

CERM-F

DEPARTMENT OF THE ARMY
U.S. Army Corps of Engineers
Washington, DC 20314-1000

*ER 37-1-29

Regulation
No. 37-1-29

03 December 2020

Financial Administration
FINANCIAL MANAGEMENT OF CAPITAL INVESTMENTS

1-1. Purpose. This regulation defines the policies and procedures for the management of capital assets obtained by the U.S. Army Corps of Engineers (USACE) used in providing goods or services. It prescribes the procedures for programming, budgeting, allocating funds, utilization, calculation of costs and reporting requirements for the Revolving Fund, Plant Replacement Improvement Program (PRIP).

1-2. Applicability. This regulation applies to all USACE elements and Commands having capital assets funded by the Revolving Fund, Civil Works projects, or Military appropriations.

1-3. Distribution Statement. Approved for public release; distribution is unlimited.

1-4. Records Management (Record Keeping) requirements. Records management requirements for all record numbers, associated forms, and reports required by this regulation are included in the Army's Records Retention Schedule – Army (RRS-A). Detailed information for all record numbers, forms, and reports associated with this regulation are located in the RRS-A at <https://www.arims.army.mil>.

FOR THE COMMANDER:

13 Appendixes
(See Table of Contents)

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Chief of Staff

* This regulation supersedes ER 37-1-29 dated 30 January 2004

Summary of Changes

ER 37-1-29

United States Army Corp of Engineers (USACE)

Financial Administration Financial Management of Capital Investments

This administrative revision, dated 03 December 2020—

- Added: 4-1.b.(1) - The purchase of office furniture using PRIP funds is generally prohibited. Exceptions must be approved by the Directorate of Resource Management, Finance and Accounting Policy Division (CERM-F) before PRIP funds can be requested.
- Added: 4-1.c. - The use of PRIP funds to construct, renovate, or otherwise make improvements to buildings and other facilities is subject to statutory restrictions and may require specific legislation from Congress. For additional guidance regarding construction activities see sub-appendices H-3 and H-11.
- Added: 4-1.f.(2) - Documentation supporting personal property assets will be maintained for a minimum of six years and three months after retirement or disposal of the asset. Documentation supporting real property will be maintained for ten years after disposal.
- Added: 4-1.f.(2)(a) - Standard recovery periods (service lives) are used for all PRIP assets. Standard Recovery Table for USACE Unique Assets are shown in ER 37-1-30, Chapter 15, Plant Property and Equipment, Appendix J-3.
- Added: 4-1.f.(2)(a)(1) - USACE activities must request CERM-F approval for deviations from the standard recovery periods shown in Chapter 15, Appendix J-3. Funding availability cannot be used as a basis to change the useful life of an asset, for example by paying off the undepreciated balance of a continuing use asset.
- Added: 4-1.f.(2)(c) - USACE recognizes component accounting for all Revolving Fund assets. Component accounting allows an A&B portion of an asset to be depreciated or amortized over its own separate recovery period (useful life) which may not exceed one-half of the original asset.
- Added: 4-1.f.(2)(b) - Salvage Value. A salvage value of zero is used for all Revolving Fund assets. An exception to this policy may be authorized by

Directorate of Civil Works, Operations and Regulatory (CECW-CO) and CERM-F for PRIP assets if the estimated salvage value exceeds ten percent of the asset's original cost.

- Added: 4-1.f.(2)(c) - Depreciation. Straight line depreciation is charged on all PRIP assets except assets in the process of acquisition or disposal. USACE recognizes component depreciation for all Revolving Fund assets placed in service after 1 January 2011. Component depreciation allows an A&B portion of an asset to be depreciated or amortized over its own separate recovery period (useful life). The recovery period may not exceed one-half of the life of the original asset or the remaining useful life of the asset. Beginning with fiscal year 2022 PRIP funding cycle or later, activities requiring new major vessels (i.e., dredges, towboats and machinery intensive vessels) with a Machinery and Equipment Package (MEP) that is expected to be repowered or replaced at mid-life must place the asset in service as two separate components: (1) vessel, using the standard recovery period per Appendix J-3 of ER 37-1-30, Chapter 15, Accounting for Property, Plant and Equipment; and (2) MEP, using half of the vessel's standard recovery period. Activities must pay off any unpaid PRIP loan of the original MEP upon placing the new MEP in service. For additional information on depreciation, see Appendix E.
- Added: 4-1.f.(2)(d) - Increment. Plant increment is the surcharge to cover the increased cost of replacement over the original life of a PRIP funded asset. The component method is used to calculate plant increment for additions and betterments (A&Bs) placed in service after 1 January 2011. The plant increment computation on the A&B cost uses the annual factor for the year the A&B is placed in service. Its purpose is to maintain the purchasing power of the Revolving Fund corpus. CERM-F publishes plant increment rates on an annual basis. PRIP-financed assets are not exempt from plant increment unless a waiver has been submitted and approved. Plant increment charges for PRIP owned assets will discontinue only in those instances where such asset is fully depreciated, there is documented evidence that the asset will not be replaced under PRIP authority, or a replacement will cost less than the PRIP investment threshold (see Appendix E). Requests for waiver of plant increment must be coordinated through Resource Management submitted for concurrence to the Major Subordinate Commands (MSC) who will submit directly to CERM-F. In the event that a waiver is approved on an item subsequently requiring replacement, plant increment must be reinstated. The waiver is reversed and increment is reinstated as if it had not ceased. This results in the unpaid increment being brought current and paid to the Revolving Fund in the current fiscal year. Plant increment will continue until the replacement item is placed in service. Reversal of the plant increment waiver will be coordinated through Resource Management in the same manner in which the waiver was first approved.

- Added: 4-1.f.(2)(e) - Insurance premiums are charged on all PRIP-funded assets as well as inventory balances financed through the Revolving Fund to ensure that risks incurred by owning and operating Revolving Fund assets are mitigated. Insurance premiums are charged on the book value of all PRIP-funded assets, except software and land, on a monthly basis to fund a reserve for loss or damage to these assets. Requests to use insurance funds for loss or damage of PRIP assets must be approved by CERM-F and will be considered for the following: costs to economically repair a damaged asset, remaining book value for an asset lost or damaged beyond economical repair, Incremental costs of the activity resulting from loss, damage, or unavailability of the asset during repair and replacement of a structure or item of equipment damaged beyond economical repair will be accounted for as a new procurement. The requirement for capitalization and PRIP authorization apply. Insurance funds may not be used for maritime and tort claim payments.
- Revised: 4-2.a.(1) (a) - Commanders may request funds for design of new major items, provided such funding does not exceed the major item threshold prior to Congressional notification and, in the case of facility construction/renovations, legislative authority permitting design exists (see Sub-Appendix H-3).
- Removed: Chapter 5, Base Commercial Equipment.
- Removed: Chapter 6, Project Equipment.
- Added: Appendix A, References.
- Revised: Renamed previous Appendix A to Appendix B, Capitalization Thresholds, Increased capitalization threshold for PRIP assets from \$250K to \$500K.
- Revised: Renamed previous Appendix B to Appendix C, Plant Rental Rate Computation.
- Revised: Appendix C-6 a. - Renamed former ENG Form 22 to ENG Form 6220, Plant Rate Computations (previously rescinded). Form located at: <https://www.publications.usace.army.mil/USACE-Publications/Engineer-Forms/>
- Revised: Appendix C-6 b. - Revised ENG Form 2438, Plant Record Card – Group Items. Form located at: <https://www.publications.usace.army.mil/USACE-Publications/Engineer-Forms/>

- Revised: Renamed previous Appendix C to Appendix D, Transfer and Placement in Service of Assets Acquired by Other Than the Asset Owning Command.
- Revised: Renamed previous Appendix D to Appendix E, Plant Increment, Depreciation and Insurance.
- Added: Appendix E - Depreciation is the allocation of acquisition cost of an asset over the estimated useful life of the asset. This allocation is also the income by which all investment cost is recouped in the Revolving Fund. The straight-line depreciation method of allocating cost is used by USACE. For Additions and Betterments, USACE recognizes component depreciation for all Revolving Fund assets placed in service after 1 January 2011. Component depreciation allows an A&B portion of an asset to be depreciated or amortized over its own separate recovery period (useful life). The recovery period may not exceed one-half of the life of the original asset or the remaining useful life of the asset, whichever is less. Beginning with fiscal year 2022 PRIP funding cycle or later, activities requiring new major vessels (i.e., dredges, towboats and machinery intensive vessels) with a MEP that is expected to be repowered or replaced at mid-life must place the asset in service as two separate components: (1) vessel, using the standard recovery period per Appendix J-3 of ER 37-1-30, Chapter 15, Accounting for Property, Plant and Equipment; and (2) MEP, using half of the vessel's standard recovery period. Activities must pay off any unpaid PRIP loan of the original MEP upon placing the new MEP in service.
- Added: Appendix E - Plant increment is a surcharge for increased cost of replacement over the original life of an asset. It is charged on all Revolving Fund owned structures and equipment. The component method is used to calculate plant increment for A&Bs placed in service after 1 January 2011. The plant increment computation on the A&B cost uses the annual factor for the year the A&B is placed in service. The purpose of plant increment is to maintain the purchasing power of the Revolving Fund corpus. Plant increment is also income and is recouped in the Revolving Fund.
- Added: Appendix E - Use of the Insurance Account for Revolving Fund Owned Assets. The insurance account will be used to absorb losses of book value at the time of the loss or repair. Book value is the undepreciated amount of the acquisition cost. Requests to use insurance funds for loss or damage of PRIP assets must be approved by CERM-F and will be considered for the following: costs to economically repair a damaged asset, remaining book value for an asset

lost or damaged beyond economical repair, Incremental costs of the activity resulting from loss, damage, or unavailability of the asset during repair and replacement of a structure or item of equipment damaged beyond economical repair will be accounted for as a new procurement. The requirement for capitalization and PRIP authorization apply. Insurance funds may not be used for maritime and tort claim payments.

- Revised: Renamed previous Appendix E to Appendix F, Preparation of ENG Form 4613, Major Item New Starts (MINS) and Update of Continuing Major Items.
- Revised: Appendix F - Revised ENG Form 4613, Major Item New Starts (MINS), Group Major Items and Update of Continuing Major Items. Form located at: <https://www.publications.usace.army.mil/USACE-Publications/Engineer-Forms/>
- Revised: Renamed previous Appendix F to Appendix G, Preparation of ENG Form 4943, PRIP Plant Item Justification Sheet.
- Revised: Appendix G - Revised ENG Form 4943, PRIP Plant Item Justification Sheet. Form located at: <https://www.publications.usace.army.mil/USACE-Publications/Engineer-Forms/>
- Revised: Renamed previous Appendix G to Appendix H, Acquisition Guidance for Property Asset Codes Funded Through PRIP.
- Revised: Appendix H - Removed Acquisition, Guidance, Property Asset Codes Table of Contents and added to main document Table of Contents.
- Added: Appendix H-3.b. - As a general matter, construction of or improvements to government facilities requires both a statutory authority to undertake the construction activity and funding appropriated specifically for that purpose. See 41 U.S.C. § 6303. The requirement to identify a construction authority and financing authority apply to design efforts as well as the actual construction activities (i.e., legislative authority is required even before design activities can begin). USACE may engage in limited planning activities necessary to produce an estimate for a proposed construction effort, but further design should not start until construction and funding authorities are identified. Often times a single authority will authorize both the design and construction of a facility and the use of a particular funding source to accomplish the construction (e.g., special legislation authorizing the design and construction of a specific building using PRIP funds).

- Added: Appendix H-3.c. - Examples of construction activities that require specific construction authority and funding include:
 - Any erection, installation, or assembly of a new facility.
 - Any addition, expansion, or extension of an existing facility. An addition, expansion, or extension is a change that increases the overall physical dimensions of a facility.
 - Any alteration or conversion of an existing facility. An alteration is a change to the interior or exterior arrangement of a facility that improves its use for its current purpose. A conversion is a change to the interior or exterior arrangements of a facility that permits its use for a new purpose.
 - Any improvement, rehabilitation, renovation, or upgrade to an existing facility.
 - The replacement of a facility. The replacement of a facility is the complete reconstruction of a facility that has been damaged beyond economical repair or destroyed.
 - Design efforts associated with any of the above.
- Added: Appendix H-3.d. - The statute that established the USACE revolving fund (33 U.S.C. § 576) provides no independent construction authority and does not make the fund available for construction activities as a general matter. The statute merely permits, in certain instances, the use of the revolving fund to finance construction activities that are otherwise authorized by law. Thus, a construction authority must be identified or sought from Congress before PRIP funding may even potentially be considered available for such purposes.
- Added: Appendix H-3.e. - Even when a construction authority otherwise exists, special legislative authority may be required to utilize PRIP funding for the construction. Per 33 U.S.C. § 576(b), PRIP funding cannot be used for any new construction or major renovation (defined as a renovation exceeding \$20,000,000) of a building for use by USACE unless the use of PRIP funding for such purpose is specifically authorized by law. Thus, for new construction and major renovations, an express PRIP financing authority must be sought in addition to, or in conjunction with, a construction authority.
- Added: Appendix H-3.e(1) - For minor renovations (*i.e.*, renovations costing \$20,000,000 or less) that are supported by an underlying construction authority, PRIP funding may be considered properly available without a need for an express PRIP funding authorization for the project, assuming that the project otherwise qualifies for PRIP funding.

- Added: H-3.f. - Table H-3-1 provides a general framework for determining whether construction authority and PRIP financing authority exist for certain categories of projects. See subparagraph H-3.6 of this sub-appendix for guidance regarding the categorization of additions and betterments as either new construction or renovations.
- Added: H-3.g. - When an express PRIP financing authority is required, 33 U.S.C. § 576(c) mandates that USACE submit a prospectus to Congress detailing the need, specifications, and cost of the proposed new facility or renovation. Upon receipt of a prospectus, Congress will either approve the project by expressly authorizing its construction and PRIP financing via legislation, thus, allowing USACE to proceed with construction, or decline to authorize the project, thus, requiring USACE to address its facility requirements through currently authorized means. A model prospectus is provided in Appendix M.
- Added: H-3.2.a. - A prospectus, when required under 33 U.S.C. § 576(c).
- Added: H-3.2.c. - Documentation showing that any analysis required under the National Environmental Protection Act (NEPA) has been conducted and that other applicable environmental and cultural resource requirements have been satisfied. Note that certain construction activities at Civil Works projects fall under the categorical exclusion codified at 33 C.F.R. 230.9(b). When a district determines that this or other categorical exclusions are applicable, documentation submitted should clearly explain the district's rationale for applying such categorical exclusion(s).
- Added: H-3.2.d. - An opinion from the applicable district/center/lab office of counsel regarding the existence or need for statutory authority to construct and fund the proposed project.
- Added: H-3.2.e. - A cover memo, signed by the applicable district/center/lab commander certifying the need for the construction and accuracy of the supporting data provided, to include the cost estimate for the proposed construction.
- Added: H-3.6 - For purposes of applying the restrictions under 33 U.S.C. § 576(b), additions and betterments that increase the size (e.g., square footage) of an existing building are considered new construction, whereas additions and betterments that only improve an existing building and do not increase the size are considered renovations.

- Added: H-3.8. - The construction of such items similarly requires construction authority and funding available for such purposes, though express PRIP financing authority may not be required. The need for an express PRIP financing authority for such activities will be evaluated on a case-by-case basis by CERM and Directorate of Counsel (CECC).
- Added: Table H-3-1, Determining Need for Special Construction Authority and/or PRIP Financing Authority for New Construction and Renovations (33 U.S.C. 576, as amended by Section 1160 of WRDA 2016).
- Added: H-5.1. 33 U.S.C. 576(a). USACE authority to use the Revolving Fund to purchase, operate, and maintain a maximum of four aircraft at any one time. USACE's acquisition, operation, and maintenance of any such aircraft must comply with:
 - Guidance provided in this regulation;
 - Office of Management and Budget (OMB) Circular No. A-126, subject: Improving the Management and Use of Government Aircraft, (May 22, 1992) as amended.
 - The Memorandum of Agreement (MOA) between USACE and the Army Program Executive Office for Aviation (PEO AVN) for "Safety Oversight of Fixed Wing Aircraft," executed June 24, 2015, or its replacement; and
 - Any other applicable statutory or regulatory requirements.
- Added: H-5.2. Acquisition. - Regardless of cost, all aircraft acquisitions, to include replacements of existing aircraft, must be submitted to HQUSACE for approval prior to acquisition. Requests must justify the need for an aircraft consistent with OMB Circular No. A-126 and other applicable guidance. In particular, requests must clearly justify why mission requirements cannot be accomplished economically by other means, including services of the private sector. Request must itemize the costs for design, inspection, long lead items, government furnished equipment, construction, and special purpose items separately. Per the MOA referenced in paragraph H-5.1.c. of this sub-appendix, USACE has agreed to notify PEO AVN when it intends to acquire or replace an aircraft and grant PEO AVN an opportunity to identify potential efficiencies or cost savings that PEO AVN could potentially offer in the procurement process. HQUSACE will initiate this consultation or direct the requesting field office to do so once a request is received at HQUSACE.

- Added: H-5.3 Utilization. - Use of USACE aircraft has been repeatedly scrutinized in the past by the Army, OMB, and Congress. USACE aircraft must be operated and maintained according to the authorities and agreement listed in paragraph H-5.1. of this sub-appendix. Compliance with such requirements must be clearly documented and retained, consistent with applicable standards, to ensure auditability.
- Added: H-5.4. Disposition. - All disposition or replacement requests must be submitted to HQUSACE for approval prior to disposition. Although USACE does not view section 110 of Pub. L. 100-202, 101 Stat. 1329, 1329-112 (1987) as being applicable to any current USACE aircraft, it is USACE's practice to notify the applicable subcommittees of any disposition of USACE aircraft as a matter of comity. In addition, per the MOA referenced in paragraph H-5.1.c. of this sub-appendix, USACE has agreed to notify PEO AVN when it intends to dispose of an aircraft and grant PEO AVN an opportunity to identify potential efficiencies or cost savings that PEO AVN could potentially offer in the disposition process. HQUSACE will perform necessary consultation/notification activities or direct the requesting field office to do so once a request is received at HQUSACE.
- Removed: Sub-Appendix G-7, Mobile Land Plant. Renamed to Sub-Appendix H-7, Fixed Land Plant.
- Revised: Sub-Appendix G-8, Fixed Land Plant. Renamed to Sub-Appendix H-8, Tools, Office Furniture and Equipment.
- Revised: Sub-Appendix G-9, Tools, Office Furniture and Equipment. Renamed to Sub-Appendix H-9, Information Technology (IT) Software.
- Revised: Sub-Appendix G-10, Information Technology (IT) Software. Renamed to Sub-Appendix H-10, Information Technology Capital Assets.
- Revised: Sub-Appendix G-11, Information Technology Capital Assets. Renamed to Sub-Appendix H-11, Leasehold Improvements.
- Added: Sub-Appendix H-11, Leasehold Improvements: Need for Statutory Authority. The same construction authority and financing authority requirements described under sub-appendix H-3 apply to leasehold improvements. When General Services Administration (GSA) performs all design and construction work related to an improvement, GSA construction authorities may be relied

upon, however, a specific financing authority is still required for renovations that exceed \$20M. See Table H-3-1.

- Removed: Sub-Appendix G-12, Warehouse Inventory.
- Removed: Sub-Appendix G-13, Intangible Assets.
- Removed: Sub-Appendix G-14, Leasehold Improvements.
- Removed: Sub-Appendix G-15, Other Natural Resources and Other Assets.
- Revised: Renamed previous Appendix H to Appendix I, Preparation of Five-Year Plan, Engineer Form 1978.
- Revised: Appendix I - Revised ENG Form 1978, PRIP Five-Year Plan Consolidated Program. Form located at:
<https://www.publications.usace.army.mil/USACE-Publications/Engineer-Forms/>
- Removed: Appendix J, Delegation of Authorities, Table of Contents.
- Removed: Sub-Appendix J-1, Revolving Fund Owned Assets, Delegation of Authorities.
- Removed: Sub-Appendix J-2, Project Owned Assets, Delegation of Authorities.
- Revised: Renamed previous Appendix I to Appendix J, PRIP Out-of-Cycle Requirements.
- Revised: Appendix K, PRIP Process Flowcharts, Updated flowcharts to reflect current process.
- Revised: Appendix L, Lost Design Cost, L-2.b.(2). Updated - The ordering District Project Manager will reposition project funds to the Marine Design Center PRIP Manager to allow the transfer of lost design cost. Any remaining obligated funds for the cancelled project will be deobligated.
- Added: Appendix M, PRIP Plant Prospectus for Proposed Construction.

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Chapter 1

Introduction

1-1. Purpose. This regulation defines the policies and procedures for the management of capital assets obtained by the U.S. Army Corps of Engineers (USACE) used in providing goods or services. It prescribes the procedures for programming, budgeting, allocating funds, utilization, calculation of costs and reporting requirements for the Revolving Fund, Plant Replacement Improvement Program (PRIP).

1-2. Applicability. This regulation applies to all USACE elements and Commands having capital assets funded by the Revolving Fund, Civil Works projects, or Military appropriations.

1-3. Distribution. Approved for public release; distribution is unlimited.

1-4. References. References are at Appendix A.

1-5. Records Management (Recordkeeping) Requirements. The records management requirement for all record numbers, associated forms, and reports required by this regulation are addressed in the Army Records Retention Schedule—Army (RRS-A). Detailed information for all related record numbers are located in ARIMS/RRS-A at <https://www.arims.army.mil>. If any record numbers, forms, and reports are not current, addressed, and/or published correctly in ARIMS/RRS-A, see Department of the Army (DA) Pamphlet 25-403, Guide to Recordkeeping in the Army.

1-6. Definitions. See Glossary.

1-7. Statutory Authority.

a. Act of July 27, 1953, Pub. L. No. 83-153, 67 Stat. 199 (codified at 33 U.S.C. § 576), authorized the establishment of a Corps of Engineers Revolving Fund.

b. Project authority is contained in each project authorization document.

1-8. Policy. It is the policy of the USACE that all capital assets and charges for use of these assets, as applicable, are fair, reasonable, and realistic.

1-9. Responsibilities. The Commander, USACE, has delegated the authority for financial control of the Command's capital investment program to the Directorate of Resource Management (CERM).

a. The Directorate of Resource Management will:

(1) Ensure that the policies and procedures specified in this regulation are kept current, comply with applicable laws and regulations, and Operating Guidance, Budget Development guidance, and Accounting Policy.

(a) Operating Guidance includes the definition of a capital investment, the types of funding sources, issuing and revoking PRIP funds, PRIP acquisition/justification process, the PRIP five-year Scheduling Plan, the PRIP threshold concept, and the classification and management of the PRIP categories.

(b) Annual Budget Development guidance addresses submission due dates and required documentation to justify requests for new minor and major items; continuing minor and major items; five-year plans; reprogramming and out-of-cycle funded requirements. Also, new policy requirements will be provided through annual budget development guidance until incorporated into the regulation.

(c) Accounting policy includes capital investments threshold determination, useful life, General Ledgers posting, use of PRIP, Plant-in-Service, PRIP transfers in/out, plant insurance, depreciation and plant increment rates, losses and damages of PRIP properties, plant operating accounts, plant disposal/retirement/sale, and conversion/reclassification of PRIP properties.

(2) Provide overall financial management of the capital investment program and cash management of the revolving fund.

(3) Solicit input from Headquarters and field-level functional proponents for specific investment proposals to accomplish mission, program goals, and prioritize projects.

(4) Present the Command's proposed Capital Investment Program to the Senior Program and Budget Advisory Committee (SPBAC) for review and approval.

(5) Notify MSCs of the approved annual Capital Investment Program. Assign PRIP Project Codes to approved plant items. Issue Work Allowances and Fund Authorization Documents in support of approved programs.

(6) Monitor plans and execution of current year Capital Investment Program to maximize fund utility.

(7) The HQUSACE PRIP Manager facilitates the command-wide coordination, review, prioritization, and approval of the program.

(8) The Humphrey's Engineering Command Support Activity (HECSA) will serve as the National Capital Area PRIP Manager to service all initiatives sponsored by HQ

functional proponents.

b. The Directorate of Civil Works will:

(1) Serve as HQUSACE functional proponent for the technical review and prioritization of all Civil Works capital investment program requests across USACE.

(2) Submit a recommended Command Civil Works Capital Investment Program to CERM according to annual budgetary development guidance.

(3) In conjunction with the Directorate of Resource Management, prepare/submit the Civil Works budgetary schedules for inclusion in the annual budget submission.

(4) Coordinate the Major Item, New Starts (MINS) requests of the Command's approved capital investment program with Assistant Secretary of the Army (ASA) (CW), OMB and Congress.

