the USACE) with a recommendation to negotiate a sale.

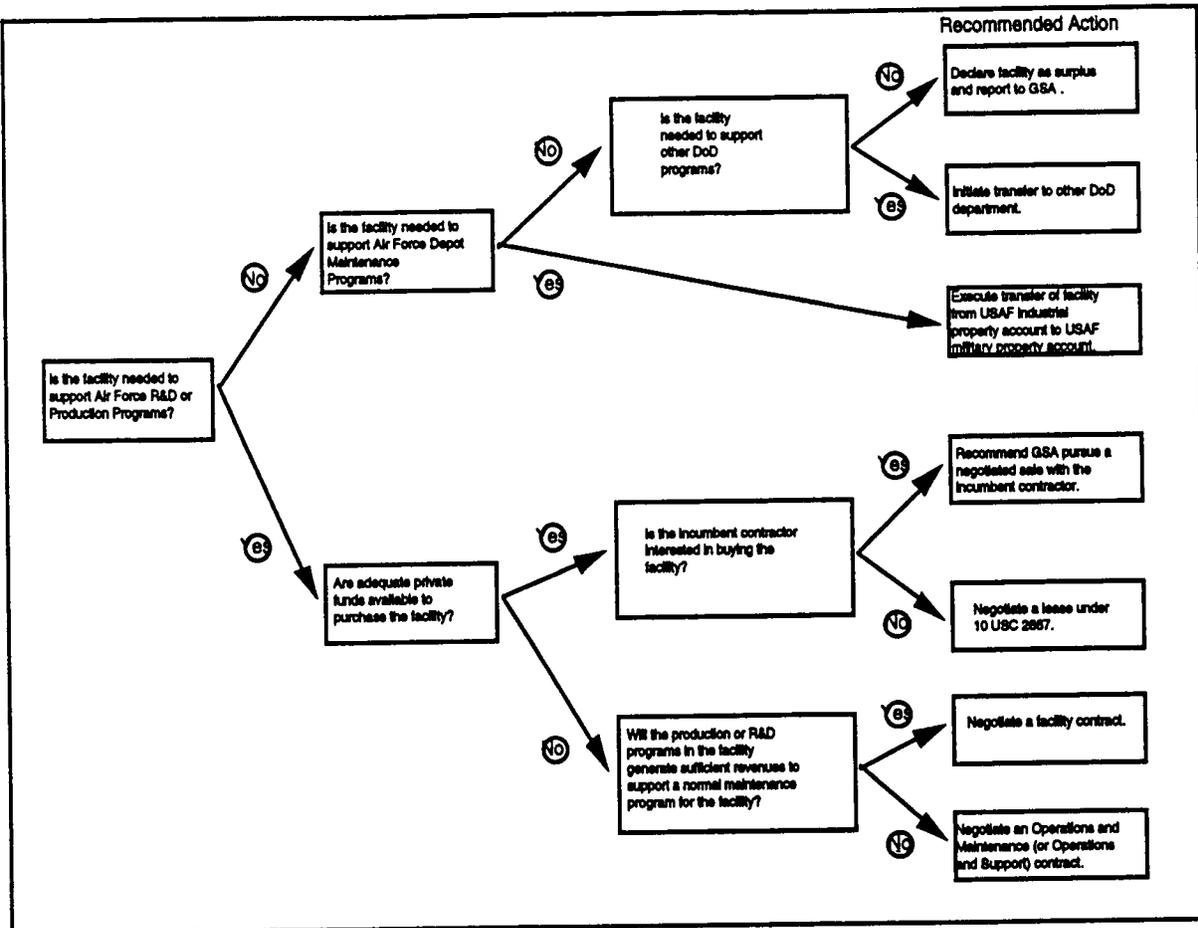
2.4. Facilities Management and Divestiture Plan Coordination and Submittal. For programs that need to use industrial facilities, ASC/EM coordinates a plan with program executive officers (PEO) and Defense Acquisition Commanders (DAC).

2.4.1. ASC/EM sends the plan through ASC/CC to HQ AFMC/CE for AFMC/CC approval.

2.4.2. HQ AFMC/CE sends SAF/AQXM a copy of the approved plan.

2.4.3. ASC/EM updates the plan at least annually.

Figure 2.1. OWNERSHIP ASSESSMENT



Chapter 3

ACQUISITION OF FACILITIES

3.1. Real Property. SAF/AQX's oversight minimizes government construction of nonseverable facilities on privately owned land and of facilities that only add to or support privately owned facilities on government owned land. However, when the Air Force needs facilities, SAF/AQXM follows the statutes for real property acquisition (summarized in DoD Directive 4165.6, *Real Property Acquisition, Management and Disposal*, September 1, 1987) and secures any needed congressional approvals.

3.1.1. ASC/EM prepares supporting documentation for SAF/AQXM, as **Attachment 3** shows.

3.1.2. When acquiring real property, ASC/EM does an environmental audit to assess the property's environmental condition, address potential liabilities, and estimate remedial costs.

3.2. Personal Property. Air Force activities may only acquire industrial facilities to meet critical needs.

3.2.1. ASC/EM approves personal property acquisitions accountable under facilities contracts.

3.2.2. The laboratory commander or the PEO responsible for the RDT&E funds approves personal property acquisition with RDT&E funds.

3.2.3. The responsible procurement contracting officer (PCO) approves personal property acquisitions for all other contracts.

3.3. Vehicles. ASC/EM provides military-unique motor vehicles to contractors for DoD contracts per FAR 45.304 and AFPD 24-3, *Operation, Maintenance, and Use of Transportation Vehicles and Equipment* and the attendant AFI 24-301, *Vehicle Operations*.

3.3.1. Before providing contractors with vehicles, ASC/EM gets HQ AFMC/CE approval, completes AF Form 601, **Equipment Action Request**, and sends it to HQ AFMC/LG.

3.4. Expansion:

3.4.1. If expanding Air Force industrial facilities becomes necessary, ASC/EM gets SAF/AQXM approval.

3.4.2. Programs that need expansion funds it.

3.4.3. For expansion projects involving construction, ASC/EM prepares DD Form 1391, **Military Construction Project Data**, modified to read "Facility Project Data," supporting documentation, and an Environmental Impact Analysis per AFI 32-7061, *Environmental Impact Analysis Process*.

3.4.4. ASC/EM asks SAF/AQXM to approve contractor financing of construction projects or installing permanent equipment on government property.

3.5. Modernization. ASC/EM modernizes facilities if more efficient and cost-effective facilities result.

Chapter 4

BUSINESS RELATIONSHIPS

4.1. Facilities Contracts. For GOCOs, the Air Force uses a consolidated facilities contract if a lease is not viable.

4.1.1. ASC/EM authorizes using facilities contracts. ASC/EM uses a facilities contract when the contractor uses government-owned personal property at a contractor-owned, contractor-operated (COCO) facility.

4.1.2. The facilities procurement contracting officer (FPCO) negotiates facilities contracts per FAR 45.302-2 and 45.302.

4.2. Leases. The leasing statute, Title 10, United States Code, Section 2667, lets the Secretary of the Air Force lease needed real or personal property under the control of the Air Force. The statute and the Secretarial Determination and Finding (D&F) may add restrictions and mandatory lease provisions.

4.2.1. Request for Lease. In the request for lease, ASC/EM includes the information **Attachment 6** shows. The request includes supporting documentation, comments by the contract administration office (CAO), and a proposed draft D&F.

4.2.1.1. The requester sends the needed documentation directly to SAF/AQXM and sends HQ AFMC/CE a copy.

4.2.1.2. The resulting official Secretarial D&F authorizes a lease, specifies final review and approval authority, and includes additional guidance about the lease's terms.

4.2.1.3. ASC/EM sends SAF/AQXM a copy of the drafted lease for Secretarial review and gives ASC/PK and the CAO copies for review and comment. The Air Force does not give a contractor any lease information before Secretarial review and comment.

4.3. Operation and Maintenance (O&M) Contracts. When ASC/EM does not use US Army Corps of Engineers (USACE) services, a base civil engineering function, or the Air Force Center for Environmental Excellence (AFCEE), ASC/PK negotiates O&M contracts to obtain services, including caretaker services for unneeded industrial plants and environmental cleanup.

4.3.1. ASC/EM puts together a purchase request (PR) package that includes project approval, funding source, and a statement of work (SOW) for ASC/PK use in issuing O&M contracts.

4.4. Acquisition Planning. Program offices include requirements for all industrial facilities in the initial program documentation of all RDT&E and production contracts. Include: pre-RFP (request for proposal) documentation (like acquisition plans, acquisition strategy panels, and so on).

