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Bulletin

Title: Management of Base Fund Set-Asides (Allocations) for the Repair of Buildings and Improvements at Agricultural Research Service (ARS) Facilities

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Originating Office: Agricultural Research Service (ARS) – Administrative and Financial Management (AFM)-Facilities Division

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This Bulletin provides criteria and guidance for the set-aside, expenditure and reporting of Base Funds for the Repair of Buildings and Improvements (formerly Repair & Maintenance, now termed “REPAIR”) at ARS facilities.

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Purpose

Proper care of Agricultural Research Service facilities is important in protecting the health, safety, welfare, and morale of ARS employees. The Repair of Buildings and Improvements (formerly Repair & Maintenance (R&M), now termed “REPAIR”) activities are funded through the set-aside of a portion of a location’s Base Funds (also referred to as Permanent Funds, Program Funds, Program (Base) Funds or Program Base Funds).

This Bulletin provides criteria and guidance for the annual set-aside, expenditure and reporting of Base Funds for the Repair of Buildings and Improvements (REPAIR) at ARS facilities, including the differentiation of those expenses attributable to the separate, but related, Operations and Maintenance (O&M) activities.

Background

Every year, ARS allocates its congressionally approved Salary and Expense appropriation monies throughout the agency’s Management Units (MU) to manage research programs and budgets. The primary tool for this activity is the Annual Resource Management Plan (ARMP).

The ARMP process involves all aspects of operating ARS research programs. One portion of this effort is providing funds to REPAIR the agency’s portfolio of capitalized real property (primarily buildings). Currently, the required portion of Base Funds to be set-aside for REPAIR of ARS buildings is 4%. The 4% set-aside ratio is an established minimum and a guide for formulating the ARMP budget to provide an adequate amount of funds for REPAIR activities.

The set-aside of Base Funds for REPAIR does not include any allocations for expenses related to O&M activities.

In certain cases, allocating 4% of Base Funds for REPAIR activities may not be appropriate. Under those circumstances, Research Leaders may elect to request a waiver of a portion of the minimum set-aside for REPAIR during the ARMP process (For more details see the ARMP guidance). Examples include:

- Research MU’s that occupy non-ARS owned facilities and therefore have no direct repair expenses.
- An appropriate portion of “Pass-Through Funds,” when enacted by Congress, may be approved and justified as a waiver from Base Fund allocations for REPAIR activities.
- Research MU’s that have no projects on the current Capital Project and Repair Plan (CPRP) and no undocumented repair needs.
- Unique, unusual business case circumstances applicable only in a single fiscal year (FY).

Although previously reported as a waiver to the 4% set-aside, ARMP-approved Force Labor salary expenses budgeted specifically for repair activities should now be reported as an individual line item. Please see Exhibit 1.

Policy

The facilities asset management goals of the Agency shall be to manage, operate, and maintain ARS real property assets in a manner that provides quality functional space that is cost-effective, energy efficient to operate and provides services consistent with the Agency's research mission needs. Facilities asset management includes facility sustainment as well as the repair of buildings and improvements funded by the proper set-aside of Base Funds for REPAIR.

Related ARS Issuances:

- Annual Resource Management Plan System (ARMPS) Manual (January, 2006)
- Current Research Information System Allocation Tracking System (CATS) User Manual (October, 2008)
- Policy & Procedure (P&P) 152.7 Facilities Construction Authorities (May 31, 2013)
- Bulletin 14-151 Capital Project and Repair Plan (CPRP) (February 20, 2014)
- Policy & Procedure (P&P) 242.8, ARS Facility Operations and Maintenance (October 08, 2015)
- Bulletin 12-302 Capturing O&M Costs (March 16, 2012)

Procedures

Each Research MU is required to allocate at least 4% of Base Funds as a minimum set-aside toward the accomplishment of REPAIR projects annually. To calculate the REPAIR 4% set-aside, use the Base Funds amount as determined by Financial Management and Agreements Division (FMAD) as the basis for calculation.

Following the annual ARMP approval of waivers and labor expenses, the Business Service Center (BSC) Facility, Property & Safety (FP&S) Branch Chief will compile the MU data by Location on Exhibit 1 for submission to the Administrative and Financial Management (AFM) Facilities Division (FD) Director no later than October 30 of the current calendar year.

Reporting Expenditures of Base Funds for REPAIR

Effective October 1, 2012 (FY 2013), ARS began using the Current Research Information System Allocation Tracking System (CATS) to track the REPAIR expenditures by the Locations. All entries in CATS for the REPAIR set-aside must be coded by marking the R&M checkbox (either full or split). AFM FD will routinely (quarterly) use the R&M report

from CATS to review the accuracy of these transactions and evaluate compliance with the Repair of Buildings and Improvements Program goals.