(5) Notify Congress whenever the Major Item authorized amount has a change of 20% or more; when a change causes a minor item to exceed the MINS threshold; and when a change in scope occurs.

(6) Issue additional guidance to subordinate activities as necessary to ensure compliance with this regulation.

(7) Periodically evaluate and recommend adjustment of capital asset and MINS thresholds.

c. The Directorate of Research and Development will:

(1) Serve as the equivalent of a division commander, and directors of research facilities will serve as the equivalents of district commanders for purposes of this regulation.

(2) Review requests from all subordinate research and development elements for current year and programs for future years (five-year plan) to ensure that requirements are realistic and compatible with construction and workload schedules.

(3) Prioritize requests from research and development facilities and coordinate with Directorate of Civil Works where applicable.

(4) Coordinate with the Directorate of Resource Management prior to completing any actions.

(5) Issue additional guidance to subordinate activities as necessary to ensure compliance with this regulation.

d. The Directorate of Logistics will:

(1) Serve as HQUSACE proponent to ensure a valid source document is cited for the authorization of capital assets.

(2) Serve as HQUSACE functional proponent for all capital investment program requests, such as land, structures, aircraft, buildings, office space, furniture systems, equipment and general use vehicles, coordinating with the Directorate for Civil Works where applicable, and ensuring that requests are supported by documented authorizations.

(3) Prioritize Logistics requests for the capital investment program across USACE.

(4) Coordinate with the Directorate of Resource Management prior to completing any actions.

(5) Provide additional guidance to logistics components to ensure compliance with this regulation

(6) Establish controls to maintain admin space utilization within minimum and maximum rates.

e. The Directorate of Corporate Information will:

(1) Serve as HQUSACE functional proponent for Information Technology (IT) investments such as communications, electronics, audiovisual, photographic, reproduction equipment, and information technology software and equipment, coordinating with the Directorate for Civil Works, Logistics, and Resource Management where applicable.

(2) Prioritize requests for IT investments across USACE.

(3) Coordinate with the Directorate of Resource Management prior to completing any actions.

(4) Issue additional guidance to subordinate activities as necessary to ensure compliance with this regulation.

f. The Directorate of Real Estate will:

(1) Serve as HQUSACE real estate, functional proponent for all real property capital investments, validating those requiring Title 10 approval, and coordinating with the Directorate of Logistics and Civil Works where applicable.

(2) Prioritizes and provides HQDA/Congressional liaison for Title 10 requests for real property investments across USACE.

(3) Coordinate with the Directorate of Resource Management prior to completing any actions.

(4) Issue additional guidance to subordinate activities as necessary to ensure compliance with this regulation.

(5) Assure funds from real property disposal actions are credited to the Revolving Fund.

g. Marine Design Center. In this regulation, where reference is made to division commanders, it will be understood to include the Director of the Marine Design Center.

h. Commanders/Directors at Major Subordinate Commands (MSCs) or Field Operating Activities (FOAs) will:

(1) Appoint an Asset Manager//PRIP Manager in Resource Management to assure development of a comprehensive capital asset program in support of the district's Revolving Fund, Civil Works projects, or military appropriations. The PRIP Manager will:

(a) Establish and maintain a schedule of budget formulation and submission of capital asset program.

(b) Analyze and review the technical elements' requests for capital assets for supporting documentation according to annual budgetary development guidance, to include approvals by Logistics and Information Management divisions, where applicable.

(c) Consolidate the technical elements' capital asset requests into the district's capital asset program for presentation to the SPBAC/MSC/FOA Commander/Director.

(2) Review and approve district and division requests for program submission to HQUSACE for the current year and programs for future fiscal years. Capital investment proposals will be evaluated to ensure they are realistic and compatible with the mission of USACE, construction schedules and workloads.

(3) Prioritize all proposed capital investments for the command, to include division requirements for approval by the Regional Business Center.

(4) Compile lists, estimates, and reports from district commanders for forwarding to CERM-BI in support of MSCs/FOAs' approved Capital Investment Program.

(5) Notify districts of approved annual program.

(6) Monitor districts' use of funds and plant, schedules, work activities, and budgets to optimize use of USACE's capital investment funds.

(7) Issue additional guidance to subordinate activities as necessary to ensure compliance with this regulation.

(8) Perform Quality Assurance Reviews on capital assets to ensure timely capitalization, adequate usage rates and Chief Financial Officer requirements are met.

(9) Ensure Districts, Labs and FOA accomplish short-and-long-range planning, with local Commander's/Director's approval, for future development on which to base their capital investment programs.

i. Commanders/Directors at Districts/FOAs, will:

(1) Appoint an Asset Manager/PRIP Manager in Resource Management to assure development of a comprehensive capital asset program in support of the district's Revolving Fund, Civil Works projects, or military appropriations. The PRIP Manager will:

(a) Establish and maintain a schedule of budget formulation and submission of capital asset program.

(b) Analyze and review the technical elements' requests for capital assets for supporting documentation according to annual budgetary development guidance, to include approvals by Logistics and Information Management Divisions, where applicable.

(c) Consolidate the technical elements' capital asset requests into the district's capital asset program for presentation SPBAC/District Commander.

(2) Prioritize and approve district capital asset acquisition proposals through the SPBAC.

(3) Assign asset documentation accountability and require an analysis of operating

accounts and adjustment of the same as required.

j. The Directorates of Resource Management at HQ, Districts/Division, and FOAs will:

(1) Establish and maintain capitalized asset discipline within the organization to include a regular review of PRIP PP&E usage and utilization as well as disposal of those assets that are deemed uneconomical to operate.

(2) Publish local implementing policies and procedures in compliance with this regulation.

(3) Send requests through command channels for clarification of regulatory guidance. Deviation from capitalized asset policy contained herein requires approval from HQUSACE and, in some cases, higher authority.

(4) Notify technical elements (Directorates) of approved annual Capital Investment Program. HQ issues and USACE activities receive Work Allowances and Fund Authorization Documents in support of approved programs.

(5) Monitor planning and execution of the current year capital investment program, ensuring optimal use of available funds and timely release of funds determined to be excess to approved program.

(6) Consolidate and coordinate the review, prioritization and approval of the Command's capital investment requests through the Program Budget Advisory Committee (PBAC) process.

(7) Submit the formulated capital investment program plan according to annual budgetary development guidance. The submitted plan requires the District/Division Commander's approval prior to submission to Headquarters for Command review and approval.

(8) Headquarters capital investment initiatives require HQ Staff coordination and submission to the SPBAC for approval.

k. All HQ USACE Directorates and Offices, and District/Division and FOAs will:

(1) Determine capital investment requirements for current year and programs for future years (five-year plan) for their respective directorates.

(a) Estimate Investment Cost for each asset. Perform quality assurance checks to document significant cost increases/decreases.

(b) Prepare an Affordability Analysis to support plant acquisitions.

(c) Prepare an Economic Analysis, if applicable to support plant acquisitions.

(d) Prepare a Justification Statement to support major item capital asset acquisitions and changes in scope 20% percent or greater.

(e) Prioritize, approve and submit capital investment plan and requirements to the PRIP Program Manager according to annual budgetary development guidance.

(2) Execute annually the approved and funded capital investment program as planned.

(3) Issue additional guidance to subordinate activities as necessary to ensure compliance with this regulation.

1-10. Record Keeping.

a. The District Resource Management Officer will serve as the Capitalized Assets Accountable Officer (CAAO). Program and Project Management, Resource Management, Real Estate, Operations, Engineering and Construction, Logistics, Information Management, and Contracting offices will be responsible for creating and maintaining capitalized asset records as well as making them available to the CAAO as needed. All capitalized assets files will be retained 10 years after the disposal of the asset. The ENG Form 3013, Work Order/Completion Report, along with supporting documentation will be maintained and disposed of IAW AR 25-400-2, The Modern Army Recordkeeping System, FN: 1125-2-300a, Authority: NC1-AU-85-44.

b. Supporting documentation may include initial PRIP justification sheets (ENG Form 4943), copies of PRIP work allowances, ENG Form 3013, obligating documents (e.g., purchase requests, invoices, receiving reports, labor reports, other in-house costs), plant increment waivers, addition and betterment, and/or disposal work orders.

Chapter 2 Capital Assets

2-1. Purpose. Define general policies for the acquisition, supervision and administration of capital assets obtained by the USACE.

2-2. Capital Assets.

a. General. Capital assets are the tangible and intangible resources used directly or indirectly in the execution of USACE mission requirements, including program management and execution, and in project design, construction, operation and maintenance. Capital assets include, but are not limited to, information technology hardware and software; vehicles; buildings and other structures; floating plant including dredges; construction equipment; real property; tools and equipment; communications; and aircraft.

b. Distinguishing characteristics. Capital assets have an expected useful life of at least two years and an acquisition cost that meets or exceeds the expense-investment funding threshold applicable at the time of acquisition. This threshold is subject to intermittent revision; the threshold change will be applied prospectively. Assets capitalized according to previous thresholds will continue to be capitalized and depreciated as applicable without regard to changes in the threshold.

2-3. Capitalization Threshold. Capitalization thresholds can be found in Appendix B.

2-4. Capitalization Basis. Capital assets acquired must be recorded at full cost. Full cost will include payments to vendors and/or contractors; shipping and/or delivery charges; handling and storage costs; labor and other direct or indirect production costs (for assets produced, designed or constructed by government forces); engineering, architectural, and other like outside services for design, plans, specifications, and surveys; acquisition and preparation costs of land, buildings, and other facilities; inspection, supervision, and administration of construction contracts and construction work; as-built drawings, operating manuals, and like items; labor, materials, supplies, and other direct charges; legal and recording fees and damage claims (real property only); improvements, additions, and betterments; and other costs of obtaining assets in their current form and place as appropriate. Full cost does not include the cost of repairing or overhauling a piece of equipment damaged during shipment (FOB shipping point). Such costs will be charged to current operating expense.

2-5. Acquisition/Ownership Requirements.

a. Ownership of capital assets will be based on authorized mission requirements that cannot be accomplished safely or economically by other means, including the use

of leased assets. Economic analysis will take into account the estimated duration of the requirement and all costs of acquisition and ownership, including costs of rehabilitation and/or upgrading to meet new technological standards.

b. Capital assets will be maintained to ensure continued safe use, to maximize availability to meet mission requirements, and to retain the highest level of efficiency of operation.

c. Periodic reviews will be performed to determine the continued requirement for capital asset ownership to meet mission requirements, including economic viability of the existing assets in meeting this requirement and safety of operation.

d. Justification for additions and betterments, rehabilitation, replacement, or retention in service of a capital asset, including an asset that is considered to be obsolete or which has reached the end of its estimated life, will be based on a safety review and an economic analysis, which considers all alternatives, including the use of leased assets.

e. Capital assets that are no longer required to meet mission requirements, that are unsafe, and/or that are no longer economically viable will be disposed of promptly.

2-6. Funding. Funding for the acquisition, operation and maintenance, and replacement of capital assets varies depending on the authorized mission for which the asset is required:

a. Single Civil Works project or program. All funding is from project or program funds.

b. Multiple Civil Works projects or programs, or exclusively Civil Works districts or separate field operating activities. Acquisition, additions and betterments, or replacement funding is PRIP

c. Single military project or program, multiple military projects or programs, primarily military districts or separate field operating activities, DA or DoD mandate. Acquisition, additions and betterments, or replacement funding is from Other Procurement, Army Based Commercial Equipment (OPA3) Funds. Operations and maintenance and rehabilitation funding is from Operation and Maintenance, Army (OMA) funds.

d. Joint Civil Works and military projects and programs acquisition, additions and betterments, or replacement funding is from PRIP when the assets are required for Civil Works projects or programs and utilization in support of military projects and programs is incidental. PRIP must be reimbursed for the entire military share within the fiscal year of the acquisition. When utilization in support of military projects and programs is not

incidental, but requires additional capacity or capabilities, then funding for the additional capacity or capability must be from military capital acquisition or operations and maintenance accounts current at the time of acquisition.

2-7. Use of Public Property. USACE capital assets are public property and will be used only for the accomplishment of authorized projects or programs. Even the appearance of misuse of public property is to be avoided. See ER 1130-2-500, Chapter 7, section IV, "Use, Loan, Lease, and Hire of Plant".

Chapter 3

Resourcing Capital Assets

3-1. Purpose. This chapter describes the methodology for resourcing capital assets financed by the Revolving Fund, Military and Civil Works appropriations.

3-2. Definition of Resourcing Capital Assets. Resourcing capital assets is the process of engaging resources (i.e., funds, manpower, etc.) with the business functions to support the acquisition of major investments and make the program self-sustaining. It encompasses a wide range of strategies -- from income generation practices such as plant increment rates to the repayment of borrowed funds through depreciation recovery.

3-3. Responsibilities for Resourcing Capital Assets. The Director of Resource Management (RM) is responsible for ensuring that all capital assets are placed-in-service upon receipt, and corresponding accounting procedures (i.e., depreciation, plant increment and insurance) are initiated in the Corps of Engineers Financial Management System (CEFMS II), and useable project owned capital assets that are no longer needed are transferred to another project or disposed of properly. Although RM is the principal proponent for resourcing capital assets, the technical proponent will participate actively in this area.

3-4. Revolving Fund Capital Assets. Since 1953, USACE has been authorized by Congress to use the Revolving Fund to acquire capital assets when they serve more than one Civil Works project and the administration of USACE offices. It is also permissible to finance certain multiple-use capital assets that support both civil and military programs/projects. The resourcing mechanism for acquiring capital assets through the Revolving Fund is called the Plant Replacement and Improvement Program, or PRIP. PRIP is a tool that benefits the entire Corps of Engineers. For PRIP to be managed successfully, the following business practices must be strictly adhered to:

a. Headquarters is the purse manager for PRIP and oversees all capital assets to support the USACE mission. In order to monitor and track PRIP revenue and requirements, the Managerial Analysis of Revolving Fund "Cash" Availability report was developed. The report is prepared by CERM using the currently approved five-year plan and financial reports. Although the intent of the report is to monitor the Revolving Fund corpus, it also computes the total actual PRIP allocation available for subsequent fiscal years. A sample report is available at Figure 3-1.

Managerial Analysis of Revolving Fund "Cash" Availability (Consolidated from all Corps Financial Statements)					RCS: CERM-BI-19
Description	1 st FY XX	2 nd FY XX	3 rd FY XX	4 th FY XX	5 th FY XX
Resourcing the PRIP Program: <i>PRIP Resourcing</i> Inflation Surcharge (Increment Depreciation Recovery Direct Appropriations Less: PRIP Obligations/Outlays Open Commitments Total Available PRIP Resources					
Fund Availability/Requirements: <i>Fund Availability:</i> Plus: Fund balance with Treasury Accounts Receivable (Includes WIP) Less: Advances and Prepayments Accounts Payable Sub-total <i>Fund Requirements:</i> Less: Direct Operating Expenses Purchase of Inventory Capital Leases and Other Assets Gains/Losses, including Capital Assets Plus: Revenue and Other Income General Fund Receipts Subtotal <i>Fund Reserves:</i> Less: Plant Maintenance Accrued Payroll/Leave Balance Insurance S&A Accounts Sub-total Total Fund Available for PRIP and Other Less Available PRIP Resources Total Un-Used Funds "Cash"					
Fund Availability/Requirements: <i>Fund Availability:</i> Plus: Fund balance with Treasury Accounts Receivable (Includes WIP) Less: Advances and Prepayments Accounts Payable Sub-total <i>Fund Requirements:</i> Less: Direct Operating Expenses Purchase of Inventory Capital Leases and Other Assets Gains/Losses, including Capital Assets Plus: Revenue and Other Income General Fund Receipts Subtotal <i>Fund Reserves:</i> Less: Plant Maintenance Accrued Payroll/Leave Balance Insurance S&A Accounts Sub-total Total Fund Available for PRIP and Other Less Available PRIP Resources Total Un-Used Funds "Cash"					
Analyzing PRIP Resources: Plus: Available PRIP Resources Less: Current Fiscal Year PRIP Allocation Approved Five-Year Plan Total Un-used PRIP Resources					

Figure 3-1

Note: As the report indicates, there are four USACE unique PRIP resourcing mechanisms: plant increment, depreciation recovery, insurance and direct Congressional PRIP authorization with appropriated dollars. MSCs and FOAs may use this or a similar type analysis as they determine affordability of capital investments for their organizations.

b. CERM Capital Asset Team (work group) will resolve PRIP resourcing issues. The team is chaired by the HQUSACE RM PRIP Manager to include representative(s) from Research and Development, Resource Management, Civil Works, Counsel, Logistics, Corporate Information, Military Programs, and Real Estate. Their primary role is to find new/alternative ways for acquiring capital assets that comply with current statutes and regulations. The four key areas of responsibility are:

(1) Evaluate and make recommendations to change existing accounting policies regarding capitalization criteria (i.e., useful life, threshold, increment/inflation rates, etc.) for USACE-wide implementation.

(2) Determine the estimated total revenue for the next PRIP funding cycle and establish annual goals for each PRIP category, based on historical funding data. The goals will be the dollar limitation assigned by category before identifying PRIP requirements. Table 3-1 provides an example PRIP category investment goals.

Table 3-1 Annual Budgetary Resourcing of PRIP Capital Assets (Example)													
PRIP Category	Land 00	Buildings 05	Structures 10	Airplanes 20	Dredges 30	Floating Plant 40	Mobile Plant 50	Fixed Plant 60	Tool, Office Furniture and Equipment 70	Software 80	IT Equipment 90	Leasehold Improvement LH	Total
Goal %	0%	8%	7%	0%	40%	24%	6%	3%	5%	4%	2%	1%	100%
Goal Amount	\$0M	\$8M	\$7M	\$0M	\$40M	\$24M	\$6M	\$3M	\$5M	\$4M	\$2M	\$1M	\$100 M
Work Group Adjustments		-\$3M	-\$4M		+\$5M	-\$5M			-\$2M	+\$2M			-\$7M
Revised Amount	\$0M	\$5M	\$3M	\$0M	\$45M	\$19M	\$6M	\$3M	\$3M	\$6M	\$2M	\$1M	\$93M
Requirements -HQ, MSC, Dist.	\$0M	\$4.5M	\$3M	\$0M	\$44.5M	\$18M	\$6M	\$3M	\$2.5M	\$6.5M	\$2.5M	\$1.5M	\$92M

Note: The goals are based on an estimated \$100 million annual PRIP program. Changes to PRIP allocation goals due to Command reprioritization will be approved by the Deputy Commanding General, USACE.

(3) Serve as an Advisory Board for all Headquarters Directorates seeking the acquisition of capital assets using PRIP, Civil or Military funds. Every directorate must follow the same business practices as the MSCs and districts when procuring capital assets. For Headquarters PRIP capital assets, the team will assist HECSA by providing such services as: (a) preparation of an affordability analysis to determine impact on Command; (b) computation of payback schedules for depreciation and plant increment; (c) reviewing economic analysis for major items and determine if outside review is required; and (d) reviewing and offering editorial changes to the Congressional justification sheets for major PRIP items.

(4) Oversee and prioritize all capital investment requirements of the Headquarters.

c. Division Commanders must appoint a PRIP Coordinator for their commands. The PRIP Coordinator plays a major role in resourcing capital assets and may establish a similar Capital Asset Team for advising District Commanders.

3-5. Military Capital Assets. USACE's Supervision and Administration practice is another resourcing mechanism authorized by statute to support military programs. When a military field office (serving multiple projects) needs to acquire capital assets that exceed the Army's capitalization threshold, financing must be provided by direct funding from the authorized military appropriations.

3-6. Civil Works Capital Assets. All civil works projects capital assets will be financed directly by the benefiting civil works appropriations.

Chapter 4

Plant Replacement and Improvement Program

4-1. Purpose. To provide the policy, procedures and operating principles of the Revolving Fund and the PRIP.

a. The Revolving Fund was established to be available without fiscal year limitations for the following primary purposes when the underlying activities are otherwise authorized by law:

(1) To acquire, operate, maintain, and repair civil works lands, structures, and other plant, serving more than one civil works project and/or multiple civil works appropriations, and meeting current capitalization criteria.

(2) To purchase, operate and maintain aircraft.

(3) To temporarily finance services finally chargeable to appropriations for civil works functions.

(4) To furnish facilities and services for military functions of the Department of the Army and other government agencies and private persons.

b. The PRIP was established within the Revolving Fund to plan and provide for acquisition of Revolving Fund owned property. PRIP funds will be used to acquire capitalized plant and equipment with at least a 2-year life, meeting the capital asset threshold requirements, and supporting more than one civil works project and/or appropriation. Capital assets are classified as either minor items or major items, depending on the acquisition cost of the asset. Capital assets acquired through PRIP must be justified solely on civil works mission requirements. Revolving Fund assets may also provide incidental support to military programs, other governmental agencies, states, municipalities, individuals or corporations when not otherwise in use, provided that the activities pay applicable usage charges. Commanders and directors will not use overhead accounts, project funds or any combination of other funding mechanisms to avoid use of PRIP. See Appendices B thru M for exclusions and stipulations.

(1) The purchase of office furniture using PRIP funds is generally prohibited. Exceptions must be approved by CERM-F before PRIP funds can be requested.

c. The use of PRIP funds to construct, renovate, or otherwise make improvements to buildings and other facilities is subject to statutory restrictions and may require specific legislation from Congress. For additional guidance regarding construction activities see sub-appendices H-3 and H-11.

d. PRIP supports multiple civil works projects and/or appropriations at USACE

Districts. Headquarters and MSC have oversight responsibilities of districts, with no direct involvement in the management of civil works projects. Thus, PRIP is not an appropriate funding source for headquarters and MSC operational and facility requirements. Exceptions to this policy will be on a case-by-case basis and will require Congressional notification and authorization.

e. Additions and Betterments (A&B). According to Generally Accepted Accounting Principles and Department of Defense Financial Management Regulation Volume 4, Chapter 24 and Chapter 25, USACE recognizes component accounting for all Revolving Fund assets. Component accounting allows an A&B portion of an asset to be depreciated or amortized over its own separate recovery period (useful life) which may not exceed one-half of the original asset. Additions and betterments are defined as improvements rehabilitations, renovations, conversions, replacements or upgrades which either add something to a capital asset that was not there before, or increase the useful life, functional capacity, operating efficiency or usefulness of the asset. Additions and betterments to personal property capital assets will be capitalized only if they meet the current capitalization threshold (see Appendix B). Additions and betterments to real property capital assets will be capitalized regardless of cost.

f. Revolving Fund Reimbursement. The Revolving Fund is operated entirely within its own resources rather than from annual appropriations, making it necessary for prompt reimbursement to be obtained from the using appropriations or projects for services rendered in order that sufficient funds are available for continued operation.

(1) Repayment amounts for PRIP investments include, insurance and plant increment surcharges, which are likewise included in the plant rental rate computed for each asset. Plant rental rate computation guidance is provided in Appendix C. Depreciation and plant increment charges are the only constant source of funds available to finance PRIP requirements. Therefore, new acquisitions and additions and betterments should be transferred to plant-in-service according to financial regulations. Floating plant assets acquired by the Marine Design Center and Headquarters initiatives assigned to other commands will be placed in service at the actual recorded cost upon receipt by the asset-owning command. Any adjustments to the cost will be made upon receipt of additional plant cost documentation. Detailed guidance is provided in Appendix D.

(2) Documentation of Asset Valuation. Asset valuation is a pivotal element of inherent fiduciary managerial responsibility to ensure proper reimbursement of acquisition costs to the Revolving Fund. Asset valuation is based on historical cost documentation, e.g., contracting instruments, financial accounting system records, etc., or cost estimates where historical cost data is not available. A Work Order Completion Report (ENG Form 3013) will be retained for each asset as valuation documentation. Documentation supporting personal property assets will be maintained for a minimum of

six years and three months after retirement or disposal of the asset. Documentation supporting real property will be maintained for ten years after disposal.

(a) Useful Life. Standard recovery periods (service lives) are used for all PRIP assets. Standard Recovery Table for USACE Unique Assets are shown in ER 37-1-30, Chapter 15, Plant Property and Equipment, Appendix J-3. The asset manager must reduce the prescribed recovery period based upon a determination that the asset will not remain in service for the current life. USACE activities must request CERM-F approval for deviations from the standard recovery periods shown in Chapter 15, Appendix J-3. Funding availability cannot be used as a basis to change the useful life of an asset, for example by paying off the undepreciated balance of a continuing use asset. Submit all requests to CERM-F. If approved, a copy of the waiver will be placed in the asset file.

(b) Salvage Value. A salvage value of zero is used for all Revolving Fund assets. An exception to this policy may be authorized by CECW-CO and CERM-F for PRIP assets if the estimated salvage value exceeds ten percent of the asset's original cost.

