

**BY ORDER OF THE SECRETARY
OF THE AIR FORCE**

**DEPARTMENT OF THE AIR FORCE
INSTRUCTION 34-112**



23 JANUARY 2024

Services

***SERVICES NONAPPROPRIATED
FUND FACILITY PROJECTS***

COMPLIANCE WITH THIS PUBLICATION IS MANDATORY

ACCESSIBILITY: Publications and forms are available for downloading or ordering on the e-Publishing website at www.e-Publishing.af.mil

RELEASABILITY: There are no releasability restrictions on this publication

OPR: AF/A1SR

Certified by: SAF/MR

Supersedes: AFI34-205, 18 October 2018

Pages: 24

This instruction implements Air Force Policy Directive (AFPD) 34-1, *Air Force Services*, and is consistent with Department of Defense Instruction (DoDI) 7700.20, *Commissary Surcharge, Nonappropriated Fund (NAF), and Privately Financed Construction Policy*. It defines responsibilities and provides guidance for developing an effective nonappropriated fund facilities program. This instruction applies to the United States Space Force, Regular Air Force, the Air Force Reserve, and the Air National Guard for projects using nonappropriated funds. This instruction does not apply to the Air Force Civilian Welfare Fund or the Air Force Fisher House Fund. It has been developed in collaboration between the Deputy Chief of Staff for Manpower, Personnel and Services (AF/A1), the Chief of Air Force Reserve (AF/RE), the Deputy Chief of Space Operations for Human Capital (SF/S1), and the Director of the Air National Guard (NGB/CF). Ensure all records generated as a result of processes prescribed in this publication adhere to Air Force Instruction (AFI) 33-322, *Records Management and Information Governance Program*, and are disposed in accordance with the Air Force Records Disposition Schedule which is located in the Air Force Information Management System. Refer recommended changes and questions about this publication to the office of primary responsibility using the Department of the Air Force (DAF) Form 847, *Recommendation for Change of Publication*; route DAF Forms 847 from the field through the appropriate functional chain of command. The authorities to waive wing, unit, or delta-level requirements in this publication are identified with a Tier (“T-0, T-1, T-2, T-3”) number following the compliance statement. See Department of the Air Force Manual (DAFMAN) 90-161, *Publishing Processing and Procedures*, [Table A10.1](#), for a description of the authorities associated with the Tier numbers. Submit requests for waivers through the chain of command to the appropriate Tier waiver approval authority. For non-tiered compliance items,

submit requests for waivers to Resources and Requirements Division Chief (AF/A1SR) for AF/A1S approval.

SUMMARY OF CHANGES

Office symbols, project approval levels, and authorities to waive wing/unit level requirements have changed in this instruction. Processes and procedures that can be found in Air Force Services Center publications were removed.

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Chapter 1

OBJECTIVES AND RESPONSIBILITIES

1.1. Nonappropriated Fund Facility Planning and Programming Objectives. The objective of the Air Force nonappropriated fund capital improvement program is to provide quality-of-life funded facilities to support Airmen, Guardians, and their families. This instruction provides guidance on procedures for identifying, developing, validating, designing, and funding nonappropriated fund capital improvements. Guidance contained in this instruction applies to all nonappropriated fund construction, and sustainment, restoration, and modernization projects funded through the Installation, Air Force Morale, Welfare, and Recreation Fund (AFMWRF), Air Force Base Capital Improvement Fund (AFBCIF), and Air Force Lodging Fund (AFLF), unless otherwise noted below. **Note:** For additional information regarding nonappropriated fund work classification and Civil Engineer procedures refer to AFI 32-1020, *Planning and Programming Built Infrastructure Projects*. In the event this instruction conflicts with other instructions, contact Air Force Services Center, Capital Improvements Division (AFSVC/VMX), for resolution.

1.2. Roles and Responsibilities.

1.2.1. Under Secretary of Defense for Personnel and Readiness (USD P&R). Approval authority for all nonappropriated fund major construction projects.

1.2.2. Vice Chief of Staff of the Air Force (VCSAF). Approval authority for nonappropriated fund centrally funded capital improvement projects accomplished through the AFBCIF, the AFLF, the Air Force Morale, Welfare and Recreation Fund and Installation funded Nonappropriated Fund Major Construction Projects.

1.2.3. Deputy Assistant Secretary of the Air Force for Environment, Safety & Infrastructure (SAF/IEE). Provides policy and oversight for the planning, programming and execution of maintenance, repair, and construction programs for NAF facilities and recreation sites, and approves certain waivers. Submits the annual NAF construction report to Congress in accordance with DoDI 7700.18, *Commissary Surcharge, Nonappropriated Fund (NAF), and Privately Financed Construction Reporting Procedures*.

1.2.4. Headquarters Air Force Services Directorate (AF/A1S). Develops guidance and procedures related to use of nonappropriated funds for capital improvement projects. The Director is the approval authority, unless otherwise noted, for waivers to this instruction.

1.2.5. Headquarters Air Force Civil Engineers Directorate (AF/A4C). Provides engineering policy and procedures to implement Department of Defense (DoD) guidance on commissary surcharge, nonappropriated fund and privately financed construction projects. Develops guidance and oversees execution of nonappropriated fund facility projects. Obtains waivers and exceptions to fund source and space criteria. Prepares the NAF Construction Report to Congress for submission to the office of the Deputy USD P&R.

1.2.6. Air Force Installation Mission Support Center Commander (AFIMSC/CC). Approves variances to project validation assessment (PVA) recommendations, based on nonappropriated fund facilities panel recommendation. In addition, recommends, requests and advocates resource allocation. May delegate specific authorities to the Air Force Nonappropriated Fund Facilities Panel (subsequently referred to as 'the panel') Chair.

1.2.7. Air Force Civil Engineer Center Commander (AFCEC/CC). Provides project approval authority for nonappropriated fund minor construction and repair projects, as delegated by the Air Force Civil Engineer.

