



DEPARTMENT OF THE ARMY  
U.S. ARMY CORPS OF ENGINEERS  
441 G STREET, NW  
WASHINGTON, D.C. 20314-1000

CECW-I

29 May 2013

MEMORANDUM FOR MSC COMMANDERS

SUBJECT: Civil Works Delegated Authority for Project Cost Management

1. Based on an analysis of our data, at least one quarter of USACE Civil Works construction projects are not compliant with cost limits and schedule completions. As stewards of the public trust, we have a special obligation to institute effective cost and management controls on our Civil Works program per ER 5-1-11 titled, *Management – USACE Business Process*, dated 01 November 2006, and ER 1-1-11 titled, *Progress, Schedules, and Network Analysis Systems*, dated 15 June 1995.
2. Accordingly, ER 1105-2-100, Planning Guidance Notebook, delegated authority to MSC Commanders to approve changes in total project cost estimates up to, but not to exceed, the authorized cost plus inflation. In addition, Section 902 of WRDA 1986 provided authority for cost increases of up to, but not to exceed, 20 percent of the total authorized cost (provided such modifications did not materially alter the scope or functions of the project as authorized). However, in accordance with ER 1105-2-100, MSC Commanders are not delegated discretionary approval authority for cost increases which use this Section 902 authority.
3. Therefore, until further notice, I will approve in writing, any change to the total project cost estimate that have exceeded, or are forecasted to exceed, the authorized project cost plus inflation, including those subject to Section 902. The attached form must be completed and uploaded to the Project Cost Management Portal on SharePoint. Additional instructions to complete the form can be found on the site. The form will initiate your request for my approval. Your request for approval should be received for the following applicable projects NLT 30 June 2013:
  - a. Projects eligible to be included in the FY15 Budget Submission.
  - b. Projects included in the FY13 Work Plan.
  - c. Other projects, TBD in the future.

Upon receiving the MSC request form, the HQUSACE Project Cost Management (PCM) Working Group along with your CW RIT will review the requests and determine if additional information is required. Recommendations will be developed and provided to the HQUSACE Change Control Board (CCB). The HQUSACE CCB will evaluate the recommendations for a final review and approval by the DCG-CEO. As this process continues to evolve, conference calls and additional information may be requested.

CECW-I

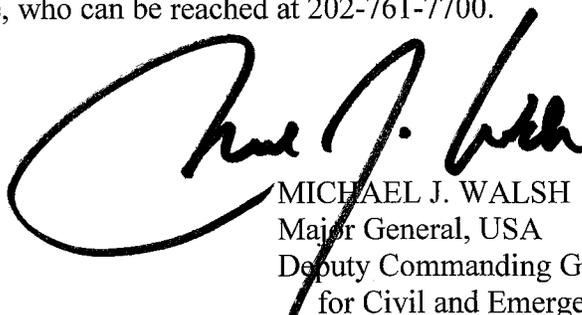
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4. Concurrent with getting my approval, existing regulations, policies, procedures, and tools are being reviewed with the intent of making recommendations for strengthening, clarifying, and revising them in order to establish a program-wide comprehensive life cycle project cost management approach. Your participation and feedback during this effort will be solicited to ensure your concerns are being addressed as well as assist in identifying problematic and challenging issues.

5. My goal is to change our organizational culture so that project cost, scope, and schedule growth is not the norm, but the exception, and approved only after all possible management controls options have been exhausted. The Corps' senior official responsible for management of the comprehensive life cycle project cost management process is Mr. Mark Mazzanti, Chief of the Civil Works Programs Integration Division, HQUSACE.

6. Please identify a representative from your region as your point of contact and/or direct questions to Ms. Andrea Bias-Streat, Deputy Leader, Program & Project Management Community of Practice, who can be reached at 202-761-7700.