(c) Depreciation. Straight line depreciation is charged on all PRIP assets except assets in the process of acquisition or disposal. USACE recognizes component depreciation for all Revolving Fund assets placed in service after 1 January 2011. Component depreciation allows an A&B portion of an asset to be depreciated or amortized over its own separate recovery period (useful life). The recovery period may not exceed one-half of the life of the original asset or the remaining useful life of the asset. Beginning with fiscal year 2022 PRIP funding cycle or later, activities requiring new major vessels (i.e., dredges, towboats and machinery intensive vessels) with a MEP that is expected to be repowered or replaced at mid-life must place the asset in service as two separate components: (1) vessel, using the standard recovery period per Appendix J-3 of ER 37-1-30, Chapter 15, Accounting for Property, Plant and Equipment; and (2) MEP, using half of the vessel's standard recovery period. Activities must pay off any unpaid PRIP loan of the original MEP upon placing the new MEP in service. For additional information on depreciation, see Appendix E.

(d) Increment. Plant increment is the surcharge to cover the increased cost of replacement over the original life of a PRIP funded asset. The component method is used to calculate plant increment for A&Bs placed in service after 1 January 2011. The plant increment computation on the A&B cost uses the annual factor for the year the A&B is placed in service. Its purpose is to maintain the purchasing power of the Revolving Fund corpus. CERM-F publishes plant increment rates on an annual basis. PRIP-financed assets are not exempt from plant increment unless a waiver has been submitted and approved. Plant increment charges for PRIP owned assets will discontinue only in those instances where such asset is fully depreciated, there is documented evidence that the asset will not be replaced under PRIP authority, or a replacement will cost less than the PRIP investment threshold (see Appendix E).

Requests for waiver of plant increment must be coordinated through Resource Management submitted for concurrence to the Major Subordinate Commands (MSC) who will submit directly to CERM-F. In the event that a waiver is approved on an item subsequently requiring replacement, plant increment must be reinstated. The waiver is reversed and increment is reinstated as if it had not ceased. This results in the unpaid increment being brought current and paid to the Revolving Fund in the current fiscal year. Plant increment will continue until the replacement item is placed in service. Reversal of the plant increment waiver will be coordinated through Resource Management in the same manner in which the waiver was first approved.

(e) Insurance premiums are charged on all PRIP-funded assets as well as inventory balances financed through the Revolving Fund to ensure that risks incurred by owning and operating Revolving Fund assets are mitigated. Insurance premiums are charged on the book value of all PRIP-funded assets, except software and land, on a monthly basis to fund a reserve for loss or damage to these assets. Requests to use insurance funds for loss or damage of PRIP assets must be approved by CERM-F and will be considered for the following: costs to economically repair a damaged asset, remaining book value for an asset lost or damaged beyond economical repair, Incremental costs of the activity resulting from loss, damage, or unavailability of the asset during repair and replacement of a structure or item of equipment damaged beyond economical repair will be accounted for as a new procurement. The requirement for capitalization and PRIP authorization apply. Insurance funds may not be used for maritime and tort claim payments. (See Appendix E).

(f). Revolving Fund Cash Management. Successful financial management of the Revolving Fund requires accounts and operations to be frequently reviewed to ensure that costs are currently and equitably absorbed by the customers and that a sufficient cash balance is maintained in each USACE command to permit prompt liquidation of obligations as they mature. The actions listed below will help ensure maximum utilization of limited Revolving Fund resources.

(1) Cash flow projections in support of repayment of PRIP investment will be included with the annual PRIP submissions. The cash flow projections will address prior year, current year, budget-year and out-year income streams for depreciation, plant increment, and insurance. The projections will be calculated from the estimated and/or actual date the item is placed in service over its estimated useful life.

(2) Depreciation, plant increment, and insurance income are required to be transferred quarterly to Headquarters, IAW financial regulation. The amount transferred will be based on charges generated in the financial accounting system (See Appendix E).

(3) Reconciliation of assets in service in the finance and accounting system to the property book (real and personal) will be done annually to insure accurate and full reporting of income generated from depreciation, plant increment, and insurance.

(4) A review of assets in the process of acquisition (work in process) will be done at least semiannually to insure that assets are placed in service no later than the month succeeding the receipt of the receiving report, which should be completed upon constructive receipt of the asset.

(5) Obligation plans will be prepared annually for the purpose of monitoring program execution and identifying excess funds. Updated obligation plans will be submitted according to mid-year review guidance from CERM-B.

4-2. PRIP Program Formulation

a. Major Items. Effective 31 Jul 2013, any item or system valued in excess of USACE approval authority of \$5M is considered a major item. Major items require approval by the SPBAC, the Assistant Secretary of Army, Civil Works (ASA (CW)), the OMB, and notification to the Congressional Committees on Appropriations. Items and systems will not be subdivided to avoid the major item threshold. The major item threshold is reflected in Appendix B.

(1) Major Item New Start (MINS)

(a) Commanders may request funds for design of new major items, provided such funding does not exceed the major item threshold prior to Congressional notification and, in the case of facility construction/renovations, legislative authority permitting design exists (see Sub-Appendix H-3). Commanders will request authority from Headquarters, Resource Management before reprogramming current allocations to start design work on a new major item.

(b) The design effort for a major item must be completed to ensure scope and concept feasibility and reasonable accuracy of the cost estimate. The results of the design effort will be included in the project proposal and submitted, by the technical element, as a major item budget year request through the MSC to HQUSACE for submission to higher authority. There will be no exceptions to this requirement. Funds expended under minor items for lost design of a potential MINS should be expensed in the period in which the design was determined to be lost, but must be expensed no later than the end of the current fiscal year. Once the lost design is expensed to the appropriate funding account, a Memorandum will be forwarded through the MSC/FOA to CERM-BI to request withdrawal of PRIP Authority and corresponding funding. See Appendix L for additional guidance.

(c) A narrative justification statement will be submitted using ENG Form 4613, Major Item New Start and Update of Continuing Major Items, Civil Works Revolving Fund, PRIP for each Major Item New Start. The justification must provide a clear and convincing need to satisfy an existing mission related requirement, as well as an adverse impact statement on mission accomplishment if the requested Major Item is not approved. Instructions for completing ENG Form 4613 are in Appendix F of this regulation. All MINS requests will be reviewed by functional proponents at District, Division, and HQUSACE as appropriate.

(d) A complete MINS package will include the ENG Form 4613, an affordability analysis, PRIP payback schedule and a life-cycle economic analysis on new acquisition versus rehabilitation and, if applicable, an analysis of lease or rental options. The affordability analysis should look at the annual PRIP payback costs along with the annual ownership and operating costs. Any additional requirements will be provided in the annual budgetary guidance.

(e) If a district has more than one MINS to request, the items will be prioritized and so stated in a memorandum to division for review and approval. Divisions will review, approve, consolidate and prioritize districts' MINS requests and submit to Headquarters.

(f) Unapproved or unfunded MINS submissions must be revised, as appropriate, and resubmitted in subsequent years if the requirement remains valid. These items will not automatically be included in future year program(s).

(2) Continuing Major Items (CMI)

(a) Continuing major items are previously approved major items that will be executed in more than one fiscal year. For CMI, ENG Form 4613 will be updated and submitted annually by the technical element, regardless of the need for budget year funds. Technical elements must coordinate changes in project scope, schedule, and/or costs with the Marine Design Center where applicable and with appropriate division and headquarters review elements before submitting the updated form. The original MINS package submitted and approved will be updated whenever there is a change in scope and for cost increases of twenty percent (20%) or more. Cost increases of less than 20% only require ENG Form 4613 to be updated. Congressional notification is required prior to funding changes in scope and cost increases of 20% or more. Thereafter, any additional cost increase irrespective of the dollar amount will require Congressional notification prior to funding. Congressional notification will occur either in the next budget update or as an Out of Cycle Request if the item is needed in the current fiscal year.

(b) The request for funding authority will be submitted using ENG Form 4943, PRIP Plant Item Justification Sheet Funding Request, according to annual budgetary

guidance. Instructions for completing ENG Form 4943 are in Appendix G of this regulation.

(3) Grouped Major Items.

(a) A Grouped Major Item may be established when determined by HQUSACE that like items or systems will be required USACE-wide, over a short period of time, and that the total costs of the grouped items will exceed the HQUSACE authority.

(b) Once Grouped Major Items are established, allocations will be made according to the prioritized division list. Local PRIP managers/coordinators will coordinate funding requests, priority rankings, and allocation requirements with the local technical proponent for the Grouped Major Items.

(c) Additional information on the establishment of Grouped Major Items is given in Appendix F.

b. Minor Items.

(1) New Minor Items. Items that are below the \$5M capitalization threshold and do not qualify as major items are considered minor items. The capitalization and major item thresholds are defined in Appendix B.

(2) Continuing Minor Items. Some minor items require funding over multiple fiscal years. These items will take precedence over new minor items in prioritization.

(3) A narrative justification statement will be submitted using ENG Form 4943, PRIP Plant Item Justification Sheet. The justification must provide a clear and convincing need to satisfy an existing mission related requirement, as well as an adverse impact statement on mission accomplishment if the requested Minor Item is not approved. Instructions for completing ENG Form 4943 are in Appendix G of this regulation. All Minor Item requests will be reviewed by functional proponents at District, Division, and HQUSACE as appropriate.

(4) Minor Items and Cost Increases. Cost increases will be monitored to ensure items can continue classification as a minor item and not require reclassification as a major item. Should the cost estimate increase so that it is equal to or greater than the MINS threshold, all work will be suspended. The item is then submitted as a MINS awaiting Congressional notification. Congressional notification will occur either in the next budget update or as an Out of Cycle Request if the item is needed in the current fiscal year.

c. Asset Property Types and Categories. Major and minor items will be categorized using the property asset categories listed in financial regulations. No other category

codes are authorized. Existing asset records bearing other category codes will be maintained until asset disposal. Appendix H provides descriptions of and acquisition guidance on the property asset codes acquired through PRIP.

d. Annual Funding Authority. Annual funding authority provides obligation authority for minor items, continuing major items and approved major item new starts in the current PRIP program.

e. Budget Year Program. The budget year program represents requests for obligation authority for minor items, continuing major items, and major item new starts for the budget year. The budget year is the second year of the Five-Year PRIP Plan. Major item new starts will require transmittal through ASA (CW) and OMB to Congress.

f. Affordability. An affordability analysis is a decision-making tool used in the development of the Commander's investment portfolio and is required to support new requirements. An affordability analysis will consist of an analysis of alternatives (status quo, rental, lease/purchase, contract out the operation, and new acquisition) based on present value analysis using the current civil works budget guidance. Cash flow projections in support of operation and maintenance and repayment of investment cost (PRIP payback) will be part of the affordability analysis to support feasibility of new investments. For the purpose of this analysis, the PRIP payback is to be calculated using the inflation factor used in the economic analysis. The inflation factor and discount rate to be used in the economic analysis can be found in OMB Circular A-94, Appendix C, which is updated annually and may be downloaded from the website at: <https://www.whitehouse.gov/search/?s=omb+circulars>

g. PRIP Payback and Annual Insurance Schedule. A PRIP Payback and Annual Insurance Schedule is a decision-making tool used to estimate the repayment of an investment over the useful life of the asset and payment of plant increment and insurance as applicable. Plant increment and insurance extends beyond the life of the asset unless waived. An example of a PRIP payback schedule is at Table 4-1.

Table 4-1 PRIP Payback And Annual Insurance Schedule					
Title/Description of Asset to be Acquired			Deck Barge		
Asset Estimated Total Cost			\$6,875,000		
Current Fiscal Year Plant Increment Rate			1.05		
Inflation Factor used in Economic Analysis or Calculated three (3) Year Average			0.01022		
Number of Years Asset will be in Service. This is also the total years the asset will be Depreciated Over			8		
Annual Estimated Depreciated Amount for Asset			\$859,375		
Date Asset will be Place in Service			1 Oct 18		
Annual Insurance Fee Assessed on Asset			\$0.00		
YEAR	Plant Increment Factor	Annual Plant Increment Amount	Annual Insurance Fee	Annual Depreciation Amount	Total Payment
1	1.0500	42,969	0	859,375	902,344
2	1.0602	51,752	0	859,375	911,127
3	1.0704	60,534	0	859,375	919,909
4	1.0807	69,317	0	859,375	928,692
5	1.0909	78,100	0	859,375	937,475
6	1.1011	86,883	0	859,375	946,258
7	1.1113	95,666	0	859,375	955,041
8	1.1215	104,448	0	859,375	963,823
9	1.1318	113,231	0	0	113,231
10	1.1420	122,014	0	0	122,014
TOTAL		\$824,914	\$0	\$6,875,000	\$7,699,914

h. Contingent Liability. Reserved.

i. Five-Year PRIP Plan.

(1) PRIP estimates for the Current Year and four additional years are required for future program planning. Information submitted is used to determine the overall capital investment dollar amount and the category dollar amounts for the Budget Year and future fiscal years. The importance of a multi-year program document as a planning tool cannot be overemphasized.

(2) The five-year PRIP plan will be prepared on ENG Form 1978, until superseded by an automated system. Instructions for completing ENG Form 1978 are in Appendix I of this regulation.

(3) Revisions of the five-year plan should be kept to a minimum. Future plant replacement needs should be based on, as a minimum, age, operation and maintenance requirements, replacement cost, obsolescence, continuing needs in support of changing missions, etc. MSC Commanders may delegate authority for program revision to District Commanders. A current five-year plan, with all approved changes, will be maintained at the district and division level. Revised five-year plans

will be sent to Headquarters when significant program changes occur. Otherwise, submission schedules in current budgetary guidance will be followed.

j. Program Approval Authorities.

(1) District Commanders will review, prioritize and approve minor item requests, continuing major item requests, major item new start (MINS) requests, and the Five-Year Plan to ensure they are realistic and compatible with the USACE mission, construction schedules and workloads for submission to the Division Commander.

(2) Division Commanders will review, prioritize and approve division-wide consolidated funding authority requirements in support of minor item requests, continuing major item requests, major item new start (MINS) requests, and the Five-Year Plan to ensure they are realistic and compatible with the USACE mission, construction schedules and workloads for submission to Headquarters.

(3) Headquarters will review, prioritize, and approve funding authority requests, minor items, continuing major items, and major item new starts. MINS items and continuing major items, if applicable, will be submitted through ASA (CW) and OMB to Congress. Five-year plans will be reviewed for the development of out-year program requirements.

4-3. PRIP Execution.

a. Delegation of Authorities. Division Commanders are delegated authority to reprogram funds between items in their approved annual program and from items in their approved annual program to new minor items according to transfer authority as provided in the annual budgetary guidance. Existing minor items and new minor items requiring additional current year funding exceeding the current year allocation will be submitted to Headquarters for approval and funding. These items will be defined as out-of-cycle requests.

b. Out-of-Cycle Requests. PRIP items identified outside of the five-year planning process, or out-year items in the five-year plan that must be moved forward, requiring funding in the current year, are considered out-of-cycle or unfunded requirements. All out-of-cycle requests will be approved by the local commander and submitted through the MSC to Headquarters with appropriate documentation in support thereof, to include the ENG Form 4943. The justification statement must address the reason(s) why the item must be funded in the current year and condition(s) that precipitated the requirement, such as, safety, health, legal, environmental considerations, etc. A description of the item and its purpose and availability of current year funds within the district/MSC must also be addressed.

c. **Obligation Plan.** An obligation plan will be developed for each item in the approved current year program and forwarded through the MSC to Headquarters according to budgetary guidance.

d. **Surplus/Excess Funds in current year program.** If surplus funds exist on a current year approved item, all items in the current year program must be evaluated for funding shortfalls and excess funds applied thereto first. If excess funds still exist, a decision must be made to either fund future, planned minor items or return the funds to HQ. Future planned minor items are those minor items included in the submitted five-year plan.

e. **Execution Reports.** Execution of the PRIP program will be based on actual obligations as reported in the USACE's financial accounting reporting system and will be compared to obligation plans to measure program performance.

f. **Disposal.** Requests for disposal of capital assets will be coordinated with Logistics, Real Estate, and Resource Management by the technical proponent. Prior to requesting disposal, the technical proponent will ensure the Revolving Fund has received full payback, such that the book value of the capital asset is zero. All proceeds of disposal sale will be deposited in the Revolving Fund and increment charges will cease according to financial regulations.

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Appendix A References

1. Statement of Federal Financial Accounting Standards (SFFAS) No. 6, Accounting for Property, Plant, and Equipment.

<https://files.fasab.gov/pdffiles/sffas-6.pdf>

2. Statement of Federal Financial Accounting Standards (SFFAS) No. 10, Accounting for Internal Use Software.

http://files.fasab.gov/pdffiles/handbook_sffas_10.pdf

3. Implementation Guidance on Statement of Federal Financial Accounting Standards 10: Accounting for Internal Use Software.

<http://files.fasab.gov/pdffiles/tr5.pdf>

4. DOD 7000.14-R, Department of Defense Financial Management Regulation.

<https://comptroller.defense.gov/FMR.aspx>

(a) Volume 4, Accounting Policy and Procedures.

https://comptroller.defense.gov/Portals/45/documents/fmr/Volume_04.pdf

(b) Volume 2B, Budget Formulation and Presentation, Chapters 4-19.

https://comptroller.defense.gov/Portals/45/documents/fmr/Volume_02b.pdf

(c) Volume 11B, Reimbursable Operations, Policy and Procedures – Working Capital Funds.

https://comptroller.defense.gov/Portals/45/documents/fmr/Volume_02b.pdf

(d) DOD Policy on Internal Use Software.

<https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodi/500076p.pdf?ver=2019-06-07-110639-567>

5. DFAS Manual 37-100-**, The Army Management Structure, Chapter AO-2035.

https://army.deps.mil/Army/CMDS/HQDA_ASAFM/SAFM_FO/SitePages/DFAS%2037-100.aspx

6. Army Regulations and Manuals.

<https://armypubs.army.mil/>

(a) AR 10-85, United States Army Cost and Economic Analysis Center.

<https://apps.dtic.mil/dtic/tr/fulltext/u2/a401941.pdf>

(b) AR 11-18, The Cost and Economic Analysis Program.

https://armypubs.army.mil/epubs/DR_pubs/DR_a/pdf/web/ARN15922_AR11-

18 FINAL.pdf

(c) DA Economic Analysis Manual.

https://ssilrc.army.mil/wp-content/uploads/2018/06/CEAC_Cost_and_Economic-Analysis_Manual.pdf

(d) DA Cost Analysis Manual.

<https://apps.dtic.mil/dtic/tr/fulltext/u2/a422737.pdf>

7. Engineer Regulations (ERs) and Engineer Pamphlets (EPs).

<https://www.publications.usace.army.mil/>

(a) ER 37-1-28, Continuing Resolution Authority (CRA).

https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_37-1-28.pdf?ver=2016-04-19-130329-767

(b) ER 37-1-30, Financial Administration – Accounting and Reporting.

<https://www.publications.usace.army.mil/Portals/76/Users/182/86/2486/ER%2037-1-30.pdf?ver=2019-12-13-115622-003>

(c) ER 56-2-1, Administrative Vehicle Management.

https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_56-2-1.pdf?ver=2013-09-08-233258-873

(d) ER 405-1-12, Real Estate Handbook.

<https://usace.dps.mil/sites/PUBS-HQ-RESTRICTED/Regulations/Forms/PubsDisplay.aspx?id=%2Fsites%2FPUBS%2D1%2D12%2Ezip&parent=%2Fsites%2FPUBS%2D1%2D12%2Ezip>

(e) ER 700-1-1, Supply Policies and Procedures.

https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_700-1-1.pdf?ver=2015-10-08-090316-683

(f) ER 1130-2-500, Partners and Support (Work Management Policies).

https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_1130-2-500.pdf?ver=2013-09-08-233436-167

(g) EP 1125-2-1, Floating Plant List Change 1.

https://www.publications.usace.army.mil/Portals/76/Publications/EngineerPamphlets/EP_1125-2-1.pdf?ver=2013-08-22-104512-137

(h) EP 1130-2-500, Partners and Support (Work Management Policies).

https://www.publications.usace.army.mil/Portals/76/Publications/EngineerPamphlets/EP_1130-2-500.pdf?ver=2013-08-22-104517-637

Appendix B

Capitalization and Major/Minor Item Thresholds

Table B-1 Capitalization and Major/Minor Item Thresholds						
	Acquisition Cost				PRIP = > \$500K	
Asset Type	Civil < \$25K	Military < \$250K	Civil = > \$25K	Military = > \$250K	Civil < \$5M	Civil = > \$5M
Revolving Fund Owned Asset	Expense	N/A	Capitalize	N/A	Minor Item	Major Item
Civil Project Owned Asset	Expense	N/A	Capitalize	N/A	N/A	N/A
Military Project Owned Asset	N/A	Expense	N/A	Capitalize	N/A	N/A

* Land is capitalized, regardless of cost.

Appendix C

Plant Rental Rate Computation

C-1. Purpose. To prescribe policy for establishing plant rental rates for revolving fund owned plant and equipment.

C-2. Policy. It is the policy of the Chief of Engineers to assure that all charges for the use of Revolving Fund owned plant and equipment are fair, reasonable, and realistic. Therefore, rental rates will be computed to reimburse the revolving fund for depreciation, insurance, operating costs, plant increment, etc., associated with major plant (non-group) and minor plant (group). USACE Commanders of MSCs, Districts, and FOAs have been delegated the responsibility for determining and reviewing plant rental rate charges. The guidance outlined below is developed to assist in the supervision, management, and administration of this program.

C-3. Major Plant (Non-Group). Included in this category are the following types of plant: aircraft, structures with an estimated replacement cost of \$500,000 or more, major mobile land plant, dredges, derrick boats, tugboats, towboats, tenders, patrol boats, survey boats 40 feet or longer, debris boats, crane barges, drill boats, jet probing barges, maneuver boats, mooring barges, concrete casting plant, mechanical bank graders, mattress sinking plant, quarter boats, and any other items of plant that have an estimated replacement cost of \$500,000 or more. Plant of lesser size and cost than those specified may be included in a non-group category when more detailed data is desired for this type of plant; otherwise, it is reported as a grouped item.

C-4. Minor Plant (Group). Included in this category are miscellaneous small items of floating and land plant, which may be grouped into units of the same type and of approximately the same size or service capability, such as vehicles, barges smaller than 195 feet x 35 feet, or tractors. This grouping provides a broader base for the distribution of maintenance and repair costs. A group should consist of two or more similar items, but may consist of a single item of plant if only one item of a class is owned by the USACE Command.

C-5. Plant Rental Rates. Plant rental records will be established in CEFMS II to set plant rental rates for Major (Non-Group) and Minor (Group) items. Instruction on how to set the plant rental rates in CEFMS II can be found in the CEFMS Asset Management Users Manual (Section 10.1.1). Web-site address is:
<https://usace.dps.mil/sites/INTRA-FC/SitePages/CEFMS-II.aspx>

The estimated cost, performance data and approval action will be performed by technical or operating personnel based on instructions contained in the financial regulations. Actual cost data will be furnished by Resource Management.

a. Major Plant (Non-Group). Plant Rental Record for each Major Plant (Non-Group) item will reflect plant ownership costs, actual and estimated fixed and variable costs,

and actual and estimated usage, which are all is used to compute the rental rate. The rental rate is the charge to projects for use of an item of plant or equipment required to reimburse the Revolving Fund for the plant depreciation, plant insurance, and plant increment, operating costs, repairs, district overhead, and small tools associated with that item, given the estimated usage.

(1) Plant Rental Rate record will be established in CEFMS II for new Major Plant within 10 calendar days before the end of the month the asset is placed in service. Updates to rates for existing plant will be accomplished as needed, no less than quarterly.

(2) Commanders are assigned the responsibility for determining and reporting plant ownership and operating data for each item of major plant owned by the Revolving Fund.

(3) Commanders will perform a routine quarterly review and analysis of the major plant rental rates to insure that account balances are reasonable and within allowable tolerances. When circumstances prohibit rate adjustment to nominal balance within 180 days, a justification report and account balance will be submitted through the MSC/FOA to CERM-F. Excess debit or credit balance that would materially distort the current operating rate if recovered in one year will be recovered in not more than three years.

b. Minor Plant (Group). The Plant Rental Record in CEFMS II for Minor Plant (Group) items will contain the plant name or number, acquisition date, estimated life years, original cost, total cost including additions and betterments, remaining book value, and estimated current repairs for individual items as well as the group as a whole, all of which is needed to compute rental rates. The Plant Rental Record will be updated or established promptly in CEFMS II upon the establishment of an operating expense account for a new group or when a change occurs in items comprising a group. Updates to existing groups will occur at least every two fiscal years, unless changes in the group require earlier revisions.