1.2.8. Commander, Air Force Services Center (AFSVC/CC). Oversees, develops, and publishes current operational guidance and procedures for implementation by the installation commanders. Sets program standards and determines functional operational facility requirements. Validates requirements/projects submitted by installations and processes them for Air Force Nonappropriated Fund Facilities Panel action and Higher Headquarters approval. Performs a post occupancy facility and financial review of all Air Force-funded facility projects to determine how well the project meets the validated need, effectiveness of the design and the construction process, and decides what changes to the process would improve the project. For Category C Morale, Welfare, and Recreation activities, determines if the activity is meeting the PVA financial projections and determines funds availability. Directs PVA business analysis upon recommendation of the Air Force Nonappropriated Facilities Panel, Installation Commanders, or in response to emergent requirements.

1.2.9. Air Force Nonappropriated Fund Facilities Panel ('Panel'). The Air Force Services Center Executive Director is the Chair of the NAF Facilities Panel. The panel advises the AF/A1S and AFSVC/CC on matters relating to AFBCIF and AFLF capital improvement programs, projects, and policies. Makes recommendations for 1) project validation studies; 2) acceptance, modification, or non-acceptance of completed studies; 3) resolutions to installation disagreements with PVA results, 4) AFBCIF and AFLF projects for Air Force funding and approval, and 5) variances to funding or PVA criteria for ongoing capital improvement projects. The Executive Director, Air Force Services Center chairs the 'Panel' and votes only to break a tie.

1.2.9.1. Voting membership consists of the following:

1.2.9.1.1. Air Force Services, Resources and Requirements Division Chief (AF/A1SR).

1.2.9.1.2. Air Force Services Operations Division Chief (AF/A1SO).

1.2.9.1.3. Facilities Division Chief (AF/A4CF).

1.2.9.1.4. Director, Financial Management & Comptroller (AFSVC/VF).

1.2.9.1.5. Director, Mission Operations (AFSVC/VM).

1.2.9.1.6. Director, Community Programs (AFSVC/VC).

1.2.9.1.7. Director, Business Operations (AFSVC/VB).

1.2.9.1.8. Director, Installation Support (AFSVC/VI).

1.2.9.2. Non-voting advisors to the panel include:

1.2.9.2.1. Capital Improvements Division (AFSVC/VMX).

1.2.9.2.2. Reports and Analysis Division (AFSVC/VFA).

1.2.9.2.3. Director of Nonappropriated Fund Procurement (AFSVC/VP).

1.2.9.2.4. Air Force Civil Engineer Center Installations Directorate (AFCEC/CI).

1.2.9.2.5. Air Force Installation and Mission Support Center, Services Law Division, (AFIMSC/JAW).

1.2.9.2.6. Office of the Assistant Secretary of the Air Force, Business Management Division (SAF/FMCEB).

1.2.10. Air Force Civil Engineer Center (AFCEC). Responsible for executing the Design Manager/Construction Manager, roles and responsibilities for Services projects when not accomplished by the United States Army Corps of Engineers, Naval Facilities Command, or Base Civil Engineer. Participates with appropriate organizations during project development phase to facilitate transition from planning and programming to design management.

1.2.11. Installation Commander. Ensures the proper authorization and funding of the installation's nonappropriated fund capital improvement program. Complies and implement operational guidance and procedures developed by Air Force Services Center; ensures controls are established to prevent waste, loss, and misuse of nonappropriated fund resources, and coordinates on projects as required. Approves project funding according to approved delegation.

1.2.11.1. Force Support Squadron Commander or Director (FSS/CC or FSS/CL). Responsible for overall coordination of the Force Support Squadron capital improvement program and ensures the squadron has programmed capital improvements to support the installation's short-term and long-term mission requirements.

1.2.11.2. Force Support Squadron Deputy Commander or Deputy Director (FSS/CD or FSS/DD). Directly responsible for the development and management of the installation Force Support Squadron nonappropriated fund capital improvement program.

1.2.11.3. Force Support Squadron Resource Manager or Resource Management Flight Chief (RM or RMFC). The Resource Manager/Resource Management Flight Chief shall work with the FSS/CD, respective flight chiefs, activity managers, and Nonappropriated Fund Financial Analyst (NAFFA) in developing Part III of the Internal Needs Validation Study (INVS) and provide support in building, executing, and managing nonappropriated fund construction projects.

1.2.11.4. Base Civil Engineer (BCE). Responsible for facility data in Part I of Internal Needs Validation Study, preparation of DD Form 1391, *Military Construction Project Data*, and detailed cost estimate. Provides facility information, review and comment on PVA studies, and maintains project information in the Automated Civil Engineer System. Prepares and processes required documents to support submission construction projects in the annual Nonappropriated Fund Report to Congress.

1.2.11.5. Base Comptroller. Responsible for validating data in Part III of Internal Needs Validation Study, certification of pro forma financial analysis and PVA and study support.

Chapter 2

AIR FORCE NONAPPROPRIATED FUND FACILITIES PANEL

2.1. Panel Actions on AFBCIF and AFLF Facility Projects. The panel reviews capital improvement and lodging funded projects during the validation study, design, and funding process. The panel also reviews projects if it experiences scope, cost, or concept changes beyond the Air Force Installation Mission Support Center (AFIMSC) and Air Force Services Center (AFSVC) authority to approve. The panel meets quarterly or more often if required to review and recommend action on projects.

2.2. Recommending Projects for an Independent Project Validation Assessment.

2.2.1. AFBCIF Projects. The facilities panel reviews capital improvement and or lodging funded projects during the validation study, design, and funding process. The panel evaluates and recommends projects for PVAs based on the projected funding available for the program year. Factors considered in the panel's evaluation are the Internal Needs Validation Studies relative needs score; facility condition; operational, fiscal, or environmental urgencies; payback and rate of return (ROR) for Category C activities; and requirements driven by Air Force Services strategic initiatives.

2.2.2. AFLF Projects. The panel evaluates and recommends Temporary Lodging Facility (TLF) and Visiting Quarters (VQ) projects for PVAs based on the projected funding available for the program year. Factors considered in the panel's evaluation include the Air Force TLF and VQ prioritization lists, installation priorities, input from the Air Force Services Center staff, and requirements driven by Air Force Services strategic initiatives.

