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ACQUISITION

MANAGING INDUSTRIAL FACILITIES

COMPLIANCE WITH THIS PUBLICATION IS MANDATORY

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This instruction implements AFD 63-6, *Industrial Resources*, 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. Ensure that all records created as a result of processes prescribed in this publication are maintained in accordance with AFMAN 37-123, *Management of Records*, and disposed of in accordance with the *Air Force Records Disposition Schedule* located at <https://webrims.amc.af.mil/>.

This is the first publication of AFI 63-609. It rescinds and replaces AFI 63-701. It reflects changes in organizations and responsibilities, eliminates the detailed Ownership Assessment decision tree (formerly Fig. 2.1), and the Facilities Management and Divestiture Plan Requirements (formerly Atch 2) now that most of the divestiture planning has progressed to the execution stages.

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Chapter 1

RESPONSIBILITIES

1.1. SAF/AQR. The Deputy Assistant Secretary for Science, Technology and Engineering guides the management of Air Force-owned industrial facilities. SAF/AQR determines which industrial facilities the Air Force needs to support its acquisition programs under the industrial property account.

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

1.3. HQ AFMC. AFMC has responsibility for managing all Air Force-owned industrial facilities and helps other MAJCOMs acquire, manage, and dispose of Air Force-owned industrial facilities.

1.3.1. Headquarters Air Force Materiel Command (HQ AFMC/MSE). The Command Civil Engineer is the AFMC central manager for implementing this instruction. HQ AFMC/MSE's staff of program managers, civil engineers, environmental engineers, and specialists:

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

1.3.1.2. Advocate funding for the Industrial Facilities Program.

1.3.1.3. Help ASC/ENV set up and use an effective environmental program for industrial facilities.

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

1.3.2. AFRL/ML. Air Force Research Laboratory, Materials and Manufacturing directorate has overall responsibility for the Air Force Industrial Resources Program (PE 0708011F), supported by HQ AFMC/MSE and ASC/EN in those areas and functions that affect the AF industrial facilities program and the industrial base planning portion of the PE.

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

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

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

1.3.6. 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.

1.3.7. HQ AFMC/SE. The Office of Safety guides and helps HQ AFMC/MS and ASC/ENV with industrial facilities safety issues.

1.4. 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.

1.4.1. ASC/ENV. The Acquisition Environmental, Safety and Health Division acquires, manages, and disposes of Air Force-owned industrial facilities according to this instruction.

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

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

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

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

1.4.1.5. Informs HQ AFMC/MSE of all industrial facilities actions.

1.4.1.6. Works with Defense Contract Management Agency (DCMA) in all non-contractual matters related to facilities management and environmental oversight programs.

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

Chapter 2

FACILITIES MANAGEMENT PLANNING

2.1. Facilities Planning Requirement. ASC/ENV performs periodic analysis to validate the need for existing facilities and project future ability to make and support weapon systems and develops strategies to dispose of industrial facilities.

2.2. Divestiture and Management Actions. ASC/ENV assesses whether the Air Force needs to own facilities and identifies opportunities for divestiture.

2.2.1. **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.

2.2.2. **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.

2.2.3. **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.

Chapter 3

ACQUISITION OF FACILITIES

3.1. Real Property. SAF/AQR'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/AQRE 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/ENV prepares supporting documentation for SAF/AQRE, as shown in [Attachment 2](#).

3.1.2. When acquiring real property, ASC/ENV does an environmental baseline survey per AFI 32-7066, *Environmental Baseline Survey in Real Estate Transactions* 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/ENV 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/ENV 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*.

3.4. Expansion:

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

3.4.2. Programs fund their own expansion requirements.

3.4.3. For expansion projects involving construction, ASC/ENV 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/ENV requests SAF/AQRE approval for contractor financed construction projects or for installing permanent equipment on government property.

3.5. Modernization. ASC/ENV 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/ENV authorizes the use of facilities contracts. ASC/ENV 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.

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/ENV includes the information [Attachment 5](#) 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/AQRE and sends HQ AFMC/MSE 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 terms.

4.2.1.3. ASC/ENV sends SAF/AQRE a copy of the drafted lease for Secretarial review and gives 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/ENV 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/ENV negotiates O&M contracts to obtain services, including caretaker services for unneeded industrial plants and environmental cleanup.

4.3.1. ASC/ENV prepares a purchase request (PR) package that includes project approval, funding source, and a statement of objectives (SOO) for use in issuing O&M contracts.