ARS staff involved with reporting the expenditures for qualified REPAIR projects from the REPAIR set-aside are expected to exercise all necessary diligence in accurately categorizing expenditures and to provide sufficient information in the CATS entry fields to facilitate validation of the data once received and when reviewed by FD:

- For detailed instructions regarding entries in CATS or the R&M report, please refer to the CATS User Manual.
- Detailed descriptions the Repair of Buildings and Improvements (formerly R&M), Operations and Maintenance, and other related facilities management terms are provided in the Definitions section of this bulletin.
- As an aid in properly categorizing REPAIR set-aside, please refer to “DESCRIPTION RECOMMENDATIONS FOR REPAIR EXPENSES FROM SET-ASIDE BASE FUNDS” below.

DESCRIPTION RECOMMENDATIONS FOR REPAIR EXPENSES FROM SET-ASIDE BASE FUNDS

Instructions for Describing Individual Line Item REPAIR Expenses (designate expenses as REPAIR ONLY if paid from Base Funds):

- 1- Verify that the expense is consistent with the definitions provided below in this Bulletin.
- 2- In CATS, please enter ACTIVITIES and COMPONENTS similar to the suggestions in the table below.
- 3- Provide additional information as appropriate.

<u>Description:</u> <u>Typical REPAIR Activities</u>	<u>Description:</u> <u>Typical Building Components</u>	<u>Description:</u> <u>Additional</u>
Repairs of Existing Components	Building Envelope- Walls, Windows, Floors, Roofs	Provide a brief summary of the work performed and the physical materials installed. Employee names, dates, suppliers, invoice #s, etc. are not required except for Area management’s reference.
Replacements of Existing Components	Structural, HVAC, Plumbing, Electrical Systems	
Addition of Components to Existing Buildings (Recapitalization)	Building Interior Finishes and Conveyances	
Materials for REPAIR projects	Energy Saving Components and Projects	
Installation of Energy Saving Projects	Security System, IT and Telephone Infrastructure	
Demolition of Unutilized and Unsafe Buildings	Life Safety including Fire Alarm and Sprinkler	
Removal of Hazardous Building Components and Materials	Fume Hoods (Air Flow Deficiencies Only)	
	Site Utilities Connected to a Building	

	Site Paving	
	Exterior Lighting	
EXCLUSIONS (NOT REPAIR):		
<ul style="list-style-type: none"> • Service Contracts & Calls • Grounds Maintenance Including Fences and Gates • Inspections and Tests • Vehicle Maintenance • Equipment Maintenance • Publication Fees 	<ul style="list-style-type: none"> • Walk-in Coolers and Freezers • Growth Chambers • Diagnostic Consulting Fees • Scientific and Lab Supplies • Preventive and Predictive Maintenance of Components • Travel Expenses 	<ul style="list-style-type: none"> • Belts- All • Fluids- All • Tools- All • Filters- All • Batteries- All • Equipment (FF&E)- All • Personal Computers

Responsibilities

Area or Location Offices

AREA DIRECTOR (AD)

- Approve/disapprove MU ARMP packages.

RESEARCH LEADER (RL)/CENTER DIRECTORS

- Prepares the MU ARMP package(s).
- Manage and coordinate project data collection from the CPRP.

ADMINISTRATIVE OFFICER (AO)

- Maintains records of the final ARMP approved amount of Base Funds, 4% (minimum) Base Funds set-aside for REPAIR, and Budgeted Force Labor mounts.
- Maintains records of MU expenditures in compliance with ARS policies.
- Provides records and descriptions of REPAIR expenditures in CATS in compliance with ARS policies.

Business Service Center (BSC)

BSC DIRECTOR AND DEPUTY DIRECTOR

- Assure that the ARS Real Property Base remains in compliance with E.O. 13327, United States Department of Agriculture (USDA), Asset Management Plan (AMP), and ARS Building Block Plan (BBP) including other related ARS implementing directives or issuances.

BSC FACILITIES, PROPERTY, & SAFETY BRANCH CHIEF (BSC FP&S CHIEF)

- Conduct validation of MU REPAIR set-aside documentation prior to submittal to AD.
- Assure that the ARS Real Property Base remains in compliance with E.O. 13327, USDA AMP, and ARS BBP including other related ARS implementing directives or issuances.
- Manage and coordinate project data collection from the Area CPRP.