4.4.1. RFPs need a detailed government-furnished facilities plan to include modernizing facilities.

4.4.2. The contractor must identify potential problems during production, surge and mobilization.

4.5. Contract and Lease Administration:

4.5.1. Facility contract administration follows the FAR.

4.5.2. Facility lease administration follows the FAR as incorporated into the lease or as stated in an MOA.

4.5.3. The facilities procurement contracting officer (FPCO) negotiates the MOA with each responsible CAO or HQ AFMC/PK.

4.5.4. HQ DCMC negotiates a single MOA for all CAOs.

Chapter 5

FACILITIES MANAGEMENT

5.1. Contractual Instruments. The Air Force uses facilities contracts or leases to account for and manage government-owned industrial facilities it provides to defense contractors.

5.1.1. Leases. Normally, the government restricts the contractor from using leased property in a way that interferes with DoD contracts or subcontracts.

5.1.2. Facilities Contracts. After ASC/EM approves, the FPCO authorizes a contractor to use government-owned industrial facilities according to FAR 45.4 and this instruction.

5.1.3. Contracts with Foreign Governments or International Organizations. ASC/EM approves industrial facilities' use for foreign government work per AFI 63-107, *Weapon System Program Management*, and FAR 45.405. ASC/EM considers the impact on the facilities disposal effort.

5.1.3.1. ASC/EM may grant a contractor blanket facility use approval for a given country not to exceed 1 year. If a country orders something from the contractor in the approved period, the approval continues until the contractor fills the order.

5.1.3.2. FAR 45.405 explains the process of approving a request to waive or reduce charges for using government production and research property.

5.1.4. Commercial. FAR 45.407 limits commercial work done in facilities under contract to 25 percent of the facilities' total use. Commercial work includes items produced to sell directly to foreign governments.

5.1.4.1. A contractor who wants to extend the limit must seek approval. The contractor sends requests in sufficient time to reach SAF/AQXM at least 3 weeks before using the facility.

5.1.4.2. ASC/EM reviews requests and sends them through HQ AFMC/CE to SAF/AQXM for approval.

5.2. Accountability. A contractor using a GOCO facility to produce goods for DoD has only one lease or facilities contract with the government. ASC/EM may simultaneously use a facilities lease and a facilities contract at any contractor location, provided that one accounts for the facilities and the other fulfills a different need.

5.2.1. ASC/EM manages all government-owned industrial plant equipment (IPE), other plant equipment (OPE), and vehicles provided to contractors. Facilities contracts govern personal property use outside GOCO facilities.

5.3. Resource Protection. Ensure physical security for GOCO industrial facilities per AFPD 31-7, *Acquisition Security*; AFI 31-703, *Product Security (PRODSEC)*; AFI 31-209, *Air Force Resource Protection Program*; and DoD 5100.76-M, *Physical Security of Sensitive Conventional Arms, Ammunitions, and Explosives*, September 1992.

5.3.1. Program offices normally provide product security through the production contract.

5.3.1.1. ASC carefully watches product security applications at GOCOs and conducts surveys.

5.3.2. Facilities planning, programming, and budgeting must identify what's needed to protect government-owned real property, personal property, arms, ammunition, and explosives.

5.3.3. If a program office has a specific need for a weapon system, like installing a new ammunition storage bunker due to unique needs or falling short of capacity, ASC/EM asks the office managing the program for funds.

5.3.3.1. These projects normally qualify as expansions.

5.3.3.2. Like expansions, the program office funds security needs unique to the program.

5.4. Facility Maintenance. Contractors use industrial standards to maintain facilities the Air Force owns. The work needed to maintain industrial facilities consists of normal maintenance, capital work, and packing, crating, and handling (PC&H). Capital work includes projects qualifying as expansion, capital type rehabilitation (CTR), modernization, environmental compliance, and energy conservation.

5.4.1. For facilities contracts, ASC/EM programs capital projects and PC&H needs annually per Air Force budgeting guidance.

5.4.1.1. For leases, ASC/EM programs nonenvironmental capital projects annually against projected lease revenues.

5.4.1.2. ASC/EM systematically tracks the backlog of unfunded facilities projects under both facilities contracts and leases.

5.4.1.3. When capital project needs exceed lease revenues, ASC/EM sets up a method for prioritizing projects.

5.4.2. Requirement Analysis. The contractor identifies the maintenance needs for GOCO industrial facilities. ASC/EM assesses each GOCO at least annually to:

- Make sure each contractor complies with the approved Normal Maintenance Plan.
- Identify, validate, and prioritize capital needs.

5.4.2.1. ASC/EM prioritizes project funding with appropriated funds, proceeds from facilities sales, or lease revenues according to these categories:

5.4.2.2. Recurring environmental compliance projects, also known as environmental operations and services (O&S), involving annual "must do" requirements associated with keeping the facilities open. One-time environmental compliance projects fall into three classes:

- Class 1 projects correct conditions not in compliance with federal, state, interstate, and local environmental laws. Ignoring these laws may lead to permit revocation, injunction through regulatory enforcement, or citizen suit.
- Class 2 projects correct conditions which will result in future noncompliance.
- Class 3 projects improve environmental quality and prevent future environmental degradation. AFI 32-7001, *Environmental Budgeting*, explains environmental policy and how to comply with it.

5.4.2.3. There are four categories of compliance projects which are not environmental:

- Category 1 projects protect life, health, or safety (risk assessment codes [RAC] of 1, 2, or 3 or fire safety deficiency codes [FSDC] 1 or 2).

- Category 2 projects impact production (RAC 4 or greater, or FSDC 3 or greater).
- Category 3 projects prevent further property deterioration.
- Category 4 projects enhance productivity.

5.4.3. Normal Maintenance. The facilities contract or lease requires the contractor to perform the normal maintenance **Attachment 1** defines.

5.4.3.1. In the Normal Maintenance Plan contractors describe the program they must set up and administer per FAR 45.509-1. The contractor reports maintenance need not in the Normal Maintenance Plan to ASC/EM for appropriate action.

5.4.3.2. ASC/EM reviews the contractor's written Normal Maintenance Plan, FPCO validates it, and the CAO approves it.

5.4.3.3. ASC/EM considers whether the contractor should reduce normal maintenance for facilities to be disposed of soon.

5.4.4. Capital Work. The Air Force normally funds needs beyond the contractor's normal maintenance plan.

5.4.5. Real Property. GOCO industrial facilities may require work more than normal maintenance to sustain their production capability to meet current and future DoD needs.

5.4.5.1. For capital projects, ASC/EM uses integrated engineering practices to comply with fire and safety codes, security, energy conservation, and pollution prevention requirements. ASC/EM does not accomplish projects solely to meet code revisions unless failing to do so results in not complying with a law or an emergency situation.

5.4.5.2. In plants identified for disposal, ASC/EM corrects only life, health, safety, and environmental problems. In addition, ASC/EM uses discretion when accomplishing projects which are essential to current production, eliminate a serious security risk, or needed to help the sale.

5.4.6. Notification to the Congress. For construction projects that expand plant capability or capacity, the contractor sends DD Form 1391 changed to read "Facility Project Data" and AF Form 813, **Request for Environmental Impact Analysis**. On these forms, contractors assess their projects' environmental impact.

5.4.6.1. ASC/EM reviews the forms and forwards them through HQ AFMC/CE to SAF/AQXM.

5.4.6.2. If SAF/AQXM approves the project, they notify the Congress as needed.

5.4.7. Emergency Capital Type Rehabilitation (ECTR):

5.4.7.1. The contractor acts first to stop an emergency and minimize facility damage. Then the contractor tells ASC/EM about the emergency and the action taken and recommends a solution.

5.4.7.2. When ASC/EM secures funding and obtains project approval, they instruct the FPCO to direct the contractor to take appropriate action.

5.4.8. Rearrangement:

5.4.8.1. ASC/EM approves the classification and technical scope of proposed rearrangement projects. ASC/EM may delegate their authority to the responsible CAO.

5.4.8.2. The CAO or DCAA determine and allocate the projects' costs.

5.5. Personal Property. Air Force activities phase out personal property defense contractors use.

5.5.1. For personal property under a facilities contract or lease, the contractor has a maintenance program per FAR 45.509-1.

5.5.2. Although ASC/EM may authorize using lease revenues to repair personal property accountable under a lease, they should not normally approve using direct Air Force funds for capital repair of personal property under a facilities contract.

5.6. Environmental Management. ASC/EM executes the Environmental Management Program. This program implements the requirements of Air Force directives and instructions on environmental planning and management, specifically AFPD 32-70, *Environmental Quality*, and implementing Air Force Instructions.

5.6.1. ASC/EM makes sure that all leases and facility contracts require defense contractors to operate and maintain Air Force property in conformance with current federal, state, interstate, and local environmental laws and regulations.

5.6.2. ASC/PK establishes contract terms which address contractor responsibilities for environmental restoration, compliance, pollution prevention, and response actions.

5.6.3. The Air Force does not assume responsibility for environmental restoration or compliance it assigned to a contractor under a lease or facilities contract, nor does it regulate or audit environmental compliance other than requiring contractors to comply with their contracts.

5.6.4. ASC/EM seeks legal review of all actions that may result in liability for, or litigation against, the Air Force. If higher headquarters direct or counsel advises, legal review is mandatory.