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

4.4.1. RFPs require a detailed government-furnished facilities plan to include facilities modernization.

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 and HQ DCMA negotiate 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/ENV approves a facilities contract, 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/ENV approves industrial facilities' use for foreign government work per AFI 63-107, *Integrated Planning and Assessment Product Support*, and FAR 45.405. ASC/ENV considers the impact on the facilities disposal effort.

5.1.3.1. ASC/ENV 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. DFARS 245.405 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 a facilities contract to 25 percent of the facilities' total use. Commercial work under a facilities lease is unlimited provided it does not interfere with government work. Commercial work includes items produced to sell directly to foreign governments.

5.1.4.1. A contractor who wants to extend the limit under a facilities contract must send requests in sufficient time to reach SAF/AQRE at least 3 weeks before using the facility.

5.1.4.2. ASC/ENV reviews requests and sends them through HQ AFMC/MSE to SAF/AQRE 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 (FAR 45.302-2(b)). ASC/ENV 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/ENV manages all government-owned industrial plant equipment (IPE), other plant equipment (OPE), and vehicles provided to contractors at GOCO industrial plants. Facilities contracts and leases govern personal property use outside GOCO facilities.

5.3. Resource Protection. Physical security for GOCO industrial facilities and their products will be IAW AFI 31-101, *The Air Force Installation Security Program*; AFI 10-245, *The Air Force Antiterrorism/Force Protection (AT/FP) Program Standards*, and DoD 5100.76-M, *Physical Security of Sensitive Conventional Arms, Ammunitions, and Explosives*.

5.3.1. Program offices provide physical security standards through the production contracts.

5.3.1.1. The program offices monitor physical security for their production contracts at GOCOs and conducts physical security surveys IAW AFI 31-101 for their production contracts.

5.3.2. ASC/ENV is responsible for oversight of physical protection of real property at GOCO facilities IAW AFI 31-101 and AFI 10-45. They will ensure physical security surveys are conducted IAW AFI 31-101 for their contract/lease agreements.

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

5.3.4. If a program office has a specific need driven by a weapon system, such as installing a new ammunition storage bunker due to unique needs or falling short of capacity, ASC/ENV requests funds from the office managing the program.

5.3.4.1. These projects normally qualify as expansions.

5.3.4.2. The program office funds any security requirements unique to their 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/ENV programs Capital Type Rehabilitation (CTR) projects and PC&H needs annually per Air Force budgeting guidance.

5.4.1.1. For leases, ASC/ENV programs projects annually against projected lease revenues.

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

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

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

5.4.2.1. Make sure each contractor complies with the approved Normal Maintenance Plan.

5.4.2.2. Identify, validate, and prioritize capital needs.

5.4.3. ASC/ENV prioritizes project funding with appropriated funds, proceeds from facilities sales, or lease revenues according to the following class or category priorities:

5.4.4. The Air Force makes a definitive distinction between its recurring and nonrecurring environmental compliance requirements.

5.4.4.1. Recurring environmental compliance requirements, also known as environmental operations and services (O&S), involving “must do” requirements associated with keeping the facilities open. These are known as Level 0 environmental compliance requirements. AFI 30-7001, Environmental Budgeting, explains environmental policy and how to comply with it.

5.4.4.2. Nonrecurring environmental compliance requirements will fall into three levels.

- 5.4.4.2.1. Level 1 requirements 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, fines, or citizen suit.
 - 5.4.4.2.2. Level 2 requirements correct conditions that will result in future non-compliance.
 - 5.4.4.2.3. Compliance Through Pollution Prevention. These projects involve a pollution prevention fix for a compliance requirement.
 - 5.4.4.2.4. Level 3 requirements enhance environmental quality and prevent future environmental degradation.
- 5.4.5. There are four categories of capital work that are not environmental:
- 5.4.5.1. Category 1 projects protect life, health, or safety(risk assessment codes [RAC] 1, 2, or 3 or fire safety deficiency codes [FSDC] 1 or 2).
 - 5.4.5.2. Category 2 projects impact production and/or are safety related projects (RAC 4 or greater, or FSDC 3 or greater).
 - 5.4.5.3. Category 3 projects prevent further property deterioration.
 - 5.4.5.4. Category 4 projects enhance productivity.
- 5.4.6. **Normal Maintenance.** The facilities contract or lease requires the contractor to perform the normal maintenance [Attachment 1](#) defines.
- 5.4.6.1. In the Normal Maintenance Plan contractors describe the program they must set up and administer per FAR 45.509-1. The contractor reports maintenance needs not covered in the Normal Maintenance Plan to ASC/ENV for appropriate action.
 - 5.4.6.2. ASC/ENV reviews the contractor's written Normal Maintenance Plan, FPCO validates it, and the CAO approves it.
 - 5.4.6.3. ASC/ENV considers whether the contractor should reduce normal maintenance for facilities to be disposed of soon.
- 5.4.7. **Capital Work.** The Air Force normally funds needs beyond the contractor's normal maintenance plan. However, contractor financing may be considered on a case-by-case basis.
- 5.4.8. **Real Property.** GOCO industrial facilities may require work more than normal maintenance to sustain their production capability to meet current and future DoD needs.
- 5.4.8.1. For capital projects, ASC/ENV uses integrated engineering practices to comply with fire and safety codes, security, energy conservation, and pollution prevention requirements. ASC/ENV 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.
 - 5.4.8.2. In plants identified for disposal, ASC/ENV corrects only life, health, safety, and environmental problems. In addition, ASC/ENV uses discretion when accomplishing projects which are essential to current production, eliminate a serious security risk, or needed to facilitate the sale.
- 5.4.9. **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.