- Submit Completed Exhibit 1 to AFM FD

BSC ENGINEER

- Assist the BSC FP&S Chief with the validation of all REPAIR set-aside requests.

AFM Facilities Director (FD)

- Conduct validation of REPAIR set-aside documentation.
- Assure that the ARS Real Property Program remains in compliance with E.O. 13327, USDA Asset Management Plan (AMP), and ARS Building Block Plan (BBP) including other related ARS implementing directives or issuances.

Definitions

Building-

Buildings are constructed and maintained for the purpose of housing and sheltering ARS Research programs and projects. For the purpose of REPAIR activities, Building, Facility and Physical Plant are interchangeable terms that refer to habitable (that is, model building code compliant) structures and supported by utility infrastructure systems such as Heating, Ventilation and Air Conditioning (HVAC), electric, plumbing, etc.

Component-

Specifically Building Component; a discreet element that is an integral part of a building's construction, its structure, and major systems (mechanical, electrical, plumbing, conveying, security, etc.). If components are removed or become dysfunctional, the building and its major systems may not continue to function as designed, such as when a Heating, Ventilation and Air Conditioning (HVAC) unit stops working, a roof leaks or a power failure occurs. Included in this definition are light fixtures and lamps, architectural finishes, building envelope (floors, walls and roofs), interior partitions, doors and hardware, ceilings, ductwork, wiring and utility infrastructure.

Equipment-

Also referred to as FF&E. These are fabricated items used in and around buildings that are not integral to the building, its structure, and major systems. Generally, these items are self-contained and may rely on utility connections with the building to function, but are not part of a building's (facilities) components. If the FF&E items are removed, the building and its components would continue to function as designed. Examples include laboratory equipment and furniture, walk-in coolers and freezers, hoses, movable machines, cabinets, shelving, telephone handsets, computers and window coverings.

Facility Sustainment-

Facility Sustainment supports the ongoing use of ARS facilities and includes maintaining the protection of life, protection of property, implementation of mandated regulations, compliance

with building codes, efficient space utilization, and implementation of energy conservation measures. Facility Sustainment provides resources for maintenance and repair activities necessary to keep the inventory of ARS facilities in good working order over a 50-year service life. It includes regularly scheduled adjustments and inspections, preventative maintenance tasks, and emergency response and service calls for minor repairs. It also includes major repairs or replacement of facility components (usually accomplished by contract) that are expected to occur periodically throughout the facility life cycle. This work includes regular roof replacement, refinishing of wall surfaces, repairing and replacement of heating and cooling systems, replacing tile and carpeting, and similar types of work.

Within ARS, Sustainment is accomplished with the use of three funding sources:

1. Annual Repair & Maintenance Appropriation- High Priority Requirements List (HPRL), Modernization and Energy projects.
2. Base Fund dollars - 4 percent set-aside for REPAIR and discretionary funds for Unfunded Project List projects.
3. Operation & Maintenance (O&M) - O&M set-aside from Base Fund dollars.

Improvements-

Specifically Site Improvements; physical construction components installed on a site to support the use of and access to a building. Examples include paving, sidewalks, and utilities.

Operation & Maintenance (O&M) –

Funded by the Areas from Base Funds but are not part of the Base Funds set-aside for REPAIR activities. O&M is broadly defined as actions and expenses undertaken to administer the Sustainment Program for a facility, manage and perform daily operational functions. This includes all other tasks and responsibilities related to maintaining the physical plant of a facility in operable condition but not included in the REPAIR funding set-aside described above. Included in O&M are those activities and expenses undertaken on a cyclical basis to maintain the functional operating state of the facility (such as inspections, janitorial services, snow removal, etc.) and which have a normal recurrence cycle of one year or less. Included is the repair or replacement of non-attached FF&E, and other tasks associated with facilities operations (such as custodial services, grass cutting, landscaping, waste disposal, and the provision of utilities). O&M does not include such related costs as force majeure recovery, laboratory operating costs, activities that would change, expand or enlarge the original size, intent or purpose of a fixed asset, and REPAIR activities; all of which are funded by other means.

Examples of commonly encountered O&M expenditures are:

- Administration, supervision, and general operational oversight of Facilities
- Facility planning and management
- For Commercial Activities (CA) contracts, only that portion of the contract effort that is expended on O&M efforts as defined above should be reported as O&M.

