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NAVAL FACILITIES ENGINEERING COMMAND  
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IN REPLY REFER TO

4 August 2004

POLICY MEMORANDUM

ACQ FYI 04-022

From: Commander, Naval Facilities Engineering Command  
Subj: ENTERPRISE PROJECT CLASSIFICATION  
Encl: (1) Project Classification Matrix – Four Categories of Work  
(2) Definition of Project Classification Terms

1. Purpose. To establish a risk-based criteria process for classifying both in-house and contracted projects based on the level of Naval Facilities Engineering Command (NAVFAC) design and construction oversight. This policy applies to all NAVFAC activities that execute facilities-related construction projects.
2. Cancellation. This policy supercedes guidance provided in COMNAVFACENGCOM letter of 31 Dec 1998 in its entirety.
3. Background. NAVFAC is laser-focused on improving productivity and reducing production costs associated with its delivery of products and services. A key part of this effort is to eliminate redundant or unnecessary efforts associated with planning, designing, procuring, and sustaining facilities for our Clients. NAVFAC's goal will be to safely and responsibly deliver the right product with the right amount of engineering and construction oversight through either in-house or contract execution at the optimum life cycle cost.
4. Policy. This policy will continue to evolve as NAVFAC streamlines its project management system. Key to this system is determining the appropriate level of engineering effort required to understand, define, and communicate Client requirements. This requires an understanding of the inherent risks associated with each category and associated projects and the application of sufficient technical effort to minimize unnecessary risk. To accomplish this, NAVFAC is establishing a work induction process that includes the following elements:
  - a. Decision making processes to enable a quick analysis of each project and to identify potential problems or challenges at the point of inception. Tailored reviews will be conducted and approvals quickly granted to develop and execute projects, including planning, environmental, and natural and cultural resources aspects.
  - b. Risk based assessments and determinations to ensure that the appropriate technical support will be provided for each project.
  - c. Integrated acquisition strategies for projects that address the risks identified during the processes discussed in paragraphs 4.a. and 4.b. The acquisition strategies will consider various options for Clients when NAVFAC may not be the most appropriate service provider and may include, but are not limited to:
    - (1) Direct Client access to NAVFAC contracts
    - (2) Use of other DoD providers (e.g., U.S. Army Corps of Engineers, DLA)
    - (3) Non-DoD providers as appropriate (e.g., General Services Administration)

Each of the above work induction process elements will be part of NAVFAC's Four Categories of Work model and will be used to support decisions related to the types and level of NAVFAC engineering support provided to Client projects.

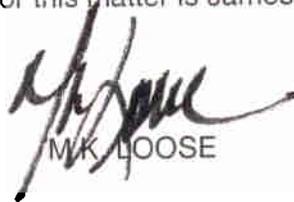
Subj: ENTERPRISE PROJECT CLASSIFICATION

Enclosure (1) describes the project development, design, and construction oversight effort to be exercised in executing projects throughout NAVFAC. This matrix allows flexibility in selecting the appropriate level of effort while executing a project. The matrix recognizes Client interests and roles in the project execution process, including circumstances where NAVFAC engineering support is not needed. Enclosure (2) defines the elements contained in the matrix.

5. Implementation. This system requires strong leadership and commitment across all NAVFAC business lines for full implementation. To maximize efficiencies in our current processes, NAVFAC will develop a corporate-wide project tracking/production control system and a single integrated financial system to support project execution needs. The financial system will also ensure Clients are given maximum flexibility in paying for NAVFAC services, including the use of their government credit cards. This is a fundamental change from how NAVFAC has executed projects in the past. It will allow us to focus our engineering expertise in a more efficient and effective manner, better support Client interests, and ensure collaborative efforts of all parties responsible for meeting the infrastructure needs of the Navy and the Marine Corps. To assist our Clients in the understanding and implementation of this policy, NAVFAC Echelon III and IV Commands will provide necessary training of the work categories, specifically targeting Category III and IV work processes and scope growth into Category II, project tracking and on the work induction process.