2.2.3. Air Force Child and Youth Programs (CYP) Projects. Factors considered in the panel's evaluation include the Department of the Air Force Child and Youth Programs prioritization lists and DAF CYP Master Facilities Plan.

2.3. Recommending Projects for Design Funding. The panel reviews projects after a final PVA report is issued.

2.3.1. Prior to approval, the Installation and Air Force Services Center reviews the report for scope, cost, and concept. Both parties should work together to resolve any areas of disagreement. If a resolution cannot be achieved, the facilities panel will consider inputs for all involved parties. **(T-1)**

2.3.2. The panel recommends action on the PVA based upon inputs from all parties. The panel will recommend projects for design funding only if the need is validated by the PVA and there is sufficient cash flow to support the action. **(T-1)**

2.4. Recommending Projects for Facility Funding.

2.4.1. **AFBCIF Projects.** The panel uses the Facility Merit Evaluation System scores to rank the projects for funding consideration. After reviewing all information relative to the project, the panel recommends projects to the Director, Air Force Services for funding based upon the amount of projected funding available for the program year.

2.4.2. **AFLF Projects.** The TLF and VQ projects both compete for funding from the AFLF.

2.4.2.1. The facility panel uses the TLF prioritization listing, off-base lodging cost, current facility conditions and length of stay to recommend funding of temporary lodging projects.

2.4.2.2. For VQ projects, the facility panel uses the Lodging VQ right sizing prioritization list, which incorporates off-base lodging cost, current facility condition, and cost savings to the travel line, to recommend funding of visiting quarter projects.

2.4.3. Projects are considered for funding at the time they have achieved the required level of design. This point varies depending on the project's method of execution.

2.4.3.1. Projects accomplished using the design-bid-build execution method are considered for funding only if they have achieved an acceptable 35% design level. Capital Improvements, Execution Branch, (AFSVC/VMXB) staffed by registered architects, determine if the architectural and engineering firm has met the required level of design.

2.4.3.2. Per DoDI 7700.18, DoD will only submit design build projects to Congress with a minimum 15% design. **(T-0)**

Chapter 3

AIR FORCE NONAPPROPRIATED FUND FACILITIES PANEL (PANEL) FUNDING APPROVAL ACTIONS

3.1. Panel Actions on Facility Projects. The panel reviews all centrally funded AFBCIF, AFLF, and MWR projects; all Nonappropriated Fund Major Construction Projects, regardless of fund source; and all repair projects greater than \$1,000,000. Reviews occur at the PVA and 65% design stage, or as needed to assess changes in project cost. The panel also reviews projects that experience a change in scope, cost, or concept beyond delegated approval authority. The panel meets quarterly or as required to review and recommend action on projects.

3.1.1. Funding approvals for all construction matters must align and abide with existing Air Force nonappropriated fund budget and Air Force Services Council delegation approval authorities. **(T-1)**

3.1.2. The panel evaluates all projects submitted for funding consideration, then recommends projects for PVA studies based on the projected funding available for the program year, and input from Air Force Services Center staff.

3.1.3. The panel reviews the final PVA report, resolves any areas of disagreement with the installation on the proposed scope, cost, and concept; and recommends projects for design funding, only if the need is validated by the PVA and there is sufficient cash flow to support the action.

3.1.4. The panel recommends to the AFIMSC/CC who requests VCSAF construction funding approval for validated projects at a 15% (minimum) design, or greater, based upon projected available funding for program year. The package will be coordinated with AF/A1S and AF/A4C and the Deputy Assistant Secretary of the Air Force (Cost and Economics). **(T-1)** After VCSAF funding approval, the panel recommends the AFSVC/CC and AFIMSC/CC approve or disapprove requests for expenditure of additional AFBCIF nonappropriated funds as needed, up to 25% of the programmed amount, for cost increases caused by circumstances beyond the control of the Nonappropriated Fund Instrumentality (see paragraphs [3.2.2.1](#) and [3.2.2.2](#) below).

3.2. Panel Actions on Changes to Project Scope, Cost or Concept. The panel approves, disapproves, or recommends action on changes to the scope, cost, and concept after VCSAF funding approval and/or Air Force Civil Engineer submission of the annual Nonappropriated Fund Construction Report to Congress.

3.2.1. Scope Change Authority. The AFIMSC/CC has the authority to approve variations to the approved scope up to 10%, plus (with concurrent funding approval) or minus, after considering the panel's recommendation. Panel notifies AFIMSC/CC of scope changes that exceed 10%, plus or minus, of the approved scope, for VCSAF funding approval and inclusion in the annual Nonappropriated Fund Construction Report to Congress.

3.2.2. Panel actions when cost change.

3.2.2.1. Panel recommends AFSVC/CC approve cost increases up to 10% of the approved construction cost when additional funding above the approved construction cost has already been approved by the VCSAF (reference [paragraph 3.1.4.](#)).

3.2.2.2. Panel recommends AFIMSC/CC approve cost increases up to 25% of the approved construction cost when additional funding above the approved construction cost has already been approved by the VCSAF (reference [paragraph 3.1.4.](#)).

3.2.2.3. AFBCIF project cost increases due to installation requests are funded by the installation.

3.2.2.4. Panel recommends AFIMSC/CC requests additional VCSAF funding when the approved construction cost increases by more than 25%; or recommends cancellation of the project.

3.2.2.5. Panel recommends AFIMSC/CC request cancellation of a low priority, centrally funded project, and recommend applying those funds to a project cost increase (Common Cause).

3.2.2.6. Panel recommends funding approval for cost increases caused solely by foreign currency fluctuation, up to 25% of the programmed amount. Panel refers increases caused solely by foreign currency fluctuation exceeding 25% of the programmed amount to AFIMSC/CC to seek VCSAF approval and notification to Congress.

3.2.2.7. Panel may use the “aggregate funding” method to fund AFBCIF construction within each program year. This allows reprogramming cost savings from one project to offset higher cost on another project in the same fiscal year, provided the cost increase is within Air Force Services Center Commander approval authority. Aggregate funding may not be used to reprogram funds between the AFBCIF and the AFLF.