C-6. Plant Rental Rate Computation Guidance. Engineer Form 6220 (formerly ENG Form 22), Plant Rate Computations, and Engineer Form 2438, Plant Record Card – Group Items will be prepared to support the Plant Rental Record established in CEFMS II. Plant Record Cards are required at the district level. Responsibility for maintaining Plant Record Cards is designated at the district level. Automated version of forms may be used provided the automated version contains all required data elements.

a. Guidelines for preparing Engineer Form 6220.

Engineer Form 6220 Plant Rate Computation Card

U.S. Army Corps of Engineers (USACE) PLANT RATE COMPUTATIONS For use of this form, see ER 37-1-30 and ER 37-1-29; the proponent agency is CECW-CO.				
COMMENTS: (Provide background details about the asset, Property ID Code, etc) Example: Daily Plant Increment Rates: (Example) FY 18 - \$50 FY 19 - \$119 (a) Provision for adjustments of \$47,000 to be absorbed by FY 20.				
PLANT RATE COMPUTATIONS (ER 37-1-30 and ER 37-1-29)				
Date Prepared (as of date)	Date Built or Acquired	Owning Appropriation or Project		
PLANT OWNERSHIP COSTS (Actual)				
1. Prepared For	FY _____	FY _____	FY _____	FY _____
2. Estimated Life-Years				
3. Original Cost				
4. Additions and Betterments				
5. Total Cost				
6. Depreciated Credited				
7. Remaining Book Value				
8. Estimated Salvage Value				
9. Balance to Be Depreciated				
10. Estimated Remaining Life-Years				
ANNUAL OPERATING COST (Estimated)				
YEAR	FY _____	FY _____	FY _____	FY _____
11. Depreciation				
12. Plant Increment				
13. Insurance				
14. District Overhead				
15. Repairs and Replacement				
16. Cessation of Work				
17. Small Tools, ETC.				
18. Operations				
19. Provision - Overhaul Repair Adjustment				
20. Total Cost				
21. Estimated Days In Use				
22. Daily Rate				
23. Approved By (Show Office, Date and Initials)				
ANNUAL OPERATING COST (Actual)				
24. Year	FY _____	FY _____	FY _____	FY _____
25. Depreciation				

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Figure C-1

ANNUAL OPERATING COST (Actual) (Continue)				
26. Plant Increment				
27. Insurance				
28. District Overhead				
29. Repairs and Replacements				
30. Cessation of Work				
31. Small Tools ETC.				
32. Operations				
33. Total Costs				
34. Earnings				
35. Net Balance				
36. Prior Year Balance				
37. Balance To Date				
38. Days In Use				
District	Name of Plant		Type of Plant	
EXPLANATORY OR HISTORICAL DATA				
Additional Information				

Figure C-1 (continued)

(1) General Instructions.

(a) In Preparing ENG Form 6220, enter data applicable to the current fiscal year in the third column; data for the two immediately preceding fiscal years in the first and second columns and estimated cost for the next fiscal year (line items 11 thru 22) in the fourth column.

(b) The estimated cost, performance data and approval action will be performed by technical or operating personnel based on the instructions contained in ER 37-1-30. Actual cost data will be furnished by the Resource Management personnel per ER 37-1-30.

(c) Data items Data Prepared (as of date), Date Built or Acquired, and Owning Appropriation or Project are self-explanatory.

(2) Line items under "PLANT OWNERSHIP COSTS (Actual)."

(a) Item 1- Prepared for_(FY) - Record the fiscal year for the actual or estimated data.

(b) Item 2- Estimated Life-Years_- Enter the estimated years of economic life of the plant from the date the item was placed in service or acquired. For establishing the estimated life years, consideration will be given to expected operating conditions, character of work, statistical experience of data available on similar plant, and any other factor that will affect the life of the plant. The economic life of serviceable or renovated plant or equipment should be extended or shortened appropriately, when it is reasonably anticipated that the item will continue or not continue in use beyond the initially estimated economical life.

(c) Item 3- Original Cost - Record the actual acquisition cost for all plant items procured under the Revolving Fund. When a plant item is acquired by transfer from other appropriations or Government agencies, however, the amount the transferor (prior owner) paid for the item will be noted as "unfunded." If the original cost is unknown, a reasonable estimate should be prepared. If a modification or rehabilitation of the transferred plant is required to make it suitable for its intended use by USACE, this amount is deducted from the Original Cost and added to Additions and Betterments.

(d) Item 4- Additions and Betterments - Transcribe the actual cost of additions and betterments as recorded in the cost accounts. When the plant is acquired by transfer, estimates may be prepared. This should be mentioned in the space for Explanatory or Historical Data.

(e) Item 5- Total Costs - Tabulate the total of item 3 and 4. It should agree with the book value as shown in the cost records.

(f) Item 6- Depreciation Credited - Enter the total depreciation credited to date. For plant or plants acquired by transfer, the depreciation will be sum of depreciation accrued by USACE and the depreciation by the original owner. The amount will be footnoted in the space for Explanatory or Historical Data.

(g) Item 7- Remaining Book Value - Provide the difference between amounts in item 5 minus item 6.

(h) Item 8- Estimated Salvage Value - Assign salvage value of \$0.00 to all items of plant unless an exemption is requested and approved by CECW-CO and CERM-F. Upon approval, enter the salvage value as appropriate.

(i) Item 9- Balance to be Depreciated - Furnish the difference between the amounts in item 7 minus item 8.

(j) Item 10- Estimated Remaining Life Years - Record the difference in years between item 2 and the actual years the plant has been in use (to one decimal place). The years and months decimally should coincide with the time depreciation has been credited. To compute the estimated *remaining* life, subtract the Date Built or Acquired. Subtract the result from the Estimated Life Years and convert to one decimal point. For Example:

	<u>MON</u>	<u>YR</u>		<u>YR</u>	<u>MO</u>
Date ENG Form 6220 Prepared	Jul	17	=	17	7
Date Built	Sep	95	=	<u>95</u>	<u>9</u>
				21	10 = 21.8 yrs

This entry for item 10 with an Estimated Life-Years (item 2) of 40 years would be $(40 - 21.8) = 18.2$ years.

(3) Line items under “ANNUAL OPERATING COSTS (Estimated).”

(a) Item 11- Depreciation – Compute the amount of depreciation by dividing the entries in item 9 by entries in item 10 and enter the results in item 11.

(b) Item 12- Plant Increment – This is the yearly increment estimate for replacement of the plant, calculated in Table C-1 as follows:

Table C-1 Floating Plant (Non-Group)		
Year Built	1995	
Total Cost	\$1,350,000	Item 5
Plant Increment Factor	3.4	From ENG Circular 37-1-30
Estimated Replacement Cost	\$4,590,000	Total x Increment Factor
Amount Recovered by Increment	\$3,240,000	Replacement Cost - Total Cost
Estimated Useful Life in Years	40	
Plant Increment	$\$3,240,000/40 = \$80,000$	Amount to Recover/Life

(c) Item 13 – Insurance – This is the yearly insurance estimate. Insurance is a surcharge assessed to provide a reserve to be available for absorption of losses and damages to Revolving Fund owned assets.

(d) Item 14- District Overhead - This is an operating cost of the plant, which includes telephone, ADP equipment, and office administrative costs related only to the plant.

(e) Item 15- Repairs and Replacements - Enter the estimated costs of repairs for the appropriate period. This estimate will consider normal repairs or replacements and usually will be based on average costs to date and cost records of similar items of plant. Consideration will also be given to abnormal or severe operating conditions to be encountered and estimated future cost indices. Approval of CECW-CO will be required when this item exceeds the limits of delegated authority for repairs for each category.

(f) Item 16- Cessation of Work - Represent a fair and equitable charge per day for periods of idleness for care and maintenance. Idleness may be caused by weather or no available work.

(g) Item 17- Small Tools, etc. - Enter the estimated cost of additional acquisition or replacement of small tools, rigging, or equipment for the galley and quarters. Expenditures for initial supplies of these items should have been charged to the proper account for operational equipment (assets).

(h) Item 18- Operations - Estimate the cost for the appropriate period for all remaining costs not covered by items 11 thru 17. This item includes such costs as labor, subsistence, fuel, lubricants, miscellaneous expenses, protection insurance, and attendant plant.

(i) Item 19- Provision for Overhaul Repair Adjustment - Provide an adequate amount to absorb the cost of overhaul, replacement, and repairs which will be required to maintain the plant in operable condition to retirement and to plan for a credit balance in the account when overhaul, replacement, or repairs are required.

(j) Item 20- Total Cost - Tabulate the sum for items 11 thru 19 for this entry.

(k) Item 21- Estimated Days in Use - Estimate the number of days in the fiscal year for

which a charge will be made for use of the plant. Annual allocations of funds, expenditure limitations, and other budgetary information should be considered when establishing this estimate.

(l) Item 22- Daily Rate - Divide item 20 by item 21 for this rate. The basic daily rate will be adjusted when required to provide for additional shifts, hazardous work, or other unusual conditions. When it is anticipated that the balance will be used for a variable schedule, such as an alternating 5 and 6-day workweek, a daily rate will be established for each schedule and reported in the Explanatory or Historical Data space. In such cases, entries for items 15 thru 18 will include a consideration for the additional costs that will be incurred. This daily rate will not be effective until 1 October of the subsequent fiscal year. When a new daily rate is required during a fiscal year, a request for a revision of the rate will be submitted for approval to major subordinate commands. For this item, daily rate, computations will be shown when more than one shift rate was used for the report for the current fiscal year (column 3) or the next fiscal year (column 4) as shown in Table C-2 below:

Table C-2 Shift Rates for FY 2020			
(1) Work Schedule	(2) Days in Use Line 21	(3) Rate Line 22	(4) Estimated Income (column 2 x column 3)
5 - day week	166	\$5,000.0	\$830,000
7 - day week	14	\$7,000.0	\$98,000
Other (hazardous or unusual conditions)	10	\$7,276.3	\$72,763
Total Income for Period (Line 21 x 22)			\$1,000,763

(m) Item 23 – Approved by - Indicate the symbol of the approving office, date of approval, and name of approving official. The major subordinate command commanders will approve ENG Form 6220 for all district owned plant. HQUSACE (CECW-CO) will approve ENG Form 6220 for major plant owned by major subordinate commands and separate installations. Review and approval of ENG Form 6220 will be scheduled so that a legible copy will be furnished to CECW-CO not later than 15 November. This date has been specified so that the daily rate for the fiscal year (item 21, column 4) will be computed and approved in sufficient time to use for planning and future scheduling of major equipment.

(4) Line items under "ANNUAL OPERATING COSTS (Actual)."

(a) Item 24- Year - Copy the same year in each column as entered for item 1.

(b) Item 25- Depreciation - Transcribe the amount of depreciation actually charged to the plant-operation account for the particular period. This amount should be similar to item 11. If, due to some unusual situation, these amounts differ for the current fiscal

year (column 3), explain the reason for any variation in the Explanatory or Historical Data space.

(c) Item 26- Plant Increment - Enter actual plant increment charged to plant operating account.

(d) Item 27 – Insurance - Enter actual insurance charged to plant operating account.

(e) Item 28- District Overhead - This is an operating cost of the plant, which includes telephone, ADP equipment, and office administrative costs related only to the plant.

(f) Item 29- Repairs and Replacements - Report the amount of repairs and replacements actually charged for the particular period. If this amount exceeds the estimate for the current fiscal year indicated in item 15 by more than 30 percent, provide an explanation for the increase.

(g) Item 30- Cessation of work - post the total amount of cessation of work actually charged for the particular period. If this amount exceeds the estimate for the current fiscal year in item 16 by more than 100 percent, provide an explanation for the increase.

(h) Item 31- Small Tools, etc. - provide the actual amount expended for acquisition of small tools.

(i) Item 32- Operations - Enter the total amount of all actual charges to the plant-operation account less those shown in items 25 thru 31 for the particular year. If this amount exceeds the estimate for the current fiscal year indicated in item 18 by more than 30 percent, provide an explanation for the increase.

(j) Item 33- Total Costs - Tabulate the amounts for items 25 thru 32 for this entry. For the future fiscal year, (column 4) enter the sum of items 11 thru 18.

(k) Item 34- Earnings - Furnish the total amount of actual funds recovered from projects or other appropriations. This amount should be approximately equal to the sum of the products of the Daily Rate (item 22) times the Days in Use (item 38) for each rate. For the future fiscal year (column 4) enter the product of item 21 times item 22.

(l) Item 35- Net Balance - Enter the difference between item 33, Total Cost, and item 34, Earnings. If line 33 exceeds line 34, enclose the amount in parentheses with a minus sign indicating a negative amount (loss). If item 35 is a positive balance in excess of \$100,000 or 30 percent of the estimated replacement cost, whichever is less, indicate in the Explanatory or Historical Data space the anticipated future need for this amount. Any negative (debit) amounts shown in item 35 must be recovered in the following three-year period, or less, by entering an appropriate positive amount in item 19, unless a waiver is obtained from CECW-CO.

(m) Item 36- Prior Year Balance - Record the cumulative balance to date of the plant operation account for the end of the preceding period which is the same amount shown in item 37 of the preceding year. Debit balance (loss) will be enclosed in parentheses with a minus sign, for example, (-54,384). For future fiscal year, (column 4) enter the amount of item 37 for the current fiscal year (column 3).

(n) Item 37- Balance To Date - Determine the algebraic sum of items 35 and 36 for this entry. Debit balance (loss) will be enclosed in parentheses with a minus sign, for example, (-34,384).

(o) Item 38- Days in Use - Indicate the actual number of days to one decimal place for which charges were made for use of the plant. If the plant worked a variable schedule, such as an alternating 5 and 7-day workweek, actual days worked under each schedule should be indicated under the Explanatory space. Charges will be made for: (a) preparing the plant for departure; (b) in transit to work; (c) at work; and (d) in transit home. During normal working seasons, the plant will be charged for each day or fraction of a day on which the plant is employed including Sundays and holidays except for operating delays because of repairs. During the non-working seasons, no charges will be made for idle time due to adverse weather or water conditions. Cost of maintaining plant idle due to work having been performed by contract will be charged to the operating account (item 32). If the amount for maintaining an idle plant becomes prohibitive, appropriate recommendation will be submitted to CECW-CO.

(p) Item - District - Identify the district command.

(q) Item – Name of Plant – Enter name exactly as it appears on the plant.

(r) Item – Type of Plant – Describe the category of plant as classified in EP 1125-2-1 for type of floating plant.

(s) Item - Explanatory or Historical Data - In addition to the explanations indicated above, this space should include any other information which will assist in determining the reasonableness of the entries. The reverse side of the form should be used for continuation of explanations. Unusual changes should be explained for any condition, but especially as noted for the following items:

-Item 6-Depreciation Credited

-Item 25-Depreciation

-Item 29-Repairs and Replacements

-Item 30-Cessation of Work

-Item 32-Operations

-Item 35-Net Balance

-Item 38-Days in use

b. Guidelines for preparing Engineer Form 2438.

U.S. Army Corps of Engineers (USACE) PLANT RECORD CARD - GROUP ITEMS For use of this form, see ER 37-1-30 and ER 37-1-29; the proponent agency is CECW-CO.			1. DATE PREPARED (YYYY-MM-DD)	
2. OWNING APPROPRIATION OR PROJECT				
SECTION I - ITEMS ACTUAL AND ESTIMATED				
ITEM DESCRIPTION	a. PRIOR YEAR (YYYY)	b. TOTAL ACTUAL COST	c. CURRENT YEAR (YYYY)	d. TOTAL ESTIMATED COST
1. FISCAL YEAR NUMBER OF ITEMS				
2. REPAIRS, Supplies, Equip and Services				
3. DEPRECIATION				
4. OPERATIONS (<i>Labor, F&L, Miscellaneous</i>)				
5. CESSATION				
6. PLANT REPLACEMENT INCREMENT				
7. INSURANCE				
8. PROVISION - OVERHAUL REPAIRS ADJUSTMENT				
9. TOTAL COSTS				
10. USAGE DAYS				
11. DAY OR SHIFT RATE	Current Daily Rate:			

SECTION II - PLANT RECORD CARD - GROUP ITEMS							
ITEM #	a. PLANT NAME OR NUMBER	b. ACQUISITION DATE (YYYY-MM-DD)	c. ESTIMATED LIFE YEARS	d. ORIGINAL COST	e. TOTAL COST INCLUDE A&B	f. REMAINING BOOK VALUE	g. ESTIMATED CURRENT REPAIRS
1							
2							
3							
4							
5							
6							
7							
8							
h. TOTALS							
9. DISTRICT		10. GROUP AND CODE DESIGNATION		11. TYPE OF PLANT (Category)		12. PLANT ACCOUNT BALANCE PREVIOUS FISCAL YEAR	
13. OFFICE AND OFFICE SYMBOL		14a. DATE (YYYY-MM-DD)		b. NAME (First MI. Last) TITLE		c. APPROVED BY SIGNATURE	

ENG Form 2438 provides the plant name or number, acquisition date, estimated life years, original cost, total cost including additions and betterments, remaining book value and estimated current repairs for individual items as well as for the group as a whole. When more than one card is required to report all the items in a group, each card will be identified numerically with the total number of cards in the group (e.g., 1 of 3, 2 of 3, and 3 of 3). After entering the "Date Prepared" and the "Owning Appropriation or Project", record other items as follows:

(1) Line items under "PLANT RECORD CARD- GROUPED ITEMS" (page 1)

(a) Item 1- Fiscal Year/No. Items - Enter the fiscal year for the column heading "Prior Year Actual Cost" and "Current Year Estimated Cost." In addition, indicate the total number of plant items included in the group under the "Prior Year" and "Current Year" headings.

(b) Item 2- Repairs - Record the actual cost of all repairs for the prior fiscal year and a reasonable estimate for the current year.

(c) Item 3- Depreciation - Record the depreciation expense charged in the prior fiscal year. Determine the estimate for the current year by dividing the remaining book value of all items in the group by the cumulative remaining estimated life years.

(d) Item 4- Operations - Enter the cost for labor, fuel, lubricants, insurance, and any other expenses not included in items 2 thru 8.

(e) Item 5- Cessation - Prepare a fair and reasonable charge per day for periods of idleness for care, maintenance, weather, or no available work. Enter actual cost for prior year.

(f) Item 6- Plant Replacement Increment - Actual plant increment charged to operating accounts in prior year. Compute an estimate for current year incremental cost by using the factors provided annually in Engineering Circular EC 37-2-* for manufactured goods. An example is at Table C-3 below:

Table C-3 Plant Increment for Group Items			
<u>Plant No.</u>	<u>Acquisition Date</u>	<u>Estimated Life Years</u>	<u>Total Cost Including A&B</u>
137	Oct 96	30	\$5,000
138	Oct 06	30	\$7,000
139	Oct 16	30	<u>\$9,000</u>
			<u>\$21,000</u>

<u>Average Acquisition</u>	<u>October 16</u>	
Total Cost	\$21,000	
PRIP Increment Factor	2.81	From EC 37-2-X
Estimated Replacement Cost	\$59,010	Total Cost x Multi Factor
Amount Recovered by Increment	$\$59,010 - 21,000 = \$38,010$	Replacement Cost – Total Cost
Estimated Life Years	90	Life Expectancy
Plant Increment / Plant	$\$38,010 / 90 = \422	Charge for each plant item
Total Increment (137-139) (3 x \$422) = \$1,266		

(g) Item 7 – Insurance - Actual insurance charged to operating accounts in prior year. Compute an estimate for current year insurance cost.

(h) Item 8- Provision- Overhaul Repairs Adjustment - Enter an adequate amount to absorb the cost of any overhaul, replacement parts, or repairs required to keep the items operable and to provide a zero balance when overhaul, replacement or repairs are required.

(i) Item 9- Total Cost - Add items 2 thru 8.

(j) Item 10- Usage Days - Indicate the total days of use for all items in this group. Usage miles may be used for some groups.

(k) Item 11- Day, Shift or Mileage Rate - Divide the total cost (item 9) by number of usage days (item 10) to obtain rate. If "shift" operation is the basis, insert "S" after the rate. If plant is used on a "daily" basis, insert "D" after the rate. Use rental rate per mile for group motor vehicles.

(2) Line items under "PLANT RECORD CARD-GROUPED ITEMS (Continued – page 2)

(a) Item - Plant Name or Number - Record the name or number of the plant items exactly as it appears on the plant.

(b) Item - Acquisition Date - Enter month nearest to the date the item of plant or surplus item of plant was placed in service.

(c) Item - Estimated Life Years - Show the total estimated economic life of the plant from the date each item was first built or acquired. In establishing this factor, consideration will be given to expected operating conditions, character of work, statistical experience available on similar plant, and any other factors that will affect the life of the plant.

(d) Item - Original Cost - List the actual acquisition cost for all plant items procured under the Revolving Fund. When a plant item is acquired by transfer from another government agency, however, the amount the transferor (prior owner) paid for the item

will be noted as "unfunded." If the original cost is unknown, a reasonable estimate should be prepared. If a modification or rehabilitation of the transferred plant is required to make it suitable for its intended use by USACE, this amount is deducted from the original cost and this same amount is added to additions and betterments.

(e) Item - Total Cost Including A&B - Add the sum of the original cost and the cost of additions and betterments to date for this entry.

(f) Item - Remaining Book Value - Determine the difference between the total cost including additions and betterments, and the total depreciation (item 3).

(g) Item - Estimated Current Repairs - Enter the estimated total cost of repairs, replacements, and small tools for each item for the future fiscal year. This estimate will consider normal repairs, replacements, small tools, or major overhauls and will be based on average costs to date and experience cost data on similar items of plant. Consideration will also be given to expected operating conditions to be encountered and estimated future cost indices.

(h) Item – Totals - Enter the sums for each of the four columns with cost data.

(i) Item – District - Indicate name of the owning district command, major subordinate command, or other USACE command.

(j) Item - Group and Code Designation - Indicate group number or code designation as applicable.

(k) Item - Type of Plant - Describe principal function or nomenclature of the plant in the group such as: Barge-Deck Cargo, Boat-Patrol, Launch-Survey, Tractor-Crawler, or Truck-Pickup - 3/4 ton. See EP 1125-2-1 for category definitions of floating plant and ER 56-2-1 (Administrative Vehicle Management - Civil Works) for category definitions of vehicles.

(l) Item - Plant Account Balance Previous Fiscal Year - Enter data indicating the credit (CR) or debit (DB) from the, prior fiscal year (DB 4,493).

(m) Item – Office and Office Symbol – Enter owning office and symbol.

(n) Item – Date – Enter date prepared.

(o) Item- Name – Enter preparer name.

(p) Item – Approved By – Indicate the name of the approving district command, major subordinate command, or other USACE command, date, and initials of approving

operating official. Note: Major Subordinate Command Engineers have repair authority as delegated by Headquarters USACE. District Command Engineers may have repair authority, as delegated by the Major Subordinate Command Engineer.

(3) Whenever an item of plant is transferred from one group account to another, indicate the transfer on the new card with a designation in parentheses immediately below the plant name or number.

C-7. Disposal Actions. Before disposal plans are implemented for an item of plant, the following information must be submitted to CECW-CO for review.

a. Major Plant (Non-Group)

(1) Plant name or number.

(2) Actual date plant will be retired or delivered to new owner or actual date plant will be destroyed.

(3) Method of disposal: If by sale, list the name and address of buyer; if by transfer, list name and address of agency.

(4) Amount that will be received for the plant.

(5) Plant account balance for the current and previous fiscal years.

b. Minor Plant Group. The same categories of information listed in paragraph C-7a above for major plant must be recorded for minor plant items. In addition, a revised ENG Form 2438 for the group account must also be prepared.

Appendix D

Transfer and Placement in Service of Assets Acquired by Other Than the Asset-Owning Command

D-1. Purpose. To provide guidance on how to transfer and place in service assets that are acquired by one USACE command for another USACE command.

D-2. Costs. Costs associated with acquisition of plant will be accumulated in the acquiring command's financial records as construction in progress (CIP). Once the item is ready for delivery, the acquiring command will transfer all cost accumulated as CIP immediately to the asset-owning command via Transfer Out, Without Reimbursement instructions in the financial regulations together with supporting documentation to include contract documents. The asset-owning command will transfer in the CIP into their financial record IAW financial regulation guidance for Transfers-In-Without Reimbursement. Once the transfer CIP is completed, immediate action will be taken to place the asset in service. The value of the transfer will reflect all acquisition costs. If costs are incurred subsequent to the Transfer Out/Transfer In, the same procedures will be followed to transfer the additional cost to the asset-owning command. All transfers will be recorded within the same month.

D-3. Transfers Related to Marine Design Center (MDC) Acquisitions. Acquisition costs will be recorded in the Philadelphia District finance and accounting system for items acquired through MDC. When the item is transferred from MDC to the asset owning district, the Philadelphia District will transfer out all cost accumulated and identified as construction in progress (CIP) in its accounting system, to the asset-owning district according to financial regulations.

