

NIH Policy Manual

26101-17-4 - Institutes, Centers and Offices (ICOs) Alterations, Repairs, or Improvements to NIH-Owned Facilities Using Operating Funds

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Transmittal Notice

1. **Explanation of Material Transmitted:** This policy manual is a new issuance as part of the National Institutes of Health (NIH's) effort to establish uniform guidelines and procedures to govern the use of Institutes, Centers and Offices' (ICOs) Operating Funds to renovate, or make alterations, repairs or improvements to NIH-owned buildings.
2. **Filing Instructions:**
 - **Insert:** NIH Policy Manual, Chapter 26101-17-4; Dated: 4/23/2021
3. **Please Note:** For information on:
 - Content of this chapter contact the issuing office listed above.
 - NIH Policy Manual, contact the [Division of Compliance Management, OMA](#) at 301- 496-4606.

A. Purpose

The purpose of this chapter is to establish the policy, procedures, and guidelines for the use of ICO Operating Funds to renovate, make alterations, repairs, or improvements to NIH-owned buildings.

B. Scope

This chapter applies to all NIH ICOs and facilities located on, but not limited to, the following: Bethesda, Maryland; Animal Center in Poolesville, Maryland; Frederick National Laboratory for Cancer Research, Frederick, Maryland; National Institute of Environmental Health Sciences (NIEHS), Research Triangle Park, North Carolina; and the National Institute of Allergy and Infectious Diseases (NIAID) Rocky Mountain Laboratories, Hamilton, Montana.

C. Background

Congress provides an annual Building and Facilities (B&F) appropriation to NIH “for the study of, construction of, demolition of, renovation of, and acquisition of equipment for, facilities of or used by NIH, including the acquisition of real property.”

Additionally, since December 26, 2007 under Section 220 of Public Law 110-161, Consolidated Appropriations Act of 2008, NIH has been authorized to spend operating funds appropriated to ICOs to cover costs associated with altering, repairing and/or improving NIH facilities.

Each year, a funding ceiling, referred to as “the Special Funding Authority”, is established limiting the aggregate spending of funds appropriated to ICOs for alterations, repairs and/or improvements. It also provides a dollar threshold for each project. The “Special Funding Authority” is provided in annual appropriations bills with the authorizations and funding limits subject to congressional actions.

D. Policy

It is NIH’s policy to streamline business practices, where possible, to enhance operations and the delivery of the necessary facilities and infrastructure to support NIH’s mission.

ICOs’ funds, authorized and appropriated for use to alter, repair or improve NIH facilities, must comply with appropriation law, the Department of Health and Human Services (HHS) Facilities Program Manual (FPM), and the Office of Research Facilities Development and Operations (ORFDO) guidelines for efficient and effective stewardship of appropriated funds.

E. Responsibilities

1. **The Deputy Director for Management (DDM) and the NIH Chief Financial Officer (CFO)** are responsible for ensuring agency compliance with budget execution policies and standards.
2. **The Director, Office of Budget (OB), within the Office of Management (OM)** is responsible for:
 - a. establishing alternative budget policy scenarios for consideration by NIH Leadership;
 - b. resolving relevant ICO/OD (Office of the Director) budget issues;
 - c. maintaining communication with stakeholders such as HHS, OMB, and Congress; and
 - d. monitoring and coordinating IC budget activities.
3. **The NIH Institutes, Centers and Offices (ICOs)** are responsible for:
 - a. obtaining the NIH Director, OB/OM, and the IC Budget Officer (BO) guidance on the use of Operating Funds for alterations and/or improvements;

- b. coordinating requests to use Operating Funds for renovations and improvements with ORFDO's Chief Engineer;
- c. obtaining the NIH Space Recommendation Board's (SRB) approval of space to be renovated, when applicable;
- d. obtaining the NIH Facilities Working Group (FWG) approval of the proposed renovation; when applicable;
- e. submitting a Construction Request to ORFDO to verify the scope, cost and schedule for the proposed renovation;
- f. working with ORFDO OD to obtain HHS approval to proceed with a renovation, alteration, repair or improvement project consistent with current HHS Facilities Program Manual (FPM) guidelines prior to making organizational commitments;
- g. adhering to ORFDO's project management and permitting guidelines; and
- h. providing as-built drawings of renovation, alteration, repair or improvement projects to ORFDO Division of Design and Construction Management (DDCM) @ EDMS@mail.nih.gov when an ICO is authorized to self-perform work.