3.3. Reprogramming Approved Funds. Actions to reprogram approved funding between design, construction, and equipment categories may be accomplished, as noted below, with no increase or decrease in the total approved funding level. Reprogramming actions are limited to 25% of the originally approved amount in each category.

3.3.1. The Chief, Capital Improvements Division (AFSVC/VMX) approves reprogramming of funds up to a cumulative total of \$25,000 during the lifetime of the project and informs the panel for each action as a matter of record.

3.3.2. The Director of Mission Operations, Air Force Services Center, (AFSVC/VM) approves reprogramming of funds up to a cumulative total of \$100,000 during the lifetime of the project and informs the panel for each action as a matter of record.

3.3.3. AFSVC/CC approves reprogramming of funds over \$100,000 per action, up to a cumulative total of \$1,000,000 during the lifetime of the project and informs the panel for each action as a matter of record.

3.3.4. Funds may not be reprogrammed for equipment items not identified on the original equipment list or PVA study.

3.3.5. AFSVC/VM is authorized to administratively realign funding between categories if such action is required solely as a result of the execution method, or structure of the construction contract. Each action is captured as a matter of record and provided to the panel. For example:

3.3.5.1. Move design funds to construction if the execution method is design-build.

3.3.5.2. Move equipment funds to construction if the contractor is required to furnish and install items originally identified as Furniture, Fixtures, and Equipment.

3.3.6. Based on Panel recommendation, the AFIMSC/CC or designee is the approval authority for all reprogramming actions outside of the above parameters and each action is captured as a matter of record and provided to the panel.

3.4. Cancelling AFBCIF Projects. The AFIMSC/CC may recommend cancellation of projects previously approved for funding by VCSAF, with advice of the panel. Air Force Installation Mission Support Center, Installation Engineering Division must notify Congress of the cancellation of Nonappropriated Fund Major Construction projects in the next fiscal year Commissary Surcharge, Nonappropriated Fund (NAF), and Privately Financed Construction Report to Congress. **(T-0)**

3.4.1. Funds from projects cancelled due to inability to award or execute are not available to fund other projects until all financial obligations are closed out.

3.4.2. Funds from cancelled projects that are part of a specified funding initiative or set aside cannot be reprogrammed to projects outside that initiative or set aside.

3.4.3. AFSVC/CC may cancel projects in design, but not yet approved for construction. If the design is beyond 35%, AFSVC/VM will advise the panel if it is more cost effective to continue design or negotiate with the design firm to cancel the contract. **(T-1)**

Chapter 4

NONAPPROPRIATED FUND PROJECT DEVELOPMENT AND VALIDATION

4.1. Purpose and Types of Project Validation. Nonappropriated fund capital improvements projects must meet a documented market demand and operational need and be financially viable. **(T-1)** The validation process documents these criteria and determines the most efficient and effective means to support Services activities. In the case of Category C activities, the assessment also determines the financial viability of proposed projects. The cost of the project determines the type of validation used to document the need.

4.2. Internal Needs Validation Studies. The Force Support Squadron Deputy (FSS/CD) must complete an Internal Needs Validation Study for any project proposed for AFBCIF funding. **(T-3)** Also, an Internal Needs Validation Study must be completed for each new Category B or C construction, addition, or add/alter project where the project programmed amount, construction, contingency, and supervision, inspection, and overhead costs exceed \$500,000, regardless of the source of the nonappropriated funds. **(T-1)**

4.3. Project Validation Assessment (PVA). AFSVC (or a commercial contractor) must perform a PVA to validate the need for projects over \$500K. **(T-1)** PVA must be completed for all projects reported to Congress; PVA may be accomplished via onsite or table-top for Air Force funded major and maintenance/repair construction projects \$500K to \$1M and for installation funded projects \$500K and above. **(T-0)** The PVA verifies the condition of the existing facility, analyzes current and proposed programs/financial operations, reviews market demographics and competition, and validates market demand through user surveys and focus groups (where applicable). It also determines required scope and concept of operations, reviews other potential facility options to meet the identified need, calculates estimated project costs, determines financial viability, and formally documents the requirement. The PVA addresses the most viable options to meet the identified need. Dependent upon the project cost, source of funding, and complexity of the project, PVAs may be accomplished by Air Force Services Center or a commercial contractor.

4.3.1. Conducting PVAs. Standard PVA consist of three phases: 1) advance information and surveys, 2) site visit, and 3) the draft and final report. Specific details of the three phases of conducting a PVA are available from the Air Force Services Center (Mission Operations Directorate).

4.3.2. The Air Force Services Center staff works with the PVA team to revalidate study recommendations when changes to program, financial or facility data occur after the PVA site visit, or 3 years have elapsed since completion of the PVA report. Air Force will fund any costs related to supplemental studies needed for Air Force-funded projects. **(T-1)** Air Force Services Center (Mission Operations Directorate) works with appropriate organizations to resolve any disagreements with a PVA recommendation.

4.3.3. Design and facility funding for a nonappropriated fund projects is contingent upon the Installation Commander signing a memorandum agreeing to implement the operational and financial assumptions contained in the PVA Executive Summary. If the Installation Commander changes prior to consideration for facility funding, a new memorandum must be accomplished and provided to Air Force Services Center (Mission Operations Directorate). **(T-1)**

Chapter 5

NONAPPROPRIATED FUND PROJECT FINANCIAL PARAMETERS AND ANALYSIS

5.1. Pro Forma Financial Analysis. DoDI 7700.18 requires Nonappropriated Fund Major Construction projects to generate a positive net present value (NPV), have a payback period within the useful life of the project, and a ROR no lower than the federal funds discount rate.