D-4. CIP Transfer Out Instructions for CEFMS II. USACE activities will transfer out PRIP CIP for items acquired for another USACE activity as provided in the instructions below (see figure D-1).

- a. Select option 16 (Asset Cost Transfer/View) from the Revolving Fund Fixed Assets Menu (see below).

Portland District CEFMS II - FOR OFFICIAL USE ONLY (FOUO)

Action Edit Block Field Record Query Pki Help Window

CORPS OF ENGINEERS CORPORATE MANAGEMENT INFORMATION SYSTEM (menu)

Menu ID: AACFB User: s0rmfjmf Last Login: 01-MAY-2020 12:38:39

REVOLVING FUND FIXED ASSETS MENU

<input type="checkbox"/> ASSET WORK ITEM/WORK ORDER 3013 (1)	<input type="checkbox"/> VIEW PLANT OPERATING ACCOUNT (13)
<input type="checkbox"/> WORK ITEM BREAKDOWN (2)	<input type="checkbox"/> VIEW RF ASSET TRANSACTIONS (14)
<input type="checkbox"/> PLACE IN SERVICE/CHANGE STATUS (3)	<input type="checkbox"/> RF ASSET WBS UTILITY (15)
<input type="checkbox"/> RECLASSIFICATION (4)	<input type="checkbox"/> ASSET COST TRANSFER/VIEW (16)
<input type="checkbox"/> CHANGE PROPERTY ID (5)	<input type="checkbox"/> PROPERTY TRANSFER STATUS (17)
<input type="checkbox"/> VIEW A & B WORK ITEM STATUS (6)	
<input type="checkbox"/> CASUALTY LOSS (INSURANCE) (7)	
<input type="checkbox"/> VIEW NON-GROUP PLANT (8)	
<input type="checkbox"/> VIEW GROUP PLANT (9)	
<input type="checkbox"/> CREATE/UPDATE SETS (10)	
<input type="checkbox"/> VIEW PLANT RESOURCES (11)	
<input type="checkbox"/> PLANT RENTAL PROCESS (12)	

Enter menu ID, option ID, or Smart Screen #

Go! Prev Menu Exit System

FOA Dist. Div.

G2 NWP

Record: 1/1

Figure D-1-CEFMS II Revolving Fund Menus

b. Select option 1 from the CIP Transfer Menu (see below).

The screenshot shows a web-based application window titled "Portland District CEFMS - FOR OFFICIAL USE ONLY (FOUO)". The window has a menu bar with "Action", "Edit", "Block", "Field", "Record", "Query", "Pki", "Help", and "Window". Below the menu bar is a header for the "CORPS OF ENGINEERS CORPORATE MANAGEMENT INFORMATION SYSTEM (menu)". The main content area displays the following information:

- Menu ID: AACFBC
- User: s0rmfjmf
- Last Login: 05-MAY-2017 09:10:00
- CIP/BOOK COST (CAP) TRANSFER/VIEW MENU**

Below this header is a list of seven options, each with an unchecked checkbox:

- ☐ TFR CIP OUT W/O REIMB (1)
- ☐ TFR CIP IN W/O REIMB (2)
- ☐ TFR CIP TO EXPENSE (3)
- ☐ TRF EXPENSE TO CIP (4)
- ☐ TFR ASSET TO ASSET BOOK COST (5)
- ☐ TFR CAP TO CIP OR EXP (6)
- ☐ VIEW CIP TFR IN TRANS REG (7)

At the bottom of the window, there is a section for "Enter menu ID, option ID, or Smart Screen #". To the right of this input field are three buttons: "Go!", "Prev Menu", and "Exit System". Further to the right, there are two input fields labeled "FOA" and "Dist. Div.". The "FOA" field contains the text "G2", and the "Dist. Div." field contains the text "NWP". At the very bottom of the window, there is a status bar that says "Record: 1/1".

Figure D-1a (continued)

c. Input required data on CIP Transfer Out screen. Completed screen should look something like screen shown below:

Portland District CEFMS - FOR OFFICIAL USE ONLY (FOUO)

v2.1.23 Revolving Fund Transfer CIP Out W/O Reimb Screen 2.25.R1

Action Edit Block Field Record Query Pki Help Window

Asset Work Item: 299L3J 6-CRFM JDA AVIAN WIRE DESIGN DEFICIENCY CORRECTION [1235]

Parent Work Item: 2D5LGB 123591-CRFM COL R. FISH PROGRAM MGMT

Project Work Item: 2D5LGB 123591-CRFM COL R. FISH PROGRAM MGMT

Responsible Employee: E00010351 IAN BRYSON CHANE

Responsible Organization: G2H4PP0 PPMD-PROJ MGR & PLANNING UNIT

Property Category: 10 OTHER STRUCTURES Group Type: WI Class: 1

Accounting Class: 096 NA X 3122 G2 08 96352

Mgmt Structure: 075491 COLUMBIA RIVER FISH MITIGATION, WA, OR & ID

Transfer Type: R REVERSED TRANSFER Asset Trans No: 1000035

Transferee Org: CENWP0000 USACE, PORTLAND I Current CIP Balance: 0.00

Current TRF Balance: 0.00

Transfer Date: 03-APR-2017 Period: 201705 CIP Transfer Amount: 86465.62

Remarks: CIP OUT FROM CRFM PROGRAM MGMT PROJECT INTO THE AVIAN WIRES PROJECT

PROCESSED BY

Emp ID: E00066426 NATHALIE A WATSEK

Ofc Sym: CENWP-RM-F Org Code: G2B0F00 Phone: 503-808-4467

☐ Reverse Cost Transfer Select Cost To Transfer

Prev Page Prev Next Query List Save Exit Next Page

Record: 1/?

Figure D-1a (continued)

d. Generate a CIP Transfer Out report from report option screen shown below and provide copy to asset owning District to advise them of the CIP transferred to them. CEFMS II path is option 1,3,6,10, CIP Status Reports, C-I-P Cost Transfer Out Report.

Report Title	Report ID
C-I-P COST TRANSFER IN REPORT	cstrnsfr
C-I-P COST TRANSFER OUT REPORT	cipout
CONSTRUCTION IN PROGRESS (CIP) GENERAL LEDGER/COST RECON	ciprecon
CONSTRUCTION IN PROGRESS (CIP) COST - MOA PERCENTAGES	cipcosts
CONSTRUCTION IN PROGRESS (CIP) PROJECT STATUS REPORT	cipstatr
CONSTRUCTION IN PROGRESS (CIP) SUPPORTING DOCUMENTATION RPT	cipdoc
P2 PROJECT CIP STATUS REPORT	p2cipstr
PM PROJECT CLOSEOUT REPORT / PRELIMINARY FINANCIAL 1354	pmcipproj
DD FORM 1354 GENERATION PROGRAM	form1354
CIPDOC FOR ASSETS TO DOCUMENT THE ASSET COST PER PROPERTY ID	astcipdc
CIPDOC FOR P2 PROJECTS AND/OR WORK ITEMS	p2cipdoc
REPORT FUND ACCOUNTS WITH CIP COSTS AND APPROP STATUS 'I'.	cipfunds

☐ Execute Selection
 ☐ View Report Descriptions
 ☐ Exit To CEFMS Menu

☐ Defer Execution

Title of the Report to Execute

Record: 2/? 5/30

Figure D-1a (continued)

D-5. CIP Transfer In Instructions for CEFMS II. USACE activities will transfer in PRIP CIP for items acquired by another for their activity as provided in the instructions below.

- a. Create asset work item on screen 2.100. See below.

Portland District CEFMS - FOR OFFICIAL USE ONLY (FOUO)

v2.1.33 Revolving Fund Fixed Asset - Work Item Create/Update Screen 2.100

Action Edit Block Field Record Query Pki Help Window

Work Item Type: T TASK WI Classification: 2 ADDITION AND BETTERMENT (C

Work Item: 29D532 YAQUINA DRAG ARM WINCHES

Accounting Classification: 096 NA X 4902 000 0000 ASN: 2432 FSN: 96352

Parent Work Item: 001T27 ASSET A/C -HOPPER DREDGE YAQUINA

Group Type: X ASSET CHILD Property Category: 30

Received By Organization: G2B0F00 FINANCE AND ACCOU Received Date: 25-JAN-2011

Work Item Category: P PLANT AND EQUIPMENT SERVICES

ID: E00122895 Alternates Assigned:

Responsible \ Employee / Name: ANA MARIA STAUFFER

Phone: 503-808-4463 Office Symbol: CENWP-RM-F

Assign Date: 25-JAN-2011 Organization: G2B0F00 FINANCE AND ACCOUNTING BRANC

External Reference: Source Name:

Description: TO TRANSFER IN COSTS FROM MDC THRU PHILADELPHIA DISTRICT.

Property ID: 14399 YAQUINA - HOPPER DREDGE

☐ Assign Command Indicators ☐ Assign Work Locations ☐ Notes

☐ Assign/View Local Indicators ☐ Assign Alternate Responsible Employee

☐ Create Asset Work Order

Prev Page Prev Next Query List Save Exit Next Page

Enter T for Task.

Record: 15/? 1/30

Figure D-1a (continued)

- b. Enter asset work item (or select from F4 list) on screen 2.29.R1 (path: 1, 3, 6, 2, 16, 2). Enter data in bottom block of form to represent CIP costs transferred in.

Portland District CEFMS - FOR OFFICIAL USE ONLY (FOUO)

Action Edit Block Field Record Query Pki Help Window

v2.1.39 Revolving Fund Transfer CIP In W/O Reimb Screen 2.29.R1

Transferor Organization: CENAP0000 USACE, PHILADELPHIA DISTRICT Transfer-In ID: 636445

Asset Work Item: 29D532 YAQUINA DRAG ARM WINCHES

Project Work Item: 001T27 ASSET A/C -HOPPER DREDGE YAQUINA

Responsible Employee: ANA MARIA STAUFFER

Responsible Organization: G2B0F00 FINANCE AND ACCOUNTING BRANCH

Property Category: 30 DREDGES Transfer-In Date: 22-JUN-2011

Accounting Class: 096 NA X 4902 000 0000 G2 08 96352

Management Structure: NA REVOLVING FUND CORPUS

Remarks: TO TRANSFER IN CIP COSTS FOR DRAG ARM WINCHES FROM MDC. PRIP Indicator: Y

Transfer Type: F Reverse Transfer

<Page-Down> Create/Update Established CIP Cost

Trans ID: 636445 Cost Org: G2R1H30 Work Cat: CAPACQ

Resource Code: WKBOTHCOE Fund Acct: G212780 MOA Code: C1 Work Cat Elem: ADDB

Transfer In Amt: 185138.82 EOR Code: 2530 Period: 201705 Cost Type: CIP

Trans ID: Cost Org: Work Cat:

Resource Code: Fund Acct: MOA Code: Work Cat Elem:

Transfer In Amt: EOR Code: Period: Cost Type:

☐ Transfer Detail

Prev Page Prev Next Query List Save Exit Next Page

Enter org code of FOA from which CIP is being transferred. F4 for list.

Record: 7/? ... List of Valu... 1/30

Figure D-1a (continued)

c. Place asset or addition and betterment in service on appropriate revolving fund place in service screen (Group/Non-Group - 2.11, Sets - 2.16, Additions and Betterments - 2.11.3 or Real Property - 2.17). See example below.

Portland District CEFMS - FOR OFFICIAL USE ONLY (FOUO)

Action Edit Block Field Record Query Pki Help Window

v2.1.15 Place in Service Revolving Fund Asset Addition/Betterment 2.11.3

Property ID: 14399 YAQUINA - HOPPER DREDGE

Asset Work Item: 001T27 ASSET A/C -HOPPER DREDGE YAQUINA

Operating Work Item: I00921 DREDGE YAQUINA

Property Category: 30 DREDGES

Owning Org: G2R1H30 DREDGE OPERATION SECTION

Asset Acquisition Date: 01-OCT-1981

Accounting Classification: 096 NA X 4902 000 0000 G2 08 2432 96352

Asset PRIP No: NA

Addition & Betterment Work Item		A&B P-I-S Date	A&B Costs CIP	35% Indicator
29D532	YAQUINA DRAG ARM WINCHES	15-MAR-2009	.00	

A&B PRIP No: NA A&B Transaction Date: 14-MAY-2013 1,793,843.33 CAP

Useful Life Years/Months: 25 / 0 Effect Date: 15-MAR-2009 Prip Ind: Y ADB Phase: S

Remarks: TO PLACE IN SERVICE A/B DRAG ARM WINCHES PER COI Processed By: E00122895

Total Useful Life Months: 300 Life Months Remaining: 0 Name: ANA MARIA STAUFFER

Accounting Period: 201705 Replacement Cost: Phone No: 503-808-4463

Plant Incre Waiver: ☐

☐ A&B Component Costs ☐ Reverse A&B P-I-S ☐ A&B Component: Y

☐ Addition/Betterment Comments ☐ A&B Phase Change

Prev Page Prev Next Query List Save Exit Next Page

Enter Property Id. F4 for list. F2/F3 for reversals.

Record: 5/? 1/30

Figure D-1a (continued)

Appendix E

Depreciation, Plant Increment and Insurance Income

E-1. Depreciation.

a. Purpose. Depreciation is the allocation of acquisition cost of an asset over the estimated useful life of the asset. This allocation is also the income by which all investment cost is recouped in the Revolving Fund. The straight-line depreciation method of allocating cost is used by USACE. For Additions and Betterments, USACE recognizes component depreciation for all Revolving Fund assets placed in service after 1 January 2011. Component depreciation allows an A&B portion of an asset to be depreciated or amortized over its own separate recovery period (useful life). The recovery period may not exceed one-half of the life of the original asset or the remaining useful life of the asset, whichever is less. Beginning with fiscal year 2022 PRIP funding cycle or later, activities requiring new major vessels (i.e., dredges, towboats and machinery intensive vessels) with a MEP that is expected to be repowered or replaced at mid-life must place the asset in service as two separate components: (1) vessel, using the standard recovery period per Appendix J-3 of ER 37-1-30, Chapter 15, Accounting for Property, Plant and Equipment; and (2) MEP, using half of the vessel's standard recovery period. Activities must pay off any unpaid PRIP loan of the original MEP upon placing the new MEP in service.

b. Applicability. Depreciation is charged on all Revolving Fund with remaining book value owned assets except those in process of acquisition or disposal. Depreciation begins when an item is placed in service. Guidelines for the discontinuance of depreciation on assets in disposal can be found in the financial regulations.

c. Income. Depreciation income from Revolving Fund owned assets is recouped quarterly in the current fiscal year by the USACE Finance Center for Headquarters.

E-2. Plant Increment.

a. Purpose. Plant increment is a surcharge for increased cost of replacement over the original life of an asset. It is charged on all Revolving Fund owned structures and equipment. The component method is used to calculate plant increment for A&Bs placed in service after 1 January 2011. The plant increment computation on the A&B cost uses the annual factor for the year the A&B is placed in service. The purpose of plant increment is to maintain the purchasing power of the Revolving Fund corpus. Plant increment is also income and is recouped in the Revolving Fund.

b. Applicability. An asset authorized under the PRIP is subject to plant increment while it is in service and there is no approved waiver. Exceptions to this requirement are assets in process of acquisition or disposal, land or fully depreciated capital assets

for which there is documented evidence that they will not be replaced under PRIP authority. Requests for waiver of plant increment must be coordinated through CERM-F for concurrence prior to approval.

c. Income. Plant increment income from Revolving Fund owned assets is recouped quarterly in the current fiscal year by the USACE Finance Center for Headquarters.

E-3. Plant Increment Rates. Plant increment rates are calculated by HQUSACE (CERM-F) annually using cost indices posted on the Bureau of Labor Statistics and Engineering News Record websites.

a. The cost indices used for calculating rates for aircraft, vessels (ships) and manufactured goods (finished goods) are posted on the Bureau of Labor Statistics website, www.bls.gov.

(1) For Aircraft, the Producer Price Index for Transportation Equipment, Aircraft, Not Seasonally Adjusted is used.

(2) For Vessels, the Producer Price Index for Transportation Equipment, Ships, Not Seasonally Adjusted is used.

(3) For Manufactured Goods, the Producer Price Index for Group SOP Stage of Processing, Finished Goods, Not Seasonally Adjusted is used.

b. The cost index used for calculating rates for structures is posted on the Engineering News Record website www.enr.com as Building Cost Index History.

c. The increment calculator has been added to assist in calculating plant increment.



PRIP Increment
Calculator.xlsx

E-4. Insurance.

a. Purpose of Insurance. Insurance is a surcharge assessed to provide a reserve to be available for absorption of losses and damages to Revolving Fund owned assets and warehouse stock. This reserve enables USACE to insure against losses and damages without assessing the full cost of such losses to the current benefiting projects/activities at the time of the loss. The charges for insurance premiums will be included in the operating expenses of the activity in which the insured asset is used. For example, insurance premiums covering warehouse stock, warehousing structures, and warehouse equipment will be charged to Warehouse Operating expense; premiums for shops and yards structures will be charged to the shops and yards operating accounts;

and premiums for a dredge will be charged to the applicable plant operating account.

b. Applicability. All Revolving Fund owned plant in service and warehouse stocks with book values are subject to insurance charges. No insurance will be charged on land or software. When Revolving Fund owned structures are utilized by other Government agencies free of charge, insurance applicable to such structures or portion of structures utilized will continue to be accrued.

c. Use of the Insurance Account for Revolving Fund Owned Assets. The insurance account will be used to absorb losses of book value at the time of the loss or repair. Book value is the undepreciated amount of the acquisition cost. Requests to use insurance funds for loss or damage of PRIP assets must be approved by CERM-F and will be considered for the following: costs to economically repair a damaged asset, remaining book value for an asset lost or damaged beyond economical repair, Incremental costs of the activity resulting from loss, damage, or unavailability of the asset during repair and replacement of a structure or item of equipment damaged beyond economical repair will be accounted for as a new procurement. The requirement for capitalization and PRIP authorization apply. Insurance funds may not be used for maritime and tort claim payments.

Appendix F

Preparation of ENG 4613, Major Item New Starts (MINS), Group Major Items and Update of Continuing Major Items.

F-1. Purpose. To provide guidance on how to prepare Engineer Form 4613 for Major Item New Starts, Group Major Items and Update of Continuing Major Items.

U.S. Army Corps of Engineers (USACE) MAJOR ITEM NEW START (MINS) AND UPDATED CONTINUING MAJOR ITEMS CIVIL WORKS REVOLVING FUND PLANT REPLACEMENT AND IMPROVEMENT PROGRAM (In Thousands of Dollars) <small>For use of this form, see ER 37-1-29; the proponent agency is CERM-BI.</small>							<i>Requirement Control Symbol</i> RCS-CERM-BI-21	
To		Fiscal Year MINS Approved		Date Prepared		MDC No.		
From		Authorization				PRIP Project No.		
Project Title		Location		Type of Submittal <input type="checkbox"/> Initial <input type="checkbox"/> Updated <input type="checkbox"/> Final				
1. Project/Items		2. Design Data			3. Construction Data			
a. Type:		a. Start Date:			a. Start Date:			
<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> A&B		b. Finish Date:			b. Finish Date:			
b. Size, Cap or Amount:		c. Design Time:			c. Constr Time:			
c. <input type="checkbox"/> Mission <input type="checkbox"/> Admin		d. Constr Bid Date:			d. Estimated Cost:			
d. PRIP Payback Period - No. of Years:		e. Constr Award Date:			e. Constr %:			
e. Date Asset will be Placed in Service:		f. % Complete			f. S, I, & OH:			
f. Total Cost:		g. Design Cost:			g. Constr Cost:			
4. Obligation Plan								
Category Code	Category Total	Prior Year	FY _____	FY _____	FY _____	FY _____	FY _____	Future Years
a.								
b.								
c.								
d.								
e.								
f. Project Total:		\$0.00						
<p>To input data - put your cursor here & left click your mouse.</p> <p>Helpful hints on how to write justification:</p> <p>Describe the current status quo, the capability afforded by the existing equipment/ADPE/Software development and the short comings.</p> <p>Describe the benefits to be realized from the proposed PRIP investment.</p> <p>Who the bill payer (Dist/FOA)</p> <p>Indicate whether an Economic Analysis or cost analysis has been prepared. If not, why not?</p> <p>What's the impact if not funded?</p> <p>For computer software, separately identify the license fee.</p> <p>If this is to replace a current PRIP asset, provide the current PRIP asset's Property Identification Number.</p> <p>RECOMMEND MSC/DIST/FOA consult with functional tech experts, legal and Fiscal experts at their level prior to forwarding to HQ for inclusion in the budget submission.</p>								

Figure F-1

(Proponent: CERM-BI)

5. Justification Statement and Description of Work

ENG FORM 4613, OCT 2020

Page 2 of 2

Figure F-1 (continued)

F-2. Instructions.

a. General Data.

(1) To. Identify the MSC/FOA activity that will submit the requirement for review and approval for submission to Headquarters.

From. Identify the USACE activity submitting the requirement.

(3) Project Title. Self-explanatory.

(4) Fiscal Year MINS Request Approved. Indicate the fiscal year in which the item was approved by HQUSACE and Congress was notified. This will not change once the item has been approved.

(5) Authorization. Property identification of item being replaced or rehabilitated.

(6) Location. Physical location of the item requested for replacement or rehabilitation. If this is a new asset, the location is where the asset will reside upon acquisition.

(7) Date Prepared. Date the form is initially prepared or updated.

(8) MDC No. Project Number assigned by Marine Design Center, if applicable.

(9) PRIP Project No. Project number assigned by Headquarters upon project authorization.

(10) Type of Submittal. Self-explanatory.

b. Project/Item Data.

(1) Block 1a. Type. Construction of a new requirement, addition and betterment to an existing asset, or replacement of an existing asset.

(2) Block 1b. Size, Capacity, Amount. Indicates size, capacity, or amount of item.

(3) Block 1c. Mission or Administrative. Mission related asset or administrative in nature.

(4) Block 1d. PRIP Payback Period. Indicates useful life years.

(5) Block 1e. Date Asset will be placed in service. For initial submission and

updates, indicates the estimated month and year item will be placed in service. Work slippage requires update to the form. For final submission, indicates specific date item is placed in service.

(6) Block 1f. Total Cost. Total cost equals total design cost plus total construction cost.

c. Design Data.

(1) Block 2a. Start Date. Planned/actual start date for design work.

(2) Block 2b. Finish Date. Planned/actual finish date for design work.

(3) Block 2c. Design Time. Total design time.

(4) Block 2d. Construction Bid Date. Planned due date for contractor bids as stated on solicitation.

(5) Block 2e. Construction Award Date. Planned date of construction contract award.

(6) Block 2f. Percent Complete. Percentage of design completed.

(7) Block 2g. Design Cost. Total cost of design.

d. Construction Data.

(1) Block 3a. Start Date. Planned/actual construction start date.

(2) Block 3b. Finish Date. Planned/actual construction finish date.

(3) Block 3c. Construction Time. Total construction time.

(4) Block 3d. Estimated Costs.

(5) Block 3e. Cont Percentage. Percentage of funds included for contingency.

(6) Block 3f. S, I & OH. Cost of project supervision, inspection, and overhead.

(7) Block 3g. Construction Cost. Total construction cost.

e. Obligation Plan. Displays estimated funding requirements by Category Code by fiscal year from design through construction in blocks 4a through 4e.

(1) Category Code. Identify all applicable Category Codes of the asset being acquired. See Appendix H-1 for list of property asset/category codes.

(2) Category Total. Total cost of asset by Category Codes.

(3) Prior Years. Amount obligated in prior fiscal years in total.

(4) Fiscal Year, (FY). Represents the current fiscal year (CFY), budget year (BY), three out years, and future years requirements. Future year's requirement is in total. Insert dates for all fiscal years represented, except Future Years.

(5) Project Total. Self-explanatory.

f. Justification Statement and Description of Work. The narrative justification statement must be clear and concise, yet detailed enough to convey the district's need and address how the item is related to district mission. In addition, an adverse impact statement is to be included addressing the impact of not receiving approval. The description of work, as a minimum, will include a brief description and location of the item requested.

F-3. Grouped Major Items.

a. HQUSACE will consider establishing a Grouped Major Item when there is a USACE-wide requirement for the same or similar items or systems. The items or systems that make up a Grouped Major Item may or may not be Major Items when considered individually. In addition, a Grouped Major Item may be established when the Congressional Committees voice interest in receiving information on the acquisition of a type of plant regardless of the costs of the items.

b. Technical approval by the responsible proponent at HQUSACE is required for Grouped Major Items before a Budget Year submittal to OMB and the funding authority request will be considered by CECW-CO.

c. The responsible proponent with authority for technical approval at HQUSACE will prepare submittals to CECW-CO for Budget Year Grouped Major Items. This information is required for review and approval by OMB and notification to Congressional Committees and will include as a minimum:

(1) A copy of the technical approval and/or a specific reference to the portions of a master plan applicable to the submittal.