5.4.9.1. ASC/ENV reviews the forms and forwards them through HQ AFMC/MSE to SAF/AQRE.

5.4.9.2. If SAF/AQRE concurs with the project, they notify the Congress prior to approval.

5.4.10. Emergency Capital Type Rehabilitation (ECTR):

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

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

5.4.11. Rearrangement:

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

5.4.11.2. The CAO or DCAA determines and allocates 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/ENV may authorize using lease revenues to repair personal property accountable under a lease, they should not normally approve the use of direct Air Force funds for capital repair of personal property under a facilities contract.

5.6. Environmental Management. ASC/ENV executes the Environmental Management Program that 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/ENV 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/ENV establishes contract terms that 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.

5.6.4. ASC/ENV seeks legal review of all actions that may result in liability for, or litigation against, the Air Force. If higher headquarters directs, 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/ENV 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. ASC/ENV performs all necessary actions required by Air Force environmental directives and instructions for GOCO facilities.

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

5.6.5.4. ASC/ENV represents the Air Force in federal facility compliance program activities.

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

5.6.5.7. ASC/ENV negotiates the facilities contract or lease and programs resources necessary to execute the approved compliance program.

5.6.6. Pollution Prevention. ASC/ENV 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 13148, and AFI 32-7080, *Pollution Prevention Program*.

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

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

5.6.6.3. ASC/ENV 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/ENV 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, *Environmental Quality*; AFI 32-7020, *The 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/ENV 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, *Integrated Natural Resources Management*.

5.6.9. Environmental Surveys, Assessments, and Reports. ASC/ENV 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 is responsible for the complying with EIAP and shall ensure integration of the EIAP during the initial planning stages of

proposed actions so planning and decisions reflect environmental values, delays are avoided later in the process, and potential conflicts are precluded.

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

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

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

5.6.10.4. ASC/ENV will assure a government person is completing the governmental function. Whether a function being considered for performance by contract is an inherently governmental function is an issue to be addressed prior to issuance of the solicitation. An inherently governmental function is a function that is so intimately related to the public interest as to mandate performance by Air Force personnel only. Inherently governmental functions do not necessarily include gathering information for or providing advice, opinions, recommendations, or ideas to Air Force personnel.

5.6.11. **Environmental Compliance Assessment and Management Program (ECAMP).** AFI 32-7045 is going to be obsolete by FY06, as a new ESOHCAMP AFI is being developed to supersede the existing one.

5.6.12. **Environmental Baseline and Closeout Surveys.** ASC/ENV 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*.

5.6.12.1. ASC/ENV identifies and assesses all contaminated, potentially contaminated, and safe property.

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

5.7. Safety. ASC/ENV periodically reviews the operating contractor's safety assurance program for Air Force industrial facilities. The program covers occupational safety and health, grounds, explosives, flight, space, systems safety, and fire protection. The operating contractor has legal and contractual responsibility for the safety assurance program as an employer and facility operator.

5.7.1. **Program Requirements.** This program follows guidelines in DoD Instruction 4145.26, *DoD Contractor's Safety Requirements for Ammunitions and Explosives*, April 4, 1996 and identifies system safety requirements. The program meets the requirements of 29 CFR 1960, DoD Instruction 6055.1, *DoD Occupational Safety and Health Program, August 19, 1998*, DoDI 6055.6, *DoD Fire and Emergency Services Program*, and the 91-series policy directives and Air Force instructions.