5.1.1. A pro forma financial analysis is required for any nonappropriated fund Category C project with a cost of \$500K or more and any nonappropriated fund project submitted for Air Force central funding consideration except those in the Installation Reinvestment Program (IRP). (T-1) The pro forma quantifies the expected nonappropriated fund financial impacts of constructing or repairing a facility and forecast expected revenues and expenses compared to current figures. The pro forma provides the project's net present value, ROR on the investment, and the years required to pay back the investment based upon projected income and expenses. Congress requires this information on all nonappropriated fund projects submitted in the Annual Nonappropriated Fund Report to Congress. (T-0)

5.1.2. Guidance and templates for preparing pro forma financial analysis are available at the Air Force Services Center Services Installation Support Portal, in Facilities under Financial Management Tools (<https://usaf.dps.mil/sites/10042>).

5.1.3. AF/A1S, establishes the ROR for NAF construction projects for each facility type, based on the analysis and recommendation of the Air Force Nonappropriated Fund Facilities Panel.

5.2. Financial Parameters for Category C Nonappropriated Fund Projects.

5.2.1. Except for IRP, nonappropriated fund facility projects (\$500K or greater) for Category C activities must meet minimum financial parameters for ROR and payback of the investment. Projects failing to meet these parameters will not be considered for AFBCIF or installation funding without an exceptionally strong and compelling justification of need. AFIMSC/CC (or designee) is the waiver authority for projects that do not meet these financial requirements and bases their decision on recommendation from the panel.

5.2.1.1. The minimum financial parameters for ROR and payback of the investment are established by AF/A1S based on recommendation by the Facilities Panel.

5.2.1.2. Nonappropriated Fund Sustainment, Restoration and Modernization projects, which do not increase the scope of a facility, must meet the minimum financial parameters for ROR and payback of the investment as established by AF/A1S.

5.2.2. During design, AFSVC/VF performs an interim financial analysis of Category C projects to ensure the projects remain within AF financial parameters for ROR and payback. Projects require financial reviews at 35%, 65%, and 95% design points if the project cost has increased by more than 5% or \$100K, whichever is less. If an interim analysis indicates a project no longer meets financial criteria, the project is referred to the panel, which recommends a course of action to AF/A1S and AFIMSC/CC.

Chapter 6

AIR FORCE BASE CAPITAL IMPROVEMENT FUND PROJECTS

6.1. AFBCIF Guidelines. Information in this chapter applies only to AFBCIF projects.

6.1.1. Primary objectives of the AFBCIF are to ensure the most urgent nonappropriated fund facility needs are addressed first and accelerate the validation and funding process to provide needed facilities for AF members and families as quickly as possible.

6.1.2. The AFBCIF program operates within the following guidance and parameters:

6.1.2.1. Do not use nonappropriated funds where appropriated funds are authorized without a waiver from the appropriate authority. Use of nonappropriated funds for a facility authorized appropriated fund funding requires approval by the Office of the Secretary of Defense except for Outside Continental United States youth centers, youth courts and youth playing fields. See AFI 32-1020, and AFI 65-106, *Appropriated Fund Support of Morale, Welfare, and Recreation (MWR) and Other Nonappropriated Fund Instrumentalities (NAFIs)*.

6.1.2.2. Do not use appropriated funds for maintenance or repair of facilities leased or constructed with NAFs until the Air Force acquires title to the facilities. The AF acquires title through acceptance of the final DD Form 1354, *Transfer and Acceptance of DoD Real Property*. See DAFI 32-9005, *Real Property Accountability* for details on transfer of ownership.

6.1.2.3. The AFBCIF does not fund projects with a Total Nonappropriated Fund Investment of less than \$500K.

6.1.2.4. Category C projects must meet required financial parameters for ROR and payback or have an approved waiver (see [paragraph 5.2.1.](#)).

6.1.2.5. The project scope/need must meet a validated market demand (see [paragraph 4.3.](#)).

6.2. AFBCIF Project Submittal. Projects may be submitted for funding consideration in response to the Air Force Services Nonappropriated Fund Project Call or as a result of an emergency situation.

6.2.1. Project submittals compete for PVA studies based on the Relative Needs Score of the Internal Needs Validation Study, as reviewed and validated by the panel, existing facility condition, financial payback, and other factors as determined by the panel also.

6.2.1.1. The installation finances PVA studies for all installation funded projects.

6.2.1.2. The AFBCIF funds PVA studies for all centrally funded projects.

6.2.1.3. Projects submitted for AFBCIF funding exceed installation funding capability, exceed \$500K in total cost, and be authorized for nonappropriated fund funding.

6.2.1.4. Required documentation for project submittals consists of a completed and signed Internal Needs Validation Study, a current pro forma financial analysis with supporting assumptions, current DD Forms 1391/1391C, *Military Construction Project Data*, and a detailed Parametric Cost Estimate.

6.2.2. Most emergency funding requirements for facilities are authorized appropriated fund support and are not eligible for nonappropriated fund dollars. In a rare case where nonappropriated fund dollars are the appropriate fund source, the Major Command Commander signs a memo to the VCSAF requesting the funding. The memo must explain the reason the submittal is an emergency and include appropriate supporting documentation. **(T-1)** A project is not authorized emergency nonappropriated fund funding if it is within the installations ability to fund through its own nonappropriated fund resources.

6.2.2.1. Facilities destroyed or damaged by an Act of God, Fire or Terrorism. These conditions qualify for appropriated fund support to repair or replace the facilities. Refer to AFI 32-1020 and AFI 65-106 for specific examples.

6.2.2.2. Facilities with structural condition issues, life-safety issues, or facility-related environmental issues which, if not acted upon immediately, results in an environmental Notification of Violation incident or the immediate closure of an activity. Except for environmental issues caused by nonappropriated fund operations and work to support Category C activity operations, appropriated funds are authorized (refer to AFI 65-106).

6.2.3. **Non-Emergency Conditions.** The following are not considered emergency conditions, because they are usually planned sufficiently in advance to allow programming replacement facilities as part of the annual program. **(T-1)**

6.2.3.1. **Establishing, Activating, and Expanding a Military Installation.** Projects to support new missions and mission changes which increase the installation population by 25% within a 2-year period, qualify for appropriated fund support (refer to AFI 32-1020 and AFI 65-106).