4. **The NIH Office of Research Facilities Development and Operations (ORFDO)** is the steward of NIH buildings and infrastructure, and has overall responsibility for planning, design, construction, renovation, improvement, operations, and maintenance of facilities to satisfy the NIH mission requirements:

- a. **The Chief Engineer, ORFDO** is responsible for providing guidance on the use of Operating Funds for renovation, alteration, repair, and improvement projects based on current Special Funding Authority requirements issued by Congress and HHS FPM guidelines.
- b. **The Division of Budget and Financial Management (DBFM), ORFDO** is responsible for:
 - i. developing and submitting spending plans to OB;
 - ii. analyzing budget expenditures, monitoring the status of funds and related activities; and
 - iii. resolving IC/OD budget accounting system issues.
- c. **The Division of Design and Construction Management (DDCM), ORFDO** is responsible for assigning a Project Officer to become the Contracting Officer Representative (COR) to manage ICOs' Construction Requests from conception to completion.
- d. **The Division of Facilities Stewardship (DFS), ORFDO** is responsible for:
 - i. providing engineering, constructability, maintainability, sustainability, energy/water conservation, and life-cycle cost review; and
 - ii. managing periodic commissioning guidance and utility consultation services.
- e. **The Division of Technical Resources (DTR), ORFDO** is responsible for:

- i. providing consultation services, comprehensive review, and quality assurance of design and construction documents; and
- ii. managing the construction permitting process.

f. **The Office of Hospital Physical Environment (OHPE), ORFDO** is responsible for:

- i. managing the process to develop Construction Risk Assessments (CRA) and Interim Life Safety Measures (ILSM) for renovations within the NIH Bethesda Campus Clinical Center Complex (CCC); and
- ii. providing the CRA for renovations within the CCC.

g. **The Office of Acquisitions (OA), ORFDO** is responsible for:

- i. handling functions of the Contracting Officer;
- ii. providing contracting solutions to secure required architectural, engineering, and construction support services to satisfy renovation requirements, unless otherwise authorized; and
- iii. awarding contracts for design and construction services.

5. The Office of Research Services (ORS):

a. **The Division of the Fire Marshal (DFM)** is responsible for:

- i. reviewing and inspecting renovation projects on NIH-owned properties for compliance with the requirements of NIH Policy Manual 1370 - Fire Protection and Life Safety Building Permit Process; and
- ii. identifying Interim Life Safety Measures (ILSM) for renovations that take place in the NIH Bethesda Campus CCC.

b. **The Division of Physical Security Management (DPSM)** is responsible for:

- i. performing security assessments; and
- ii. reviewing and inspecting renovation projects in NIH-owned and leased facilities for compliance with the requirements of NIH Policy Manual 1381- Physical Security Requirements for NIH-Owned and Leased Facilities and the Interagency Security Committee requirements.

F. Procedures

1. The ICO:

- a. submits a [Space Request](#) to ORFDO/Division of Facilities Planning (DFP);

- b. obtains the NIH SRB's approval of space to be renovated, altered, repaired, or improved; not including patient care, treatment and diagnostic areas which requires approval by the Clinical Center;
- c. obtains guidance from the NIH OB/OM, IC BO, and ORFDO/Chief Engineer on use of Operating Funds to support renovation efforts;
- d. submits a Request for Construction Project Service to ORFDO at [Construction Request](#);
- e. works with the ORFDO COR to verify the scope, cost, schedule, and operational constraints associated with the proposed renovation, alteration, repair, or improvement project;
- f. supports ORFDO's efforts to obtain HHS approval of a proposed renovation, alteration, repair, or improvement project;
- g. authorizes ORFDO to proceed with design of the project based on HHS approval;
- h. verifies funds are available to support the project; and
- i. provides ORFDO DDCM (*i.e.*, EDMS@mail.nih.gov) as-built drawings for renovations, alterations or repair projects authorized under the ICO Self-Performance Program to account for space changes, rent allocation, and other facility management requirements.

2. The Chief Engineer, ORFDO provides guidance for the use of Operating Funds for the proposed project and the approvals required by the NIH and HHS.