5.7.2. **Contracting Requirements.** ASC/ENV includes safety requirements in facilities contracts and leases to establish contractor responsibilities for complying with appropriate safety standards and the Occupational Safety and Health Act (OSHA).

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

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

5.7.3.2. ASC/ENV, 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/ENV may only authorize such modifications for properties that support major programs.

5.7.3.3. If OSHA compliance requires modification of government-owned real property, ASC/ENV 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.

5.7.4. **Fire Protection:**

5.7.4.1. ASC/ENV sets the requirement for a fire protection program following the National Fire Protection Association Standards and AFI 32-2001, *The Fire Protection Operations and Fire Protection Program*.

5.7.4.2. ASC/ENV oversees and approves the contractor-designed program.

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

5.7.4.4. 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-house fire departments regardless of their distance from the nearest fire department.)

Chapter 6

FINANCIAL MANAGEMENT

6.1. Funding Sources:

- 6.1.1. ASC/ENV primarily uses:
 - 6.1.1.1. PE 78011F (Industrial Preparedness).
 - 6.1.1.2. PE 78054F (Pollution Prevention).
 - 6.1.1.3. PE 78008F (Environmental Restoration Account [ERA]).
 - 6.1.1.4. 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/ENV coordinates with SPOs to fund facilities' needs that impact production.
- 6.1.4. ASC/ENV may use lease revenues to fund projects.
- 6.1.5. Projects funded with proceeds from the sale of other GOCO plants must be approved by SAF/AQRE regardless of cost.

6.2. Budget Requirements:

- 6.2.1. ASC/ENV sends financial management documents through HQ AFMC/MSE.
- 6.2.2. HQ AFMC/MSE and ASC/ENV use:
 - 6.2.2.1. The Program Objective Memorandum (POM) to present and justify financial needs for industrial facilities.
 - 6.2.2.2. 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/ENV and HQ AFMC/MSE.
- 6.3.2. **ASC/ENV:**
 - 6.3.2.1. ASC/ENV prepares the Program Objective Memorandum (POM) and the input for the Future-Year Defense Plan (FYDP) for GOCOs.

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

6.3.2.3. ASC/ENV prepares and sends the appropriate budget to HQ AFMC/MSE who reviews it and informs SAF/AQRE of all such projected facilities investments.

6.4. PE 78011F. ASC/ENV uses PE 78011F to budget and fund facilities infrastructure, most environmental compliance, environmental compliance manpower and travel, 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/ENV:

6.4.1.1. Identifies lease-funded facilities projects in the Facilities Fin Plan.

6.4.1.2. Prioritizes them per the guidelines for appropriated funds in paragraph 5.4.5. of this instruction.

6.4.1.3. Sends DD Form 1391 with the budget for projects that require congressional notification.

6.4.1.4. ASC/ENV 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 for, each project.

NOTE: Lease proceeds do not normally fund environmental compliance, ERA, 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). ASC/ENV:

6.4.2.1. Uses O&M 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. In addition, O&M funds may be used to accomplish facility projects in accordance with the guidance contained in AFI 32-1032, *Planning and Programming Appropriated Funded Maintenance, Repair and Construction Projects*, Chapter 3.

6.4.2.2. Sends all PE 78011F O&M needs to ASC/FM.

6.4.2.3. 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/MSE 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/MSE approves requests to substitute for 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, HQ AFMC/MSE sends DD Form 1391 to SAF/AQRE for congressional notification.

6.5. Pollution Prevention:

6.5.1. ASC/ENV sends to HQ AFMC/MSE pollution prevention requirements for GOCO facilities.

6.5.2. HQ AFMC/MSE coordinates and prioritizes industrial facilities needs in the PE 78054F budget.

6.6. Environmental Restoration Account (ERA):

6.6.1. **The Air Force.** Retains the right to seek payment for its cleanup efforts.

6.6.2. **ASC/ENV:**

6.6.2.1. Prioritizes ERA needs, giving due consideration to projects that clean up plants scheduled for disposal.

6.6.2.2. Sends ERA budgets to HQ AFMC/MSE.

6.6.3. HQ AFMC/MSE integrates these needs with all other HQ AFMC ERA 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, *Budget Guidance and Procedures*, requires and sends them to ASC/ENV.