5.6.5. Compliance. The contractor is responsible for operating and keeping the facilities in compliance with all environmental laws and regulations.

5.6.5.1. ASC/EM develops and uses an environmental compliance assessment and management program for industrial facilities. The program fulfills Air Force directives and instructions, and environmental laws and regulations.

5.6.5.2. ASCC/EM performs all necessary actions required by Air Force environmental directives and instructions for GOCO facilities.

5.6.5.3. ASCC/EM represents the Air Force in fulfilling "owner" obligations under federal, state, interstate, and local laws and regulations.

5.6.5.4. ASCC/EM represents the Air Force in federal facility compliance program activities.

5.6.5.5. ASCC/EM oversees GOCO plant operator responses to uncontrolled releases of hazardous substances. The contractor's response to this situation is governed by the facilities contract, leases, and the contractors' pollution incident plan. The plant operator then cooperates with environmental authorities and acts under National Contingency Plan guidelines and the Air Force instructions it contains.

5.6.5.6. ASCC/EM uses the compliance program to reduce Air Force legal liability, financial loss, and environmental damage resulting from GOCO plant operator compliance problems.

5.6.6. Pollution Prevention. ASC/EM writes and oversees the use of a Pollution Prevention Management Plan. The plan identifies the pollution prevention opportunities that each active GOCO

industrial facility then takes. The plan must address the requirements of the *Pollution Prevention Act of 1990*, Executive Order 12856, and AFI 32-7080, *Pollution Prevention*.

5.6.6.1. ASC/PK negotiates facilities contract or lease and ASC/EM programs resources necessary to execute the approved pollution prevention program:

5.6.6.2. ASCC/EM continually assesses opportunities to eliminate use or creation of toxic materials and ozone-depleting chemicals in GOCO plants.

5.6.6.3. ASCC/EM seeks strategic alliances with the Air Force laboratories, United States Environmental Protection Agency (USEPA), Office of Research and Development, and other research organizations to effectively use GOCO industrial facilities for technology demonstration programs for pollution prevention.

5.6.7. Restoration. ASC/EM develops and executes an Environmental Restoration Program to solve problems caused by past releases of hazardous substances at Air Force GOCO plants.

5.6.7.1. The program must comply with federal and state laws, AFPD 32-70; AFI 32-7020, *Environmental Restoration Program*, AFPD 35-1, *Public Affairs Management*; and Air Force instructions for implementing them.

5.6.8. Cultural and Natural Resources Management. ASC/EM assesses GOCO industrial facilities to identify cultural, historical, archaeological, and natural resources protected and managed under AFI 32-7065, *Cultural Resources Management*, and AFI 32-7064, *Natural Resources Management*.

5.6.9. Environmental Surveys, Assessments, and Reports. ASC/EM manages a continuing, integrated, interdisciplinary program to produce surveys, assessments, and reports required by federal, state, and local environmental laws and regulations and by DoD and Air Force directives and instructions.

5.6.10. Environmental Impact Analysis Process (EIAP). The proponent of actions at the GOCOs does the assessment.

5.6.10.1. ASC/EM is the initial review and approval authority for the EIAP at ASC.

5.6.10.2. ASC/EM assesses the environmental impact of all major GOCO facilities actions under guidelines in AFI 32-7061.

5.6.10.3. ASCC/EM supports the environmental impact assessment and mitigation activities of acquisition activities using GOCO facilities.

5.6.10.4. Air Force PEOs use the environmental impact assessment for GOCO facilities to address their use or management of hazardous substances..

5.6.11. Environmental Compliance Assessment Management Program (ECAMP). ASC/EM assesses the compliance of GOCO facilities and contractor operations with environmental consequences following the guidelines in AFI 32-7045, *Environmental Compliance Assessment Management Program*.

5.6.12. Pollution Prevention Opportunity Assessment. ASC/EM surveys identify and assess opportunities for eliminating the use or creation of toxic materials and ozone-depleting chemicals in GOCO plants following AFI 32-7080 guidelines.

5.6.13. Environmental Restoration Program Assessments. ASC/EM surveys and assessments support efforts to solve problems resulting from past releases of hazardous substances at GOCO facilities following AFPD 32-70 guidelines.

5.6.14. Environmental Baseline and Closeout Surveys. ASC/EM surveys and assessments define baseline environmental conditions at Air Force GOCO facilities before acquiring the real property or as soon as practicable afterward. The surveys support acquiring, transferring, leasing, selling, and disposing of real property following procedures and guidelines in AFI 32-7066, *Environmental Baseline Surveys in Real Estate Transactions*.

5.6.14.1. ASC/EM identifies and assesses all contaminated, potentially contaminated, and safe property.

5.6.14.2. Federal or state regulatory agencies must agree that the property is safe.

5.7. Energy Conservation and Management. ASC/EM produces and runs an ECAM Program for Air Force GOCO facilities. ECAM encourages development of energy conservation measures and increased energy efficiency in DoD-owned facilities. The scope of the program depends on available RDT&E funding.

5.7.1. Program Requirements. To implement this program, ASC/EM develops a plan for each plant DoD needs. The plan must:

5.7.1.1. Meet the energy conservation and alternative/renewable energy program guidance of AFPD 23-3, *Air Force Energy Management*, and follow Air Force Civil Engineering program directives and instructions.

5.7.1.2. Provide for annual energy audits to assess maintenance of energy intensive facilities, identify energy conservation opportunities, and confirm savings from completed projects.;

5.7.1.3. Perform economic analyses according to AFPD 65-5, *Cost and Economics*, and AFI 65-501, *Economic Analysis and Program Evaluation for Resource Management*, to create an investment program for available funding. The analyses and the program support ECAM Program goals and candidate projects.

5.7.2. Contracting Requirement. ASC/EM makes sure that ASC/PK includes:

- The requirement in facilities contracts and leases that plant operators take part in the ECAM Program per DoD Instruction 4170.10, *Energy Management Policy*, August 8, 1991.
- Provisions in Air Force acquisition contracts to recoup Air Force investments.

5.7.3. Reporting Requirement. ASC/EM meets the reporting requirements of the overall Air Force energy program.

5.7.3.1. ASC/EM also makes sure that the Facilities Management Divestiture Plan address and update ECAM plans and progress.

5.8. Safety. ASC/EM develops and runs a safety assurance program for Air Force industrial facilities. The program covers occupational safety and health, grounds, explosives, flight, space, and systems safety, and fire protection. The program protects mission effectiveness and government property but does not relieve contractors of their legal and contractual responsibility as employers and facility operators.

5.8.1. Program Requirements. This program follows guidelines in DoD Instruction 4145.26 , *DoD Contractor's Safety Requirements for Ammunitions and Explosives*, July 19, 1985, with Change 1, and identifies system safety requirements. The program meets the requirements of 29 CFR 1960, DoD Instruction 6055.1 , *DoD Occupational Safety and Health Program*, October 26, 1984, with Changes 1 and 2, and the 91-series policy directives and Air Force instructions.

5.8.2. Contracting Requirements. ASC/EM provides safety requirements so ASC/PK can include them in facilities contracts and leases to establish contractor responsibilities for complying with appropriate safety standards and the Occupational Safety and Health Act (OSHA).

5.8.3. Occupational Safety and Health Requirements. All capital projects must meet OSHA standards.

5.8.3.1. The burden of complying with OSHA is contractor's. The government does not modify government-furnished personal property to meet OSHA standards.

5.8.3.2. ASC/EM, through the FPCO, *may* negotiate with the contractor to replace the government property with contractor property or authorize modification of the government property at the contractor's expense. ASC/EM may only authorize such modifications for properties that support major programs.

5.8.3.3. If OSHA compliance requires modification of government-owned real property, ASC/EM determines whether it's essential to continue to use the property . If so, either the government or the contractor corrects the deficiency, following the approval procedures in this instruction.

5.8.4. Fire Protection:

5.8.4.1. ASC/EM sets the requirement for a fire protection program following the National Fire Protection Association Standards in AFI 32-2001, *Fire Protection*.

5.8.4.2. ASC/EM oversees and approves the contractor-designed program.

5.8.4.3. The contractor designs the program to protect the facilities, personnel, and contents from fire and related hazards.

5.8.4.4. Under the terms of the contract or lease, the contractor sets up an in-house fire department for a GOCO not protected by a full-time fire department or having a fire department with more than 4.5 minutes response time. (Under some contracts, contractors must set up in-houses fire departments regardless of their distance from the nearest fire department.)

5.8.4.5. Fire departments at GOCO must also follow the procedures in AFMCR 55-5, *Minimum Airfield and Crash Fire Rescue Requirements at Contractor Facilities*.

Chapter 6

FINANCIAL MANAGEMENT

6.1. Funding Sources:

6.1.1. ASC/EM primarily uses:

- PE 78011F (Industrial Preparedness).
- PE 78056F (Environmental Compliance for Manpower and Travel).
- PE 78054 (Pollution Prevention).
- PE 78008F (Defense Environmental Restoration Account [DERA]).
- System program offices (SPO) budget and fund weapon system-specific requirements with both production and RDT&E funds.