6. Responsibilities and Action. The Chief Engineer will be responsible for coordinating and directing implementation of this policy.

7. Point of Contact. My point of contact for this matter is James W. Wright, PhD., P.E., Chief Engineer.



M.K. LOOSE

Distribution:

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NAVFAC FAR EAST YOKOSUKA JA (00)

## Project Classification Matrix – Four Categories of Work

Work Category	NAVFAC Project Management		
	Project Development	Design Effort	Construction Oversight
I	Programmatic	Definitive	Based on P-445
II		Tailored	
III	Scoping	None	Limited
IV			By exception

### Notes:

All construction work performed under NAVFAC authority shall be separated into four work categories by a Work Induction Board. The planned vision of Category IV construction work is to assist our Clients to go directly to a NAVFAC contract method, such as the NAVFAC eMail or a non-DoD schedule. Each of these categories requires different levels of responsible engineering services in project development, design, and construction oversight. The purpose of the categories is to ensure the appropriate amount of engineering is applied to each project to enable its success, maximum Client satisfaction, and the physical and environmental safety of the contractor, government personnel, and the public. The four categories are differentiated by Client desires, the levels of NAVFAC Program Management exercised, technical complexity, and execution risks. Levels of effort in each phase (i.e., project development, design effort, and construction quality management (CQM) oversight) are determined independently, based on the risks identified in the work initiation process. Construction Oversight is based on NAVFAC P-445, "Construction Quality Management Program."

**Category I, Definitive Design, P-445 Based CQM Oversight:** These projects normally require a full range of engineering disciplines to clearly define the requirement prior to construction. A definitive design will result in a set of plans and specifications, either prepared by Government designers or an architect-engineer firm under Government engineer-architect responsible charge. The project will be assigned to a single project manager who will coordinate the project from conception to closeout to ensure appropriate design, engineering and construction oversight is performed.

**Category II, Tailored Design, P-445 Based CQM Oversight:** Projects in this category require one or more engineering disciplines and less detailed design efforts than Category I projects. Category II projects will be constructed from discipline-specific engineered drawings and limited specifications, supplemented by supplier provided sketches, drawings and submittals that are subject to government acceptance or approval prior to use. The primary difference between Categories I and II is the level of design required. Each project will be assigned to a single project manager who will coordinate the project from conception to contract closeout to ensure appropriate design, engineering and construction oversight is performed.

**Category III, No Design, Limited Oversight:** Projects in this category require no design effort. The work consists of projects that the Client can execute by using the services of any NAVFAC contracting vehicle, in-house capability or other Agency with a statement of work. The Project Management effort in this category consists of NAVFAC verification that scope and quality of work, site access issues, and safety and environmental compliance requirements are properly addressed based on the level of engineering oversight necessary.

**Category IV, No Design, Oversight By Exception:** Generally, projects in this category will require no NAVFAC involvement other than facilitating Client access to NAVFAC contracts or work forces. Special circumstances, however, may warrant NAVFAC assistance. The main difference between categories IV and III is the level of NAVFAC involvement in the quality assurance of the work. Primarily, the Client will be selecting and using the Department of Defense eMall, NAVFAC contracts, or other Agency contracts. This work consists of no structural, electrical (primary distribution system), mechanical (HVAC), fire protection, intrusion detection, anti-terrorism force protection, environmental remediation, or hazard abatement (lead, asbestos) elements. The Client performs his own project management and develops the independent government estimate (if required) and scope of work, in cooperation with the contractor. This method achieves quick response and the greatest value at a price that has been independently determined to be reasonable by the Client. The Client is responsible for all administrative efforts resulting from the project. The Client should pay the contractor with their government credit card.