(2) Justification with cost effectiveness.

(3) Alternatives with a complete economic analysis.

(4) Copy of feasibility study.

(5) Realistic cost estimate and expenditure schedules.

(6) Copy of division commander's approved subsystem, networks, or equipment drawings.

d. Divisions will not be required to submit the normal Major Item documentation when requesting an item of plant within a Grouped Major Item. Allocations for Grouped Major Items will be according to the prioritized division list as set forth by the division commander.

e. District and Division technical elements will coordinate submittals, funding requests, priority rankings, and allocation requirements with the respective district or division commander. This is to assure appropriate coordination with the local PRIP Manager/Coordinator and to apprise the commanders of the long-term commitment associated with the acquisition of capital assets.

Appendix G

Preparation of ENG Form 4943, PRIP Plant Item Justification Sheet

G-1. Purpose. To provide guidance on how to prepare Engineer Form 4943 to request obligation authority and funding for the acquisition of capital assets through PRIP.

U.S. Army Corps of Engineers (USACE) PRIP PLANT ITEM JUSTIFICATION SHEET FUNDING REQUEST FOR FY _____ <small>For use of this form, see ER 37-1-29; the proponent agency is CERM-BI.</small>				Requirement Control Symbol RCS-CERM-BI-21	
1. Date Prepared		2. District		3. Office Symbol	
4. Office Priority		5. District Priority			
6. Division		7. Division Priority		8. Authorization	
9. Project Name and Location				10a. Date Signed	
				b. Approved By (Signature)	
11. Investment Type: a. Mission <input type="checkbox"/> Administrative <input type="checkbox"/>		17. Category Codes (Select One X)			
12. FY of MINS Approval:		<input type="checkbox"/> a. 00 Land <input type="checkbox"/> b. 5V (Suspended) c. 80 Software			
13. MDC Number:		<input type="checkbox"/> d. 05 Buildings <input type="checkbox"/> e. 5X Other Mobile Land Plant f. 9A Computer & Peripheral			
14. PRIP Project Number:		<input type="checkbox"/> g. 10 Structures <input type="checkbox"/> h. 6C Communication Eqpt i. 9D Computer Aided Design & Drafting			
15. Estimated Life (Year):		<input type="checkbox"/> j. 30 Dredges k. 6X Other Fixed Land l. 9W Water Control Data Sys			
16. ITIPS Number:		<input type="checkbox"/> m. 40 Other Floating Plant <input type="checkbox"/> n. 70 Tools, Office Eqpt & Furniture o. LH Leashold Improvement			
18. Cause (Select One)					
<input type="checkbox"/> a. Legal, Safety and/or Environmental		<input type="checkbox"/> b. A&B Productivity		<input type="checkbox"/> c. Bas-Ops General/Admin	
<input type="checkbox"/> d. _____		<input type="checkbox"/> e. Replacement		<input type="checkbox"/> f. New Mission	
<input type="checkbox"/> g. Other (Specify)		<input type="checkbox"/> h. _____			
19. Cost Estimates (In Dollars)					
a. Project Total:		b. Budget Year		c. Budget Year + 1	
d. Future Year		e. Actual Prior Years		f. FY	
g. FY					
20. Functions (Use and application; related assets)					
21. Justifications (Regulatory requirements; alternative considered; workload volume; benefits of proposal; condition / shortcomings of current assets)					

PRIP PLANT ITEM JUSTIFICATION SHEET Supplemental Information													
MINS Dates	1. Design Effort 35% Completed:					2. Eng Form 4613 Submitted:				3. Narrative Justification Submitted:			
Economic Analysis	4. B/C Ratio:			7. Incremental Cost			8. Impact			9. Payback Period			
	5. SIR Ratio:												
	6. NIPV:												
PRIP Payback \$ In Thousands	10a. First Year: FY					11a. Second Year: FY				12a. Future Years, Ending FY			
	b. \$					b. \$				b. \$			
13. Obligation Schedule Current Fiscal Year (\$ In Thousands)													
a. Month	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total (\$)
b. Estimate													
14. Projects/Appropriations													
Project/Appropriated Name												% Supported	
a.													
b.													
c.													
d.													
e.													
f.													
g.													
h.													
i.													
j.													
												% Total:	
15. Remarks													
<p>To input data - put your cursor here & left click your mouse.</p> <p>Some Helpful hints on how to write justification:</p> <p>Describe the current status quo, the capability afforded by the existing equipment/ADPE/Software development and the short comings.</p> <p>Describe the benefits to be realized from the proposed PRIP investment or requested additional funding increased.</p> <p>Indicate whether an Economic Analysis or cost analysis has been prepared. If not, why not?</p> <p>What's the impact if not funded?</p> <p>For computer software, separately identify the license fee.</p> <p>Identify who will pay back the PRIP project being requested for funding (i.e. District, CW projects)</p> <p>Note: If work is being performed by MDC, district must ensure ALL the data provided is consistent and accurate.</p> <p>If this is to replace a current PRIP asset, provide the current PRIP asset's Property Identification Number.</p> <p>RECOMMEND MSC/DIST/FOA consult with functional tech experts, legal and Fiscal experts at their level prior to forwarding to HQ for inclusion in the budget submission.</p>													

G-2. Instructions.

- a. Date Prepared. Self-explanatory.
- b. District. District name.
- c. Office Symbol. Office symbol of requesting organization.
- d. Office Priority. Priority number assigned by the requesting organization if the office is requesting more than one item through PRIP.
- e. District Priority. Priority assigned within the requesting district.
- f. Division. Division Name (Major Subordinate Command/Field Operating Activity).
- g. Division Priority. Division priority number (to be completed by Division PRIP Manager).
- h. Authorization. Examples are property ID code being replaced, public law authorizing construction or acquisition for new or replacement items, and additions and betterments.
- i. Project Name. Self-explanatory.
- j. Date signed. Self-explanatory.
- k. Approved By (Signature). Signature of division office chief.

G-3. Project Data.

- a. Type. Mission assets are those assets justified and used principally for core mission. Administrative assets are those assets justified and used principally for managerial purposes.
- b. FY of MINS Approval. Funding requests for Continuing Major Items (CMI) will indicate the fiscal year in which the item was approved. Once approved, this data element will not change.
- c. MDC No. Indicates Marine Design Center project number, if applicable.
- d. PRIP Project No. If multi-year funded asset, project number assigned in previous fiscal year. If new item, the PRIP Project number will be assigned by HQUSACE, if approved.
- e. Estimated Life. Useful life based on minimum and maximum limitations in ER 37-

1-30.

f. ITIPS Number. Number assigned to an information technology initiative in the Information Technology Investment Portfolio System (ITIPS)

g. Category Code. Select item category based on property asset codes listed in Appendix H-1. Subcategory codes must be used for Category codes 50, 60, and 90. Any item submitted using the summary level Category Code would not be forwarded for consideration.

h. Cause. Indicates the reason the item is being requested.

i. Cost estimate. Project total must equal the sum of Prior Years plus Budget years and Future Year funds requested.

j. Function. Briefly describe the use and application of the requested item and related assets used in its application. Include the ITIPS number in this field, if applicable. Any IT item submitted without the ITIPS number will not be included in the consolidated, prioritized division request to HQUSACE.

k. Justification. The narrative justification must be fully supportive of the district's need and mission. Justifications must be clear, concise, and include appropriate economic analysis, and adverse impact statements.

l. MINS Dates. Complete this section if requesting funds for a new MINS item or continuing major item.

(1) Design Effort 35% Complete. Indicate date design effort completed.

(2) ENG 4613 submitted. Indicate date of original or updated form, if applicable, submitted.

(3) Narrative justification submitted. Indicate date submitted.

m. Economic Analysis. Required for all MINS and minor items in excess of \$525,000.

(1) B/C Ratio. Provide benefit to cost ratio.

(2) SIR Ratio. Supervision and Inspection ratio (applies to Major items only).

(3) NIPV. Give net present value of item.

(4) Incremental Costs. Additional costs to be incurred if the item is not approved.

(5) Impact. Describe how work performance in dollars and work years could be impacted with or without the asset.

(6) Payback Period. Provide the estimated useful life.

n. PRIP Payback. Provide estimates of PRIP payback for first, second, and future fiscal years.

o. Obligation Schedule. Estimate month(s) you plan to obligate funds to acquire item if approved. Update in year of execution.

p. Projects/Appropriations. Provide projects and/or appropriations the item requested will support.

(1) Project/Appropriation Name. Self-explanatory.

(2) Percentage (%) Supported. Provide the percentage that the item will support each project and/or appropriation.

(3) Percentage (%) Total. The sum total of all the projects and/or appropriations supported percentages. The total will equal 100%.

Appendix H Property Asset Codes and Acquisition Guidance

H.1 Purpose: To provide Sub-Appendices on Property Asset Codes and Acquisition Guidance.

Sub-Appendix H-1
Property Asset Codes

H-1.1. Property Asset Codes. This appendix provides a listing of property asset codes some of which are funded under PRIP.

H-1.2. Property Asset Codes Included.

<u>Property Asset Code</u>	<u>Title of Asset Code</u>	<u>Guidance Provided in Sub-appendix Number</u>
00	Land and Land Rights	H-2
01	Improvements to Land	H-2
05	Buildings, Acquisition, Renovation and Improvements	H-3
10	Other Structures and Facilities	H-3
15	Assets Under Capital Lease	H-4
20	Aircraft	H-5
30	Dredges	H-6
40	Other Floating Plant	H-6
60	Fixed Land Plant – Summary Level	H-7
6C	Communication Equipment	H-7
6X	Other Fixed Land Plant	H-7
70	Tools, Office Furniture and Equipment	H-8
80	Information Technology (IT) Software	H-9
90	Information Technology (IT) Equipment - Summary Level	H-10
9A	Computers and Peripheral Equipment	H-10
9D	Computer Aided Design and Drafting (CAAD)	H-10
9W	Water Control Data System	H-10
LH	Leasehold Improvements	H-11

Sub-Appendix H-2
Land, Land Rights and Improvements to Land

H-2.1. Land. Acquisition cost of land owned by the Revolving Fund will reflect the purchase price, acquisition expenses, such as, mapping, surveying, appraising, negotiating, etc., and the cost of relocations necessary for the unhampered use of the land.

H-2.2. Land Rights. Reserved.

H-2.3. Improvements to Land. The costs of grading land, installing bulkheads, fill dirt, etc., will be identified as improvements to land.

Sub Appendix H-3 Buildings, Other Structures and Facilities

H-3.1. Acquisition, Construction and Renovation of Civil Works Buildings. This guidance is limited to the construction of new buildings, replacement buildings, and additions and betterments (A&B) to existing buildings that support Civil Works functions and are financed with PRIP funds. It does not apply to buildings financed with Construction, General or MR&T (Construction) funds. The following guidelines apply:

a. Buildings covered by this guidance include, but are not limited to, office and administrative facilities, laboratories, maintenance shops, warehouses and special purpose facilities.

b. As a general matter, construction of or improvements to government facilities requires both a statutory authority to undertake the construction activity and funding appropriated specifically for that purpose. See 41 U.S.C. § 6303. The requirement to identify a construction authority and financing authority apply to design efforts as well as the actual construction activities (i.e., legislative authority is required even before design activities can begin). USACE may engage in limited planning activities necessary to produce an estimate for a proposed construction effort, but further design should not start until construction and funding authorities are identified. Often times a single authority will authorize both the design and construction of a facility and the use of a particular funding source to accomplish the construction (e.g., special legislation authorizing the design and construction of a specific building using PRIP funds).

c. Examples of construction activities that require specific construction authority and funding include:

(1) Any erection, installation, or assembly of a new facility.

(2) Any addition, expansion, or extension of an existing facility. An addition, expansion, or extension is a change that increases the overall physical dimensions of a facility.

(3) Any alteration or conversion of an existing facility. An alteration is a change to the interior or exterior arrangement of a facility that improves its use for its current purpose. A conversion is a change to the interior or exterior arrangements of a facility that permits its use for a new purpose.

(4) Any improvement, rehabilitation, renovation, or upgrade to an existing facility.

(5) The replacement of a facility. The replacement of a facility is the complete reconstruction of a facility that has been damaged beyond economical repair or destroyed.

(6) Design efforts associated with any of the above.

d. The statute that established the USACE revolving fund (33 U.S.C. § 576) provides no independent construction authority and does not make the fund available for construction activities as a general matter. The statute merely permits, in certain instances, the use of the revolving fund to finance construction activities that are otherwise authorized by law. Thus, a construction authority must be identified or sought from Congress before PRIP funding may even potentially be considered available for such purposes.

e. Even when a construction authority otherwise exists, special legislative authority may be required to utilize PRIP funding for the construction. Per to 33 U.S.C. § 576(b), PRIP funding cannot be used for any new construction or major renovation (defined as a renovation exceeding \$20,000,000) of a building for use by USACE unless the use of PRIP funding for such purpose is specifically authorized by law. Thus, for new construction and major renovations, an express PRIP financing authority must be sought in addition to, or in conjunction with, a construction authority.

(1) For minor renovations (*i.e.*, renovations costing \$20,000,000 or less) that are supported by an underlying construction authority, PRIP funding may be considered properly available without a need for an express PRIP funding authorization for the project, assuming that the project otherwise qualifies for PRIP funding.

f. Table H-3-1 provides a general framework for determining whether construction authority and PRIP financing authority exist for certain categories of projects. See subparagraph H-3.6 of this sub-appendix for guidance regarding the categorization of additions and betterments as either new construction or renovations.

g. When an express PRIP financing authority is required, 33 U.S.C. § 576(c) mandates that USACE submit a prospectus to Congress detailing the need, specifications, and cost of the proposed new facility or renovation. Upon receipt of a prospectus, Congress will either approve the project by expressly authorizing its construction and PRIP financing via legislation, thus, allowing USACE to proceed with construction, or decline to authorize the project, thus, requiring USACE to address its facility requirements through otherwise authorized means. A model prospectus is provided in Appendix M.

H-3.2. Building Requirements. Building requirements that involve construction must be justified in terms of meeting current and future mission needs. All building requests must specifically identify the need to be addressed and state the impacts that would result from taking no action. Requests must also contain:

- a. A prospectus, when required under 33 U.S.C. § 576(c).
- b. Documentation showing consideration of all viable options, providing justification of the alternative selected, including an economic analysis, and demonstrating affordability. See paragraphs H-3.3 and H-3.4 of this sub-appendix.
- c. Documentation showing that any analysis required under the NEPA has been conducted and that other applicable environmental and cultural resource requirements have been satisfied. Note that certain construction activities at Civil Works projects fall under the categorical exclusion codified at 33 C.F.R. 230.9(b). When a district determines that this or other categorical exclusions are applicable, documentation submitted should clearly explain the district's rationale for applying such categorical exclusion(s).
- d. An opinion from the applicable district/center/lab office of counsel regarding the existence or need for statutory authority to construct and fund the proposed project.
- e. A cover memo, signed by the applicable district/center/lab commander certifying the need for the construction and accuracy of the supporting data provided, to include the cost estimate for the proposed construction.
- f. Districts will submit all applicable documents thru MSCs to CERM-BI for inclusion in the typical PRIP program formulation process described in Chapter 4, Paragraph 4-2. Approved requests requiring special legislation will thereafter be forwarded to the CECW-IF, Future Directions Branch, for final review prior to submission to the Office of the Secretary of the Army, Civil Works for approval.

H-3.3. Building Requirement Options. It must be recognized that the most obvious solution to a mission requirement may not be the most cost-effective available. In particular, constructing a building may create a liability, which may be difficult to dispose of, should the mission change. Justification for building construction must demonstrate that all practicable alternatives have been evaluated. Depending on the list of available options, the type of building, while unique to each decision, will usually include some of the following:

- a. Modification of mission,
- b. Contracting out of work,
- c. Change in the type of plant or equipment utilized,
- d. Conversion or rehabilitation of existing space, or
- e. Splitting of functions among existing buildings.

Some alternatives will inevitably be less attractive than others will, but all viable options should be identified and evaluated as part of the decision process before submission for review. In evaluating options, territorial or proprietary thinking and solutions must be avoided. The fact that some splitting of staff in two or more locations may be required to employ a lease option, for instance, will not automatically be considered justification to reject that option. Lease terms should be closely examined to insure that USACE has options that may be exercised if needs change.

H-3.4. Building Construction Affordability. Construction proposed for funding through the PRIP will require an affordability analysis. The affordability analysis has two purposes:

- a. Determine whether there is a reasonable expectation that funds will be available to repay the PRIP, including depreciation, plant increment, and plant insurance charges, over the life of the building; and

- b. Evaluate the impact of the construction cost on project or overhead costs. The analysis must be prepared to a level of detail appropriate for the scope and extent of work to be accomplished. The analysis must consider the current PRIP obligations and the effect of the additional acquisitions, as well as a realistic estimate of future income for the projects and programs supported, based on recent funding history and programmed future requirements. It must also include a realistic calculation of total ownership costs to include PRIP payback, as well as operating costs, normal and major maintenance, periodic renovation or rehabilitation, etc. of the building in order to accurately measure the impact on project or overhead costs.

H-3.5. Building Construction Review. At District level, requests for authorization and funding for the construction of new buildings or the addition and betterment of existing buildings will undergo a stringent review for compliance with the requirements of this guidance, its references, and other applicable laws and regulations. All building requests will be coordinated with the facilities management function in the logistics office for evaluation against the activity's facility master plan/capital investment strategy and validation of the project requirement. In addition, all building requests will be coordinated through the division logistics office for submission as a Major Item. Justification found to be incomplete, un-persuasive, or inconsistent with the facilities plan will be returned for resolution of outstanding issues.

H-3.6. Additions and Betterments to Buildings. Additions and betterments are defined as improvements, rehabilitations, renovations, conversions, replacements or upgrades which either add something to a capital asset that was not there before or increase the useful life, capacity, operating efficiency, or usefulness of a capital asset. For purposes of applying the restrictions under 33 U.S.C. § 576(b), additions and betterments that

increase the size (e.g., square footage) of an existing building are considered new construction, whereas additions and betterments that only improve an existing building and do not increase the size are considered renovations.

H-3.7. Maintenance and Repair of Buildings. Maintenance and repair includes all costs in connection with the renewal, substitution, or replacement of parts that have become worn out or inadequate for service, providing that the renewals or replacements have substantially no greater capacity than the parts replaced. Maintenance and repair does not require legislative authority. Maintenance is work required to preserve or maintain a facility in such condition that it may be used effectively for its designated purpose. It is the work done to minimize or correct wear and ensure the maximum reliability and useful life of the facility or component. Repair refers to the restoration of a real property facility, system, or component to such condition that it can be used effectively for its designated functional purpose. These costs are expensed and should be considered in the setting of rental rates.

H-3.8. Other Structures and Facilities. Other structures and facilities include, but are not limited to, parking lots, radio towers, railroads, storage pads, bridges, moorings, wharfs, piers, levees, revetments, power stations, and dry-docks. The construction of such items similarly requires construction authority and funding available for such purposes, though express PRIP financing authority may not be required. The need for an express PRIP financing authority for such activities will be evaluated on a case-by-case basis by CERM and CECC.

Table H-3-1

**DETERMINING NEED FOR SPECIAL CONSTRUCTION AUTHORITY AND/OR PRIP
FINANCING AUTHORITY FOR NEW CONSTRUCTION AND RENOVATIONS**

(33 U.S.C. 576, as amended by Section 1160 of WRDA 2016)

Purpose/Nature of Building to be Constructed/Renovated	Type of Construction	Amount	Specific Legislation required	Prospectus to Congress Required (33 U.S.C. § 576(c))
Corps owned <u>administrative facilities</u> and other non-O&M supporting facilities (e.g., district headquarters)	New construction	Any amount	Yes, for construction and PRIP financing.	Yes
	Major renovation	>\$20M	Yes, for construction and PRIP financing.	Yes
	Minor renovation	≤\$20M	Yes, for construction. ¹	No, but a potential method to obtain construction authority.
Leased <u>administrative facilities</u> and other leased non-O&M supporting facilities (e.g., leasehold improvement to district headquarters)	Major renovation	>\$20M	Yes, for PRIP financing and possibly for construction. ²	Yes
	Minor renovation	≤\$20M	Possibly for construction. ³	No, but a potential method to obtain construction authority.
Facilities solely <u>supporting O&M of multiple CW projects</u>	New construction	Any amount	Yes, for PRIP financing. ⁴	Yes
	Major renovation	>\$20M	Yes, for PRIP financing. ⁴	Yes
	Minor renovation	≤\$20M	No. ⁵	No

¹ PRIP financing authorized under 33 U.S.C. 576(a).

² Specific construction authority not needed if GSA is performing renovations pursuant to GSA authorities.

³ PRIP financing authorized under 33 U.S.C. 576(a). Specific construction authority not needed if GSA is performing renovations pursuant to GSA authorities.

⁴ Project authorizations of supported projects serve as construction authority.

⁵ PRIP financing authorized under 33 U.S.C. 576(a). Project authorizations of supported projects serve as construction authority.

Sub-Appendix H-4 Assets Under Capital Lease

H-4.1. Capital Lease. A lease agreement conveys the use of an asset or part of an asset from one entity to another for a specified period in return for rent or other compensation. If any of the following conditions are met, the lease agreement is presumed to be an installment purchase and therefore, handled as a capital lease:

- a. The lease transfers ownership of property to the lessee by the end of the lease term.
- b. The lease contains an option to purchase the leased property at a bargain price.
- c. The non-cancelable lease term is equal to or greater than 75 percent of the estimated useful life of the leased property.
- d. The present value of rental and other minimum lease payments, excluding that portion of the payments that represent executor costs, such as insurance, maintenance, and taxes to be paid by the lessor, equals or exceeds 90 percent of the fair value of the leased property. The lessee will compute the present value of the minimum lease payments using the Treasury Average Interest Rate for Marketable Interest-Bearing Debt unless:
 - (1) It is practicable for the lessee to know the interest rate implicit in the lease computed by the lessor; and
 - (2) The implicit rate computed by the lessor is less than the Treasury Average Interest Rate for Marketable Interest-Bearing Debt.
- e. The last two criteria do not apply if the beginning of the lease term falls within the last 25 percent of the total estimated useful life of the leased property. An agency's "rental" of space from GSA does not meet these criteria.

H-4.2. Lease Total Cost. The total cost of the lease will be divided into principal and interest amounts as specified in the financial regulations. The annual principal amount will be charged through plant acquisition to plant-in-service, and is thus subject to the annual PRIP authority.

H-4.3. Capital Lease Financing. The Revolving Fund will not be used to finance a capital lease without specific PRIP authority. Authority to enter into capital lease agreements must be obtained in advance of including the item as part of the five-year PRIP plan. If approved, the item will be included in the five-year plan for the term of the

capital lease, and the value of the capital lease will be carried as a long-term liability. Approval to enter into capital lease agreements financed by any other funding source must be obtained from CERM-F by submission of a written request. All requests to enter into capital lease agreements must include:

- a. A completed economic analysis, which clearly indicates that acquisition by capital lease is more cost effective than direct purchase. All requests of \$500,000 or greater must include an affordability analysis.
- b. A schedule showing annual PRIP requirements over the life of the lease.
- c. A complete justification for acquisition of the asset.

H-4.4. Capital Lease Resources. For latest guidance on capital leases, please refer to DoD FMR Volume 4, Chapter 24 and Chapter 25 and OMB A-11.

Sub-Appendix H-5 Aircraft

H-5.1. 33 U.S.C. 576(a). USACE authority to use the Revolving Fund to purchase, operate, and maintain a maximum of four aircraft at any one time. USACE's acquisition, operation, and maintenance of any such aircraft must comply with:

- a. Guidance provided in this regulation;
- b. OMB Circular No. A-126, subject: Improving the Management and Use of Government Aircraft, (May 22, 1992) as amended.
- c. The Memorandum of Agreement (MOA) between USACE and the Army PEO, AVN for "Safety Oversight of Fixed Wing Aircraft," executed June 24, 2015, or its replacement; and
- d. Any other applicable statutory or regulatory requirements.

H-5.2. Acquisition. Regardless of cost, all aircraft acquisitions, to include replacements of existing aircraft, must be submitted to HQUSACE for approval prior to acquisition. Requests must justify the need for an aircraft consistent with OMB Circular No. A-126 and other applicable guidance. In particular, requests must clearly justify why mission requirements cannot be accomplished economically by other means, including services of the private sector. Request must itemize the costs for design, inspection, long lead items, government furnished equipment, construction, and special purpose items separately. Per the MOA referenced in paragraph H-5.1.c. of this sub-appendix, USACE has agreed to notify PEO AVN when it intends to acquire or replace an aircraft and grant PEO AVN an opportunity to identify potential efficiencies or cost savings that PEO AVN could potentially offer in the procurement process. HQUSACE will initiate this consultation or direct the requesting field office to do so once a request is received at HQUSACE.