6.1.2. The National Aeronautics and Space Administration (NASA) provides funds as needed.

6.1.3. ASC/EM coordinates with SPOs to funds facilities' needs that impact production.

6.1.4. ASC/EM may use lease revenues to fund projects.

6.2. Budget Requirements:

6.2.1. ASC/EM sends financial management documents through HQ AFMC/CE.

6.2.2. HQ AFMC/CE and ASC/EM use:

- The Program Objective Memorandum (POM) and Budget Estimate Submission (BES) to present and justify financial needs for industrial facilities.
- The Financial Plan (Fin Plan) as a management tool to describe specific projects funded with these appropriations:

Aircraft Procurement	3010
Missile Procurement	3020
O&M	3400
Other Procurement	3080
RDT&E	3600

6.3. Budget Submissions:

6.3.1. SPOs. In the POM, the SPO identifies what the facility needs to support a specific weapon system program and sends copies of the POM to ASC/EM and HQ AFMC/CE.

6.3.2. ASC/EM:

6.3.2.1. ASC/EM prepares the Program Objective Memorandum (POM) and the input for the Future-Year Defense Plan (FYDP) for GOCOs.

6.3.2.2. ASC/EM identifies anticipated program-related future requirements for GOCO facilities support and includes them in the appropriate PE budget.

6.3.2.3. ASC/EM prepares and sends the appropriate budget to HQ AFMC/CE who reviews it and sends it to HQ AFMC/EN/XR/FM/XP.

6.3.2.4. HQ AFMC/CE informs SAF/AQXM of all such projected facilities investments.

6.4. PE 78011F. ASC/EM uses PE 78011F to budget and fund facilities infrastructure, most environmental compliance, safety and health compliance, security, energy, contract installation management needs, and maintenance of industrial plants the Air Force does not need. Appropriated funds and lease revenues pay for these services.

6.4.1. Lease Proceeds. ASC/EM:

- Identifies lease-funded facilities projects in the Facilities Fin Plan.
- Prioritizes them per the guidelines for appropriated funds in paragraph **5.4.1.** of this instruction.
- Sends DD Form 1391 with the budget for projects that require congressional notification.

6.4.1.1. Procedures for projects funded with lease proceeds are:

6.4.1.2. For the POM, ASC/EM sends a proposed plan for capital work needs, excluding environmental requirements, for the first rental or option term or 5-year period, whichever is shorter. The plan for the term:

- Shows estimated costs.
- Lists projects by priority.
- Identifies all projects needing congressional notification.

6.4.1.3. ASC/EM includes in the Facilities Fin Plan an annual prioritized list of all proposed capital projects to be started and a brief description of, and short justification of each project.

NOTE:

Lease proceeds do not normally fund environmental compliance, DERA, or pollution prevention projects. However, when there are no other sources, lease proceeds may fund critical environmental projects.

6.4.2. Operation and Maintenance (O&M):

6.4.2.1. ASC/EM:

6.4.2.2. ASC/EM uses PE 78011F funds to support service contracts for installation management (AF Plant 42), and for other service contracts, like caretaker upkeep of industrial plants the government does not need.

6.4.2.3. ASC/EM sends all PE 78011F O&M needs to ASC/FM.

6.4.2.4. ASC/FM includes these needs in the ASC O&M Fin Plan and the HQ AFMC O&M Fin Plan. ASC/FM reports in the PE 78011F Facilities Fin Plan the O&M needs the HQ AFMC O&M Fin Plan expresses.

6.4.3. Air Force Facilities Financial Plan. HQ AFMC/CE is the approval authority for projects in PE 78011F Facilities Fin Plan unless project costs dictate higher authority or congressional approval/notification. The approved Facilities Fin Plan identifies the facilities projects authorized for accomplishment, including projects using lease revenues.

6.4.4. Project Substitution Authority. HQ AFMC/CE approves requests to substitute approved Facilities Fin Plan projects with unfunded or unprogrammed projects per **Figure 6.1**.

6.4.4.1. For construction projects to expand plant capability or capacity, AFMC sends DD Form 1391 to SAF/AQXM for congressional notification.

Figure 6.1. Substitution Authority for Funding Facilities Projects.

Project Type	Source of Funds	Approval/Redelegation Authority	Approval Limit (1)	Redelegation Limit
Not in Approved Fin Plan	Appropriated and Lease	AFMC/CE Laboratory Commanders	In accordance with Secretary of the Air Force Order (SAFO) 715.1	ASC/EM (2)
ECTR, PC&H, and Site Restoration	Appropriated and Lease	AFMC/CE	In accordance with SAFO 715.1	ASC/EM

(1) Do not use incremental accounting to get around limits. (See paragraph 6.8.)
 (2) ASC/EM lets HQ AFMC know when it uses this authority by sending a copy of the approval.
Note: SAF/AQXM must approve all other projects.

6.5. Pollution Prevention:

6.5.1. ASC/EM sends to HQ AFMC/CE pollution prevention requirements for GOCO facilities.

6.5.2. HQ AFMC/CE coordinates and prioritizes industrial facilities needs with other pollution prevention requirements in the PE-78054 budget.

6.6. Defense Environmental Restoration Account (DERA):

6.6.1. The Air Force:

- Never makes any statement that Federal funds are the only funds for cleanup efforts.
- Retains the right to seek payment for its cleanup efforts.

6.6.2. ASC/EM:

- Prioritizes DERA needs, giving due consideration to projects that clean up plants scheduled for disposal.
- Sends DERA needs HQ AFMC/CE.

6.6.3. HQ AFMC/CE integrates these needs with all other HQ AFMC DERA requirements.

6.7. Research, Development, Test and Evaluation (RDT&E):

6.7.1. RDT&E programs requiring industrial facility support will budget for these requirements with RDT&E funds.

6.7.2. The program office gathers all approvals for projects using RDT&E funds as AFI 65-601, volume 1, *USAF Budget Policies and Procedures*, requires and sends them to ASC/EM.

6.8. Project Guidelines. ASC/EM may phase any proposed expansion, modernization, CTR, environmental compliance, or energy project. However, ASC/EM:

- Must not split a project to avoid notifying the Congress.
- May separate design (architectural and engineering [A&E]) cost from construction cost.

6.9. Execution:

6.9.1. ASC/EM ensures the commitment, obligation, and spending of all appropriated funds.

6.9.2. ASC/EM establishes a reporting mechanism to make sure the contractor diligently handles funds.

Chapter 7

DISPOSITION

7.1. General:

7.1.1. ASC/EM:

7.1.1.1. ASC/EM disposes of real property according to AFI 32-9004, *Disposal of Real Property*. The divestiture process encompasses intragovernmental transfers, leasing arrangements, or property declared unneeded.

7.1.1.2. ASC/EM must not let a contractor use facilities identified for disposal for new contracts.

7.1.2. The Contractor:

7.1.2.1. The contractor must continue normal maintenance and may conduct rearrangements.

7.1.2.2. The contractor may install removable equipment that the contractor owns.

7.1.3. SAF/AQXM. SAF/AQXM must approve in advance modernizing of, and contractor-financed capital work on, government-owned facilities.

7.1.4. AFMC/CE. After disposing of real property, AFMC/CE prepares special orders per Section 2 through 6 of AFI 32-9005 to record actual disposal and adjust the industrial real property record.

7.2. Public Sale. To dispose of Air Force-owned property through public sale, ASC/EM declares that the Air Force does not need the property and screens the property by determining any requirements within the DoD before reporting it to the GSA for disposition.

7.2.1. Real Property.

7.2.2. ASC/EM:

7.2.2.1. ASC/EM declares that real property is unneeded, using AFI 32-9004, *Format for Declaring Property Excess to Ownership or Need (Requirements)*, (**Attachment 4**) and AF Form 813 which addresses environmental considerations affecting divestiture.

7.2.2.2. ASC/EM Sends two copies of each to SAF/AQXM.

7.2.3. SAF/AQXM:

7.2.3.1. After receiving the declaration, SAF/AQXM continues the disposal action per AFI 32-9004.

7.2.3.2. SAF/AQXM works with other military departments, with each defense agency, and the US Coast Guard to see if they can use the property.

7.2.3.3. If no one needs the facility, SAF/AQXM writes a disposal report for the Assistant Secretary of Defense for Economic Security's approval and notifies the House and Senate Armed Services Committees.

7.2.3.4. The GSA, through the Corps of Engineers, is the Air Force's disposal agent. If the Congress does not object, SAF/AQXM asks the USACE to report the property to the GSA for screening and disposition.

7.2.4. Personal Property. After ASC/EM determines that personal property is unneeded, they begin plant clearance procedures following FAR 45 and DFAR 245 disposal procedures.