- For force labor salaries of individuals engaged in facilities operations, only that portion of an individual's effort that is expended on O&M efforts as defined above should be reported as O&M. Routine operation and maintenance activities for facilities should be captured as O&M costs.
- Preventative, and Predictive maintenance of the physical plant components is to be reported as routine operation and maintenance activities:
 - Preventive maintenance can be described as the planned maintenance of physical plant components or systems before fault occurs based on an established schedule of anticipated maintenance activities.
 - Predictive maintenance (PdM) techniques monitor the condition of in-service equipment in order to predict when maintenance should be performed. This approach attempts to assure that tasks are performed only when warranted.
- Personnel Compensation related to facilities management operation.
- Allocable share of fringe benefit costs, depreciation and use allowances and interest costs.
- Janitorial services, Custodial, snow removal, or other facility operation related contract services.
- Central receiving staff and equipment.
- Supplies, materials and other services related to facilities operation.
- Grounds maintenance, pond clean-up, etc.
- Security costs associated with personnel badging/credentials or costs associated with security personnel, vehicles, portable equipment, or daily operations.
- Environmental safety programs.
- Facility-related hazardous waste disposal.
- Equipment (ovens, microscopes, walk-in coolers, etc.) if self-supporting.
- Building rents and leasing expenses.
- Management of open land and associated costs.
- Structures.
- Utility services and costs – Trash, electric, Internet Service, water, natural gas, fuel oil, Aviation Fuel, Diesel, Gasoline, Coal, Heating Oil, Liquid Propane (LPG), etc.
- Annual fume hood re-certifications and similar recurring testing/certification requirements such as fire alarms, fire extinguishers, accessibility, air quality, etc.
- Certain (most) Information Technology (IT) acquisitions including desktop, laptops, handheld computers, file servers and related peripherals; or computer software (including, but not limited to business application, operating system, and database management software; tools and utilities; and other similar products).
- Communications Services and associated non-attached equipment.

Repair of Buildings and Improvements (REPAIR) –

Annually, a 4 percent set-aside (minimum) from Base Fund dollars is provided for REPAIR. REPAIR is broadly defined as the repair, restoration, renovation, preservation and/or replacement of the physical components of an existing building or site improvements to maintain a condition substantially equivalent to its original state and operational efficiency consistent with its expected service life. Such work must meet or exceed the requirements of currently applicable

codes and standards. REPAIR does not include such costs as non-attached FF&E, activities that would change, expand or enlarge the original size, intent or purpose of a fixed asset, force majeure recovery, and O&M activities; all of which are funded by other means. Only expenses that comply with the definition of REPAIR may be characterized as REPAIR expenses.

Examples of commonly encountered REPAIR expenditures are:

- For Commercial Activities (CA) contracts, report and clearly describe only that portion of the contract effort that is expended on REPAIR efforts as defined above should be reported as REPAIR. The remainder of that contract cost is either O&M or other costs.
- Force labor salaries of employees- report only that portion of salaries that is budgeted as part of the MU ARMP for REPAIR activities on Exhibit 1. Further reporting of SAMS salaries is not necessary. Capture only this amount as the Force Labor set-aside to REPAIR activities for the FY reporting period. All other activities for facilities operations should be captured as O&M costs.
- Energy Retrofit (ER) projects.
- Replacement of structural components.
- Repairs and replacement of parts for HVAC/electrical/plumbing systems and building components.
- Roofing.
- Building Envelope components.
- Interior and exterior finishes.
- Friable asbestos and Lead Based Paint abatement.
- Correction of Air Flow Deficiencies for Fume Hoods.
- Fire Detection, Alarm and Protection systems and components to include installation of new systems as required by code.
- Other Life Safety Systems and components
- Intrusion detection, access control, and physical security barriers, systems and components.
- Installed and permanently attached building infrastructure and systems to support Information Technology (IT) and voice telephone systems, including Ethernet network cabling and data communications hardware (i.e. backboards, routers, switches, and firewalls), PBX (Private Branch Exchange) equipment, and VoIP (Voice over Internet Protocol) equipment.
- Site Paving- Pedestrian and Vehicular Circulation.
- Site Utility Systems and components.
- Correction of Site Drainage.
- Demolition of unutilized facilities that present a safety/liability risk to the Government.

Repair & Maintenance (R&M) -

A group of selected priority HPRL, Modernization and Energy building projects funded through an annual appropriation from Congress specifically designated for R&M work. Most of the projects are selected from the CPRP list based on priorities determined by an Area's Asset

Management Review Board (AMRB) and then approved for implementation by Agency HQ-AMRB based on available funding.