H-5.3. Utilization. Use of USACE aircraft has been repeatedly scrutinized in the past by the Army, OMB, and Congress. USACE aircraft must be operated and maintained according to the authorities and agreement listed in paragraph H-5.1. of this sub-appendix. Compliance with such requirements must be clearly documented and retained, consistent with applicable standards, to ensure auditability. Annual review of the usage data maintained on aircraft is considered essential in determining whether the basis for retaining plant should be reanalyzed. Replacement, rehabilitation, or retention of aircraft that is considered obsolete or which has reached the end of its estimated life will be justified based on mission essential requirements, and economic and affordability analyses.

H-5.4. Disposition. All disposition or replacement requests must be submitted to HQUSACE for approval prior to disposition. Although USACE does not view section 110 of Pub. L. 100-202, 101 Stat. 1329, 1329-112 (1987) as being applicable to any current USACE aircraft, it is USACE's practice to notify the applicable subcommittees of any disposition of USACE aircraft as a matter of comity. In addition, per the MOA referenced in paragraph H-5.1.c. of this sub-appendix, USACE has agreed to notify PEO AVN when it intends to dispose of an aircraft and grant PEO AVN an opportunity to identify potential efficiencies or cost savings that PEO AVN could potentially offer in the disposition process. HQUSACE will perform necessary consultation/notification activities or direct the requesting field office to do so once a request is received at HQUSACE.

Sub -Appendix H-6
Dredges and Other Floating Plant

H-6.1. Dredges.

a. Statutory Requirements. Laws pertinent to USACE dredges include, but are not limited to:

(1) Act of April 26, 1978, Pub. L. 95-269, 92 Stat. 218 (describing the minimum federal dredge fleet).

(2) Water Resources Development Act of 1986, Pub. L. 99-662, Title IX, Sec. 945, 100 Stat. 4082, 4200 (1986), as amended and codified at 40 U.S.C. § 556 under Pub. L. 107-217, Sec. 1, 116 Stat. 1062, 1102 (2002), (describing dredge vessel disposal procedures).

(3) Water Resources Development Act of 1996, Pub. L. 104-303, 110 Stat. 3657 (1996).

(a) Section 237, placing the U. S. Hopper Dredge Wheeler in ready reserve status.

(b) Section 563, setting forth determinations that the Secretary of the Army must make before improvements are made to the hopper dredge McFarland and authorizing \$20M for improvements determined to be necessary.

b. Acquisition. Itemize the costs for design, inspection, long lead items, government furnished equipment, construction, and special purpose items separately. The requirements of ER 1130-2-500 are applicable for acquiring dredges and performing major improvements. Coordination with the USACE Marine Design Center is required.

c. Ownership. Ownership of dredges will be according to the provisions of applicable laws, rules and regulations, and will meet mission requirements.

d. Utilization. Annual review of the usage data maintained on dredges is considered essential in determining whether replacement, rehabilitation, or retention of vessels is warranted. Justifications will be based on mission essential requirements, and economic and affordability analyses.

e. Disposition. The authority referenced at paragraph G-6.1.a.(2) of this sub-appendix provides disposal procedures for USACE dredges.

H-6.2. Other Floating Plant.

a. Acquisition. Itemize the costs for design, inspection, long lead items, government furnished equipment, construction, and special purpose items separately. The requirements of ER 1130-2-500 are applicable for acquiring other floating plant and performing major improvements. Coordination with the USACE Marine Design Center is required for MINS.

b. Ownership. Ownership of other floating plant will meet mission requirements.

c. Utilization. Annual review of the usage data maintained on other floating plant is considered essential in determining whether replacement, rehabilitation, or retention of vessels is warranted. Justifications will be based on mission essential requirements, and economic and affordability analyses.

d. Disposition. Disposition of other floating plant must be according to applicable property and fiscal management regulations.

Sub-Appendix H-7 Fixed Land Plant

H-7.1. Fixed Land Plant.

a. Communications Equipment. Communication lines, including lines used to link end users to computer systems and/or Local Area Networks, are considered an integral part of the building/facility in which they are installed since they cannot be easily removed and/or reinstalled in another building or facility. The same is true of telephone systems. Accordingly, communication lines and telephone systems will be capitalized according to the capitalization guidance for additions and betterments if installed in a USACE owned building/facility or leasehold improvements if installed in a building/facility which USACE occupies but does not own. Since individual telephone instruments can be and frequently are easily removed from the system, moved to another building and/or facility and connected to another system, inclusion of the cost of these instruments in the monetary value of the leasehold improvement or addition and betterment is inappropriate. Therefore, individual telephone instruments will not be included in the total cost of the telephone system when making capitalization determinations or capitalized as a part of the system. Individual telephone instruments will be expensed.

H-7.2. Other Fixed Land Plant. Reserved.

Sub-Appendix H-8 Tools, Office Furniture and Equipment

H-8.1. Purpose. Tools, office furniture and equipment are broadly defined as items that cannot be consumed within one year (nonexpendable) for general office use, such as office furniture, work tools and drafting and survey equipment. These type items are subject to the PRIP threshold.

H-8.2. Tools. Although not an all-inclusive listing, this subdivision is further defined as hand tools, power driven portable/mobile tools and equipment, such as concrete vibrators, pavement breakers, air hammers, electric or gasoline powered saws, drills, attachments thereto, and paint sprayers. Similar items that exceed the PRIP threshold and meet the PRIP criteria will be capitalized and financed with PRIP funding.

H-8.3. Office Equipment. This subdivision includes office equipment, such as computers, printers, scanners, calculators, and reproduction equipment not assigned to central reproduction plant, electric fans, portable air conditioner units, messenger carts and library equipment. If these items meet PRIP criteria, they will be capitalized.

H-8.4. Office Furniture. The purchase of office furniture using PRIP funds is generally prohibited. Some exceptions may apply and will require CERM-F approval before PRIP funds can be requested. Conventional, modular, Furniture Systems, and office furniture will only be capitalized if:

- a. The cost to purchase each individual item (Conventional), workstation (Modular) or total cost of a furniture system, exceeds the monetary capitalization threshold; unless:

- b. All of the existing office furniture (Conventional and Modular) is being replaced (In kind) in conjunction with a move to a new building or leased space; or

- c. All existing conventional/modular office furniture is being replaced with a furniture system to reduce space requirements. Capitalized furniture systems will be carried on the property book as a system. Conventional and modular furniture workstations costing \$25,000 or over will be maintained on the property book as individual assets using the same work item code to indicate a set relationship. Assets under \$25,000 can be listed as a single line item reflecting total asset value for the set.

H-8.5. Other Equipment. Although not an all-inclusive listing, this subdivision is further defined as:

- a. Survey equipment, such as transits, levels, tripods, plane tables, cameras,

binoculars, telescopes, level rods, and electronic survey apparatuses. Similar items that exceed the PRIP threshold and meet the PRIP criteria will be capitalized and financed with PRIP funding.

b. Drafting equipment, such as drafting tables, stools, machines, etc., used in the performance of drafting and design, engineering work will be capitalized and funded with PRIP, if all PRIP criteria are met.

Sub-Appendix H-9 Information Technology (IT) Software

H-9.1. IT Software. Software and system related memory boards/computer chips and desk side devices such as electronic signature card readers loaded on or connected to microcomputers to allow the user to access and/or effectively use information technology systems are considered to be a part of the microcomputer. Accordingly, they will not be included in the monetary value of information technology systems for capitalization purposes even if they are purchased at the same time and/or from the same contract as the system(s).

H-9.2. IT Software/Software Site Licenses. Commercial, off-the-shelf software packages and/or site licenses installed in information technology systems for use by end users are standalone items and should only be capitalized in those instances in which the individual software package/site license meets the capitalization criteria. In addition, the following guidelines apply:

a. Software, which has no more than a two-year useful life, should be carefully evaluated before being purchased through PRIP. If it is determined that PRIP funding is appropriate, such software will cease paying increment when it is fully depreciated.

b. Software that requires a minimum purchase of licenses will use the cost of the minimum number of licenses as the cost basis to determine if the purchase meets the capitalization threshold, even if more than the minimum licenses are necessary or will be purchased.

c. Site licenses purchased and used during the development and deployment stage will be part of the new system and capitalized if the system meets the capitalization threshold. Thereafter, site licenses will be considered an operating and maintenance expense.

d. Software and software site licenses acquired through the PRIP will be amortized according to the following schedule:

Useful Life Schedule for Software

<u>*Type of Software</u>	<u>Application</u>	<u>Useful Life (Depreciation)</u>
Commercial Off-the-Shelf Software	District	5 Years
	MSC/Regional	5 Years
	HQ/Corporate	5 Years

<u>*Type of Software</u>	<u>Application</u>	<u>Useful Life (Depreciation)</u>
Custom Software	District	5 Years
	MSC/Regional	5 Years
	HQ/Corporate	5 Years

*Approval for software not meeting the required five-year useful life will be forwarded to CERM-F.

e. LAN systems, software, and hardware, once capitalized, will require routine maintenance and care. These costs will be expensed to the current operations. Software and hardware that do not significantly expand the user base served or do not provide significant additional capability to the user will be expensed.

H-9.3. Definition of IT Software for Corporate Use. Information technology systems customized and/or developed for USACE-wide use that meet the criteria above. The system owner must recover all costs primarily through user fees chargeable to the appropriate appropriations or projects.

a. Costs that may be capitalized are limited to costs incurred after the Preliminary Design Phase that are clearly identified to major new software projects during the Software Development Phase of the project. Such costs include, but are not limited to:

(1) Direct costs of developing the software, including salaries of programmers, systems analysts, project management, and administrative personnel directly involved in the planning, designing, coding or testing; and associated employee benefits, outside consultants' fees, and supplies.

(2) Initial training material and documentation manuals. Training costs, other than development of training materials, inherently fail the durability test for capitalization and will be expensed as incurred.

b. Cost of data conversion and other costs incurred outside of the Software Development Phase will be expensed as incurred.

Sub-Appendix H-10 Information Technology (IT) Capital Assets

H-10.1. IT Capital Assets. The types of capital assets under Information Technology include communications equipment, computers and peripheral equipment, computer aided design and drafting equipment (CADD) and water control data systems (WCDS).

H-10.2. Definition of IT and Other Systems. For capitalization purposes, a system is defined as a series of interdependent, interconnected components, including software, designed primarily to work together as a harmonious whole to satisfy a specific requirement or series of related requirements. Systems with an estimated useful life of two or more years will be capitalized in all instances in which the total cost of the system, when fully assembled, meets or exceeds the current capitalization threshold.

a. The acquisition cost of individual system components, shipping and/or delivery charges, site preparation costs, system installation/assembly costs and the cost of initial training material and documentation manuals are a part of the total cost of a system and must be included in the total system cost used in making capitalization determinations. Training costs other than development of training materials, inherently fail the durability test for capitalization and will be expensed as incurred.

b. While general-purpose microcomputers located at individual user workstations are frequently connected to information technology (computer systems, local area networks, etc.) systems, they are designed primarily to function as standalone units. Therefore, they will not be included in the monetary value of information technology systems for capitalization purposes even if they are purchased at the same time and/or from the same contract as the system(s). They should only be capitalized if they meet the basic capitalization criteria as standalone units.

H-10.3. IT Computers and Peripheral Equipment.

a. Computers and peripheral equipment have been standardized as follows:

(1) Computers and peripheral equipment rapidly become obsolete due to technological advances. Therefore, mainframe computers, peripheral equipment, microcomputers and their peripheral equipment have been assigned a useful life NTE five (5) years unless an asset manager determines that the items will not last five years.

(2) To maintain uniformity, computers and peripherals that are interconnected, interdependent and/or cannot be used independently as standalone units will be depreciated as a single system or set.

(3) Peripheral equipment which can be used independently as standalone units, such as high-speed printers, etc., will be depreciated as individual or group units if the basic capitalization criteria is met.

H-10.4. Computer Aided Design and Drafting (CADD). Computer aided design and drafting equipment meeting the capitalization criteria will be funded through PRIP. Software installed in the equipment to make it functional for its intended purpose is considered a part of the equipment and will be included in the acquisition cost of the equipment.

H-10.5. Water Control Data System. Water control data system equipment meeting the capitalization criteria will be funded through PRIP. Hardware and software associated with the water control data equipment to make it functional for its intended purpose is considered a part of the system and will be included in the total acquisition cost. Individual rain gauges are not to be acquired using PRIP.

Sub-Appendix H-11 Leasehold Improvements

H-11.1. Leasehold Improvements. Leasehold improvements will be capitalized if they meet the capitalization criteria for Civil Works property. This does not apply to USACE offices on military installations. The cost of leasehold improvements must be amortized over five years or the expected duration of the lease, whichever is less. Increment will be charged on leasehold improvements funded by PRIP unless a waiver has been submitted and approved. Thus, all capital improvements meeting the above criteria made to real property, occupied, but not owned by USACE, must be capitalized as a leasehold improvement, and in no case be expensed.

H-11.2. Need for Statutory Authority. The same construction authority and financing authority requirements described under sub-appendix H-3 apply to leasehold improvements. When GSA performs all design and construction work related to an improvement, GSA construction authorities may be relied upon, however, a specific financing authority is still required for renovations that exceed \$20M. See Table H-3-1. Activities may also negotiate to have the lessor perform the necessary construction-type leasehold improvements activities as an alternative to seeking new congressional approval for the construction.

H-11.3. Types of Leasehold Improvements. Leasehold improvements and additions and betterments in conjunction with an initial move to a leased facility, relocation to a leased facility, or reduction in space relocation within a facility will be capitalized. Typical types of leasehold improvements and additions and betterments include, but are not limited to:

- a. Initial installation or upgrade of automatic sprinklers; fire alarm and/or security systems; central air conditioning or heating systems; telephone systems; electrical wiring; communication lines for local area networks; or the expansion communication lines for local area networks.
- b. Conversion of storage space to office space; installation of emergency operations centers; construction of permanent walls in open areas; application of brick to wood frame structure and construction of a building, structure, or facility on leased land.

H-11.4. Replacements in Kind. Replacements in kind (same type or capacity) of carpeting, windows, floors, telephone, heating and air conditioning systems, and installation and/or removal of temporary walls and other like items are not subject to capitalization as leasehold improvements and should be expensed.

Appendix I

Preparation of Five-Year Plan, Engineer Form 1978

I-1. Purpose. To provide guidance on how to prepare Engineer Form 1978 to present a five-year capital investment profile for the acquisition of capital assets through PRIP.

U.S. Army Corps of Engineers (USACE) PLANT REPLACEMENT AND IMPROVEMENT PROGRAM PRIP FIVE-YEAR PLAN CONSOLIDATED PROGRAM For use of this form, see ER 37-1-29; the proponent agency is CERM-BI.				Requirement Control Symbol RCS-CERM-BI-20					
1. DATE (YYYY-MM-DD)				2. TYPE OF SUBMITTAL <input type="checkbox"/> a. ORIGINAL <input type="checkbox"/> b. REVISED					
3. MSC / FOA			4. DISTRICT / FOA			5. APPROVED BY SIGNATURE			
SECTION I - PROPERTY ASSET CODES AND ESTIMATED COSTS									
PROPERTY ASSET CODES			FISCAL YEAR REQUIRED AND ESTIMATED COSTS <i>(In Thousands)</i> BY YEAR (YYYY)						
1.	a.	b.	c.	d.	e.	f.	g.	h.	i.
CLASS	SUB CATEGORY	CATEGORY TITLE	TOTAL COST	PRIOR FISCAL YEARS COST	CURRENT FISCAL YEAR	BUDGET YEAR	BUDGET YEAR +1	BUDGET YEAR +2	BUDGET YEAR +3
00	00	LAND							
05	05	BUILDINGS							
10	10	STRUCTURES							
20	20	AIRCRAFT							
30	30	DREDGES							
40	40	OTHER FLOATING PLANT							
05	5V	RESCINDED							
	5X	OTHER MOBILE LAND PLANT							
TOTAL MOBILE LAND PLANT									
60	6C	COMMUNICATION EQUIPMENT							
	6X	OTHER FIXED LAND PLANT							
TOTAL FIXED LAND PLANT									
70	70	TOOLS, *OFFICE FURNITURE AND EQUIPMENT							
80	80	SOFTWARE							
90	9A	COMPUTERS AND PERIPHERAL							
	9D	COMPUTER AIDED DESIGN AND DRAFTING							
	9W	WATER CONTROL DATA SYSTEM							
TOTAL AUTOMATIC DATA PROCESSING HARDWARE									
LH	LH	LEASEHOLD IMPROVEMENT							
TOTAL PRIP PROGRAM									
DETAIL LISTING OF REQUIREMENTS BY CATEGORY CODE ATTACHED									

U.S. Army Corps of Engineers (USACE) PLANT REPLACEMENT AND IMPROVEMENT PROGRAM PRIP FIVE-YEAR PLAN CONSOLIDATED PROGRAM For use of this form, see ER 37-1-29; the proponent agency is CERM-BI.				Requirement Control Symbol RCS-CERM-BI-20				
				1. DATE (YYYY-MM-DD)		2. TYPE OF SUBMITTAL		
						<input type="checkbox"/> a. ORIGINAL <input type="checkbox"/> b. REVISED		
3. MSC / FOA				4. DISTRICT / FOA				
5. PROPERTY ASSET CODE				FISCAL YEAR REQUIRED AND ESTIMATED COSTS				
a. CLASS b. SUB CATEGORY				(In Thousand) BY YEAR (YYYY)				
c. CATEGORY TITLE								
6.	a.	b.	c.	d.	e.	f.	g.	h.
LINE ITEM DESCRIPTION	PRIP PROJECT NUMBER	TOTAL COST	PRIOR FISCAL YEARS COST	CURRENT FISCAL YEAR	BUDGET YEAR	BUDGET YEAR +1	BUDGET YEAR +2	BUDGET YEAR +3
i. TOTAL SUB CATEGORY								

I-2. Instructions.

a. Background. Each district will provide MSC Commanders with a five-year PRIP budget consisting of the budget year plus four out-years. The out-years will be based on district priorities, present and future workloads. Division Commanders will review the district submittals to assure that the items are needed, realistic, economically feasible, and reasonably balanced over the multi-year period. Information submitted in the 5-year plan is used by HQUSACE to determine the overall PRIP dollar amount and the category dollar amounts for the budget year and future fiscal years that are submitted to Congress. The out-year estimates will be used as a planning tool for future PRIP investments.

b. Instructions for Completing the 5-Year Plan Document.

(1) Date: Date of initial approval or revision.

(2) Type of Submittal: Indicate if the submittal is the initial (original) or revised (rev).

(3) MSC/FOA: MSC/FOA name.

(4) District/FOA: District/FOA name.

(5) Each plant category code has a tab at the bottom of this form. PRIP items for each category should be listed under the appropriate tab. The total for each category is linked to the District/FOA Total tab and summarized by category. Complete the following columns for each PRIP item under the appropriate category tab:

(6) Description. Self-explanatory

(a) PRIP Project No. Number assigned by HQ for approved Major and Minor items that require multiyear funding, as applicable.

(b) Total Cost. Total cost of the PRIP item.

(c) Prior Fiscal Year Cost. Total dollars obligated in prior fiscal years.

(d) Current Fiscal Year Cost. Current fiscal year funds received for each item.

(e) Budget Year. Budget year funding requests supported by ENG Forms 4943. Approved items support PRIP budgetary schedules submitted in the President's Budget.

(f) Budget Year plus 1. Budget Year Plus 1 represents items that will be included in

the upcoming budget submittal, August-September timeframe.

(g) Budget Year plus 2. The remaining years' information is used to determine future fiscal years' PRIP program requirements.

(h) Budget Year plus 3. The remaining years' information is used to determine future fiscal years' PRIP program requirements.

c. Revisions to the 5-Year plan will be submitted when significant changes in the current year program and/or out-year plan occur. The revised plan will be staffed and forwarded to HQUSACE through and approved by the MSC Commander.

Appendix J

PRIP Out of Cycle Requirements

J.1. Out-of-Cycle Requirements. Activities should refer to the annual CERM-BI PRIP guidance for out of cycle requests. Out-of-cycle item requests will include an ENG 4943, PRIP Plant Item Justification Sheet, ENG 4613, and Continuing Major Item Update as appropriate. In addition to the requirements of ENG Forms 4943 and 4613, the justification statement will address the following:

J-2. New Items. Requests for items identified outside the five-year planning process or out-year items in the five-year plan that must be moved forward and require funding in the current year will address the following:

a. Identify whether or not the item was included in the five-year plan submitted annually IAW budgetary guidance.

(1) If not included, what safety, legal, health, environmental condition, or mission requirement has occurred to necessitate this request?

(2) If included, what safety, legal, health, environmental condition, or mission requirement has occurred to necessitate moving this request forward?

b. Identify the mission that will fail if the item is not funded as requested.

J-3. Additional Funding. Approved items which require additional funding in the current year will address the following:

a. Identify any excess funds available within the MSC's current approved program to fund all or part of the requirement.

b. Identify the condition or event that precipitated the cost increase.

c. Identify the mission that will fail if the additional funds are not provided as requested.

d. If the item is a major item, determine percentage of the cost increase and impact on the current Congressional notification amount for the item.

(1) If cost increase is less than 20%, only HQUSACE approval is required.

(2) If cost increase is 20% or more, item requires Congressional re-notification at the new project total cost and must be supported with an updated economic analysis and

affordability analysis.

Appendix K

PRIP Process Flowcharts

K-1. PRIP Eligibility Flowchart (Figure K-1) below, can be used to determine whether an item satisfies the eligibility criteria for a Revolving Fund PRIP capital asset.

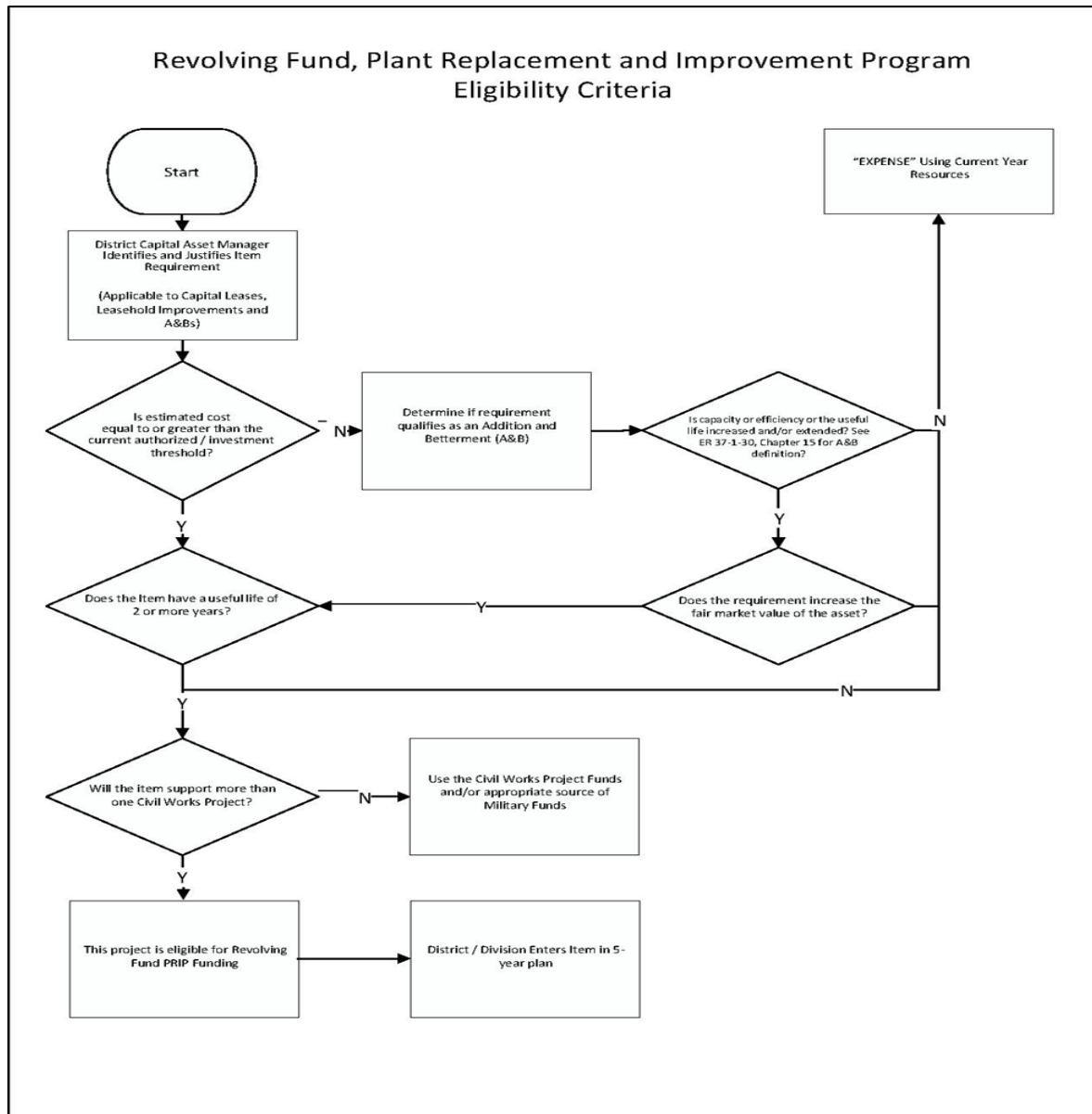


Figure K-1

K-2. Major Item New Start (MINS) Flowchart (Figures K-2 thru K-4) below, provides the process from the initial conception phase to Congressional notification.