6.2.3.2. **Facilities Relocated for the Convenience of the Government.** Replacing a facility constructed or renovated with nonappropriated funds, when the activity is relocated for the convenience of the government, must be programmed, and funded as part of the project causing the relocation of the activity.

6.3. Appropriated Fund Companion Projects. A Companion Project is defined as appropriated fund work necessary to ensure the nonappropriated fund construction or repair project provides a complete and usable facility. For example, providing a clean site, bringing utilities and communications to the site, or demolition of existing buildings. The companion project is executed prior to, or simultaneously with, the nonappropriated fund project. Approval for nonappropriated fund project funding is contingent upon funding and execution of the appropriated fund companion projects. See [paragraph 7.3](#) for appropriated fund use with site preparation. Prior to Panel and AFIMSC/CC Support Center action to recommend nonappropriated fund funding approval by VCSAF, the installation must provide a memo to AFSVC/VM signed by the Civil Engineer or Deputy Civil Engineer indicating appropriated funds are programmed for execution of the appropriated fund companion projects. **(T-3)**

6.3.1. Combining appropriated fund maintenance and repair with nonappropriated fund maintenance and repair or NAF construction projects is permitted within certain restrictions and controls. Refer to AFI 32-1020, for further details.

6.3.2. Appropriated fund companion projects may be accomplished using the nonappropriated fund design or construction contractor through the use of a Memorandum of Agreement. AFSVC/VM provides the process and procedures for accomplishing a Memorandum of Agreement.

6.3.3. Appropriated fund companion projects will be identified during the PVA study, prior to design of the nonappropriated fund project. **(T-1)** Appropriated fund companion projects may be identified during the design phase if unknown at the time of the PVA study.

6.4. Projects with Multiple Structures. If there are multiple structures approved in a single project, the scope variation authority applies to the total square footage of all the buildings. Cabins are an example of this authority. However, this does not apply to activities with different functions. For example, the scope for a golf course cannot be applied to building structures and the scope authorized a maintenance building cannot be applied to a golf clubhouse. The scope variation authority applies to each different type of function independently.

6.5. Nonappropriated Fund Funding for Environmental Assessments. AFBCIF and AFLF projects may require environmental assessments. Environmental assessments determine if an environmental impact study is required. Some projects require an environmental assessment to determine if the project is feasible. For Category C activities, the cost of such an assessment may be a nonappropriated fund responsibility (refer to AFI 65-106 for additional guidance). AFBCIF funding is authorized for Category C activity project environmental assessments if the requirement is identified in the initial project submittal documents and included in the PVA report. Environmental costs for Category A and B activities are funded with appropriated funds. Installations must pay for environmental assessments not identified in the initial submittal documents. **(T-1)** Nonappropriated funds are not used to fund an environmental impact study except under special circumstances. The panel addresses requests for such funding on a case-by-case basis. **(T-1)**

6.6. Air Force Signature Brand and Name Brand Concepts for AFBCIF Projects. AFBCIF and AFLF projects may include both Signature Brand and Name Brand commercial operations within the project scope. Signature Brands are Air Force-developed branded theme restaurant concepts for Category C activities. Name brand concepts are national, regional, or local brands recognized in the civilian sector. Signature Brand and Name Brand projects with a construction cost above the major construction reporting threshold may be funded by the installation, AFMWRF, or the AFBCIF.

6.6.1. Signature Brand projects with a construction cost below the major construction reporting threshold may be funded on a cost share basis between the Air Force Morale, Welfare, and Recreation Fund and the Installation Morale, Welfare, and Recreation Fund.

6.6.2. Projects which include Signature Brands require a signed Signature Brand Operating Agreement prior to funding approval. The panel will not consider funding a Signature Brand project unless a signed Signature Brand Operating Agreement is part of the project information provided the panel. **(T-1)**

6.6.3. Installations desiring a name brand operation for a Services activity will submit a request to Air Force Name Brand Food Division (AFSVC/VBN) Program Office. **(T-1)** Name brand operations not secured through Army and Air Force Exchange Services (AAFES) must be secured by contract issued by the AFSVC NAF Procurement Office (AFSVC/VP). **(T-1)**

Chapter 7

AIR FORCE LODGING FUND FACILITY PROJECTS

7.1. Air Force Lodging Fund (AFLF) Capital Improvement Program. NAF Capital Improvement projects funded by the AFLF are determined by the Visiting Quarters Right Sizing Prioritization List, and the Temporary Lodging Facility Prioritization List, availability of funds, AFSVC/CC, AFIMSC/CC and AF/A1S concurrence, and VCSAF approval.

7.1.1. VQ and TLF are designed and constructed using the current AFLF standard designs, and industry standards.

7.1.2. Use of commercial construction standards, energy saving design and elements, and cost saving materials are updated and incorporated into the AFLF standard designs.

7.1.3. AFSVC/CC approves changes in scope or design costs of 10%, for individual projects based upon the recommendations from the Lodging Division of AFSVC/VB with the advice of the panel.

7.2. Funding AFLF Capital Improvement Projects. Funding for VQ and TLF projects comes from the AFLF, except as noted below. AFSVC/VB budget funds for PVA studies, design and construction, and Furniture, Fixtures, and Equipment for all AFLF construction projects.

7.2.1. The Air Force Facilities Panel makes recommendations for AFLF project design, project validation studies, funding approval, scope, cost changes and reprogramming to AFSVC/CC, AFIMSC/CC and AF/A1S.

7.2.2. AFSVC/CC recommends design funding approval for all AFLF projects.

7.2.3. VCSAF approves Nonappropriated Fund Major Construction funding for all VQ and TLF projects and annual lodging fund budget.

7.2.4. Approval for AFLF project funding is contingent upon funding and execution of any appropriated fund companion projects.

7.2.5. Air Force Lodging projects are not required to meet financial hurdle rates for ROR and Payback.

7.3. Appropriated Fund Support. Site preparation is an appropriated fund responsibility in accordance with DoDI 1015.15, *Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources*, Enclosure 4, Table 1, Note 13: “APFs shall be used for site development costs, archeological and ammunition clearances, environmental assessment and remediation, water purification, demolition, excessive utility connections and road services.”