Unfunded Project List (UPL) –

A group of annually selected priority building repair projects funded through discretionary Base funds available to the Associate Administrator, Research Operations. Most of the projects are selected from the CPRP list based on priorities determined by an Area's AMRB, facility conditions, and program priority; and are then approved for implementation based on available funding.

Acronyms

a)	AAMRB	Area Asset Management Review Board
b)	AD	Area Director
c)	AFM	Administrative and Financial Management
d)	AMP	Asset Management Plan
e)	AMRB	Asset Management Review Board
f)	ARMP	Annual Resource Management Plan
g)	AO	Administrative Officer
h)	ARS	Agricultural Research Service
i)	ARS AMRB	ARS Asset Management Review Board
j)	B&F	Buildings and Facilities (Fund Source)
k)	BBP	Building Block Plan
l)	BSC	Business Service Center
m)	CA	Commercial Activities contracts
n)	CATS	CRIS Allocation Tracking System
o)	CIAMB	Capital Investment and Asset Management Branch
p)	CPRP	Capital Project and Repair Plan
q)	CRIS	Current Research Information System
r)	E.O.	Executive Order
s)	ER	Energy Retrofit
t)	FD	Facilities Division, AFM
u)	FED	Federal
v)	FF&E	Furniture, Fixtures And Equipment
w)	FMAD	Financial Management and Agreements Division
x)	FP&S	BSC Facilities, Property, & Safety Branch Chief
y)	FY	Fiscal Year
z)	HPRL	High Priority Requirements List
aa)	HVAC	Heating, Ventilating, and Air Conditioning
bb)	HWC	Hazardous Waste Cleanup (Fund Source)
cc)	IT	Information Technology
dd)	MU	Management Units
ee)	O&M	Operations and Maintenance
ff)	P&P	Policy and Procedure

gg)	PBX	Private Branch Exchange
hh)	PdM	Predictive maintenance
ii)	PDS	Project Data Sheet
jj)	PROG	Program (Base) Funds (Fund Source)
kk)	PvM	Preventive maintenance
ll)	PY	Prior Fiscal Year Funds
mm)	R&M	Repair and Maintenance
nn)	REPAIR	PROG funded Repair of Buildings and Improvements
oo)	RL	Research Leader/Center Directors
pp)	SRMP	Strategic Resource Management Plan
qq)	TPA	Ten Percent Alteration (Construction Authority)
rr)	TSB	Ten Small Buildings (Construction Authority)
ss)	UPL	Unfunded Project List
tt)	USB	Unlimited Small Buildings (Construction Authority)
uu)	USDA	United States Department of Agriculture
vv)	VoIP	Voice over Internet Protocol

Point Of Contact

For further information, please contact Frank King, Branch Chief, FD/CIAMB, on 301-504-1207.

Nino L. Fleri
 Director
 Facilities Division

Date

Exhibits

Exhibit 1 – Summary by Location of ARMP Base Fund Set-Asides for REPAIR Activities

**Exhibit 1 – Summary by Location of ARMP Base Fund
Set-Aside for REPAIR Activities**

Following the annual ARMP approval of waivers and labor expenses, compile the MU data by Location on this form for submission to the AFM Facilities Division Director no later than October 30 of the current calendar year.

PLEASE SUBMIT AS AN EXCEL FILE VIA E-MAIL

Example Calculation: Location Base Fund ARMP Set-Aside for REPAIR Activities						
Applicable Fiscal Year: YYYY						
A	B	C	D	E	F	G
Location Mode Code	XX Area Location	FY Base Funds	Minimum 4% of Base Funds Set-Aside for REPAIR Activities- (C * .04)	Area Director Approved Waiver	Budgeted Force Labor Expense	Proposed Set-Aside for REPAIR Activities (G = D-E-F)
XXXX	LOCATION A	5,541,579	221,663	0	0	221,663
0000	LOCATION B	3,928,630	157,145	0	32,700	124,445
XXXX	LOCATION C	1,862,134	74,485	70,761	0	3,724
0000	LOCATION D	1,424,326	56,973	56,973	0	0
XXXX	LOCATION E	7,759,400	310,376	310,376	0	0
0000	LOCATION F	7,887,830	315,513	188,258	127,255	0
XXXX	LOCATION G	2,986,626	119,465	0	0	119,465
0000	LOCATION H	4,025,171	161,007	80,000	14,600	66,407
XXXX	LOCATION I	20,780,965	831,239	406,708	225,000	199,531
TOTALS		\$56,196,661	\$2,247,866	\$844,818	\$174,555	\$1,228,493

Note: Entries above are for illustrative purposes only; please revise as necessary for each Location. Column headings should remain the same.