7.3. Negotiated Sale. ASC/EM tries to sell facilities which the Air Force needs to use but does not need to own.

7.3.1. Real Property:

7.3.1.1. The incumbent contractor must first offer in writing to buy the property.

7.3.1.2. After ASC/EM receives the offer, it declares the property excessive, following **Attachment 4** and sends two copies through HQ AFMC/CE to SAF/AQXM.

7.3.1.3. Screening a negotiated sale is unnecessary.

7.3.1.4. The procedure for reporting property to the GSA is the same as for public sale.

7.3.2. Personal Property:

7.3.2.1. The incumbent contractor must first offer in writing to buy the property.

7.3.2.2. After ASC/EM receives this offer, they write letter (**Attachment 7**) to the regional GSA Administrator, asking GSA to negotiate with the contractor.

7.3.2.3. ASC/EM send two copies of the package through HQ AFMC/CE to SAF/AQXM.

7.3.2.4. If any of the personal property becomes unneeded during negotiations, ASC/EM removes it from the sales package and begins to clear the plant according to FAR 45 and DFAR 245.

7.3.3. Real and Personal Property. ASC/EM may authorize negotiated sales mixing real and personal property. However, if personal property becomes unneeded during negotiations, they remove the property from the sales package and begin to clear the plant according to FAR 45 and DFAR 245.

7.4. Transfer of Real Property. The Air Force transfer real property ways: within the Air Force (intra-Air Force), within DoD (interdepartmental), or to other government agencies.

7.4.1. Intra-Air Force. To transfer real property from the industrial property account to the military property account, ASC/EM sends a declaration of excess to industrial need, DD Form 1354, **Transfer and Acceptance of Military Real Property**, to HQ AFMC/CE for approval.

7.4.2. Interdepartmental. To transfer property from the Air Force to other DoD segments, ASC/EM prepares and sends a declaration of excess to SAF/AQXM.

7.4.2.1. If the real property value is over \$200,000, the acquiring service secures congressional approval.

7.4.2.2. Regardless of property value, the acquiring organization completes DD Form 1354 and both services sign it, following the procedures 10 U.S.C. 2571(a) outlines and AFI 32-9001, *Acquisition of Real Property*, incorporates.

7.4.3. Other Government Agencies. To transfer excess real property to a government agency outside the DoD, ASC/EM reports the unneeded property using **Attachment 4**. Paragraph **7.2.** describes the procedures.

7.5. Deteriorated Real Property. The CAO uses AF Form 139, **Industrial Facility Disposal (Attachment 5)** to document demolition of deteriorated government-owned real property. The CAO begins by sending five copies of AF Form 139 through ASC/EM and HQ AFMC/CE to SAF/AQXM for approval. (RCS: SAF-MII[A]7115 applies.)

7.6. Transfer of Equipment to Nonprofit Educational or Research Institutes. Air Force activities may transfer title to equipment it provided to nonprofit educational or research institutes under a facilities contract.

7.6.1. Air Force activities may transfer title to equipment directly to the contractor if the facilities contract includes enabling provisions such as FAR clauses 45.302-7, 52.245-12, or 52.245-15 and if research funds initially bought the equipment.

7.6.2. If the facilities contract contains no enabling provisions, FAR 45.302-3 lets Air Force activities still transfer title to equipment to a nonprofit educational research institute.

7.6.3. Air Force activities must not transfer equipment to nonprofit educational or research institutes unless research funds paid for the equipment. The equipment must remain accountable under a facilities contract or lease. The Air Force declares the equipment excessive and disposes of it according to FAR 45 and DFAR 245.

Chapter 8

REPORTS AND DOCUMENTATION

8.1. Air Force Real Property Inventory Detail List. HQ AFMC/CE prepares this report for industrial facilities according to AFI 32-9005 and sends the report directly to AFREA/MI with a copy to SAF/AQXM. (RCS: SAF-MII[A]7115 applies.)

8.2. USAF Installation Characteristics Report. HQ AFMC/CE prepares this report for industrial facilities according to AFI 32-9005 and sends this report directly to AFREA/MI with a copy to SAF/AQXM. (RCS:SAF-MII[AR]7119 applies.)

8.3. Documentation Disposition. All organizations subject to this instruction dispose of documents per AFI 37-138, *Records Disposition--Responsibilities and Procedures*.

CLARK G. FIESTER
The Assistant Secretary of the Air Force for Acquisition

Attachment 1

GLOSSARY OF REFERENCES, ABBREVIATIONS, ACRONYMS, AND TERMS

References

NOTE:

Make sure that you use the most current versions of these documents.

FEDERAL ACQUISITION REGULATIONS

45.302-1 *Providing Facilities - Policy*

45.302-2 *Facilities Contracts*

45.302-3 *Other Contracts*

45.302-7 *Optional Property Clauses for Facilities Contracts*

45.304 *Providing Motor Vehicles*

45.4 *Contractor Use and Rental of Government Property*

45.403 *Rental - Use and Charges Clause*

45.404 *Rent-Free Use*

45.405 *Contracts With Foreign Governments or International Organizations*

45.407 *Nongovernment Use of Plant Equipment*

52.245-12 *Contract Purpose (Nonprofit Educational Institutions)*

52.245-15 *Transfer of Title to the Facilities*

DFARS 245 *Government Property*

AFFARS 245 *Government Property*

DOD DIRECTIVES AND INSTRUCTIONS

DoD Instruction 4145.26 *DoD Contractors' Safety Requirements for Ammunition and Explosives*, July 19, 1985, with Change 1

DoD Directive 4165.6 *Real Property Acquisition, Management and Disposal*, September 1, 1987

DoD Directive 4275.5 *Acquisition and Management of Industrial Resources*, October 6, 1980

DoD Directive 4710.1 *Archaeological and Historic Resources Management*, June 21, 1984

DoD Directive 5000.1 *Defense Acquisition*, February 23, 1991

DoD 5100.76-M *Physical Security of Sensitive Conventional Arms, Ammunitions, and Explosives*, September 1992

DoD Instruction 6055.1 *DOD Occupational Safety and Health Program*, October 26, 1984 with Changes 1 and 2

AIR FORCE POLICY DIRECTIVES

AFPD 23-3 *Energy Management*

AFPD 24-3 *Operation, Maintenance, and Use of Transportation Vehicles and Equipment*

AFPD 31-7 *Acquisition Security*

AFPD 32-70 *Environmental Quality*

AFPD 35-1 *Public Affairs Management*

AFPD 63-6 *Industrial Base Planning*

AFPD 63-7 *Industrial Facilities*

AFPD 65-5 *Cost and Economics*

AIR FORCE INSTRUCTIONS

AFI 24-301 *Vehicle Operations*

AFI 31-209 *Air Force Resource Protection Program*

AFI 31-703 *Product Security (PRODSEC)*

AFI 32-2001 *The Fire Protection Operations and Fire Prevention Program*

AFI 32-7001 *Environmental Budgeting*

AFI 32-7020 *The Environmental Restoration Program*

AFI 32-7045 *Environmental Compliance Assessment Management Program*

AFI 32-7061 *Environmental Impact Analysis Process*

AFI 32-7064 *Natural Resources Management*

AFI 32-7065 *Cultural Resource Management*

AFI 32-7066 *Environmental Baseline Surveys in Real Estate Transactions*

AFI 32-7080 *Pollution Prevention*

AFI 32-9001 *Acquisition of Real Property*

AFI 32-9004 *Disposal of Real Property*

AFI 32-9005 *Establishing, Accounting and Reporting Real Property*

AFI 37-138 *Records Disposition--Responsibilities and Procedures*

AFI 63-107 *Weapon System Program Management*

AFI 65-501 *Economic Analysis and Program Evaluation for Resource Management*

AFI 65-601,V1 *USAF Budget Policies and Procedures*

OTHER

10 U.S.C. 2667 *Leasing*

AFMCR 55-5 Minimum Airfield and Crash Fire Rescue Requirements at Contractor Facilities

REPORTS

This instruction requires the following reports:

RCS: HAF-RDC(AR)8402 *Request for Lease*

RCS: SAF-MII(AR)7119 *USAF Installation Characteristics Report*

RCS: SAF-MII(A)7115 *Air Force Real Property Inventory Detail List*

RCS: DD-COMP(AR)1092 *Facilities Base Analysis*

Abbreviations and Acronyms

A&E—Architectural and Engineering

AFCEE—Air Force Center for Environmental Excellence

AFREA—Air Force Real Estate Agency

ASC—Aeronautical Systems Center

BES—Budget Estimate Submission

CAO—Contract Administration Office

CERCLA—Comprehensive Environmental Response, Compensation and Liability Act

CERFA—Community Environmental Response Facilitation Act

COCO—Contractor-Owned, Contractor-Operated

CTR—Capital-Type Rehabilitation

D&F—Determination and Finding

DAC—Defense Acquisition Commander

DCAA—Defense Contract Audit Agency

DCMC—Defense Contract Management Command

DERA—Defense Environmental Restoration Account

DPRO—Defense Plant Representatives Office

ECAM—Energy Conservation and Management

ECAMP—Environmental Compliance Assessment Management Program

ECTR—Emergency Capital-Type Rehabilitation

EIAP—Environmental Impact Analysis Process

FAR—Federal Acquisition Regulation

FMS—Foreign Military Sales

FPCO—Facilities Procurement Contracting Officer

FSDC—Fire Safety Deficiency Code

FYDP—Future Year Defense Plan
GOCO—Government-Owned, Contractor-Operated
GSA—General Services Administration
IFPO—Industrial Facilities Program Office
IPE—Industrial Plant Equipment
IRP—Installation Restoration Program
MOA—Memorandum Of Agreement
MPC—Material Procurement Code
NASA—National Aeronautics and Space Administration
O&M—Operations and Maintenance
O&S—Operations and Services
OPE—Other Plant Equipment
OSHA—Occupational Safety and Health Act (Administration)
PC&H—Packing, Crating, and Handling
PCO—Procurement Contracting Officer
PE—Program Element
PEO—Program Executive Officer
POM—Program Objective Memorandum
PRODSEC—Product Security
PR—Purchase Request
RAC—Risk Assessment Codes
RDT&E—Research, Development, Test and Evaluation
RFP—Request For Proposal
SAFO—Secretary of the Air Force Order
SOW—Statement of Work
SPO—System Program Office
USACE—US Army Corps of Engineers
U.S.C.—United States Code
USEPA—United States Environmental Protection Agency

Terms

NOTE:—This glossary helps readers understand the terms in this publication. It is not intended to include all pertinent terms. Joint Publication 1-02, *Department of Defense Dictionary of Military and Associated Terms*, May 1, 1988, and AFM 11-1, *Air Force Glossary of Standardized Terms*, contain

standard terms and definitions for Department of Defense and Air Force use.

Capability—The ability to carry out a specified course of action.

Capacity—The quantity of "output" which a specified facility can produce in a specified period of time.
Note: Usually a facility's output is based on two 8-hour shifts 5 days per week.

Capitalize—To charge an expense to a capital or fixed asset account to amortize cost. This is the opposite of expensing an item.

Capital-Type Rehabilitation (CTR)—Major repair or replacement of government-owned property that exceeds normal maintenance needs.

Construction—Erecting, installing, assembling buildings or structures; adding, expanding, extending, altering, converting, or replacing existing buildings or structures. Construction includes equipment and utilities installed and made part of real property and related site preparation, excavation, and other land improvements. Excludes installation and relocation of moveable property and minor modifications made while installing or relocating removable property).

Emergency Capital-Type Rehabilitation (ECTR)—Urgently required repair of government-owned real or personal property damaged by unexpectedly by fire, explosion, tornado, earthquake, hurricane, lightning, flood, equipment breakdown, or malfunction and other perils. It also refers to repairing real property when verified life, health, environmental or safety threats exist and to cases which adversely impact scheduled system production lead-time.

Expansion—Adding personal or real property that creates a new industrial plant or augments the capability or capacity of an existing one.

Facilities Base—Industrial facilities that support of approved acquisition programs including privately and government owned facilities for tests, production, and maintenance. Excluded are personal property and variable resources like material and labor.

Facilities Contract—A facilities contract provides a contractor or subcontractor government facilities to use while fulfilling contracts for supplies or services (FAR 45. 301). There are three types of facilities contracts: acquisition, use, and consolidated (a combination of the two).

Facilities Procurement Contracting Officer (FPCO)—An individual properly given a contracting officer warrant and responsibility for carrying out facilities contracts and leases.

Foreign Military Sales (FMS)—That portion of United States security assistance that the Foreign Assistance Act of 1961, as amended, and the Arms Export Control Act of 1976, as amended, authorizes. These acts differ from the Military Assistance Program and the International Military Education and Training Program because the recipient pays for weapons and services. FMS are only those sales to a foreign government that the US State Department sponsors. However, defense contractors' direct sales to foreign governments are not FMS but rather commercial sales.

Government-Owned, Contractor-Operated (GOCO) Facility—An industrial facility the government owns but a defense contractor operates. See definition for industrial facilities.

Industrial Facilities—Property (other than material, special tooling, military property, and special test equipment) required for producing, maintaining, researching, developing, or testing. includes real property and rights therein, buildings, structures, improvements, and plant equipment.

Industrial Facilities (Real Property)—Any government-owned, leased, or controlled real property used

to fulfill government research, development, test, evaluation, production, maintenance or modification, or for the storage of supporting production machinery and equipment. Includes land, buildings, structures, utility systems, and improvements. Also includes equipment attached to and part of buildings and structures (such as heating systems) but not movable equipment (such as plant equipment).

Industrial Facilities (Personal Property)—Property including vehicles, furniture, general purpose computers, machine tools used to shape or form materials, IPE and OPE, and other general purpose equipment. Personal property does not include real property, Federal Government records, aircraft carriers, battleships, cruisers, destroyers, submarines, special test equipment, material, special tooling, or agency peculiar property.

Industrial Plant Equipment (IPE)—Equipment with a unit acquisition cost of \$15,000 or more, identified as IPE in the DFARS 245.301.

Nonseverable Equipment—Personal property whose removal would cause substantial damage or loss of value to property or to the premises where it's installed.

Nonseverable Property—Real or personal property whose removal would cause substantial damage or loss of value to property or to the premises where it's installed.

Normal Maintenance—The recurrent, day-to-day, periodic or scheduled work needed to preserve real and personal facilities. Normal maintenance includes work needed to restore components deteriorated from fair wear and tear and other work on a facility to prevent damage, deterioration, and costly repair or replacement. The contractor and the government must agree to this recurring maintenance must be agreed to in writing in the Normal Maintenance Plan.

Other Plant Equipment (OPE)—Plant equipment other than IPE useful in manufacturing. (See DFARS 245.301.)

Packing, Crating, and Handling (PC&H)—Work related to preserving, skidding, crating, loading on carrier, blocking, and bracing to prepare IPE or OPE items for shipment. It includes disconnects, removal, and requisite site restoration.

Personal Property—See Industrial Facilities (Personal Property).

Plant Equipment—Personal property of a capital nature: equipment (to include IPE and OPE), machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items. Excludes special tooling and special test equipment useful for manufacturing supplies, performing services, or for any administrative or general plant purpose.

Product Security (PRODSEC)—Physically protecting Air Force products at defense contractor facilities (both government-owned contractor-operated and contractor-owned contractor-operated) during a contract's engineering, manufacturing development, and production phases, as well as after production.

Real Property—See Industrial Facilities (Real Property).

Rearrangement—Work that changes workspaces, work flow patterns, or process techniques at government-owned industrial plants. Work to install or relocate moveable property or equipment. Includes minor modifications necessitated by rearrangements. This is not CTR, expansion, environmental, or energy conservation, and normally is expensed.

Supervising Engineer—A graduate or licensed professional engineer who gives technical support for Air Force facilities real property maintenance, expansion, CTR, modernization, rearrangement, environmental protection, and energy projects.

Attachment 2

FACILITIES MANAGEMENT AND DIVESTITURE PLAN REQUIREMENTS

Facilities Identification

Incumbent Contractors

Date of Plan:

A2.1. Strategy Summary. Include:

- Basic management and divestiture strategy you follow (section 2).
- Summary of issues affecting facilities management and divestiture actions, including actions taken and general schedules.

A2.2. Facility Profile. Briefly present site acquisition costs, replacement costs, and ownership distribution (government and contractor). Include:

- Square footage, acreage, real property, IPE, OPE, unique features and capability, age, general condition, critical environmental, and other issues impacting the site.
- Other readily available descriptive and demographic factors like annual sales and employment level.

A2.3. Programs Supported. Describe the status of programs that need the facilities and other factors which impact facilities management and divestiture planning:

- Identify current contract schedules.
- Identify defense programs supported.
- Summarize forecast development and production plans and schedules.

A2.4. Facilities Conditions. Summarize the facilities' general condition and their industrial readiness.

A2.5. Five-Year Facility Needs. Present summary level 5-year needs and plans which impact facilities fiscal requirements. This section should address critical factors which, if satisfied, ensure that required readiness goals are met and that facilities will not deteriorate before completing divestiture actions.

- Capital work needed and plans for achieving it.
- Description of unfunded maintenance and repair backlog.
- Energy conservation plans.
- Infrastructure modernization plans.
- Status of environmental issues related to the facilities.
- Plans for expansion (supported by program specific requests and contractor investments).

A2.6. Operating Contractor. Recommend whether to continue the incumbent's contract.

A2.7. Divestiture Planning. Describe the strategy for encouraging private ownership.

A2.8. Retention and Divestiture Analysis:

A2.8.1. Retention. Explain the current or contingency needs that justify keeping the facilities for more than 5 years. Reasons for the government's continuing to own industrial facilities include:

A2.8.1.1. The government needs the facilities to meet current and projected weapon system program capability and capacity needs.

