

# **ENGINEERING & CONSTRUCTION BULLETIN**

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Type: Policy

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**Subject:** Construction Work-In-Place (WIP) Projections and Tracking**Reference:** (a) NAVFAC BMS B-12.4.3 Work-In-Place (WIP) Projections

## **1. Purpose.**

This Naval Facilities Engineering Command ECB policy:

- Clarifies the resourcing of the G-line (construction product line) with respect to income and non-income bearing WIP.
- Reinforces the requirement for FEC CIBL and OPS to collaborate and rigorously project and track construction WIP as it relates to the annual Resource Allocation Plan (RAP) cycle submissions and cyclic execution reporting.

## **2. Background.**

The G-line provides construction related products and services, including post-award construction management and contract administration. The G-line is primarily resourced by SIOH and M2 funds through the RAP in consideration of the anticipated post-award construction workload versus availability of funds. SIOH and M2 funds are also used to resource other related Command requirements. WIP projections for income bearing and non-income bearing construction provide the measure of anticipated workload for post-award construction effort.

Over the last four fiscal years (FY05-08), NAVFAC, on average, has achieved only 90% of its initial income bearing WIP projections and 113% of its initial non-income bearing WIP projections. This represents a \$300M/FY shortfall of income bearing WIP and a \$200M/FY surplus of non-income bearing WIP. On the surface, this may not appear to be a substantial concern because the net sum is generally within 5% of the total initial WIP projections. However, this outcome presents a financial problem. Unlike SIOH, which is generated as invoices are paid and WIP is posted to FIS, M2 funds are determined as part of the Navy and Marine Corps' Program Objective Memorandum (POM) Budget submission long before the FY begins. M2 funds, in support of the G-line, are therefore generally requested and distributed based on initial non-income bearing WIP projections developed during the preceding year. If NAVFAC underestimates non-income bearing WIP, the Command will generally not be resourced for the additional work completed during the year of execution. Conversely, if NAVFAC overestimates income bearing WIP, NAVFAC is not able to generate the planned SIOH income stream to afford all planned expenses. This can create a situation where expenses exceed revenues.

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In order to better align our workload and requirements with the appropriate level and sources of funding, it is imperative we establish greater consistency and accuracy in WIP projection and tracking.

### 3. **Applicability.**

This OPS-endorsed ECB applies to NAVFAC Capital Improvements Business Line Managers/Coordinators (CI BLM/BLCs), Construction Product Line Leader/Manager/Coordinators (PLL/PLM/PLCs), Integrated Product Team Capital Improvements Business Line Team Leaders (IPT CI BLTLs), senior CI and military leadership within PWDs and ROICCs (PWD/ROICCs), and Ech IV Operations Officers (FEC OPS/DOPS/AOPS).

### 4. **Policy and Implementation.**

- **General:**

NAVFAC CI Construction PLM/Cs (Ech III CI5s and FEC CI5s), IPT CI BLTLs, and PWD/ROICCs shall adhere to reference (a). The following sections are highlights of reference (a).

- **WIP Projections:**

The CI BLC shall co-chair, with FEC OPS/DOPS, semi-annual WIP review boards (typically in late October/early November and March/early April) in alignment with the RAP schedule to go over WIP projections presented by the individual field offices. The FEC CI5 shall be the lead in coordinating and organizing these boards. IPT CI BLTLs are expected to attend, while the FEC CI3 and designated representatives from PW and EV BLs (to discuss workload that require PWD/ROICC oversight) are highly encouraged to attend. Specific items of discussion during the WIP review boards shall include the following:

- Workload identified by applicable income and non-income bearing WIP groups.
- Most current individual project execution status including potential slippage of award dates and other risks associated with MILCON/MCON/BRACON/Special Project execution. This should be provided by FEC IPT CI BLTLs to PWD/ROICCs with OPS acknowledgement.
- Field office's methodology for WIP projections of awarded carryover projects and future planned projects greater than \$500K. Generally speaking, less review is needed on a field office that has historically demonstrated its ability to meet or exceed both their initial income and non-income bearing projections.
- Individual field office and aggregate FEC actual historical WIP performance as compared to initial projections. Upward or downward adjustments to projections


shall be made as necessary by FEC OPS in collaboration with the CI BLC only during required submissions associated with the RAP cycle.

- **WIP Tracking:**

- PWD/ROICCs shall confirm WIP data from COGNOS and ensure the correct contract purpose code, ACO code, corresponding SIOH rate, and WIP on all active contracts are appropriately loaded within FIS.
- PWD/ROICCs shall provide their FEC CI5 with concise comments concerning WIP shortfalls (> 5% deficit) of their field office, and monthly planned income and non-income projections, respectively. Generally, these comments would not vary greatly from month-to-month once the total dollar amount of anticipated shortfall is identified as a result of under-execution by either the PWD/ROICC or associated IPT, over-projections, miscoding, or other reasons encountered during the FY.
- FEC CI5s shall review and track actual WIP posted by WIP groups. FEC CI5s shall review comments from PWD/ROICCs with FEC OPS on anticipated WIP shortfalls and provide concise, consolidated speaker notes monthly to Ech III CI5s for the monthly Ech III OPS brief and the bi-monthly HQ Business Assessment Briefs and OPS Assessment Briefs.

## 5. Expiration

This ECB shall remain in effect until superseded or cancelled.



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