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

6.8.1. Must not split a project to avoid notifying the Congress.

6.8.2. May separate design (architectural and engineering [A&E]) cost from construction cost.

6.9. Execution:

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

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

Figure 6.1. Substitution Authority for Funding Facilities Projects

Project Type	Source of Funds	Approval Authority	Approval Limit (1)	Redelegated To:
Not in Approved Fin Plan	Appropriated and Lease	AFMC/MSE	In accordance with Secretary of the Air Force Order (SAFO) 715.1	ASC/ENV (2)
ECTR, PC&H, and Site Restoration	Appropriated and Lease	AFMC/MSE	In accordance with SAFO 715.1	ASC/ENV (2)
Out-of-Cycle Expansion, Replacement or Repair of Govt Industrial Personal Property (Equipment) (3)	Appropriated	Laboratory Commanders	In accordance with SAFO 715.1	No Further Redeflegation
<p>(1) Do not use incremental accounting to get around limits. (See paragraph 6.8.)</p> <p>(2) ASC/ENV lets HQ AFMC/MSE know when it uses this authority by sending a copy of the approval.</p> <p>(3) Real property projects at a GOCO, and projects involving personal property at a GOCO or COCO where the property is accountable under a Facilities Contract/Lease, must be approved by ASC/ENV.</p> <p>NOTE: Contractor funded CTR projects, not involving expansion, are approved in accordance with SAFO 715.1. SAFSAF/AQRE must approve all other projects.</p>				

Chapter 7

DISPOSITION

7.1. General:

7.1.1. ASC/ENV:

7.1.1.1. ASC/ENV disposes of real property using AFI 32-9004, *Disposal of Real Property* as a guide. The divestiture process encompasses intragovernmental transfers, leasing arrangements, or property declared unneeded.

7.1.1.2. ASC/ENV 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. **HQ AFMC/MSE.** After disposing of real property, HQ AFMC/MSE prepares special orders using Section 2 through 6 of AFI 32-9005 as a guide 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/ENV 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/ENV:

7.2.2.1. ASC/ENV declares that real property is unneeded, using AFI 32-9004, *Disposal of Real Property* as a guide, the Format for Declaring Property Excess to Ownership or Need (Requirements)([Attachment 3](#)), and AF Form 813 which addresses environmental considerations affecting divestiture.

7.2.2.2. ASC/ENV sends two copies of each to SAF/AQRE.

7.2.3. SAF/AQRE:

7.2.3.1. After receiving the declaration, SAF/AQRE continues the disposal action using AFI 32-9004 as a guide.

7.2.3.2. SAF/AQRE 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/AQRE writes a disposal report 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/AQRE asks the ASC/EN to report the property to the GSA for screening and disposition.

7.2.3.5. SAF/AQRE has final approval authority for all projects funded using the proceeds from the sale of any Air Force-owned, industrial facility.

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

7.3. Negotiated Sale. ASC/ENV tries to sell facilities that 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/ENV receives the offer, they declare the property excess following **Attachment 3**, and send two copies through HQ AFMC/MSE to SAF/AQRE.

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/ENV receives this offer, they write a letter (**Attachment 6**) to the regional GSA Administrator, asking GSA to negotiate with the contractor.

7.3.2.3. ASC/ENV sends two copies of the package through HQ AFMC/MSE to SAF/AQRE.

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

7.3.3. **Real and Personal Property.** ASC/ENV 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 plant clearance according to FAR 45 and DFARS 245.

7.4. Transfer of Real Property. The Air Force transfers real property three 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/ENV sends a declaration of excess to industrial need and a DD Form 1354, *Transfer and Acceptance of Military Real Property*, to HQ AFMC/MSE for approval.

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

7.4.2.1. If the real property value is over the amount identified in 10 U.S.C. 2662 (a), the acquiring service must notify Congress and wait the number of days specified in 10 U.S.C. 2662 (a)(3) before proceeding.

7.4.2.2. Following procedures outlined in the United Facilities Criteria (UFC) 1-900-02 dated 1 Sept 2003, Criteria for Transfer and Acceptance of Military Real Property.

7.4.3. **Other Government Agencies.** To transfer excess real property to a government agency outside the DoD, ASC/ENV reports the unneeded property using **Attachment 3**. Paragraph **7.2.** describes the procedures.

7.5. Deteriorated Real Property. The CAO uses AF Form 139, *Industrial Facility Disposal* (**Attachment 4**) to document demolition of deteriorated government-owned real property. The CAO begins by sending five copies of AF Form 139 through ASC/ENV and HQ AFMC/MSE to SAF/AQRE for approval. Upon completion of disposal, the property administrator completes block 10 of AF Form 139 and returns two copies through channels to HQ AFMC/MSE for final distribution. (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 excess and disposes of it according to FAR 45 and DFARS 245.