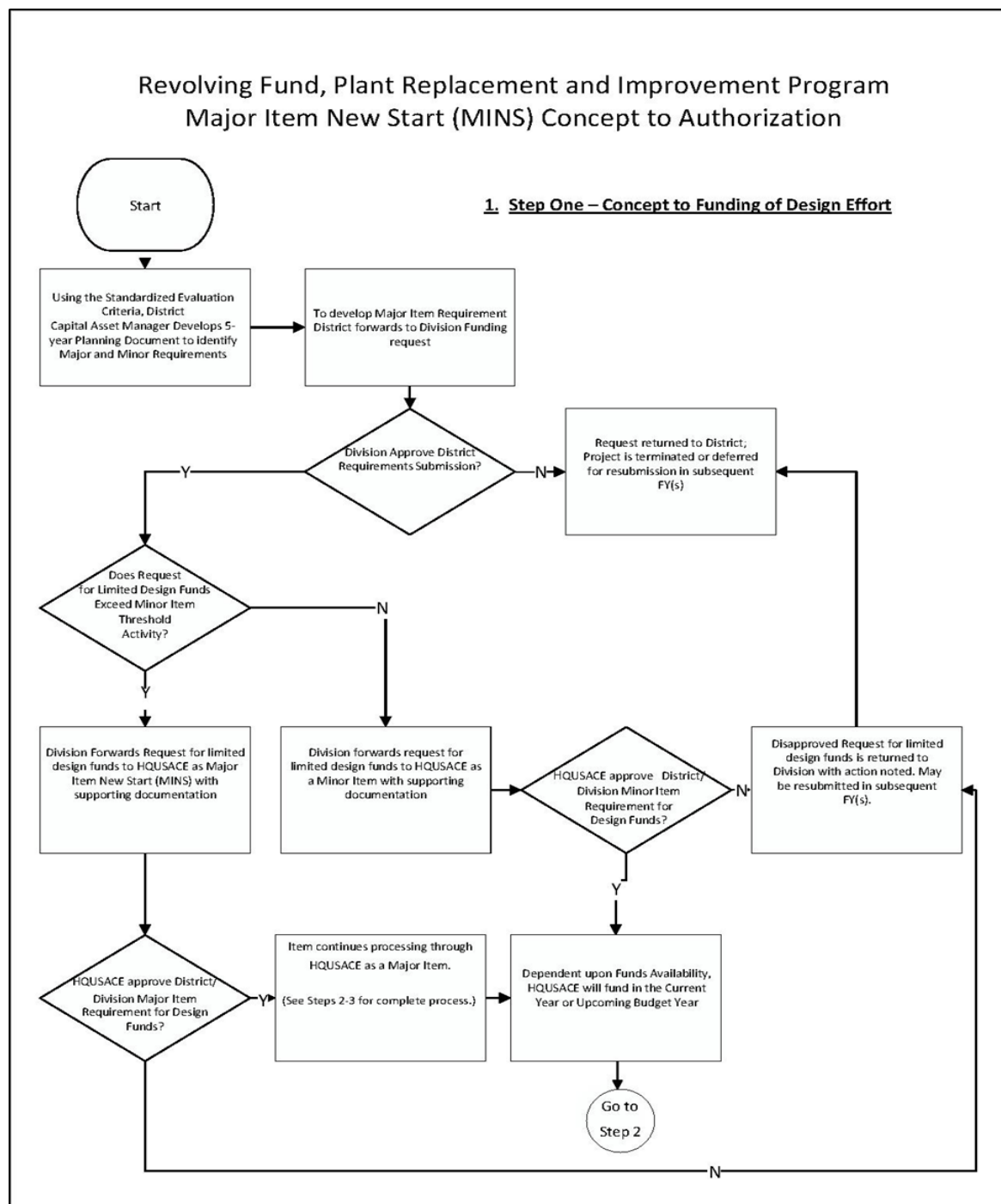


Figure K-2

Revolving Fund, Plant Replacement and Improvement Program
Major Item New Start (MINS) Concept to Authorization

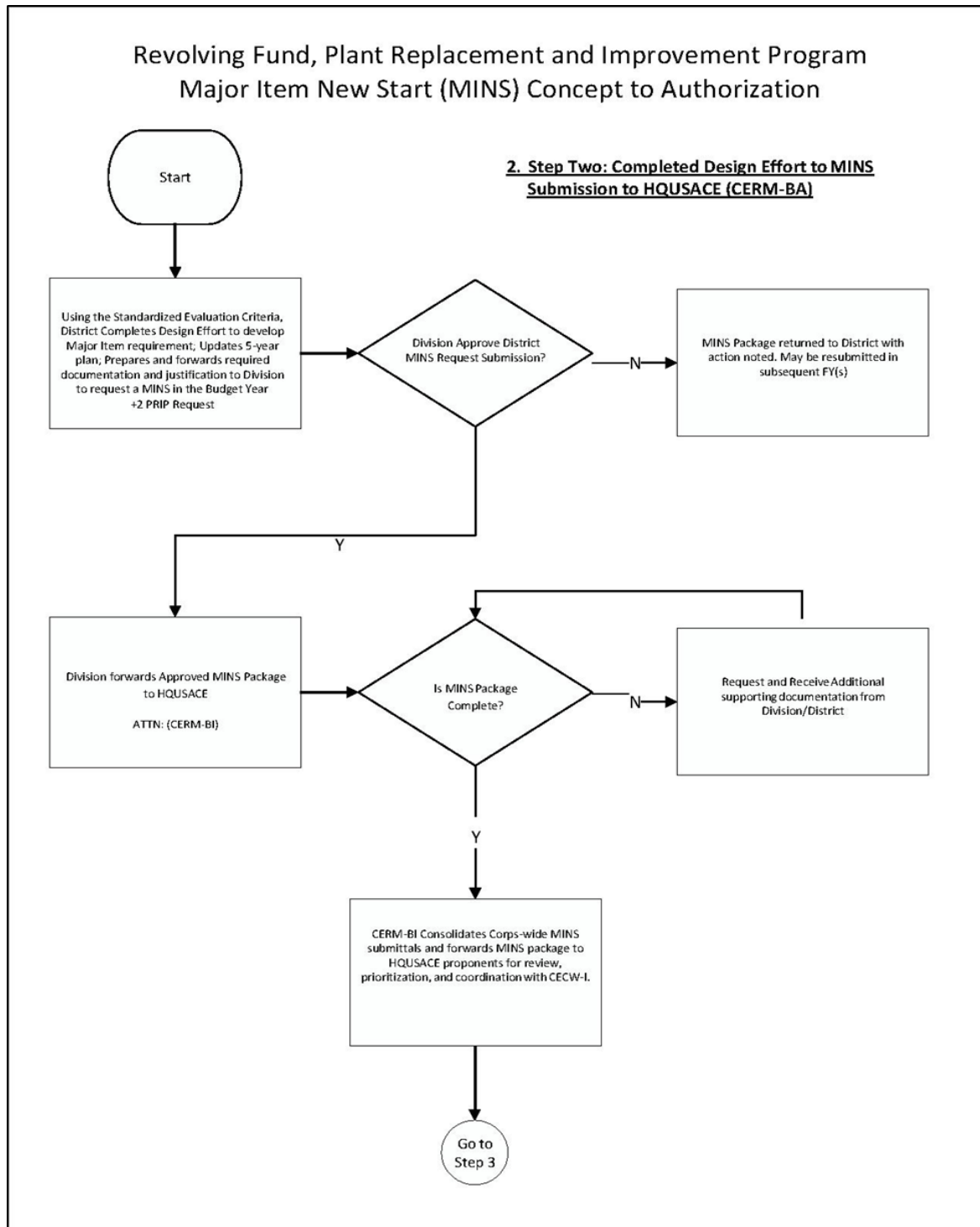


Figure K-3

Revolving Fund, Plant Replacement and Improvement Program Major Item New Start (MINS) Concept to Authorization

3. Step Three: HQUSACE Review through Congressional Approval and Funding

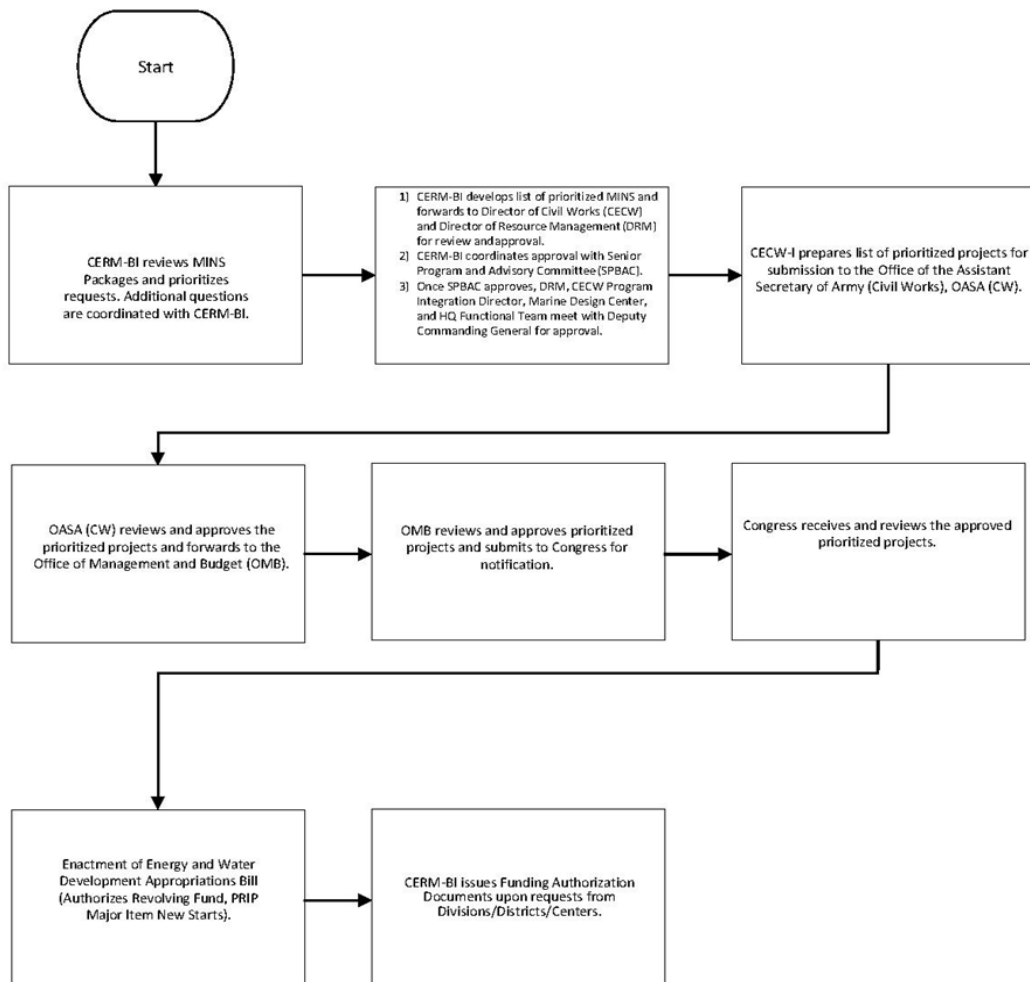


Figure K-4

Appendix L Lost Design Cost

L-1. Purpose. To provide guidance on how to expense lost design cost and return PRIP Allocation to HQUSACE.

L-2. Costs. Design cost associated with the potential acquisition of a major item of plant is accumulated in the acquiring command's financial records as CIP under an assigned PRIP work item. When the decision is made to cancel the intended acquisition, the Command will take immediate action to ensure the accumulated design cost is expensed to an appropriate Non-PRIP funding account (CEFMS II work item).

a. Instruction for Expensing Lost Design Cost accumulated at a USACE activity is provided below.

(1) The Project Manager will immediately notify the local PRIP Manager of the decision.

(2) The Project Manager will provide the district PRIP Manager the project funding work item to which the lost design cost will be/has been transferred. Once the lost designed cost is transferred, the PRIP funding returns to the PRIP work item. Any remaining obligated funds for the cancelled project will be deobligated.

(3) The district PRIP Manager will review the activity's current year PRIP Program to determine if funds are required to resource a current year need.

(4) The district PRIP Manager will coordinate reprogramming action and/or withdrawal request through the Major Subordinate Command PRIP Manager to Headquarters USACE, ATTN: CERM-BI.

b. Marine Design Center Lost Design Cost. Where the Marine Design Center is performing the design effort for a USACE activity and has a direct PRIP Allocation and funds from Headquarters, the following instructions provided below will be followed to expense lost design.

(1) The ordering District Project Manager will immediately notify the Marine Design Center Project Manager and PRIP Manager and the District PRIP Manager of the decision to cancel the project.

(2) The ordering District Project Manager will reposition project funds to the Marine Design Center PRIP Manager to allow the transfer of lost design cost. Any remaining obligated funds for the cancelled project will be deobligated.

(3) Marine Design Center PRIP Manager will review its current year PRIP Program to determine if funds are required to resource a current year need.

(4) Marine Design PRIP Manager will forward reprogramming action and/or withdrawal request to Headquarters USACE, ATTN: CERM-BI.

Appendix M
PRIP Plant Prospectus for Proposed Construction Template (continued)

Project Name: _____ [City, State] _____

Prospectus Number: _____

Congressional District: _____

Fulfills requirement in WRDA 2016 Sec 1160c(2):- The location of the building description of the building.

Date Prepared: _____

District: _____

Office Symbol: _____

FY 20XX Project Summary.

Fulfills requirement in WRDA 2016 Sec 1160c(1):- A brief description of the building.

[For new construction] The U.S. Army Corps of Engineers (USACE) proposes the acquisition of a site, and the design and construction of a new [insert facility nomenclature] of approximately [XX,XXX] gross square feet, including [insert additional details such as inside parking spaces], in [City], [State]. USACE will design and construct the [insert facility nomenclature] to meet the [XX]-year space needs of the [insert activity name], and the site will also accommodate the anticipated [XX]-year needs of the [insert activity name], which indicate no anticipated growth.

[For major renovation] The U.S. Army Corps of Engineers (USACE) proposes a repair and alteration project to modernize select aging and deteriorating building systems and infrastructure of the [insert facility nomenclature], in [City], [State], to support mission and to meet long-term requirements for [insert activity name]. The major work items include: [insert list, e.g., roof, heating, ventilation and air conditioning (HVAC), electrical, and fire/life safety replacements; interior alterations; hazardous asbestos abatement; etc.].

Fulfills requirement in WRDA 2016 Sec 1160c(3):-An estimate of maximum cost to be provided by the revolving fund for the building to be constructed or renovated.

FY 20XX House and Senate Committee Approval Requested.

(Site, Design, Construction, Management & Inspection).....\$XX,XXX,XXX

FY 20XX Funding (as outlined in the FY 20XX Spend Plan).

(Site, Design, Construction, Management & Inspection).....\$XX,XXX,XXX

PRIP Plant Prospectus for Proposed Construction Template (continued)

Project Name: _____ [City, State] _____

Prospectus Number: _____

Congressional District: _____

Fulfills requirement in WRDA 2016 Sec 1160c(2):- The location of the building description of the building.

Overview of Project.

[Insert summary, include details on current facility, including gsf and proposed facility not captured below.]

Site Information

To Be Acquired [new construction only] X-X acres

Building Area¹

Fulfills requirement in WRDA 2016 Sec 1160c(4):-The total size of the building after the proposed construction or major renovation.

Proposed Project

Gross square feet (excluding inside parking) XX,XXX gsf

Gross square feet (including inside parking) XX,XXX gsf

Inside parking spaces XX

Building Area

Fulfills requirement in WRDA 2016 Sec 1160c(8): The size of the building currently housing the tenants proposed to be housed in the building.

Current Project

Gross square feet (excluding inside parking) XX,XXX gsf

Gross square feet (including inside parking) XX,XXX gsf

Inside parking
spaces XX

Estimated Project Budget.

Estimated Site \$X,XXX,XXX²

Estimated Design \$X,XXX,XXX

Estimated Construction Cost (ECC) (\$X/ including inside parking) \$X,XXX,XXX

¹ Square footages are approximate. The project may contain a variance in gross square footage from that listed in this prospectus.

² Potential site funds needed for site acquisition, relocation, unknown sub-surface conditions, environmental, and archaeological risk mitigation.

PRIP Plant Prospectus for Proposed Construction Template (continued)

Project Name: _____ [City, State] _____

Prospectus Number: _____

Congressional District: _____

Fulfills requirement in WRDA 2016 Sec 1160c(2):- The location of the building description of the building.

Estimated Management and Inspection (M&I).....\$X,XXX,XXX

Estimated Total Project Cost (ETPC).....\$XX,XXX,XXX³

Schedule

Start

Stop

Design and Construction

FY 20XX

FY 20XX

Fulfills requirement in WRDA 2016Sec 1160c(6): A statement that other suitable space owned by the Federal Government is not available.

Fulfills requirement in WRDA 2016 2016Sec 1160c(7): A statement of rents and other suitable and other housing costs currently being paid for the tenants proposed to be housed in the building

Justification.

[Inserts reasons why facility does not meet current use requirements. Include statement to the effect that it is economically more feasible for new construction instead of major modification, and include reasons why. Include a statement that other suitable space owned by the Federal Government is not available. Include rents and other housing costs currently being paid for the tenants proposed to be housed in the new facility.]

Space Requirement of the [Insert Project Name]

Fulfills requirement in WRDA 2016Sec 1160c(5): The number of personnel proposed to be housed in the building after the construction or major renovation.

	Current		Proposed	
Component	Personnel	Equipment	Personnel	Equipment
[e.g., Maintenance]	XX	XX	XX	XX
[e.g., Operations]	XX	XX	XX	XX
Total	XX	XX	XX	XX

³ USACE requests approval for a total project cost. As noted in the estimated project budget above, sub-totals comprising the estimated project budget are intended to provide a breakdown in support of the ETPC. The actual total cost to perform the entire project may differ from what is represented in this prospectus by the various subcomponents.

PRIP Plant Prospectus for Proposed Construction Template (continued)

Project Name: _____ [City, State] _____

Prospectus Number: _____

Congressional District: _____

Fulfills requirement in WRDA 2016 Sec 1160c(2):- The location of the building description of the building.

Summary of Energy Compliance.

This project will be designed to conform to applicable environmental and energy statutes, regulations, and Executive Orders and will implement strategies to meet the Guiding Principles for High Performance and Sustainable Buildings. USACE encourages design opportunities to increase energy and water efficiency above the minimum performance criteria.

Original Construction Authorization

[If applicable, in the below table insert information to include: public law number; fiscal year; dollar amount; proposed project name; and total project cost. If not, state "None."]

Prior Appropriations			
Public Law	Fiscal Year	Amount	Project Name
XXX-XXX	20XX	\$XX,XXX,XXX	(e.g. Site, Design)
XXX-XXX	20XX	\$XX,XXX,XXX	(e.g., Additional Design)
Total project cost		\$XX,XXX,XXX	

Prior Committee Approvals.

[If applicable, in the below table insert information to include: committee name; date; dollar amount; proposed project name; approvals to date dollar totals. If not, state "None."]

Prior Committee Approvals			
Committee	Date	Amount	Proposed Project
House-XXX	MM/DD/YYYY	\$XX,XXX,XXX	(e.g. Site and Design for XXX gsf)
Senate-XXX	MM/DD/YYYY	\$XX,XXX,XXX	(e.g. Site and Design for XXX gsf)
House Approvals to Date		\$XX,XXX,XXX	
Senate Approvals to Date		\$XX,XXX,XXX	

PRIP Plant Prospectus for Proposed Construction Template (continued)

Project Name: _____ [City, State] _____

Prospectus Number: _____

Congressional District: _____

**Fulfills requirement in WRDA 2016 Sec
1160c(2):- The location of the building
description of the building.**

Certification of Need:

The proposed project is the best solution to meet a validated Government need.

Recommended: _____

[Project Proponent, Insert Title]

Approved: _____

[District Commander]

Glossary
Abbreviations and Terms

Accrual Accounting - the reporting of all revenues, expenditures, asset purchases, and liabilities in the fiscal year they are incurred.

Additions - to enlarge original or existing items of plant by an increase in number, size, capacity, or amount, but not by replacing existing portions.

Asset Manager/PRIP Manager – designated at the activity level. This person may be responsible for funds management and/or oversight of asset acquisitions.

Base Effort - items that have been contracted for, purchased, or obligated during previous fiscal years and which require expenditures during the Current Fiscal Year or future fiscal years.

Betterments - improvements to existing items of plant by substitution, modification, renewal, or replacement of original parts with new parts that have a substantially greater capacity.

Budget Year - the fiscal year immediately following the Current Year.

CEFMS II - the Corps of Engineers Financial Management System, which includes a Finance and Accounting (F&A) subsystem for processing, recording, and reporting accounting data for the activities in the Civil Works Revolving Fund.

Current (Execution) Year - the next fiscal year for which funding authorization requests are submitted.

ENG Form 6220 – Plant rental computation card. Document used to support the plant rental record established in CEFMS II.

ENG Form 1978 - use to present the PRIP 5-year plan for acquisition (5-year plan outlay).

ENG Form 4943 – justification form used to submit PRIP acquisition for all New Start Minor Items costing <\$5M.

ENG Form 4613 – justification form used to submit PRIP acquisition for all New Major Start and Continuing Items costing >\$5M.

Execution (Current) Year - same as Current Year.

Grouped Major Items - a collection of like items or a system consisting of several items that, when grouped together, exceed HQUSACE authority and thus require submittal for approval to the Office of Management and Budget (OMB) and notification to the Congressional Committees on Appropriations, but which individually do not exceed HQUSACE authority. (Examples: ADPE, WCDS, Communications Equipment, etc.)

Grouped Plant - miscellaneous items of floating and land plant that may be grouped into units of the same type and of approximately the same size or service capability. A group generally should consist of two or more similar items of plant, but may consist of a single item of plant if only one item of a class is owned. (This definition is used in the preparation of ENG Form 2438.)

Incremental Effort - items that cannot be classified as base effort.

Major Items (Continuous) - consist of Major Items that were previously submitted to and approved by the Office of Management and Budget (OMB) and notification was provided to the Congressional Committees. After CECW-I notifies division engineers of approval, these Major Items must be included in the Current Year submittal for funding purposes as high priority item within the division approved Five-Year PRIP. Major Items under design or contract must be given the highest priority in the Current Year submittal.

Major Items (New) - those items exceeding HQUSACE authority and requiring submittal to and approval from the Office of Management and Budget (OMB) and notification to the Congressional Committees on Appropriations.

Minor Items - those items exceeding the current capitalization level in the financial regulations, but that do not exceed the HQUSACE authority level.

Motor Vehicles - See ER 56-2-I for the definition.

Non-Grouped Plant - single items of plant for which an ENG Form 6220 is prepared. Generally, includes aircraft; dredges; structures, major floating plant, major mobile land plant, major fixed land plant, and any other-major item of plant with an estimated replacement cost of \$500,000 or more.

Plant Increment - the surcharge to fund the increased cost of replacement over the original life of a PRIP-funded asset. CERM-F publishes plant increment rates on an annual basis.

Prior Year - the fiscal year immediately preceding the Current Year of the PRIP.

PRIP Ownership Costs – includes costs to own the asset to include depreciation, plant increment and insurance

PRIP Payback – the repayment of the original capital outlay.

Project - a single project may be either an entire project authorization or any major subdivision thereof by location or separate operable unit for which a separate group of feature cost accounts or separate operational records are maintained.

Project Owned - plant acquired with Civil Works project funds to serve only that project.

Recovery Period (Useful Life) - the expected number of years or months that an asset is in use and is the basis for calculating depreciation.

Revolving Fund Owned - plant acquired by the Revolving Fund to serve more than one Civil Works project or to be used by multiple Civil Works appropriations.

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