



**US Army Corps
of Engineers®**

ENGINEERING AND CONSTRUCTION BULLETIN

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SUBJECT: Department of Veterans Affairs Major Construction Projects: USACE
Assessment and Acceptance Policy

CATEGORY: Directive and Policy

1. **References:**

a. Department of Veterans Affairs Expiring Authorities Act of 2015, Public Law No. 114-58, Section 502, 129 Statute 530, 30 Sep 2015

b. National Defense Authorization Act for Fiscal Year 2016, Public Law No. 114-92, Section 1096, 129 Statute 726, 25 Nov 2015

c. Email, HQUSACE, CECW-CE, Mr. Robert Rizzieri, 14 Oct 15, Subject: Engineering & Construction Initial Policy: Design, Cost, and Schedule Validation / Work Acceptance Process for Department of Veterans Affairs Projects

2. **Purpose.** As discussed at the Department of Veterans Affairs (DVA) Major Hospital Program Workshop on 29 March 2016, the U.S. Army Corps of Engineers must exercise due diligence when accepting partially or fully designed projects to serve as the Design and Construction Agent. This policy outlines the required process that Project Delivery Teams (PDT) must follow before USACE formally accepts a DVA Major Construction project for execution.

3. **Applicability.** This policy applies to all Department of Veterans Affairs (DVA) Major Construction projects with total expenditures in excess of \$100M, and proposed for transfer to the U.S. Army Corps of Engineers (USACE) as the Design & Construction Agent.

a. USACE Major Subordinate Commands (MSC) and Districts have engaged in preliminary discussions with DVA Construction & Facilities Management (CFM) regions to discuss program and project execution and in some cases have successfully executed Interagency Agreements for preliminary project review efforts.

b. Prior to formally accepting any of these projects for execution, the following process will be followed to determine if projects have been appropriately programmed by the DVA. This process must be completed through transmission of project acceptance memo(s) from HQ to DVA, before any further actions (for example, requesting modifications of AE contracts awarded by DVA, or preparation of construction contract solicitations) are undertaken.

4. **Background and Limitations.** There are large variations in the size, scope, and design development of DVA Major Construction Projects, and they cross regional USACE and DVA boundaries. Existing projects have been developed to different stages of completion, and under several variations of DVA processes, making it difficult to apply a single “one-size fits all”

ECB No. 2016-17

Subject Department of Veterans Affairs Major Construction Projects: USACE Assessment and Acceptance Policy

approach to design, cost, and schedule assessments. These variations and limitations will require adaptation of this model to account for project specific elements. The MSCs must document these adaptations when communicating final results back to HQUSACE.

5. **Process.** To ensure that USACE follows a logical and uniform process to assess design maturation and conformity to program, cost, and schedule expectations, PDTs will use best practices from Military Construction (MILCON) and Civil Works programs during execution. These practices include design assessment, cost review and estimate development, and cost, schedule, and technical risk identification and quantification.

a. **PDT Development.** The executing district(s) (to be determined by the MSC) will ensure the best resource usage for the project execution. To the extent possible, PDT experts in the geographic office that are familiar with local variables and conditions will be utilized. The use of technical expertise from across USACE, to include the Medical Facilities Center of Expertise and Standardization (MX) is required. Where a region has multiple possible projects, the MSC will determine if each project will be reviewed by a single regional team, or individual teams assigned to each project. The MSC has the final approval of team composition to assure a quality team.

b. **Preliminary Technical Review.** It is essential that the PDT evaluate project scope for alignment with the approved project documentation provided by DVA and clearly document any deviations from the Office of Management and Budget (OMB) 300 form. Upon acceptance of the Interagency Agreement (Treasury Form 7600B) and funding from HQUSACE, the PDT will perform a technical review of all available DVA documents, including basis of design, design analyses, plans, specifications, cost estimates, schedules, risk registers, etc. The level of technical review will be adjusted as necessary to understand project risk and feasibility of mitigation, with critical comments incorporated into the preliminary project risk register. PDTs shall communicate with and engage their DVA CFM Region counterparts in this preliminary review process. DVA CFM participation is required in some of the following validation steps.

c. **Project Definition Rating Index (PDRI) Exercise.** In accordance with The Construction Industry Institute's (CII) PDRI implementation resource, conduct a facilitated meeting to score the project (unweighted), scoring at a minimum the areas of emphasis previously identified by CECW-CE in reference (c.). Since PDRI maturity level increases as the score decreases, the PDT may score other items they feel are appropriate for a specific project.

(1) CII trained facilitators are recommended to lead these sessions. In the event that a CII trained facilitator is unavailable, USACE employees with PDRI experience may serve as a substitute, but facilitators must not be a member of the PDT.