3. The Contracting Officer Representative (COR), ORFDO:

- a. develops a conceptual estimate for the proposed renovation, alteration, repair, or improvement project in collaboration with the ICO and Subject Matter Experts as necessary;
- b. obtains CRA guidance in coordination with ORFDO OHPE to comply with NIH Facilities Development Manual (FDM) Section 3-10 for all construction and related activities that take place in the NIH Bethesda Campus CCC;
- c. obtains ILSM guidance in coordination with ORS DFM for all construction and related activities that take place in the NIH Bethesda Campus CCC;
- d. identifies and conducts special study(ies) as needed;
- e. obtains ORF DBFM guidance on the Fee for Services (FFS) associated with the renovation;
- f. develops a statement of work, acquisition plan, cost estimate and schedule to support the request for design services;
- g. obtains the ICOs' approval of the project documentation;
- h. requests OA to obtain design services;
- i. requests technical reviews of design submissions to be conducted by DTR and other reviews consistent with ORFDO's Permit Review Process;
- j. obtains the ICO's approval to proceed with advertisement for a construction contract based on the final contract documents;
- k. prepares a Request for Contract Action (RFCAs) package for construction services including a schedule, special requirements, independent government estimate, acquisition plan, Construction Quality Management (CQM) and other services, as necessary;

- l. requests the OA to proceed with advertisement to permit award of a construction contract based on the final design documents;
- m. monitors the construction project for compliance with the contract documents;
- n. ensures that ORS DFM and DPSM review change orders that involve fire, life safety, and security features;
- o. keeps customer informed of the project status;
- p. conducts final inspection(s) of the renovation in collaboration with the ICO, Subject Matter Experts and the NIH Division of the Fire Marshal, as necessary; and
- q. provides as-built drawings to ORFDO DFS and the EDMS to assure accurate documentation of buildings for occupancy, rent billing, and life safety purposes.

4. The DFS, ORFDO:

- a. works with NIH project stakeholders from project inception when needed to determine utility needs and availability;
- b. performs a technical review of all design deliverables for maintainability, availability of necessary utilities, compliance with good design practice, energy/water conservation;
- c. performs review of and approves/rejects Requests for Utility Moratorium Waiver in the Clinical Center Complex;
- d. performs review of construction submittals as needed;
- e. reviews design documents for compliance with NIH standards for space numbering;
- f. provides electrical code inspection of electrical work by certified code inspectors in Building 10; and
- g. records as-built conditions in ORFDO's Archibus/Facility Information Management System (FIMS) and EDMS to assure accurate documentation of buildings for occupancy, rent billing, and life safety purposes.

5. The DTR, ORFDO:

- a. conducts technical reviews of the contract documents for the renovation to ensure compliance with the NIH Design Requirements Manual and applicable building codes, standards and guidelines;
- b. manages the ORF Building Permitting Process (includes ORS DFM review requirements);
- c. issues Construction Work Permits; and
- d. provides consultation to the COR during construction on an as needed basis.

6. The OA, ORFDO:

- a. works collaboratively with the COR to develop acquisition plans to meet requester requirements;
- b. advertises and awards design and construction contracts; and
- c. addresses and resolves all contractual matters.

7. The ORS:

a. The DFM, ORS

- i. reviews design and construction contract documents and provide consultation in compliance with NIH Policy Manual 1370, the Clinical Center (CC) Administrative Policy S-015, and NIH FDM Section 3-10.

b. The DPSM, ORS

- i. provides security guidelines and reviews renovation in compliance with NIH Policy Manual 1381.

G. References

1. [Public Law 110-161-December 26, 2007, Consolidated Appropriations Act, 2008](#)
2. [OMB Circular A-11 Preparation, Submission and Execution of the Budget, revised June 2019](#)
3. [The United States GAO, Principles of Federal Appropriations Law, revised September 2017](#)
4. [The United States GAO, Glossary of Terms Used in the Federal Budget Process](#)
5. [The Economy Act \(31 U.S.C. 1535\)](#)
6. [Federal Acquisition Regulations \(FAR\)](#)
7. [HHS Facilities Program Manual \(Volume I\)](#), Section 2-1 Funding Sources for Facilities Projects
8. [HHS Facilities Program Manual \(Volume II\)](#), Section 1-2: HHS Federal Facility Management Policy
9. [NIH Delegation of Authority, Real Property, Number 06 – Engineering and Facility Management Services](#)
10. [NIH Delegation of Authority, Real Property, Number 06A – Construction Management](#)
11. [NIH Policy Manual 1201- Fee for Service in Support of Facility Improvements](#)
12. [NIH Manual Chapter 1370 - Fire Protection and Life Safety Building Permit Process](#)
13. [NIH Manual Chapter 1743 – Managing Federal Records, Appendix 1, NIH Records Control Schedules \(as amended\)](#)
14. [NIH Manual Chapter 1920 – Budget Execution](#)
15. [NIH Policy Manual 26101-17-3 – Authorization to Use Operating Funds to Construct Temporary Facilities](#)
16. [NIH Policy Manual 6307-3– Special Clearance and Other Acquisition Procedures](#)
17. [Clinical Center \(CC\) Administrative Policy S-015–Interim Life \(Fire\) Safety Measures](#)
18. [NIH Design Requirements Manual](#)
19. [NIH Facilities Development Manual, Section 3-10 Clinical Center Complex \(CCC\) Interim Life Safety Measures \(ILSM\) and Construction Risk Assessments \(CRA\) for Construction and Related Activities](#)