Chapter 8

REPORTS AND DOCUMENTATION

8.1. Air Force Real Property Inventory Detail List. HQ AFMC/MSE prepares this report for industrial facilities, using AFI 32-9005 as a guide, and sends the report directly to SAF/IE with a copy to SAF/AQRE. (RCS: SAF-MII[A]7115 applies.)

8.2. USAF Installation Characteristics Report. HQ AFMC/MSE prepares this report for industrial facilities, using AFI 32-9005 as a guide, and sends this report directly to SAF/IE with a copy to SAF/AQRE. (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-- Procedures and Responsibilities*.

8.4. Forms Adopted : DD Form 1391, “*Military Construction Project Data*”, DD Form 1354, “*Transfer and Acceptance of Military Real Property*”, AF Form 139, “*Industrial Facility Disposal*”, AF Form 813, “*Request for Environmental Impact Analysis*”, and AF Form 1192, “*Installations Characteristics Report*”.

MARVIN R. SAMBUR
Assistant Secretary of the Air Force (Acquisition)

Attachment 1**GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION*****References***

NOTE: Ensure 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*, April 4, 1996

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*, October 23, 2000

DoD 5100.76-M, *Physical Security of Sensitive Conventional Arms, Ammunitions, and Explosives*, August, 2000

DoD Instruction 6055.1, *DOD Safety and Occupational Health (SOH) Program*, August 19, 1998

DoD Instruction 6055.6, *DoD Fire and Emergency Services Program*, October 10, 2000

Air Force Policy Directives

AFFPD 23-3, *Energy Management*

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

AFPD 32-20, *Fire Emergency Services*

AFPD 32-70, *Environmental Quality*

AFPD 35-1, *Public Affairs Management*

AFPD 63-6, *Industrial Resources*

AFPD 65-5, *Cost and Economics*

Air Force Instructions

AFI 10-245, *The Air Force Antiterrorism/Force Protection (AT/FP) Program Standards*

AFI 24-301, *Vehicle Operations*

AFI 31-101, *The Air Force Installation Security Program*

AFI 32-1032, *Planning and Programming Appropriated Funded Maintenance and Repair, and Construction Projects*

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 and Management Program (ECAMP)*

AFI 32-7061, *The Environmental Impact Analysis Process*

AFI 32-7064, *Integrated Natural Resources Management*

AFI 32-7065, *Cultural Resource Management*

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

AFI 32-7080, *Pollution Prevention Program*

AFI 32-9004, *Disposal of Real Property*

AFI 32-9005, *Real Property Accountability and Reporting*

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

AFI 63-107, *Integrated Planning and Assessment Product Support*

AFI 65-501, *Economic Analysis*

AFI 65-601, V1, *Budget Guidance and Procedures*

AFMAN 37-123, *Management of Records*

Other

10 U.S.C. 2667, *Leasing*

40 U.S.C. 471, *Federal Property and Administrative Services Act*

Reports

This instruction requires the following reports:

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

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

Abbreviations and Acronyms

A&E—Architectural and Engineering

AFCEE—Air Force Center for Environmental Excellence

ASC—Aeronautical Systems Center

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

DCAA—Defense Contract Audit Agency

DCMA—Defense Contract Management Agency

DFARS—Defense Federal Acquisition Regulation Supplement

ECAMP—Environmental Compliance Assessment Management Program

ECTR—Emergency Capital-Type Rehabilitation

EIAP—Environmental Impact Analysis Process

ERA—Environmental Restoration Account

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
SOO—Statement of Objectives
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 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 is 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 is 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.

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**FORMAT FOR JUSTIFYING ACQUIRING REAL PROPERTY****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. Identify project as Expansion, Construction, Capital Type Rehabilitation (CTR), etc.