NOTES:

When deciding if the government needs a facility, consider these perspectives:

- Does the facility help to meet the short term needs of confirmed business base of current programs and firm contracts?
- Will the facility help meet medium term planning considerations for current programs (not yet under contract) and prospects for new programs likely to be funded?
- Is the facility flexible enough to support a wide range of technologies and weapon system production over the long term?

A2.8.1.2. The capability is unique or not readily replicated.

NOTES:

Factors that give facilities distinctive capabilities to support aircraft development and production include:

- Facilities flexibility.
- Large high bay areas near airfields (fly-away capability).
- Location in isolated areas that can support flight and hazardous testing operations air space.
- Enough land for expansion.
- Ability to function as an independent site.
- State-of-the-art machine tools.
- Identify other criteria for major product areas (sectors) such as armament, missiles, space, and propulsion.

A2.8.1.3. Private ownership is inadequate or no one want to buy the facility. Summarize the need for government ownership. Why is private ownership unavailable or inadequate?

A2.8.2. Divestiture. Summarize the reasons for disposing of facilities.

A2.8.2.1. Try to sell or lease to incumbent contractors facilities that the Air Force does not need to support programs(excess to need) or needs to support programs but does not need to own (excess to ownership).

A2.8.2.2. Transfer to other services facilities that the Air Force does not need the facilities for its programs but other DoD programs need.

A2.8.2.3. Report facilities no one wants to buy and no government program needs to GSA for proper disposition through the Corps of Engineers.

A2.8.2.4. Generate a strategy to encourage private ownership if doing so not does not exceed program need.

A2.8.2.5. Discuss facilities' status as regarding "distinctive" capability which must be maintained in the industrial base.

A2.8.3. Management and Divestiture Schedule. Summarize the schedule of events for carrying out the management and divestiture strategies you recommend. Track all actions leading to the facility's removal from the industrial property account and the end of Air Force responsibility for the facility.

Include in the schedule:

- Facilities lease or contract schedule.
- Facilities phase-out plan (for both real and personal property).
- Milestones for divestiture.

Attachment 3

FORMAT FOR JUSTIFYING ACQUIRING REAL PROPERTY

A3.1. Summary of Proposed Project:

Application No: Date:

For

Industrial Facilities

(Name and Address of Contractor)

Facilities Contract or Lease Number. Give existing contract number and responsible CAO.

Type of Facilities Project.

Program Support. Describe in detail the RDT&E, production, maintenance or mobilization planning programs this facilities application supports).

Contractor Representative. Give the name, address, and telephone number of person to contact about this application.

Nature of Facilities. Briefly describe the types of facilities proposed and estimate the funds you seek under the following Schedule categories:

	Estimated Cost
1. Land and Preparation:	
a. Land	\$
b. Land Preparation	\$
Total	\$
2. Buildings and Associated Real Property Items:	
a. Building Construction	\$
b. Building Installation	\$
c. Architect and Engineering Services	\$
d. Real Property Improvements	\$
CTR (Real Property Only)	\$
Government Land Installations	\$
Non-Government Land Installations	\$
Total	\$
3. Machinery, Equipment, and Associated Personal Property Items:	

a. Metal Forming Equipment	\$
Machine Tools (FSC #3411-3419)	\$
Secondary Metal Forming Machinery (FSC #3441-3449)	\$
Other Related Production Equipment	\$
b. Test Equipment—Capital Type	\$
Electronic Test Equipment	\$
Environmental Test Equipment	\$
Other Capital-Type Laboratory & Test Equipment	\$
c. Furniture and Equipment	\$
d. Building Installations (Mechanical)	\$
Total	\$
4. Portable Tools and Vehicular Equipment:	
a. Portable Tools	\$
b. Material Handling Equipment	\$
c. Automotive Equipment	\$
Total	\$
5. Installation Costs	\$
6. Indirect Costs	\$
7. Packing, Crating, and Handling (PC&H)	\$
Total	\$
Grand Total	

A3.2. Narrative Justification: In a detailed narrative, justify the need for government-furnished facilities. Use the present capacity as a baseline. Give the funding the requesting contractor and the government spend during the past 5 years for industrial facilities and projected contractor investment for the next 5 years, the contractor's facilities investment to support the specific program for which government funding is being requested. Provide all information FAR 45.302 requires and all the forms it describes.

Attachment 4

FORMAT FOR DECLARING PROPERTY EXCESS TO OWNERSHIP OR NEED (REQUIREMENTS)

A4.1. Use this attachment to prepare and send requests for disposing of improved or unimproved land

A4.2. After ASC/EM decides that an industrial plant is not needed, they send a letter asking for disposal through HQ AFMC/CE to SAF/AQXM. HQ AFMC/CC may approve the request, declaring an industrial plant excessive. Each request must contain:

A4.2.1. Location and identification of property, including four copies of a marked map or plot plan. A statement that no one contemplates future acquisition of facilities for similar use at or near the excess property.

A4.2.2. If leased, the lease number and expiration date and the annual rent.

A4.2.3. Description of real or personal property, including a list of government-owned or -leased buildings and improvements, and a breakdown of acquisition cost of land, buildings, and improvements.

A4.2.4. Brief statement of the real property's present condition.

A4.2.5. How the property is used and why it is no longer required.

A4.2.6. Date on which the property will no longer be required.

A4.2.7. Statement of whether hazardous substance releases, live bombs, artillery projectiles, chemical warfare material, radioactive material, and so on have contaminated the land. If so, include:

- Types of terrain (flat, mountainous, barren, wooded).
- Time of year weather prevents decontamination.
- Two copies of real estate maps with areas of contamination outlined in red and clearly marked affected areas.
- Number of affected areas and acreage of each.
- Names of nearby military bases or communities where decontamination teams may be housed.
- Summary of use, indicating types of bombs and ammunition used, and record of previous contamination. (Provide Installation Restoration Program (IRP) results, if available.)
- Additional remarks, indicating the site's accessibility, types of vehicles the decontamination team requires.

A4.2.8. A statement of services currently rendered and obligations of, or to, other Air Force activities, DoD, or other federal activities.

A4.2.9. Data about any legal instrument that could affect disposal because it gives an interest in, or temporary use of, the property. Include the lessee's name, permits, and the instrument's purpose and terms. List of construction activities authorized but not completed, stating the percent completed. Recommend the project's cancellation or completion.

A4.2.10. Recommendation whether to:

- Retain recapture or reuse rights for the real property.
- Place restrictions on the disposition, e.g., retaining railroad rights-of-way, clearance easements, power-line easements, and so on
- Salvage unserviceable real property or dispose of serviceable real property under current regulations.

A4.2.11. Statement of the Government's net annual cost to retain the property. Show this as the yearly custodial and maintenance costs. Use actual rental receipts or estimate yet-to be-received receipts.

A4.2.12. If the property is not leased, a statement about funding for custody and maintenance.

A4.2.13. Indication of whether the incumbent contractor is interested in acquiring the property. If the request for disposing of the real or personal property results from a negotiated sale to the contractor, include the following:

- Supporting facts for using the national security clause. You must justify that contractor ownership is needed for national defense.
- Estimate of costs the Air Force will incur during the restrictive national defense period if the sale falls through (for example, CTR costs).
- Accurate personal property lists submitted with Reports of Excess. Property lists. You must not add to the list after submitting it.
- Information on rent the contractor paid for the last 5 years.
- Narrative statement showing that because of the property's nature, condition, or unusual circumstances, it's impractical to advertise the property. The statement addresses such things as the mix of government-owned and contractor-owned equipment, both physically and for production, size, weight, method of installation at the plant; age of, or limited demand, for the plant or equipment; lack of access; dependency on contractor-owned utilities; or other possible facts justifying negotiation.

A4.2.14. Any other information pertinent to the proposed disposal action.

Attachment 5

DISPOSAL OF DETERIORATED REAL PROPERTY FACILITIES (USE OF AF FORM 139)

A5.1. Uses AF Form 139 to seek approval for disposing of real property facilities (buildings on Government-owned land and the real property in them) which are totally deteriorated and of no economic use. Do not use AF Form 139 to dispose of government-owned buildings on contractor-owned land.

A5.2. The CAO prepares and sends six copies of AF Form 139 through ASC/EM and HQ AFMC/CE to SAF/AQXM for approval.

A5.3. Describe the deterioration that warrants disposal on AF Form 139 and how you plan to dispose of the property, for example, sale, salvage, demolition, abandon in place, and so on.

A5.4. Complete AF Form 139 following these guidelines:

A5.4.1. Command: Insert "AFMC-industrial."

A5.4.2. Permanent Installation Number: Insert permanent installation code (i.e. TTQK, ADFJ, and so on).

A5.4.3. For Item 3: State "The facilities are immovable and have not been screened because of destruction (flood, fire, earthquake, tornado, and so on), or deterioration beyond economical repair, rehabilitation, or restoration."