Encl



MICHAEL J. WALSH  
Major General, USA  
Deputy Commanding General  
for Civil and Emergency Operations





**JUSTIFICATION FOR COST INCREASES**

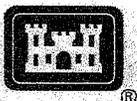
JUSTIFICATION	
BLOCK 5	Reason for cost increase (please explain and be specific).
	What is the impact if project is not approved to exceed authorized project cost?
	<b>What scope will not be completed if project is not approved to exceed authorized project cost?</b> (Note: HQUSACE expects the PDT, PM, District, and MSC to give serious consideration to prioritize the remaining scope to complete the project without a cost increase. Merely omitting the scope that caused the increase is not sufficient. )
	What risk mitigation efforts have been taken?
	What percent of the authorized scope can be achieved with Authorized Cost, inflated thru construction? <span style="float: right;">%</span>
	What percent of the authorized scope can be achieved within the Maximum Cost Limited by Section 902? <span style="float: right;">%</span>

PROJECT RISK			
BLOCK 6	CURRENT COST ESTIMATE CONFIDENCE LEVEL* =	%	ESTIMATED PROBABILITY OF EXCEEDING 902 LIMIT**
	(based on current Risk Analysis)		%
	KEY PROJECT RISK DRIVERS		
	PED	CONSTRUCTION	

\* Confidence Level is defined as x% the estimate will not exceed Current Project Estimate inflated thru construction.

\*\* Estimated Probability of Exceeding 902 Limit is defined as the x% confidence the project will not exceed Maximum Cost Limited by Section 902.

APPROVALS		Date Approved
BLOCK 7	Project Manager	
	Ch, Cost Engineering	
	Ch, Engineering	
	DPM	
	District Engineer	
	Program Director	
	MSC Commander	



# MSC REQUEST TO EXCEED AUTHORIZED PROJECT COST

Select MSC

Click Here for Sharepoint Site: <https://team.usace.army.mil/sites/HQ-CW/PDT/lccm/pcmp/default.aspx>

PROJECT INFORMATION			
BLOCK 1	Project Name/Title:	Enter Project Name/Title	
	P2 Project Number:	Enter P2 Project Number	District: Enter District Name
	PM Name & Phone No:	Enter Project Manager Name & Phone Number	

PROJECT PERFORMANCE						
BLOCK 2	PED	as of----->	Date	CONSTRUCTION	as of----->	Date
	PED Phase Scheduled % Work Complete			Construction Started		
	PED Phase Actual % Work Complete			Construction % Work Complete		
	PED Phase Scheduled % Funds Complete			Construction Actual % Spent		
	PED Phase Actual % Spent			Construction target completion date		

PROJECT COST STATUS as of -----> Enter Date		Per Table G-4 (ER 1105-2-100 Appendix G)	
BLOCK 3 **	Current Project Estimate* @ current price levels	Line 1a	
	Current Project Estimate*, inflated thru construction	Line 1b	
	Ratio	Line 1c = 1b ÷ 1a	
	Authorized Cost @ current price levels	Line 1d	
	Authorized Cost, inflated thru construction	Line 1e	
	Requested Amount That Exceeds MSC Delegated Authority <i>(If amount is in parentheses, MSC Delegated Authority has NOT been exceeded at this time.)</i>	Line 1b - Line 1e	\$ 0.00
	<b>902 Calculation (if subject to Section 902) - Attach Table G-4 from 902 Workbook</b>		
	Cost of Modifications required by Law	Line 2	\$ 0.00
	Briefly describe Modification (Line 2)		
	20% of Authorized Cost	Line 3	
Maximum Cost Limited by Section 902	Line 4		
Current Project Status to 902 Limit Ratio (Line 1e + Line 2)/Line 4			

\* "Current Project Estimate" includes spent cost plus future cost. Reference 902 Calculation Tool.

\*\* Additional information may be requested.

## BLOCK 4: ACKNOWLEDGEMENT OF COST PRODUCTS

I, Enter name of Chief, Cost Engr, Chief, Cost Engineer at Dist acknowledge current cost products (cost, schedule, & risk analysis) are compliant with "ER 1110-2-1302, Engineering and Design Civil Works Cost Engineering" and have received a current Cost ATR Certification from the Cost MCX.  YES  NO

If, NO, please provide a brief explanation below.

Please enter a brief explanation HERE.



**JUSTIFICATION FOR COST INCREASES**

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