Chapter 8

AIR FORCE BASE CAPITAL IMPROVEMENT FUND AND AIR FORCE LODGING FUND DESIGN AND CONSTRUCTION OVERSIGHT

8.1. Design Execution. Air Force Services Center is responsible for functional design oversight of all centrally funded AFBCIF, AFLF, and MWR projects, and all Nonappropriated Fund Major Construction projects, regardless of fund source.

8.1.1. AFSVC/VMX ensures nonappropriated fund design and construction remains within the approved scope, cost, and PVA recommended concept; and design is operationally efficient and cost effective.

8.1.2. Design Approval. AFSVC Commander (AFSVC/CC) authorizes design of all centrally funded nonappropriated fund capital improvement projects.

8.1.3. Design Modifications. Design actions that modify the PVA recommended scope, cost or concept must be approved by the panel before proceeding to the next design level.

8.1.4. Indefinite Delivery/Indefinite Quantity Design Contracts. Use of Air Force indefinite delivery/indefinite quantity contracts, or Nonappropriated Fund Purchase Agreements is encouraged.

8.2. Standard Designs. Applicable Unified Facilities Criteria is mandatory unless the Air Force Director or Deputy of Civil Engineers concurs with a waiver to criteria.

8.3. Value Engineering. Value engineering is mandatory for all AFBCIF and Air Force Lodging capital improvement projects with a construction cost in excess of \$5,000,000.

8.4. Construction Management and Supervision, Inspection and Overhead. The design and/or construction agent for Nonappropriated Fund Major Construction projects may be the U.S. Army Corps of Engineers, Naval Facilities Engineer Command, Air Force Civil Engineer Center, Air Force Services Center, or base Contracting.

8.4.1. Supervision, Inspection and Overhead is a Civil Engineer responsibility and an appropriated fund cost if performed by the Base Civil Engineer, including government and A-76 contractor employees.

8.4.1.1. Supervision, Inspection and Overhead is a nonappropriated fund expense if performed by contract, U.S. Army Corps of Engineers, Naval Facilities Engineer Command, or Air Force Civil Engineer Center.

8.4.1.2. In all other instances, AFSVC Construction Management Inspection Contract (Title II Services) shall be utilized to ensure the lowest cost to the project.

8.5. Project Status Report. Installation Force Support Squadron deputies (FSS/CD) are responsible for providing a monthly update on the status of each Air Force centrally funded nonappropriated fund project at their installations to include AFBCIF, AFLF, AFMWR, and IRP.

8.6. Project Completion and Closeout. Project completion and closeout occur at different times. Project completion occurs when Services has beneficial occupancy of the facility or system. Project closeout is when the last invoice is paid. Each phase requires specific action by the FSS/CD as directed by Air Force Services Center.

ALEX WAGNER
Assistant Secretary (Manpower and Reserve)

Attachment 1**GLOSSARY OF REFERENCES SUPPORTING INFORMATION AND FORMS*****References***

DoDD 4270.05, *Military Construction*, 12 February 2005

DoDI 1015.15, *Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources*, 31 October 2007

DoDI 7700.18, *Commissary Surcharge, Nonappropriated Fund (NAF), and Privately Financed Construction Reporting Procedures*, 15 December 2004

DoDI 7700.20, *Commissary Surcharge, Nonappropriated Fund (NAF), and Privately Financed Construction Policy*, 10 November 2005

AFPD 34-1, *Air Force Services*, 11 October 2018

DAFI 32-9005, *Real Property Accountability*, 14 September 2022

AFI 32-1020, *Planning and Programming Built Infrastructure Projects*, 18 December 2019

AFI 33-322, *Records Management and Information Governance Program*, 23 March 2020

AFI 65-106, *Appropriated Fund Support of Morale, Welfare, and Recreation (MWR) and Other Nonappropriated Fund Instrumentalities (NAFIs)*, 15 January 2019

DAFMAN 90-161, *Publishing Processing and Procedures*, 15 April 2022

Prescribed Forms

None

Adopted Forms

DD Form 1354, *Transfer and Acceptance of DoD Real Property*

DD Forms 1391/1391C, *Military Construction Project Data*

DAF Form 847, *Recommendation for Change of Publication*

Abbreviations and Acronyms

AAFES—Army and Air Force Exchange Services

AFBCIF—Air Force Base Capital Improvement Fund

AFCEC—Air Force Civil Engineer Center

AFLF—Air Force Lodging Fund

AFMWRF—Air Force Morale, Welfare, and Recreation Fund

AFPD—Air Force Policy Directive

APF—Appropriated Fund

BCE—Base Civil Engineer

CYP—Child and Youth Programs
DoD—Department of Defense
DoDI—Department of Defense Instruction
FMES—Facility Merit Evaluation System
INVS—Internal Needs Validation Study
MAJCOM—Major Command
MWR—Morale, Welfare, and Recreation
NAF—Nonappropriated Fund
NAFI—Nonappropriated Fund Instrumentalities
NAFFA—Nonappropriated Fund Financial Analyst
NPV—Net Present Value
PACES—Parametric Cost Engineering System
PV—Present Value
PVA—Project Validation Assessment
RM—Force Support Squadron Resource Manager
RMFC—Resource Management Flight Chief
ROR—Rate of Return
SRM—Sustainment, Restoration and Maintenance
TLF—Temporary Lodging Facility
UFC—Uniform Facilities Criteria
VCSAF—Vice Chief of Staff of the Air Force
VQ—Visiting Quarters

Office Symbols

AF/A1—Deputy Chief of Staff for Manpower, Personnel and Services
AF/A1S—Director, Air Force Services
AF/A1SR—Resources and Requirements Division Chief
AF/A1SO—Air Force Services Operations Division Chief
AF/A4C—Director, Air Force Civil Engineers
AF/A4CF—Facilities Division Chief
AF/RE—Chief of the Air Force Reserve
AFCEC/CC—Air Force Civil Engineer Center Commander
AFCEC/CI—Air Force Civil Engineer Center Installations Directorate