A5.4.4. Items 4, 5, and 6: The CAO completes these items.

A5.4.5. Item 7: The FPCO completes this item.

A5.4.6. Item 8: HQ AFMC/CE completes this item.

A5.4.7. Item 10: Complete after the disposal action. After the property administrator signs AF Form 139, return two copies through channels to HQ AFMC/CE for final disposition.

A5.4.8. Item 11: Specify if the facilities are to be removed because they threaten personal life, health, or safety or to expand another building.

Attachment 6

QUESTIONNAIRE TO SUPPORT REQUESTS FOR LEASES

A6.1. Requests for leases must answer the following questions:

A6.1.1. Why lease instead of disposing of the facilities?

A6.1.2. How does the Air Force benefit from the proposed lease ?

A6.1.3. What outstanding facility projects (if any) remain from previous contracts? How will they be resolved?

A6.1.4. What is the lessee's long-run forecast for the products both the private sector and the military need?

A6.1.5. How did you determine the rental rates proposed?

Are there to be rental credits?

A6.1.6. What industrial preparedness participation has the lessee agreed to that depends on using the property the lease covers?

A6.2. This report is approved under RCS: HAF-RDC(AR)8402. Use the data items as a guide for contemplated leases. Supply any other data that will aid decisionmaking.

Attachment 7

REPORT OF EXCESS TO OWNERSHIP OF IPE OR OPE

Negotiated Sale of Government-Owned Facilities, XXX Corporation, Facilities Contract #FXXXXXXX-XX-XXXXXX

Director, Real Property Division

Federal Property Resources Service

General Services Administration

819 Taylor Street

Ft Worth TX 76102

A7.1. The Air Force received an offer from XXX Corporation, P.O. Box 123, Arkansas KS, 67000 to purchase by negotiation government-owned facilities that the contractor uses. The offer is for two pieces of Industrial Plant Equipment (IPE) with an acquisition value of \$XXX,XXX. These two pieces of equipment are the only government-owned property at this plant.

A7.2. We reviewed the proposal and believe that negotiating a sale to the contractor would be in the government's best interests. Here are our comments on the proposed sale:

A7.2.1. This equipment is mixed with equipment XXX Corporation owns and removing either of these large pieces of equipment would disrupt the contractor facility severely.

A7.2.2. Removing the equipment would cause production delays and increase Air Force costs. Because of the lead-time for buying such equipment, costs will increase while the contractor takes time to replace these items.

A7.2.3. The government gains nothing by retaining ownership.

A7.2.4. The equipment is over 25 years old. Its tolling is obsolete. The cost of any major rehabilitation would be prohibitive because parts are not available and would have to be manufactured.

A7.2.5. Therefore, we recommend that GSA proceed with the proposed sale. Please incorporate the following restrictions into the Bill of Sale:

1. The contractor will preserve the existing capability for producing weapons for the government for 5 years after conveying title to the contractor.
2. The contractor will preserve the facilities' capability to meet defense production requirements during that period."

A7.2.6. Please find out if the sale can be accomplished with the imposed restrictions and provide a copy of the Bill of Sale after the sale consummated.

Attachment 8

CONSTRUCTION PROJECT PROCEDURES

A8.1. Project Classification. During the annual Fin Plan review, the ASC/EM supervising engineer reviews individual projects' scope and assigns project numbers. All projects, including environmental compliance projects, fall into three categories: major, minor, or other numbered. A project's category depends on the complexity of its design work effort.

A8.1.1. Major Numbered Project. Major projects are complex and are accomplished in four phases. Their numbers begin with 1, for example, 1-FY-XXXX.

A8.1.2. Minor Numbered Projects. Minor projects are usually completed in three phases but sometimes in two, skipping the second phase. Their numbers begin with 2, for example, 2-FY-XXXX.

A8.1.3. Other Numbered Projects. These technically simple projects need minimal oversight. Contractors submit only a Statement of Work (SOW) and a completed DD Form 1354. Their numbers begin with 3, for example, 3-FY-XXXX.

A8.1.4. Environmental Compliance (MPC 7000) Projects. These projects' number begin with 1, 2, or 3. The environmental compliance engineer assigns an additional number for A106 reporting. The annual budget call letter gives contractors detailed instructions.

A8.2. First Phase--Statement of Work:

A8.2.1. Contractors prepare and send SOWs to ASC/EM for approval.

A8.2.2. After approval the contractor selects an independent A&E firm to prepare design documents and supervise construction. Contractors select A&E firms for their professional merit.

A8.2.3. ASC/EM may waive the requirement to select an independent A&E firm and authorize in-house project design.

A8.2.4. Contractors must send requests for waivers and justification with the SOW to ASC/EM.

A8.2.5. Contractors negotiate a reasonable fee within statutory limits:

- **A&E Fees.** By statute, these must not exceed 6 percent of the estimated project cost, excluding A&E fees, for producing and delivering designs, plans, drawings, and specifications. A&E Services refers to this statutory limit as A&E Services Title 1B.
- **Other Fees.** The statutory limit does not apply to the cost of technical field investigations and surveys, essential subsurface exploration, and similar fact-finding surveys and investigations essential to proper design. A&E Services refers to these fees as Title 1A.
- **Construction Management Fees.** The statutory limit does not apply to A&E supervision and inspection services or other A&E services during construction. A&E Services refers to these fees as Title 2.

A8.3. Second Phase--Preliminary Design Documents. Documents consist of design analysis, cost estimates, drawings, and outline specifications. Prepare preliminary drawings on 28- by 40-inch sheets outlining specifications, cost estimates, and design analysis of project work. Preparing the drawings and

specifications eliminates as much as possible, requirement to use specific manufacturers' furnishings and products. Preliminary drawings and outline specifications cover these construction features:

- Plot plan and orientation of construction site.
- General building configuration and dimensions (plans and elevations).
- Soil conditions and bearing values.
- Foundations (isolated, spread, combined, continuous, mat or raft, pile, other).
- Superstructure type (wood, steel, prefab, or specified others), floor, roof and decking type.
- Type and extent of electrical installations (primary supply and secondary distribution) and other utilities and services.
- Construction schedule and estimated construction cost with detailed line-item breakdown for land, property, improvements, structures, mechanical and electrical building installations, and others.
- Type and extent of site preparation, and mechanical and nonmechanical building installations.
- Design analysis describing the facility, design assumptions, design factors used, life cycle cost analysis when applicable, types and characteristics of materials, and any contractor's options. The contractor sends the analysis with the project identification and number to ASC/EM for technical review and approval.

A8.4. Third Phase--Final Design Documents. Final design documents are like approved preliminary design documents but give greater detail.

A8.4.1. For environmental projects, the contractor includes documentation that shows project coordination with the appropriate Environmental Protection Agency as AFPD 32-70 requires.

A8.4.2. The contractor sends two copies of the detailed final design document to ASC/EM for review and approval. Leave enough space on each reproducible drawing and the cover sheet for these following signature blocks:

PREPARED BY: (Representative for firm doing A&E work)

RECOMMENDED BY: (Representative for contractor operating Air Force plant)

APPROVED BY: (Air Force supervising engineer)

A8.4.3. ASC/EM keeps one signed copy and returns the other to the contractor through established channels.

A8.4.4. After approval, the contractor may award a contract and begin construction. A bid tabulation must accompany all early construction progress reports.

A8.5. Fourth Phase--Construction. Follow these procedures in the construction phase:

A8.5.1. The operating contractor manages approved construction projects.

A8.5.2. The CAO monitors the contractor's work, performing periodic technical inspections to protect the government's interest. If needed, the CAO asks the supervising engineer for technical assistance.

A8.5.3. ASC/EMF approves construction changes that materially affect previously approved construction documents. Otherwise, the CAO may approve construction changes. ASC/EMF reviews and approves change orders.

A8.5.3.1. ASC/PKG issues a modification to the facilities contract or lease.

A8.5.4. The GOCO operator must submit construction progress reports and a final acceptance report:

A8.5.4.1. Initial Report. Includes a bidders list, their bid prices, bid start date, bid opening date, contract award date, award amount, and scheduled completion date. If the low bidder did not receive the contract, explain why.

A8.5.4.2. Periodic Progress Reports. Include a time line showing scheduled versus actual percent completed. List all construction changes and for approved change orders describe the changes, their cost, the reason for the changes, and any slip in schedule the change caused. Include the status of funds for the project, funds committed to subcontractors, reserves needed to complete the project, and all GOCO operator costs to date.

A8.5.4.3. Final Acceptance Report. The GOCO operator sends a final acceptance report for projects using DD Form 1354. The GOCO plant operator, the prime construction contractor, and a proper representative of the A&E firm sign DD Form 1354. The supervising engineer approves and accepts the project for the Air Force.

NOTE:

ASC/EM follows these procedures to ensure consistent and timely execution of government funded projects. The procedures applies to all projects funded by appropriations or qualifying as offsets against lease revenues. These projects require engineering evaluation and approval and have a project number.