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	\$

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

- A3.1.** Use this attachment to prepare and send requests for disposing of improved or unimproved land.
- A3.2.** After ASC/ENV decides that an industrial plant is not needed, they send a letter asking for disposal through HQ AFMC/MSE to SAF/AQRE. Each request must contain:
- A3.2.1. 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.
 - A3.2.2. If leased, the lease number and expiration date and the annual rent.
 - A3.2.3. 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.
 - A3.2.4. Brief statement of the real property's present condition.
 - A3.2.5. How the property is used and why it is no longer required.
 - A3.2.6. Date the property will no longer be required.
 - A3.2.7. 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:
 - A3.2.7.1. Types of terrain (flat, mountainous, barren, wooded).
 - A3.2.7.2. Time of year weather prevents decontamination.
 - A3.2.7.3. Two copies of real estate maps with areas of contamination outlined in red and clearly marked affected areas.
 - A3.2.7.4. Number of affected areas and acreage of each.
 - A3.2.7.5. Names of nearby military bases or communities where decontamination teams may be housed.
 - A3.2.7.6. Summary of use, indicating types of bombs and ammunition used, and record of previous contamination. (Provide Installation Restoration Program (IRP) results, if available.)
 - A3.2.7.7. Additional remarks, indicating the site's accessibility, types of vehicles the decontamination team requires.
 - A3.2.8. A statement of services currently rendered and obligations of, or to, other Air Force activities, DoD, or other federal activities.
 - A3.2.9. 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.
 - A3.2.10. Recommendation whether to:

- A3.2.10.1. Retain recapture or reuse rights for the real property.
- A3.2.10.2. Place restrictions on the disposition, e.g., retaining railroad rights-of-way, clearance easements, power-line easements, and so on.
- A3.2.10.3. Salvage unserviceable real property or dispose of serviceable real property under current regulations.
- A3.2.11. 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.
- A3.2.12. If the property is not leased, a statement about funding for custody and maintenance.
- A3.2.13. 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:
 - A3.2.13.1. Supporting facts for using the national security clause. You must justify that contractor ownership is needed for national defense.
 - A3.2.13.2. Estimate of costs the Air Force will incur during the restrictive national defense period if the sale falls through (for example, CTR costs).
 - A3.2.13.3. Accurate personal property lists submitted with Reports of Excess. You must not add to the list after submitting it. If any of the personal property becomes unneeded during negotiations, remove it from the sales package and begin plant clearance according to FAR 45 and DFARS 245.
 - A3.2.13.4. Information on rent the contractor paid for the last 5 years.
 - A3.2.13.5. 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.
- A3.2.14. Any other information pertinent to the proposed disposal action.

Attachment 4

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

A4.1. Use AF Form 139 to seek approval for disposing of real property facilities (buildings on Government-owned land and the real property in them) that are totally deteriorated and of no economic use. Do not use AF Form 139 to dispose of government-owned buildings on contractor-owned land.

A4.2. The CAO prepares and sends six copies of AF Form 139 through ASC/ENV and HQ AFMC/MSE to SAF/AQRE for approval.

A4.3. 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.

A4.4. Complete AF Form 139 following these guidelines:

A4.4.1. **Command:** Insert "AFMC-industrial."

A4.4.2. **Permanent Installation Number:** Insert permanent installation code (i.e. TTQK, ADFJ, and so on).

A4.4.3. **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."

A4.4.4. **Items 4, 5, and 6:** The CAO completes these items.

A4.4.5. **Item 7:** The FPCO completes this item.

A4.4.6. **Item 8:** HQ AFMC/MSE completes this item.

A4.4.7. **Item 10:** Complete after the disposal action. After the property administrator signs AF Form 139, return two copies through channels to HQ AFMC/MSE for final disposition.

A4.4.8. **Item 11:** Specify if the facilities are to be removed because they threaten personal life, health, or safety or to expand another building.

Attachment 5**QUESTIONNAIRE TO SUPPORT REQUESTS FOR LEASES**

A5.1. Requests for leases must answer the following questions:

A5.1.1. Why lease instead of disposing of the facilities?

A5.1.2. How does the Air Force benefit from the proposed lease?

A5.1.3. What outstanding facility projects (if any) remain from previous contracts? How will they be resolved?

A5.1.4. What is the lessee's long-run forecast for the products both the private sector and the military need?

A5.1.5. How did you determine the rental rates proposed? Are there to be rental credits?

A5.1.6. What industrial preparedness participation has the lessee agreed to that depends on using the property the lease covers?

A5.2. Use the data items as a guide for contemplated leases. Supply any other data that will aid decision making.