## Definition of Project Classification Terms

### 1. Project Development.

a. Programmatic. Typically, effort associated with developing a Military Construction Project for inclusion in the Presidential Budget Submission (EFD 1391) or approval by Commander, Navy Installations (O&MN 1391).

b. Scoping. Effort associated in developing a project for Navy Region or Activity (O&M, N 1391/TF-2/Interim Endorsement), or HQMC or USMC Installation approval. This may include NAVFAC supporting the Client developing a project, regardless of execution method, where NAVFAC facilitates discussion between in-house or contractor partners (TF-1/CREF/Work Order). It may also include situations where the Client works directly with a contractor to assist in determining the scope of the project. Contractor documents the agreed upon scope for Client ordering (Work Order).

### 2. Engineering Effort.

a. Definitive. Engineering effort that will normally result in full plans and specifications or a detailed engineering study and have a detailed cost estimate. Engineering effort may be provided by in-house NAVFAC architect/engineers or NAVFAC architect/engineers overseeing A-E contractor services through an A-E or Construction contract.

b. Tailored. One or more disciplines involved in developing engineering drawings and limited specifications, supplemented by supplier provided sketches, drawings and/or submittals that are accepted by the Government. NAVFAC comments are limited to the contractor's conceptual design effort. Full accountability for meeting the intent of the project rests with the designer of record. Client is provided a parametric cost estimate.

c. None. Client defined, contractor and Client developed scope of work, and, Client prepared estimate.

### 3. Oversight.

a. P-445 Based, Construction Quality Management (CQM). This CQM system is designed to support construction projects across the entire spectrum of size, complexity, scope, and acquisition strategy. By tailoring a particular project's requirements, an appropriate level of monitoring is provided. Regardless of the Project Category, the CQM program should always reflect reasonable engineering judgment in the construction process. Category I and II project CQM requirements follows:

i) Category I projects will require a complete, customized quality control Specification Section based on Unified Facility Guide Specifications (UFGS), outlining the requirements for the contractor's QC program. In addition, Divisions 2-16 of the specifications will incorporate appropriate provisions for Government review and approval of high risk or critical activities and submittals. The quality assurance (QA) program may include additional post-construction award services (PCAS) to provide technical support.

ii) Category II projects are characterized by less definitive designs. Task order-based contracts will incorporate UFGS quality control requirements that can be tailored

and referenced, as appropriate, in the construction contract. This simplified design process necessarily addresses only the truly critical activities. The extent of the QA program is limited to those critical activities.

b. Limited. NAVFAC quality assurance efforts are coordinated to coincide with scheduled site visits for larger projects. Activity Public Works Department personnel and clients are fully empowered to perform quality assurance and issue and submit contractor deficiency reports through NAVFAC.

c. By exception. Client performs entire scope of quality assurance effort. NAVFAC's role is limited to validating and resolving Client concerns.

### III. Miscellaneous Terms.

Construction: All work performed by in-house or contract as defined by FAR Part 2.101: "Construction means construction, alteration, or repair (including dredging, excavating, and painting) of buildings, structures, or other real property. For purposes of this definition, the terms "buildings, structures, or other real property" include, but are not limited to, improvements of all types, such as bridges, dams, plants, highways, parkways, streets, subways, tunnels, sewers, mains, power lines, cemeteries, pumping stations, railways, airport facilities, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, canals, and channels. Construction does not include the manufacture, production, furnishing, construction, alteration, repair, processing, or assembling of vessels, aircraft, or other kinds of personal property."

Project Management (PM): Overarching cradle-to-grave responsibility for project execution, including all functional components to deliver the project to the Client. Responsibilities will include project execution (e.g. budget scope and schedule), managing functional and technical integration including planning, design, engineering, interior design, NEPA, environmental certification, acquisition strategy, construction, maintenance, coordination with other support agencies and collateral equipment. The future functions associated with this definition encompass project management as the project manager (PM) leads the team through project development, design and construction phases (through commissioning and close-out).