20. [NIH Facilities Development Manual, Section 5-7 Design Management and Design Review](#)
21. [ORFDO Funding and Budget for Construction, Alterations and Renovations Funding Guidance](#)
22. [ORF's Construction Request](#)
23. [ORF's Permit Review Process](#); *Restricted Access, Provided on a "Need-To-Know" Basis*
24. [ORF's Project Management Desk Guide](#)
25. [The NIH Facility Information Management System \(FIMS\)](#)
26. [Electronic Data Management System \(EDMS\), As-Built Drawing Retrieval](#); *For access, email EDMS@mail.nih.gov*

Appendix 1: Definitions

Definitions¹

1. **Alterations** – Improvements consisting of any betterment or change to an existing property, thereby allowing its use for a different purpose or function.
2. **Construction** – The erection or expansion of a building, structure, or facility, including the installation of equipment, site preparation, landscaping, associated roads, parking, environmental mitigation, and utilities, which provides space not previously available.
3. **Contracting Officer (CO)** – A federal employee authorized to execute contracts on behalf of the Government. The individual is the sole authorized agent to process contracts. The Contracting Officer has authority to negotiate and execute contracts on behalf of the Government and make changes, amendments, approve payments, terminate contracts, and close out contracts upon satisfactory completion.
4. **Contracting Officer's Representative (COR)** – A federal employee designated, in writing, by a Contracting Officer to act as the Contracting Officer's representative in monitoring and administering specified aspects of contractor performance *after* award of a contract or order. The COR has no authority to alter any term or condition in a contract or an order.
5. **Delegation of Authority** – The specific, formal deputation, assignment, or commitment of a legal power or right to take certain actions, and to make certain decisions, having legal significance. Such delegations must be stated, in writing, by the official authorized to delegate the authority.
6. **Facilities Information Management System (FIMS)** – A Computer Aided Facility Management (CAFM) system used for NIH space management. CAFM data includes NIH facilities' floor plan drawings and reports via the internet and/or other intelligent data sources; thus allowing the viewing and printing of CAFM drawings with detailed information including, but not limited to, room numbers, office types and administrative space assignments designated by color code.
7. **Improvements (Renovations/Alterations²)** – Any betterment or change to an existing property to allow its continued or more efficient use within its designated purpose (Renovation), or for use for a different purpose or function (Alteration).
8. **Minor Renovations²** – Renovations are directly related to the installation of special purpose equipment, as well as related design and inspection services. These renovations

may include extending utility services, providing suitable safety and environmental conditions for proper operations and making structural changes such as cutting walls and floors, and new partitions, provided such improvements are proximately incident to the installation, operation and use of special purpose equipment and necessary to conduct the functions of the program(s).

9. **Project** – Includes the design and construction work associated with renovating, repairing, or altering NIH-owned facilities and space.
10. **Project Cost** – The expenditure associated with the completion of design and construction activities related to NIH projects including contingency.
11. **Renovation**² – Improvements consisting of any betterments or changes to an existing property to allow its continued or more efficient use within its designated purpose. See also the definition of “Improvements.”
12. **Repair**² – The restoration of a failed or failing primary building system or real property facility component to a condition that restores its effective use for its designated purpose.
13. **Facility Project Approval Agreement (FPAA – HHS Form 300)** – A written agreement between designated OPDIV officials (*i.e.*, Project Manager, Project Director and OPDIV Board Member) and the Department, evidencing the OPDIV’s commitment to execute a project. The FPAA documents the project’s scope and description, basis of need, funding source(s) and total cost from all sources. The FPAA identifies project schedule milestones, including completion of design, construction, activation, and operational phases.

All definitions are consistent with Volumes I and II of the HHS Facilities Program Manual.

These definitions do not amend the definitions in the National Fire Protection’s Life Safety Code.