Subject: Control of MILCON Contingency Funds and Release Authority

1. Purpose.

   a. This bulletin sets policy and procedures for the use of MILCON contingency funds and the associated approval level required for use of those contingency funds for all Naval Special Warfare Command (NSWC) MILCON projects.

2. Background.

   a. The Untied States Special Operations Command (USSOCOM) Directive 415-1 directs that for MILCON projects as part of the funding at award that amounts be provided for contingency and management of reserve. These contingency funds are to be used as required for changes to the construction and must have component (NSWC) level approval. Approved change order should fall into one of the following three categories:

   (1) To correct design errors or unforeseen field conditions.

   (2) To correct fire, safety, health, or environmental deficiencies.

   (3) To correct deficiencies caused by mission changes.

   b. At time of award the goal is to make available contingency funds in the amount of 5% of the award contract amount. At times due to budget constraints, following consultation between the NSWC Program Manager and the executing Command Project Manager, the amount may be adjusted down to 2-3%, in order to keep the project within the Program Amount authorized by the U.S. Congress. Additionally it is the prerogative of USSOCOM to withhold contingency in varying amounts, in order to manage the overall SOCOM MILCON Program and to provide flexibility to quickly reassign funds between projects. HQ USSOCOM/SOCS-EN will send advance notice when this action is needed in any particular Fiscal Year.
c. In the past, NSWC has had an unwritten policy that use of contingency funds by the executing Command (NAVFAC or ACOE) requires the advance approval by either the NSWC Component Command Facility Engineer or by the NSWC MILCON Program Manager, depending on funding levels as follows:

(1) Construction Changes less than or equal to $25,000 – Approval by the Component Command Facility Engineer (NSWC Group One, NSWC Group Two, NSWC Group Three, NSWC Group Four, and NSWC Center).

(2) Construction Changes greater than $25,000 – Approval by the NSWC MILCON Program Manager.

3. **Policy.**

(a) Use: The use of contingency funds shall comply with the three categories of uses listed in USSOCOM Directive 415-1:

(1) To correct design errors or unforeseen field conditions.

(2) To correct fire, safety, health, or environmental deficiencies.

(3) To correct deficiencies caused by mission changes.

NSWC Component Command Facility Engineers have latitude to interpret which category applies and have authority to authorize the use of contingency funds for purposes that are demonstrated to be in compliance with the purposes of these three categories.

Contingency funds are not available simply to fund desirables, to fund new interpretations, or as a tool to maximize building product obtained.

(b) Approval Levels: Use of contingency funds by the executing Command (NAVFAC or ACOE) shall have the advance approval by either the NSWC Component Command Facility Engineer or by the NSWC MILCON Program Manager, depending on funding levels as follows:

(1) Construction Changes less than or equal to $25,000 – Approval by the Component Command Facility Engineer (NSWC Group One, NSWC Group Two, NSWC Group Three, NSWC Group Four, and NSWC Center).

(2) Construction Changes greater than $25,000 – Approval by the NSWC MILCON Program Manager (MPM).

(c) Required supporting data: The attached 3-part form shall be filled out and executed for each contingency funds use requests in the order detailed below:

(1) The executing Command Project Manager (PM) shall document the need for each use of contingency funds, by providing a description of the situation requiring additional funds, providing an independent government estimate of the cost or a detailed proposal from the contractor, and shall verify the rate and amount of SIOH that applies. The PM shall provide this
information using the attached 3-part form, filling out the top project information section and part 1, PM Validation Request section. The PM will forward the completed attached 3-part form with government estimate or contractor proposal to the NSWC Component Facility Engineer (CFE) for validation and approval.

(2) The CFE shall document on the 3-part form in Part II the category that the proposed contingency funds usage will fall under and whether they concur with the need, will verify that enough contingency funds remain, and indicate approval for use of funds with their authority by signing Part II.

(3) For requests of contingency funds greater than $25,000, the CFE shall forward the 3-part form, with Parts I and II filled out to the WARCOM N44 MPM for review, check of contingency funds availability and balance, and for concurrence approval.

(d) Notifications: The following email notifications are required.

(1) For Construction changes less than or equal to $25,000: Upon determination that the use of contingency funds are valid for one of the three approved categories of uses and that funds are available, the CFE shall forward the 3-part form, with Parts I and II filled back to PM, with a copy to the WARCOM N44 MPM.

(2) For Construction changes greater than $25,000: Upon determination that the use of contingency funds are valid for one of the three approved categories of uses and that funds are available, the WARCOM N44 MPM shall forward the 3-part form, with Parts I, II, and III filled back to both the Component Facility Engineer and the PM.

(e) Conformed Contract Modification Copies: The executing Command Project Manager shall ensure that the Contract Specialist involved in the action forward a pdf copy of the conformed contract modification to both the NSWC Component Facility Engineer and the NSWC MILCON Program Manager.

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