AFIMSC/CC—Air Force Installation Mission Support Center Commander

AFIMSC/JAW—Air Force Installation and Mission Support Center Services Law Division

AFSVC/CC—Air Force Services Center Commander

AFSVC/VB—Director, Business Operations

AFSVC/VBN—Name Brand Food Division

AFSVC/VC—Director, Community Programs

AFSVC/VF—Director, Financial Management & Comptroller

AFSVC/VFA—Reports and Analysis Division

AFSVC/VI—Director, Installation Support

AFSVC/VM—Director, Mission Operations

AFSVC/VMX—Capital Improvements Division

AFSVC/VMXB—Capital Improvements, Execution Branch

AFSVC/VP—Director of Nonappropriated Fund Procurement

FSS/CC—Force Support Squadron Commander

FSS/CL—Force Support Squadron Director

FSS/CD—Force Support Squadron Deputy

FSS/DD—Force Support Squadron Deputy Director

NGB/CF—Director of the Air National Guard

SAF/FMCEB—Deputy Assistant Secretary of the Air Force (Cost and Economics), Business Management Division

SAF/IEE—Deputy Assistant Secretary of the Air Force for Environment, Safety & Infrastructure

SF/S1—Deputy Chief of Space Operations for Human Capital

USD P&R—Under Secretary of Defense (Personnel and Readiness)

Terms

Aggregate Funding—Aggregate funding allows reprogramming of savings from one project to help cover higher than anticipated costs on another project in the same program year. All projects for a program year are managed within the total approved aggregate funding for that year.

Air Force Base Capital Improvement Fund—Fund source for NAF capital improvement projects approved by VCSAF and administered through the Air Force Cash Management and Investment Program.

Air Force Lodging Fund—The Air Force Lodging Fund (AFLF) is the successor NAFI for installation lodging funds. Funding for facility construction of all NAF lodging projects comes from the AFLF.

Air Force Morale, Welfare, and Recreation Fund—The AFMWRF is the successor NAFI for all DAF NAFIs, MAJCOM MWR funds, Air Force portion of AAFES, AFBCIF and any other funds that the CSAF specifies.

Category A—Activities are programs essential to the mission and must be provided in all but the most extenuating conditions. Consequently, they must be authorized to receive maximum APF support. They have the least capability to generate revenue and may be provided 100% APF support.

Category B—Activities are closely related to Category A activities and are essentially community support programs with the capability to generate some NAF revenue. They may be provided substantial support from APFs. This category includes essential Services activities providing a fundamental core of the Services programs at Air Force bases. The DoD standard for APF funding for Category B is a minimum of 65 percent of the total expenditures.

Category C—Activities have the highest capability to generate revenue and are considered self-sustaining (capable of funding most expenses). Cat C activities are considered desirable to the military community and contribute to mission accomplishment, personnel recruitment, and retention. Category C activities are not authorized direct APF support except for minor construction for health and safety deficiencies. Category C activities operated at designated remote and isolated locations should be funded at a Category B authorization level.

Facility Merit Evaluation System (FMES)—Weighted factors from the PVA study used to evaluate existing facility condition, market demand, and financial viability of projects. Air Force NAF Facilities Panel ranks projects for funding consideration based in part on the FMES score.

FMES Score—Numeric ranking on a percentile scale up to 1.000, generated by the weighted factors of the FMES.

Internal Needs Validation Study (INVS)—Process tool used to evaluate capital improvement projects for PVA studies using weighted factors for existing facility condition, operational effectiveness, financial viability, and market and demographic data.

NAF Capital Improvement Program—Facility recapitalization for Category B, Category C, and Air Force Lodging facilities, identified in the NAF Requirements Budget and approved by the Air Force NAF Facilities Panel.

NAF Major Construction Project—NAF funded Military Construction, to include development, conversion, extension, or construction of real property assets, that exceeds the current minor construction reporting threshold established by Congress.

NAF Minor Construction Project—NAF funded construction project with a construction component between \$500,000 and the current minor construction reporting threshold established by Congress.

NAF Repair Project—NAF funded Sustainment, Restoration and Maintenance (SRM) projects and fall within the Civil Engineer definition of SRM.

Project Validation Assessment (PVA)—An independent or commercial review that certifies the need for a project based on consumer demand, market competition, cost estimates, and financial viability.

Net Present Value (NPV)—NPV is a measurement of profit calculated by subtracting the present value (PV) of cash outflows from the PV of cash inflows over a period of time.

Parametric Cost Estimate—Initial programming construction cost estimate using the Tri-Service Parametric Cost Engineering System (PACES), or similar cost estimation tool.

Payback—Payback period is the number of years required for undiscounted net cash inflows (net operating cash flow less replacement capital investment costs) to recover initial project cost.

Rate of Return (ROR)—ROR is the discount rate at which the present value (PV) of cash outflows equals the PV of cash inflows. ROR measures the performance of the project as an investment for the purpose of comparing it to other investment alternatives.

Relative Needs Score—Numeric ranking between 0 and 5, generated by the weighted factors of the INVS.

Installation Reinvestment Program (IRP)—Base level SRM projects managed through the AFBCIF.

Sustainment, Restoration and Modernization (SRM)—Work classification to include cyclical maintenance and scheduled repairs to real property assets (sustainment), non-life cycle repair and replacement of real property facility components to restore facilities collaterally damaged due to inadequately sustained components (restoration), and alteration of facilities or components solely to implement new or higher standards (modernization).

Uniform Facilities Criteria (UFC)—UFC documents provide planning, design, construction, sustainment, restoration, and modernization criteria, and apply to the Military Departments, the Defense Agencies, and the DoD Field Activities in accordance with DoD Directive 4270.05, *Military Construction*.

Useful Life—The number of years to be used for Depreciation purposes

Value Engineering—A systematic method aimed at analyzing designed building features, systems, equipment, and material selections for the purpose of achieving essential functions at the lowest possible life cycle cost consistent with required performance, quality, reliability, and safety.