(2) At a minimum, the facilitated meeting shall be attended by the DVA CFM Project Manager assigned to the project and the USACE trained Cost and Schedule Risk Analysis (CSRA) facilitator responsible for executing step (f.) below.

ECB No. 2016-17

Subject Department of Veterans Affairs Major Construction Projects: USACE Assessment and Acceptance Policy

d. Design Level Determination. The PDRI maturity level of each design will be gauged and discussed in accordance with DVA standards as outlined in their A/E Submission Requirements guide, and objectively determined through PDRI weighted scoring. While there are not exact thresholds that align PDRI scores with DVA submission requirements, the following ranges are provided as guidance:

- (1) Concept Design: 600-800
- (2) Schematic Design (SD1/SD2): 400-600
- (3) Design Development (DD1/DD2) 300-400
- (4) Construction Documents (CD1/CD2) 150-300
- (5) Bid Documents (BD01): < 150

e. Cost and Schedule Level Determination. USACE will generate an estimate equivalent to a Class 4 estimate. The equivalent Class 4 estimate will typically be a combination of DVA generated costs plus USACE added cost (if needed) and USACE developed contingency. The PDT shall assess the current estimated cost and schedule of the DVA project and identify any major deficiencies or gaps within to verify the estimate is aligned with approved project objectives. In order to achieve this, PDT members will assess the scope, technical information, assumptions, project development phase (SD1, DD2, etc.), along with the quality of available cost estimates and schedules. In the event USACE determines the documentation is not accurately depicting cost, additions shall be made to the equivalent Class 4 estimate to fill those gaps. PDT members shall document in narrative their rationale for any application of Class 4 estimates against gaps in the existing estimate data. The projected potential cost will be used to serve as the basis for the next step, creation of a CSRA.

f. Cost and Schedule Risk Analysis (CSRA). The PDT will develop a preliminary Risk Register and CSRA in accordance with existing USACE Cost Mandatory Center of Expertise (MCX) CSRA guidance. The Risk Register should consolidate any USACE identified risks with any items from DVA CFM and/or the AE's risk register. These documents should reflect the program, project, technical, cost, and schedule risks identified during the previous design, cost, and schedule assessments. A trained CSRA facilitator from the USACE Cost MCX shall lead this effort.

g. Review Requirements. The equivalent Class 4 estimate (including contingency generated from the CSRA) shall have a Quality Assurance peer review performed by a Certified Regional Agency Technical Review Specialist.

h. This equivalent Class 4 estimate will serve as the basis for the assessment and acceptance process only. Once the project is accepted by USACE, the PDT will develop a bottom-up

ECB No. 2016-17

Subject Department of Veterans Affairs Major Construction Projects: USACE Assessment and Acceptance Policy

MCACES (MII) estimate to establish the official estimate for management purposes. A cost product matrix will be provided to identify requirements at various milestones.

6. Recommended Decision. The results of these efforts shall be communicated in a memorandum with backup data, tables, etc. as enclosures. The memorandum shall be signed by the executing District's Chief of Engineering, after coordination with District leadership. The memo should address and include the following summary information:

a. Results of the PDRI and CSRA exercises, and the anticipated project funding and schedule;

b. Comments and/or revisions needed to ensure the validity of the project and compliance with the OMB 300 document, and;

c. Indication of whether the MSC recommends acceptance, acceptance with conditions, or declination of the project for USACE execution. If the MSC recommendation is to accept with conditions, those conditions must be listed in the memorandum.

7. Routing and Approval. The memorandum will be sent, thru the Chief, Business Technical Division and Chief, Military Integration Division at the MSC. The MSC will in turn be forwarded to the HQUSACE Chief, Engineering and Construction for approval. If approved, a cover memo will be sent to the Chief, Interagency and International Services for concurrence on the acceptance decision.

8. Referenced Documents. The original policy email (reference c.), PDRI resource with areas of emphasis highlighted, PRDI template scoresheet, applicable DVA A/E submission requirements, and CSRA guidance can be found on the USACE DVA Program SharePoint located here: <https://cops.usace.army.mil/sites/HIS/dva/default.aspx>. As PDTs execute this policy, copies of their documentation will also be shared at this location.

9. Update. All new requirements will be included in the next appropriate policy document update.

10. Points of Contact. HQUSACE points of contact for this ECB are Jim Moore, CECW-CE, (570) 650-3055 or Kenny Simmons, CECW-CE, (202) 761-7234.

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JAMES C. DALTON, P.E.
Chief, Engineering and Construction
Directorate of Civil Works