Attachment 6**REPORT OF EXCESS TO OWNERSHIP OF IPE OR OPE**

(Sample Memo)

Memorandum for Director, Real Property Division
Federal Property Resources Service
General Services Administration
819 Taylor Street
Ft Worth TX 76102

From: ASC/ENV
Bldg. 8, 1801 Tenth Street
Wright-Patterson AFB 45433-7626

Subject: Negotiated Sale of Government-Owned Facilities, XXX Corporation, Facilities Contract
#FXXXXX-XX-XXXX

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.
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:
 - a. This equipment is mixed with equipment XXX Corporation owns and removing either of these large pieces of equipment would disrupt the contractor facility severely.
 - b. 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.
 - c. The government gains nothing by retaining ownership.
 - d. The equipment is over 25 years old. Its tooling is obsolete. The cost of any major rehabilitation would be prohibitive because parts are not available and would have to be manufactured.
3. Therefore, we recommend that GSA proceed with the proposed sale. Please incorporate the following restrictions into the Bill of Sale:
 - a. The contractor will preserve the existing capability for producing weapons for the government for 5 years after conveying title to the contractor.
 - b. The contractor will preserve the facilities' capability to meet defense production requirements during that period.
4. 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 7

CONSTRUCTION PROJECT PROCEDURES

NOTE: ASC/ENV follows these procedures to ensure consistent and timely execution of government funded projects. The procedures apply 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.

A7.1. Project Classification. During the annual Fin Plan review, the ASC/ENV supervising engineer reviews individual projects' scope and assigns project numbers. All projects, including environmental compliance projects, fall into three categories: major, minor, or other. A project's category depends on the complexity of its design work effort.

A7.1.1. **Major Project.** Major projects are complex and are accomplished in four phases as described in [A7.2.](#) -[A7.5.](#)

A7.1.2. **Minor Projects.** Minor projects are usually completed in three phases but sometimes in two, skipping the second phase.

A7.1.3. **Other Projects.** These technically simple projects need minimal oversight. Contractors submit only a Statement of Work (SOW) and a completed DD Form 1354.

A7.1.4. **Environmental Compliance (MPC 7000) Projects.** The environmental compliance engineer assigns a 10 digit number for A106 reporting. The annual budget call letter gives contractors detailed instructions.

A7.2. First Phase--Statement of Work:

A7.2.1. Contractors prepare and send SOWs to ASC/ENV for approval.

A7.2.2. 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.

A7.2.3. ASC/ENV may waive the requirement to select an independent A&E firm and authorize in-house project design.

A7.2.4. Contractors must send requests for waivers and justification with the SOW to ASC/ENV.

A7.2.5. Contractors negotiate a reasonable fee within statutory limits:

A7.2.5.1. **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.

A7.2.5.2. **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.

A7.2.5.3. **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.

A7.3. 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:

A7.3.1. Plot plan and orientation of construction site.

A7.3.2. General building configuration and dimensions (plans and elevations).

A7.3.3. Soil conditions and bearing values.

A7.3.4. Foundations (isolated, spread, combined, continuous, mat or raft, pile, other).

A7.3.5. Superstructure type (wood, steel, prefab, or specified others), floor, roof and decking type.

A7.3.6. Type and extent of electrical installations (primary supply and secondary distribution) and other utilities and services.

A7.3.7. Construction schedule and estimated construction cost with detailed line-item breakdown for land, property, improvements, structures, mechanical and electrical building installations, and others.

A7.3.8. Type and extent of site preparation, and mechanical and non-mechanical building installations.

A7.3.9. 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/ENV for technical review and approval.

A7.4. Third Phase--Final Design Documents. Final design documents are like approved preliminary design documents but give greater detail.

A7.4.1. For environmental projects, the contractor includes documentation that shows project coordination with the appropriate Environmental Protection Agency as AFPD 32-70 requires.

A7.4.2. The contractor sends two copies of the detailed final design document to ASC/ENV 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)

A7.4.3. ASC/ENV keeps one signed copy and returns the other to the contractor through established channels.

A7.4.4. After approval, the contractor may award a contract and begin construction. A bid tabulation must accompany all early construction progress reports.

A7.5. Fourth Phase--Construction. Follow these procedures in the construction phase:

A7.5.1. The operating contractor manages approved construction projects.

A7.5.2. 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.

A7.5.3. ASC/ENVP approves construction changes that materially affect previously approved construction documents. Otherwise, the CAO may approve construction changes. ASC/ENVP reviews and approves change orders.

A7.5.3.1. ASC/ENVK issues a modification to the facilities contract or lease.

A7.5.4. The GOCO operator must submit construction progress reports and a final acceptance report:

A7.5.4.1. **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.

A7.5.4.2. **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.

A7.5.4.3. **Final Acceptance Report.** The GOCO operator sends a final acceptance report for projects using DD Form 1354. The GOCO plant operator must sign the DD Form 1354 prior to submitting to ASC/ENV. The supervising engineer approves and accepts the project for the Air Force.